Rimini BidCo S.p.A.

€445,000,000 Floating Rate Sustainability-Linked Senior Secured Notes due 2026

Rimini BidCo S.p.A., a joint-stock company (società per azioni) established under the laws of the Republic of Italy (the "**Issuer**"), is offering (the "**Offering**") €445.0 million aggregate principal amount of its Floating Rate Sustainability-Linked Senior Secured Notes due 2026 (the "**Notes**"). The Notes will bear interest at a rate equal to three-month EURIBOR (with a 0% floor) plus 5.25% per annum, reset quarterly. As of and from June 15, 2026 (the "**Step-Up Date**") this interest rate will increase by 0.500%, 1.000% or 1.500% (the effect of which corresponds to an annualized step-up in interest rates of 0.250%, 0.500% and 0.750%, respectively, for the four quarters prior to maturity) depending on whether respectively, one, two or three Sustainability Performance Targets are not achieved by the Testing Date, as certified by the Issuer to the Trustee (with a copy to the Paying Agent) on or prior to the Certification Date. See "*Description of the Notes — Calculation of Interest.*" Interest will be paid on the Notes quarterly in arrears on March 15, June 15, September 15 and December 15 each year, commencing on March 15, 2022. The Notes will mature on December 14, 2026. At any time prior to December 14, 2022, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes upon not less than 10 nor more than 60 days' notice by paying a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, plus the relevant "make-whole" premium, as described in this offering memorandum (the "**Offering Memorandum**"). At any time on or after December 14, 2022, the Issuer may redeem all or a portion of the Notes upon not less than 10 nor more than 60 days' notice, at redemption prices set forth in the Offering Memorandum, plus accrued and unpaid interest. Prior to December 14, 2022, the Issuer may also redeem up to 10% of the original aggregate principal amount of the Notes at a redemption price equal to 103% of the principal amount of the Notes redeemed during each twelve-month period commencing with the Issue Date. Upon the occurrence of certain events constituting a change of control, the Issuer may be required to make an offer to purchase the Notes. However, a change of control will not be deemed to have occurred if a specified consolidated net leverage ratio is not exceeded in connection with such event. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes by paying a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any.

Pending MTO Completion the gross proceeds from the Offering (less certain professional fees and expenses related to the Offering) will be deposited into the Escrow Account. The Escrowed Proceeds will be held in the Escrow Account in the name of the Issuer, but the Escrow Account will be controlled by the Escrow Agent (as defined herein) pursuant to the terms of the Escrow Agreement, and it will be pledged on a first-priority basis in favor of the Trustee for the benefit of the holders of the Notes pursuant to the terms of the Escrow Account Charge. The release of the Escrow Proceeds will be subject to the satisfaction of certain conditions, including MTO Completion. If the MTO Completion has not occurred or the conditions for the release of the Escrowed Proceeds have not been otherwise satisfied by July 4, 2022 (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 will be a price equal to 100% of the aggregate issue price of Notes, plus accrued and unpaid interest and additional amounts, if any, from the Issue Date to but excluding the payment date of the special mandatory redemption. See "*Description of the Notes — Escrow of Proceeds; Special Mandatory Redemption.*"

The Notes will be senior secured obligations of the Issuer. The Notes will rank equal in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes and will be senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes. The Notes will be effectively subordinated to any existing and future indebtedness of the Issuer that will receive proceeds from any enforcement action over the Collateral on a priority basis, including (on or after the Completion Date) the Revolving Credit Facility, to the extent of the value of such Collateral. The Notes will be structurally subordinated to all indebtedness and other liabilities of the Issuer's existing and future subsidiaries that do not guarantee the Notes, including, prior to the Refinancing, the Existing Debt. On the Issue Date the Notes will not be guaranteed. On or about the Completion Date, and subject to the terms of the Intercreditor Agreement and Agreed Security Principles and to certain significant limitations under applicable laws, the Notes will be guaranteed on a senior basis (the "**Guarantees**") by Reno de Medici S.p.A. ("**RdM**" and the "**Initial Guarantor**"). No later than 60 days following the Completion Date (each such relevant date, an "**Accession Date**"), and subject to the terms of the Intercreditor Agreement and Agreed Security Principles (and to certain significant limitation under applicable law), the Notes will also be guaranteed on a senior basis by Fineska B.V., Eska B.V., Eska International B.V., Eska USA B.V. and R.D.M. Arnsberg GmbH (the "**Accession Date Additional Guarantors**" and, together with the Initial Guarantor, the "**Accession Date Guarantors**"). In addition, after the Completion Date and subject to the terms of the Intercreditor Agreement and Agreed Security Principles (and to certain significant limitation under applicable law), the Notes will also be guaranteed on a senior basis by any other subsidiaries of the Issuer that become obligors under the Revolving Credit Facility from time to time (together with the Accession Date Additional Guarantors, the "**Additional Guarantors**" and, the Additional Guarantors together with the Initial Guarantor, the "**Guarantors**"). See "*Description of the Notes — Guarantees" and "Risk Factors — Risks Related to the Transactions — Ownership of 100% of the shares of RdM and completion of the MTO is dependent on several factors*." Subject to any relevant approval and/or authorization by any competent authority, we intend to merge the Issuer and RdM, its direct subsidiary, following the Completion Date in accordance with applicable provisions of applicable laws and as further described herein (the "**Merger**"), with MergerCo being the surviving entity of the Merger. Following the Merger, MergerCo will, by operation of law, assume the obligations of the Issuer under the Notes.

On the Issue Date, the Notes will be secured by the Escrow Account Charge. Subject to the Agreed Security Principles, certain significant limitations under applicable laws and certain perfection requirements, the Notes will be secured on or about the Completion Date by first-priority security interests over (i) all of the issued share capital of the Issuer held by Rimini TopCo S.p.A. (together with successors and assigns "**Topco**"); (ii) all of the issued share capital of RdM held by the Issuer; (iii) receivables in respect of certain material intercompany loans, including the Proceeds Loan (as described herein), owed to the Issuer and RdM; and (iv) material operating bank accounts of the Issuer and RdM (collectively, the "**Completion Date Collateral**"). Subject to the Agreed Security Principles, certain significant limitations under applicable law and certain perfection requirements, the Completion Date Collateral will also secure obligations in respect of the Revolving Credit Facility. After the Completion Date (and, with respect to the Accession Date Additional Guarantors, following the Accession Dates), and subject to the Agreed Security Principles (and to certain significant limitation under applicable law) and certain perfection requirements, the Notes will also be secured by first-priority security interests over (i) all of the issued share capital of each Additional Guarantor held by the Issuer or any of its subsidiaries; (ii) receivables in respect of certain material intercompany loans, including any proceeds loans, in respect of which any Additional Guarantor is a creditor (if any); and (iii) material operating bank accounts of each Additional Guarantor (collectively, the "**Additional Collateral**" and, together with the Escrow Account Charge and the Completion Date Collateral, the "**Collateral**"). See "*Description of the Notes — Security; the Collateral*." As a result of the consummation of the Merger, the Proceeds Loan will be extinguished, and the security interests over the intercompany receivables owed by the Initial Guarantor to the Issuer will be automatically terminated, and (i) in the event that Rimini Bidco S.p.A. is the surviving company of the Merger, the pledge over the share capital of RdM will be extinguished by operation of law, and (ii) in the event that RdM is the surviving company of the Merger, the pledge over the share capital of Rimini Bidco S.p.A. will be extinguished (or continue over the shares in the MergerCo owned by Topco upon the Merger, as applicable) by operation of law, and in each case Topco will grant (or re-confirm, as applicable) a first-priority security interest over the issued share capital of MergerCo owned by it. See "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral*" and "*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations*." The Notes and the security interests over the Collateral will also be subject to restrictions on enforcement and other limitations under applicable laws and may be released under certain circumstances.

Subject to and as set forth in "*Description of the Notes — Additional Amounts*," the Issuer will not be liable to pay any additional amounts to holders of the Notes in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended or supplemented from time to time, the "**Financial Services Act**") where the Notes are held by a person resident in a country that does not allow for satisfactory exchange of information with Italy as included (i) in the Ministerial Decree of the Minister of Economy and Finance of September 4, 1996, as amended and supplemented from time to time or (ii) once effective, in any other decree or regulation that will be issued in the future pursuant to Article 11(4)(c) of Decree No. 239 of April 1, 1996 or otherwise in the circumstances as described in "*Description of the Notes — Additional Amounts*."

There is currently no public market for the Notes. Application has been made to the Luxembourg Stock Exchange (the "**Exchange**") for the Notes to be admitted to trading on the Exchange's Euro MTF Market and to be listed on the Official List of the Exchange (the "**Official List**") upon their issuance. There can be no assurance, however, that the Notes will be listed on the Official List of the Exchange or that such permission to deal in the Notes will be granted or that such listing will be maintained, and settlement of the Notes is not conditioned upon obtaining this listing or permission to list.

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

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 48 of this Offering Memorandum.

Price for the Floating Rate Sustainability-Linked Senior Secured Notes: 98.500% plus accrued interest from the Issue Date, if any.

We expect that the Notes will be delivered in book-entry form through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**") on or about December 14, 2021.

This Offering Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any jurisdiction where such offer or solicitation is unlawful. The Notes and the Guarantees have 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 of the United States or other jurisdiction, and therefore may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable securities laws of any state of the United States or other jurisdiction. The Notes and the Guarantees are being offered and sold in the United States only to qualified institutional buyers ("QIBs") in reliance on Rule 144A under the Securities Act ("Rule 144A"), and to certain non-U.S. persons in offshore transactions outside the United States in reliance on Regulation S (provided that, if such persons are resident in the European Economic Area or in the United Kingdom, they are qualified investors within the meaning of Article 2(e) of the EU Prospectus Regulation or Article 2 of the UK Prospectus Regulation (as applicable)). Prospective investors are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Notes are not transferable except in accordance with the restrictions described under "*Transfer Restrictions*."

Global Coordinators and Joint Bookrunners

Barclays **BNP PARIBAS**

Joint Bookrunners

Credit Suisse **IMI — Intesa Sanpaolo** **UniCredit**

Sustainability Structuring Advisor

Barclays

The date of this Offering Memorandum is November 30, 2021

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IMPORTANT INFORMATION FOR INVESTORS

We accept responsibility for the information contained in this Offering Memorandum and, to the best of our knowledge (having taken reasonable care to ensure that such is the case), the information is true and accurate in all material respects and contains no omission likely to affect the import of such information. As used in this Offering Memorandum, unless the context otherwise requires, references to the "**Initial Guarantor**" refer to RdM, references to the "**Issuer**" are to Rimini BidCo S.p.A., references to "**RdM**" or "**RDM**" are to Reno de Medici S.p.A., references to the "**RdM Group**" are to RdM and its subsidiaries; and references to "**we**," "**us**," "**our**" and the "**Group**" are to the Issuer and its consolidated subsidiaries from time to time, including RdM.

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

You should rely only on the information contained in this Offering Memorandum. We have not, and Barclays Bank Ireland PLC, BNP PARIBAS, Credit Suisse Bank (Europe), S.A., Intesa Sanpaolo S.p.A. and UniCredit Bank AG (the "**Initial Purchasers**") have not, authorized anyone to provide you with information that is different from the information contained herein. We are not, and the Initial Purchasers are not, making an offer of these securities in any jurisdiction where such offer is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front of this Offering Memorandum. This Offering Memorandum is based on information provided by us and other sources believed by us to be reliable. Neither the Initial Purchasers nor the Sustainability Structuring Advisor, the Trustee, Registrar, Paying Agent, Transfer Agent or Security Agent (each as defined herein) are responsible for, and are not making any representation or warranty to you concerning, our future performance or the accuracy or completeness of this Offering Memorandum.

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

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

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

We obtained the market data used in this Offering Memorandum from internal surveys, industry sources and currently available information. Although we believe that our sources are reliable, you should keep in mind that we have not independently verified information we have obtained from industry and governmental sources and that information from our internal surveys has not been verified by any independent sources. See "*Market and Industry Data*."

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

We may withdraw this Offering at any time, and we and the Initial Purchasers reserve the right to reject any offer to purchase the Notes in whole or in part and to sell to any prospective investor less than the full amount of the Notes sought by such investor. The Initial Purchasers and certain related entities may acquire a portion of the Notes for their own accounts.

Application has been made for the Notes to be admitted to trading on the Exchange's Euro MTF Market and to be listed on the Official List of the Exchange upon their issuance. In the course of any review by the Exchange, we may be requested to make certain changes to the financial and other information included in this Offering Memorandum. Comments by the Exchange 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 our business, financial condition or results of operations and prospects since the publication of this Offering Memorandum. There is no assurance that the application for the listing of the Notes will be approved as of the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

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 may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

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

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

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

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

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

STABILIZATION

IN CONNECTION WITH THIS OFFERING, BARCLAYS BANK IRELAND PLC (THE "STABILIZING MANAGER") (OR AFFILIATES ACTING ON BEHALF OF THE STABILIZING

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

NOTICE TO U.S. INVESTORS

In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements that are described in this Offering Memorandum. See "*Transfer Restrictions*." This Offering Memorandum is being provided to (1) a limited number of investors in the United States that the Issuer reasonably believes to be QIBs under Rule 144A for use solely in connection with their consideration of the purchase of the Notes and (2) outside the United States in connection with offshore transactions complying with Regulation S. Its use for any other purpose in the United States is not authorized. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

For this Offering, the Issuer and the Initial Purchasers are relying upon exemptions from registration under the Securities Act for offers and sales of securities which do not involve a public offering, including Rule 144A under the Securities Act. Prospective investors are hereby notified that sellers of the Notes may be relying on the exemption from the provision of Section 5 of the Securities Act provided by Rule 144A. The Notes are subject to restrictions on transferability and resale. Purchasers of the Notes may not transfer or resell the Notes except as permitted under the Securities Act and applicable U.S. state securities laws. The Notes described in this Offering Memorandum have not been registered with, recommended by or approved by the SEC, any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense. See "*Transfer Restrictions*."

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

NOTICE TO CERTAIN EUROPEAN INVESTORS

United Kingdom

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

UK MiFIR Product Governance / Professional Investors and ECPs Only Target Market: Solely for the purposes of the manufacturers' product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for such securities is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal)

Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending such securities (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, and without prejudice to the Issuer's obligations in accordance with UK MiFIR, 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 such securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels. For the purposes of this provision, the term "**manufacturers**" shall mean such of the Initial Purchasers as are subject to the product governance rules under COBS and UK MiFIR.

UK PRIIPS Regulation/Prohibition of Sales to UK Retail Investors: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any "**retail investor**" in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, as amended (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared, and therefore, offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

This Offering Memorandum has been prepared on the basis that any offer of the securities in the United Kingdom will be made pursuant to an exemption under the UK Prospectus Regulation from a requirement to publish a prospectus for offers of securities. This Offering Memorandum is not a prospectus for the purposes of the UK Prospectus Regulation.

European Economic Area

MiFID II Product Governance/Professional Investors and ECPs Only Target Market: Solely for the purposes of the manufacturers' product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for such securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU, as amended ("**MiFID II**"); and (ii) all channels for distribution of such securities to eligible counterparties and professional clients are appropriate. The target market and distribution channel(s) may vary in relation to sales outside the European Economic Area ("**EEA**") in light of local regulatory regimes in force in the relevant jurisdiction. Any person subsequently offering, selling or recommending such securities (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, and without prejudice to the Issuer's obligations in accordance with MiFID II, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels. For the purposes of this provision, the term "**manufacturers**" shall mean such of the Initial Purchasers as are subject to the product governance rules under MiFID II.

PRIIPS Regulation/Prohibition of Sales to EEA Retail Investors: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in Article 2(e) of the EU Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore, offering or selling the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This Offering Memorandum has been prepared on the basis that any offer of securities in any member state ("**Member State**") of the EEA that is subject to the EU Prospectus Regulation will be made pursuant to an exemption under the EU Prospectus Regulation from the requirement to publish a prospectus for offers of the securities. This Offering Memorandum is not a prospectus for the purposes of the EU Prospectus Regulation.

Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for us or the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor do authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this Offering Memorandum.

Italy

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

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

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

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

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

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

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

Germany

The Offering of the Notes is not a public offering in the Federal Republic of Germany. The Notes may not be offered and sold in the Federal Republic of Germany except in accordance with the provisions of the EU Prospectus Regulation, the PRIIPs Regulation, the Securities Prospectus Act of the Federal Republic of Germany (*Wertpapierprospektgesetz*) (as amended, the "**German Securities Prospectus Act**") and any other laws applicable in Germany. This Offering Memorandum has not been and will not be submitted to, nor has it been nor will it be approved by, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) ("**BaFin**"). BaFin has not obtained and will not obtain a notification from another competent authority of a Member State, with which a securities prospectus may have been filed, pursuant to Section 25 Para. 1 of the EU Prospectus Regulation. The Notes must not be distributed within Germany by way of a public offer, public advertisement or in any similar manner, and this Offering Memorandum and any other document relating to the Notes, as well as information contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of Notes to the public in Germany. Consequently, in Germany the Notes will only be available to, and this Offering Memorandum and any other offering material in relation to the Notes is directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Article 2 lit. (e) of the EU Prospectus Regulation. Any resale of the Notes in Germany may only be made in accordance with the EU Prospectus Regulation, the PRIIPs Regulation, the German Securities Prospectus Act and other applicable laws.

Grand Duchy of Luxembourg

This Offering Memorandum has not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) (the "**CSSF**") for purposes of public offering or sale in the Grand Duchy of Luxembourg. Accordingly, the Notes may not be offered or sold to the public in the Grand Duchy of Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other offering circular, prospectus, form of application, advertisement or other material related to such offer, including the Indenture, may be distributed, or otherwise be made available in or from, or published in, the Grand Duchy of Luxembourg except if a prospectus has been duly approved by the CSSF in accordance with the law of July 10, 2005, on prospectuses for securities, as amended (the "**Prospectus Law**") or the offer benefits from an exemption to or constitutes a transaction otherwise not subject to the requirement to publish a prospectus for the purpose of the Prospectus Law.

Switzerland

The Notes may not be publicly offered, advertised, distributed or sold in Switzerland and will not be listed on the SIX Swiss Exchange (the "**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Offering Memorandum does not constitute an offering prospectus and has been prepared without regard to the disclosure standards for issuance prospectuses under Art. 652A or Art. 1156 of the Swiss Code of Obligations (as in effect immediately prior to the entry into force of the FinSA), Art. 35 et seq. of the Swiss Financial Services Act (the "**FinSA**") or the disclosure standards for listing prospectuses under Art. 27 et seq. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Memorandum nor any other offering or marketing material relating to the Offering, the Issuer, or the Notes has been or will be filed with or approved by any Swiss regulatory authority. In particular, this Offering Memorandum will not be filed with, and the Offering will not be supervised by, the Swiss Financial Market Supervisory Authority, and the Offering has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (the "**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Notes.

CERTAIN DEFINITIONS

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

"**Accession Date**"	refers to one or more dates, in each case no later than 60 days following the Completion Date, on which, subject to the terms of the Intercreditor Agreement and Agreed Security Principles and to certain significant limitations under applicable laws, one or more Accession Date Additional Guarantors will guarantee the Notes on a senior basis;
"**Accession Date Additional Guarantors**"	refers to Fineska B.V., Eska B.V., Eska International B.V., Eska USA B.V. and R.D.M. Arnsberg GmbH;
"**Accession Date Guarantors**" . . .	refers to the Initial Guarantor and the Accession Date Additional Guarantors, collectively;
"**Additional Guarantors**"	refers to the Accession Date Additional Guarantors and any other subsidiary of the Issuer other than the Initial Guarantor that becomes an obligor on or after the Completion Date under the Revolving Credit Facility from time to time;
"**Agreed Security Principles**" . . .	refers to the principles to be set out in the schedules to the Revolving Credit Facility Agreement, as in effect on or about the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer, as summarized in "*Description of the Notes — Security; the Collateral*;"
"**Apollo**"	refers to Apollo Global Management, Inc. collectively with its subsidiaries as described in "*Principal Shareholder — Our Principal Shareholder*;"
"**Barcelona Cartonboard Acquisition**"	refers to the acquisition of the 100% of the share capital of Barcelona Cartonboard SAU by the Group on October 31, 2018;
"**BidCo Facility Agreement**"	refers to the facility agreement entered into in connection with the Share Acquisitions on October 19, 2021 by and between, among others, the Issuer, as borrower, and BNP Paribas, Italian Branch, as agent and security agent; see also "*Use of Proceeds*," "*Capitalization*" and "*Description of Certain Financing and Guarantee Arrangements*;"
"**BidCo Loan**"	refers to the facility for a maximum principal amount of €285 million made available to the Issuer under the BidCo Facility Agreement in connection with the Share Acquisitions;
"**Borsa Italiana**"	refers to the Italian stock exchange Borsa Italiana S.p.A., a company incorporated under the laws of Italy, with its registered office in Milan, at Piazza degli Affari, 6;
"**Business Day**"	refers to a day other than a Saturday, Sunday or other day on which banking institutions are authorized or required by law to close in Milan, London, Luxembourg or New York City;
"**Clearstream**"	refers to Clearstream Banking, S.A. (*société anonyme*) incorporated under the laws of Luxembourg;
"**Completion Date**"	refers to the date on which the proceeds of the Notes are released from the Escrow Account;

"**CONSOB**"	refers to the *Commissione Nazionale per la Società e la Borsa*, the Italian Securities Exchange Commission, with its registered office in Rome, at Via G.B. Martini, 3;
"**Delisting**"	refers to the delisting of the ordinary shares of RdM from (i) the STAR segment of Euronext Milan and (ii) the Spanish Stock Exchanges (Bolsas de Madrid, Barcelona, Bilbao y Valencia);
"**Escrow Account**"	refers to the escrow account in the name of the Issuer but controlled by the Escrow Agent into which the gross proceeds of the Offering of the Notes (less certain professional fees and expenses related to the Offering) will be deposited on the Issue Date, pending MTO Completion, and secured by the Escrow Account Charge;
"**Escrow Account Charge**"	refers to the first-priority account charge on the Escrow Account to secure the Notes, to be dated the Issue Date, entered into between the Issuer and the Trustee, as counterparty for such security;
"**Escrow Agent**"	refers to the escrow agent under the Escrow Agreement, which will initially be Deutsche Bank AG Frankfurt;
"**Escrow Agreement**"	refers to the escrow agreement to be dated as of the Issue Date by and among the Issuer, the Escrow Agent and the Trustee;
"**Escrow Longstop Date**"	refers to July 4, 2022;
"**Escrow Proceeds**"	refers to the gross proceeds from the Offering (less certain professional fees and expenses related to the Offering) paid into the Escrow Account with the Escrow Agent on the date of the Offering. The term "Escrow Proceeds" shall include all other funds, securities, interest, dividends, distributions and other proceeds and payments credited to the Escrow Account;
"**ESG**"	refers to environmental, social and corporate governance;
"**Eska Acquisition**"	refers to the acquisition of the 100% of the share capital of Fineska B.V. by the RdM Group on July 13, 2021;
"**Eska Acquisition Facility**"	refers to the €100,000,000 senior facilities agreement dated July 6, 2021, among RdM, as borrower, the financial institutions party thereto and Intesa Sanpaolo S.p.A., as facility agent and security agent, entered into in connection with the Eska Acquisition;
"**Eska Group**"	refers to Fineska B.V. and its subsidiaries;
"**Exchange**"	refers to the Luxembourg Stock Exchange;
"**Existing Debt**"	refers to (i) the indebtedness of the Group incurred under the Eska Acquisition Facility and (ii) certain other existing long-term indebtedness of the Group in an aggregate amount as set forth in "*Use of Proceeds*";
"**External Reviewer**"	refers to a qualified provider of third-party assurance or attestation services (*e.g.*, auditing or similar firm) appointed by the Issuer to review the Issuer's performance with respect to its Sustainability Performance Targets;
"**EU**"	refers to the European Union;
"**Euroclear**"	refers to Euroclear Bank SA/NV (*société anonyme*) established under the laws of Luxembourg;

"**Eurozone**"	refers to the member states of the EU participating in the European Monetary Union;
"**EU Prospectus Regulation**"	refers to Regulation (EU) 2017/1129 (as amended and superseded), including any implementing measure in member states of the EEA and in the United Kingdom, where the Prospectus Regulation continues to apply during the "implementation period" under the terms of the Withdrawal Agreement between the United Kingdom and the European Union;
"**FBB**"	refers to folding box board;
"**Financial Services Act**"	refers to the Italian Legislative Decree No. 58 of February 24, 1998, as amended;
"**Group,**" "**we,**" "**us**" **or** "**our**"	refers to the Issuer and its consolidated subsidiaries from time to time, including RdM;
"**Guarantors**"	refers to, collectively, the Initial Guarantor and the Additional Guarantors;
"**IFRS**"	refers to International Financial Reporting Standards, including International Accounting Standards, International Financial Reporting Standards and interpretations of the IFRS Interpretations Committee, previously known as the Standing Interpretations Committee, as endorsed by the European Union;
"**Indenture**"	refers to the indenture governing the Notes to be dated the Issue Date by, among others, the Issuer, the Trustee and the Security Agent;
"**Initial Guarantor**"	refers to RdM;
"**Initial Purchasers**"	refers to Barclays Bank Ireland PLC, BNP PARIBAS, Credit Suisse Bank (Europe), S.A., Intesa Sanpaolo S.p.A. and UniCredit Bank AG;
"**Intercreditor Agreement**"	refers to the intercreditor agreement to be entered into on or about the Issue Date, between, among others, the Issuer, the agent under the Revolving Credit Facility Agreement, the Trustee and the Security Agent, as amended from time to time;
"**Issue Date**"	refers to the date of original issuance of the Notes;
"**Issuer**"	refers, prior to the Merger, to Rimini BidCo S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy on June 30, 2021 with a duration until December 31, 2050 (and LEI code: 815600E0EAFAEE1B3F69) and, after the Merger, to MergerCo;
"**Italian GAAP**"	refers to the Italian law 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;
"**Italian Civil Code**"	refers to the Italian civil code (*codice civile*), enacted by Italian Royal Decree No. 262 of March 16, 1942, as subsequently amended and supplemented;
"**Italy**"	refers to the Republic of Italy;

"**La Rochette Disposal**"	refers to the full disposal of the Group's former subsidiary R.D.M. La Rochette S.A.S. in April 2021, resulting in the Group leaving the FBB market segment;
"**Merger**"	refers to the intended merger between RdM (or any successor) and Rimini BidCo S.p.A., following the Issue Date in accordance with Articles 2501-bis and following of the Italian Civil Code and which will be resolved upon by and involve Rimini BidCo S.p.A. and RdM;
"**Merger Date**"	refers to the date on which the Merger becomes effective pursuant to Article 2504-bis of the Italian Civil Code;
"**MergerCo**"	refers to the surviving entity of the Merger, which is expected to be (a) in the event a Sell Out Procedure or Squeeze Out Procedure is completed, RdM (or any successor) or (b) in the event a Sell Out Procedure or Squeeze Out Procedure is not completed, Rimini BidCo S.p.A.;
"**MTO**"	refers to the mandatory tender offer to the remaining minority shareholders for all of the remaining ordinary shares in the share capital of RdM (not held by the Issuer) launched by the Issuer in accordance with, and pursuant to, Articles 102, 106 et seq. of the Financial Services Act including also any reopening or extension of the terms, the Sell Out Procedure (as applicable) and/or the Squeeze Out Procedure (as applicable);
"**MTO Completion**"	refers to the completion of the MTO, being the later of (i) expiration and settlement of the MTO Subscription Period; (ii) expiration and settlement of the Sell Out Procedure, if applicable; and (iii) expiration and settlement of the Squeeze Out Procedure, if applicable;
"**MTO Completion Date**"	refers to the date of the MTO Completion;
"**MTO Price**"	refers to the purchase price of the MTO equal to €1.45 per ordinary share of RdM;
"**Notes**"	refers to the €445.0 million aggregate principal amount of floating rate sustainability-linked senior secured notes due 2026 offered hereby;
"**Paprinsa Acquisition**"	refers to the acquisition of 100% of the share capital of Papelera del Principado S.A. by the Group on July 1, 2021;
"**PFR**" or "**PfR**"	refers to paper for recycling;
"**Private Acquisition**"	refers to the acquisition by the Issuer on October 26, 2021, of in aggregate 251,924,385 ordinary shares of RdM for the aggregate purchase price of €365,290,358.25, consisting of: (i) the acquisition of 217,474,385 ordinary shares in RdM from Cascades Canada ULC for the price of €315,337,858.25 pursuant to the share purchase agreement entered into on July 4, 2021; and (ii) the acquisition of 34,450,000 ordinary shares in RdM from Caisse de dépot et placement du Québec for the price of €49,952,500 pursuant to the share purchase agreement entered into on July 4, 2021;
"**Proceeds Loan**"	refers to the loan to be made on or about the Completion Date by the Issuer to RdM by using all the proceeds from Tranche A under the Notes, as further described under "*Summary — The*

	Transactions — Refinancing" above, in order to repay the Existing Debt, as amended, accreted or partially repaid from time to time;
"**RdM**"	refers to Reno de Medici S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy;
"**RdM Group**"	refers to RdM and its subsidiaries;
"**Refinancing**"	refers to the entering into of the Revolving Credit Facility Agreement, the Offering and the use of the proceeds of the Offering, to (i) repay any outstanding borrowings and cancel any available commitments under the Existing Debt, (ii) repay any outstanding borrowings and cancel any available commitments under the BidCo Loan, and (iii) pay certain fees and expenses in connection with such Transactions;
"**Restricted Subsidiaries**"	refers to all the Group's subsidiaries which have not been designated as Unrestricted Subsidiaries;
"**Revolving Credit Facility Agreement**"	refers to the super senior revolving credit facility agreement for up to €75 million to be entered into on or about the Issue Date among, among others, the Issuer, Barclays Bank Ireland PLC, BNP Paribas, Italian Branch, Credit Suisse AG, Milan Branch, Intesa Sanpaolo S.p.A. and UniCredit S.p.A., as arrangers, the original lenders named therein, Barclays Bank PLC as agent and The Law Debenture Trust Corporation p.l.c. as security agent;
"**Revolving Credit Facility**"	refers to the super senior revolving credit facility made available under the Revolving Credit Facility Agreement;
"**SB**"	refers to solidboard;
"**Second Party Opinion**"	refers to the opinion provided by Sustainalytics on the alignment of our Sustainability Performance Targets with the Sustainability-Linked Bond Principles 2020, as administered by ICMA;
"**Securities Act**"	refers to the U.S. Securities Act of 1933, as amended;
"**Security Agent**"	refers to The Law Debenture Trust Corporation p.l.c., in its capacity as security agent and legal representative *(mandatario con rappresentanza*) 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;
"**Sell Out Procedure**"	refers to the procedure regulating the obligation of the Issuer, pursuant to Article 108, paragraph 2 of the Financial Services Act, to purchase from any minority shareholders making a request to such effect, their residual shares in RdM, if, as a result of the MTO, the Issuer, together with the persons acting in concert with it, comes to hold more than 90.0% and less than 95.0% of the share capital of RdM and it does not restore, within 90 days, a floating stock sufficient to ensure a regular trend of trading;
"**Share Acquisitions**"	refers to the acquisitions by the Issuer of ordinary shares issued and outstanding in the share capital of RdM by way of the Private Acquisition, open market purchases and/or the MTO as further described under "*Summary — Transactions — The Share Acquisitions*;"

"**Squeeze Out Procedure**"	refers to the procedure regulating, in the event that as a result of the MTO and/or the Sell Out Procedure, the Issuer, together with the persons acting in concert with it, comes to hold at least 95.0% of the share capital of RdM, (i) the right of the Issuer pursuant to Article 111, paragraph 1 of the Financial Services Act to purchase from minority shareholders of RdM all of their residual shares in RdM and (ii) the obligation of the Issuer pursuant to Article 108, paragraph 1 of the Financial Services Act to purchase from any minority shareholders making a request to such effect their residual shares in RdM;
"**Sustainability-Linked Financing Framework**"	refers to the sustainability-linked financing framework that we have adopted in connection with the Transactions, which will be published on our website at https://rdmgroup.com/investor-relations/press-releases/ (it being understood that our website does not form a part of and is not incorporated by reference into this Offering Memorandum);
"**Sustainability Performance Targets**" or "**SPTs**"	refers to the following targets: (i) the Issuer's target to reduce the Group's greenhouse gas (GHG) emissions (as per GRI methodology) amount by 15% (from the 2020 baseline of 0.50 tCO2e/ton), (ii) the Issuer's target to increase the Group's proportion of waste sent for recovery to 81.5% (from the 2020 baseline of 73%) and (iii) the Issuer's target to reduce the group's water discharges per ton by 10% of net saleable production (from the 2020 baseline of 11.06 m3/ton);
"**Testing Date**"	means December 31, 2025;
"**Topco**"	refers to Rimini TopCo S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy, together with its successors and assigns;
"**Transactions**"	refers to, collectively, the Share Acquisitions and the Refinancing;
"**Trustee**"	refers to The Law Debenture Trust Corporation p.l.c., in its capacity as trustee under the Indenture and common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code;
"**UK Prospectus Regulation**" . . .	refers to Regulation (EU) 2017/1129 (as amended and superseded), including any implementing measure in the United Kingdom, where the UK Prospectus Regulation continues to apply during the "implementation period" under the terms of the Withdrawal Agreement between the United Kingdom and the European Union;
"**United States**" or the "**U.S.**" . . .	refers to the United States of America;
"**Unrestricted Subsidiaries**"	refers to any Group subsidiary that is designated as an unrestricted subsidiary in accordance with the terms of the Indenture and the Revolving Credit Facility Agreement; and
"**WLC**"	refers to white lined chipboard.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Offering Memorandum are not historical facts and are "forward-looking" within the meaning of Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). These statements include, but are not limited to, statements related to our expectations regarding the performance of our business, our financial results, our liquidity and capital resources, the impact of COVID-19 and other non-historical statements. This document contains certain forward-looking statements in various sections, including, without limitation, under the headings "Summary," "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*," and in other sections where this Offering Memorandum includes statements about our intentions, beliefs or current expectations regarding our future financial results, plans, liquidity, prospects, growth, strategy and profitability, as well as the general economic conditions of the industry and country in which we operate. We may from time to time make written or oral forward-looking statements in other communications. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future sales or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industries and the economic, political and legal environment in which we operate and other information that is not historical information.

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

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those listed under "*Risk Factors*," as well as those included elsewhere in this Offering Memorandum and developments relating to COVID-19. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to the following:

- our business is affected by global economic conditions and any deterioration in the global economic situation could have a material adverse effect on our business, financial condition and results of operations;
- our business depends on the continued and uninterrupted supply of raw materials used in our products. If we are unable to secure sufficient quantities of raw materials or if the price of raw materials rises, it could negatively affect our ability to meet our customers' demands and materially adversely affect our financial results;
- the cyclical nature of our industry often results in overcapacity which negatively impacts our results of operations;
- an increase in the price or a significant interruption in the supply of energy could have a material adverse effect on our results of operations;
- we operate in a highly competitive industry and measures taken by national governments or the EU may distort competition in the industry;
- the standardized nature of our industry and competition within it may result in downward pressure on pricing and, as a consequence, lower earnings;
- new manufacturing and product technologies may affect our ability to compete successfully;
- changes in consumer preferences and the regulatory environment may adversely affect our business;
- our revenue is highly dependent on the continuity of relationships with our customers. Loss of a number of customers and/or failure to diversify geographically could have an adverse impact on our business;

- if our customers experience deterioration in their creditworthiness, this may have a material adverse effect on our operations and financial results;
- our business may be adversely affected if our third-party sales agents fail to satisfactorily perform and comply with our business practices and standards;
- our business is dependent on reliable transportation systems for the distribution of our products. As a result, any disruptions to transportation services and/or fluctuations in transportation costs could adversely affect our business and results of operations;
- loss of access to our ports of shipment and destination, including through failure of terminal equipment and port delays or closures, would significantly impact our ability to deliver our products to our customers;
- our operations may involve regulatory risks and we may incur significant costs in order to comply with applicable laws and regulations;
- we are exposed to risk related to climate change;
- our business is subject to cybersecurity risks that could compromise the security of our operational systems and result in substantial harm to our business;
- due to the complexity of the manufacturing process of our products, we regularly invest in maintenance of our facilities. We could incur unforeseen capital expenditure costs and complications could arise whenever when making investments in our operations which could adversely affect our business;
- any significant damage to one of our mills could cause a production disruption;
- issues relating to our product safety and liability could interrupt our production operations and we may be required to pay damages or other remedies as a result of product liability claims;
- our failure to comply with occupational health and workplace safety requirements could result in significant liabilities or enforcement actions and adversely impact our ability to perform services for our customers;
- we may not be able to successfully implement our cost reduction and efficiency improvement measures;
- the failure to make successful mergers and acquisitions and divestments could have a negative impact on our competitiveness. Additional acquisitions may also expose us to new liabilities;
- our business may suffer if we fail to retain, or are unable to attract, key management and skilled workforce;
- we sell our products in a number of countries and are consequently exposed to currency fluctuations;
- our operations are subject to risks of litigation that could negatively impact our operations and revenues;
- our governance, internal controls and compliance processes could fail to prevent regulatory penalties, reputational harm and fraud;
- our insurance coverage may not be sufficient to cover all our losses; and
- other risks associated with our capital structure, our indebtedness, the Notes, the Guarantees, the Collateral, the Offering and/or the Transactions.

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

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

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical Financial Information

The Issuer is a holding company formed for the purpose of facilitating the Share Acquisitions and is not expected to engage in any activities other than those related to the Transactions and the Merger. Other than the holding of ordinary shares in RdM, the Issuer does not currently have any material assets and liabilities. We do not present in this Offering Memorandum any financial information or financial statements of the Issuer, except for pro forma financial information and certain limited "as adjusted" financial information presented on a consolidated basis to reflect certain effects of the Acquisition and the Refinancing.

The consolidated financial information of the RdM Group included in this Offering Memorandum has been extracted or derived from:

(i) the unaudited interim condensed consolidated financial statements of the RdM Group as of and for the nine months ended September 30, 2020 and 2021, which have been prepared in accordance with IFRS and, in particular, in accordance with *International Accounting Standard 34 — Interim Financial Reporting* ("**IAS 34**") (the "**RdM Group Unaudited Interim Condensed Consolidated Financial Statements**"); and

(ii) the audited consolidated financial statements of the RdM Group as of and for the years ended December 31, 2020, 2019 and 2018, which have been prepared in accordance with IFRS and audited by Deloitte & Touche S.p.A. (the "**RdM Group Audited Consolidated Financial Statements**", and together with the RdM Group Unaudited Interim Condensed Consolidated Financial Statements, the "**RdM Group Consolidated Financial Statements**") and containing the auditors' report therein.

The RdM Group Consolidated Financial Statements are contained in the F-Pages to this Offering Memorandum and should be read in conjunction with the relevant notes thereto.

The consolidated financial information of the Eska Group (which was acquired by RdM on July 13, 2021) included in this Offering Memorandum has been extracted or derived from the unaudited interim condensed consolidated financial statements of the Eska Group as of and for the nine months ended September 30, 2021, which has been prepared in accordance with IAS 34 (the "**Eska Group Unaudited Interim Condensed Consolidated Financial Statements**"). The Eska Group Unaudited Interim Condensed Consolidated Financial Statements are prepared on a voluntary basis in accordance with IFRS.

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

The audited consolidated financial statements of the Eska Group as of and for the years ended December 31, 2020, which were prepared in accordance with Dutch GAAP and audited by De Jong & Laan accountants B.V. (the "**Eska Audited Consolidated Financial Statements**") and containing the auditors' report therein, are contained in the F-Pages to this Offering Memorandum and should be read in conjunction with the relevant notes thereto. Dutch GAAP differs in certain material respects from IFRS, which is the basis of presentation used for the RdM Group Consolidated Financial Statements and the Eska Group Unaudited Interim Condensed Consolidated Financial Statements. Accordingly, the figures presented in the Eska Audited Consolidated Financial Statements are not directly comparable to those presented in the Eska Group Unaudited Interim Condensed Consolidated Financial Statements or the RdM Group Consolidated Financial Statements. The Eska Group Unaudited Interim Condensed Consolidated Financial Statements include financial information of the Eska Group as of and for the year ended December 31, 2020 prepared and presented in accordance with IFRS. Unless otherwise specified, all financial information of the Eska Group that has been included in this Offering Memorandum has been extracted or derived from the Eska Group Unaudited Interim Condensed Consolidated Financial Statements.

Prospective investors are advised to consult their professional advisors for an understanding of: (i) the differences between IFRS and other generally accepted accounting principles and how those differences might affect the financial information included in this Offering Memorandum and (ii) the impact that future additions to, or amendments of, IFRS principles may have on the RdM Group's results of operations and/or financial condition, as well as on the comparability of financial information across periods. Historical consolidated financial information, whether audited or not, is not indicative of future expected results.

Impact of the Share Acquisitions

The consolidated financial statements of the RdM Group included in this Offering Memorandum have not been adjusted to reflect the impact of any changes that might occur as a result of the purchase price allocation ("**PPA**") process in accordance with *IFRS 3 — Business Combinations* ("**IFRS 3**") as a result of the Share Acquisitions and subsequent Merger.

The acquisition method of accounting prescribed by IFRS 3 applies the fair value concepts defined in *IFRS 13 — Fair Value Measurement* ("**IFRS 13**") and requires, among other things, the assets acquired and the liabilities assumed in a business combination to be recognized by the acquirer at their fair values as of the acquisition date, with certain limited exceptions. The consideration transferred for the acquisition is measured as the fair value of the assets transferred, liabilities incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability resulting from any contingent consideration arrangements. The excess of the consideration transferred over the fair value of the acquirer's share of the identifiable net assets acquired is recorded as goodwill. Following the Share Acquisitions, final valuations will be completed and the fair values assigned to the assets acquired and liabilities assumed will be finalized during the one year measurement period prescribed by IFRS 3. Due to these and other potential adjustments resulting from the PPA process, the future consolidated financial statements of the Issuer could be materially different from the RdM Group Consolidated Financial Statements included in this Offering Memorandum.

Pro Forma Financial Information

In connection with the Transactions, the Issuer has prepared unaudited pro forma consolidated financial information which includes: (i) a pro forma consolidated statement of financial position as of September 30, 2021, (ii) a pro forma consolidated statement of income for the nine months ended September 30, 2021, (iii) a pro forma consolidated statement of income for the year ended December 31, 2020 and (iv) a pro forma consolidated statement of income for the twelve months ended September 30, 2021 (the "**Unaudited Pro Forma Consolidated Financial Information**").

The Unaudited Pro Forma Consolidated Financial Information has been prepared to give pro forma effect to the Transactions (which include the Share Acquisitions and the Refinancing), the La Rochette Disposal and the Eska Acquisition as if they occurred on September 30, 2021 for the pro forma consolidated statement of financial position and on January 1, 2020 for the pro forma consolidated income statements. The Unaudited Pro Forma Consolidated Financial Information has been derived from, and should be read in conjunction with the RdM Group Unaudited Interim Condensed Consolidated Financial Statements, the RdM Audited Consolidated Financial Statements and the Eska Group Unaudited Interim Condensed Consolidated Financial Statements included elsewhere in this Offering Memorandum.

The pro forma and other adjustments and their underlying assumptions are described in the notes accompanying the Unaudited Pro Forma Consolidated Financial Information. The pro forma adjustments are based on the information available at the time of the preparation of this Offering Memorandum. The Share Acquisitions will be accounted for using the acquisition method of accounting as per IFRS 3. The Unaudited Pro Forma Consolidated Financial Information presented, including the preliminary allocation of the purchase price consideration, is based on preliminary estimates of the fair values of the assets to be acquired and liabilities to be assumed, as well as available information and assumptions, and will be revised as additional information becomes available. The actual adjustments to the historical financial statements upon the closing of the Acquisition will depend on a number of factors, including the final purchase price allocation, which must be completed within twelve months from the acquisition date as prescribed by IFRS 3. Therefore, the actual adjustments will differ from the pro forma adjustments presented in the Unaudited Pro Forma Consolidated Financial Information, and the differences may be material.

The Unaudited Pro Forma Consolidated Financial Information is presented for illustrative purposes only and reflects certain estimates and assumptions. While we consider these estimates and assumptions to be reasonable based on the information available at this time, the actual impact that the Transactions and the other events reflected in the pro forma financial information may have on our financial position and results of operations in future periods may differ materially from what is shown in the Unaudited Pro Forma Consolidated Financial Information presented in this Offering Memorandum. The Unaudited Pro Forma Consolidated Financial Information does not purport to represent what the actual consolidated statement of income or consolidated statement of financial position would have been if the Transactions had occurred on the dates indicated and is not intended to project the consolidated results of operations or consolidated financial position for any future period or date.

In this Offering Memorandum, we also present certain adjusted pro forma financial information that has not been prepared on the same basis as the Unaudited Pro Forma Consolidated Financial Information, as it reflects additional or different pro forma assumptions or events.

The Unaudited Pro Forma Consolidated Financial Information and the adjusted pro forma financial information have not been prepared in accordance with the requirements of Regulation S-X of the Securities Act, the EU Prospectus Regulation, the UK Prospectus Regulation, IFRS or any other set of generally accepted accounting standards. Neither the adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with International Standards on Auditing (Italy) or any other auditing standards.

Last Twelve Months Ended September 30, 2021

The historical financial information included in this Offering Memorandum for the twelve months ended September 30, 2021 is calculated by taking the results of operations for the nine months ended September 30, 2021, adding the results of operations for the full year ended December 31, 2020 and subtracting the results of operations for the nine months ended September 30, 2020. For the purpose of this exercise and comparability, the results of operations for the full year ended December 31, 2020 have been considered after reclassifying RdM La Rochette SAU as discontinued operation for the year ended December 31, 2020. The financial information for the twelve months ended September 30, 2021 is presented for illustrative purposes only and should not be considered indicative of the results we expect for any future period. The financial information for the twelve months ended September 30, 2021 has been prepared solely for the purpose of this Offering Memorandum and is not prepared in the ordinary course of the RdM Group’s financial reporting, nor has it been audited or reviewed.

Non-IFRS Measures and Other Data

In this Offering Memorandum, we present certain non-IFRS measures and ratios, including EBITDA, EBITDA Margin, Adjusted Net Financial Debt and Capital Expenditures. We believe that these non-IFRS measures provide useful and relevant in analyzing our financial performance and financial condition. We also believe they facilitate management’s ability to identify operational trends and make decisions regarding resource allocations and other operational decisions and use them for such purposes.

We define:

“**Adjusted EBITDA**” as EBITDA further adjusted to exclude certain items management considers unusual, non-recurring or otherwise not reflective of the underlying performance of the business.

“**Adjusted Net Financial Debt**” as the sum of (i) current and non-current payables to banks and other lenders and (ii) current and non-current derivative instrument liabilities, less the sum of (iii) cash and cash equivalents, (iv) other receivables from associates and joint ventures (included within the line item current other receivables) and (v) current derivative instruments assets.

“**Adjusted Pro Forma Contribution Margin**” as Contribution Margin as if the Paprinsa Acquisition, the Eska Acquisition and the La Rochette Disposal had occurred on October 1, 2020.

“**Adjusted Pro Forma EBITDA**” as Pro Forma EBITDA, further adjusted for certain perimeter, non-recurring and normalization adjustments, and in particular, related to raw materials normalization, payments relating to our employees for severance indemnities as part of restructuring activities and extraordinary bonuses, cost savings initiatives as well as transaction costs relating to the Eska Acquisition, the Paprinsa Acquisition and the La Rochette Disposal.

"**Adjusted Pro Forma EBITDA Margin**" as Adjusted Pro Forma EBITDA as a percentage of adjusted pro forma revenues from sales.

"**Adjusted Pro Forma Net Debt**" as (i) adjusted pro forma payables to banks and other lenders (excluding Notes issuance costs) less (ii) as adjusted cash and cash equivalents calculated, in the case of (ii) as further described in the "*Capitalization*" section of this Offering Memorandum.

"**Adjusted Pro Forma Net Senior Secured Debt**" as the outstanding Senior Secured Debt of the Group as adjusted to give pro forma effect to the Refinancing as if it occurred on September 30, 2021 net of as adjusted cash and cash equivalents calculated, in each case, as further described in the "*Capitalization*" section of this Offering Memorandum.

"**Adjusted Pro Forma tons sold**" as the tons sold by the Group as if the Paprinsa Acquisition, the Eska Acquisition and the La Rochette Disposal had occurred on October 1, 2020.

"**Capital Expenditures**" as investments in tangible fixed assets and intangible fixed assets.

"**Contribution Margin**" is defined as revenues from sales less variable costs related to production and sales, such as raw materials costs and energy expenses.

"**EBITDA**" as profit (loss) for the period adjusted for (i) profit (loss) for the period of discontinued operations, (ii) taxes, (iii) gains (losses) on investments, (iv) net financial income (expense), (v) depreciation and amortization and (vi) write-downs and revaluations.

"**EBITDA Margin**" as EBITDA as a percentage of revenues from sales.

"**Eska Adjusted EBITDA**" as Eska EBITDA further adjusted to exclude certain items management considers unusual, non-recurring or otherwise not reflective of the underlying performance of the business.

"**Eska EBITDA**" as profit (loss) for the period adjusted for (i) profit (loss) for the period of discontinued operations, (ii) taxes, (iii) net financial income (expense) and (iv) depreciation and amortization.

"**Maintenance Capital Expenditure**" as working and ordinary capital expenditure to maintain a certain level of productivity.

"**Pro Forma EBITDA**" as pro forma profit (loss) for the period adjusted for (i) pro forma profit (loss) for the period of discontinued operations, (ii) pro forma taxes, (iii) pro forma gains (losses) on investments, (iv) pro forma net financial income (expense), (v) pro forma depreciation and amortization and (vi) pro forma write-downs and revaluations.

"**Pro Forma EBITDA Margin**" as Pro Forma EBITDA as a percentage of pro forma revenues from sales.

"**Pro Forma interest expense**" as the interest expense as if the Refinancing had occurred on October 1, 2020.

"**Ratio of Adjusted Pro Forma EBITDA to Pro Forma Interest Expense**" as Adjusted Pro Forma EBITDA divided by Pro Forma Interest Expense.

"**Ratio of Adjusted Pro Forma Net Debt to Adjusted Pro Forma EBITDA**" as Adjusted Pro Forma Net Debt divided by Adjusted Pro Forma EBITDA.

"**Ratio of Adjusted Pro Forma Net Senior Secured Debt to Adjusted Pro Forma EBITDA**" as Adjusted Pro Forma Net Senior Secured Debt divided by Adjusted Pro Forma EBITDA.

We have also defined each of these non-IFRS measures and shown their calculation in "*Summary Financial and Other Information*."

These and other non-IFRS measures presented in this Offering Memorandum may be used by different companies for different purposes and are often calculated in ways that reflect the business environment and circumstances of those companies. These non-IFRS measures may also differ from corresponding or similar terms as defined in and calculated in accordance with the Indenture. You should exercise caution in comparing these non-IFRS measures to similar measures used by other companies. The information presented by each of the non-IFRS measures is unaudited and has not been prepared in accordance with IFRS or any other accounting standards.

The non-IFRS measures we present herein should be considered supplemental to the measurements of performance and financial position that are calculated and presented in accordance with IFRS, and they should not be used or interpreted in isolation. These measures are not measurements of performance under IFRS or any other accounting principles and you should not consider them as alternatives to other indicators of financial performance, financial position or cash flow prepared in accordance with IFRS. You are encouraged to review the adjustments reflected in our presentation of non-IFRS measures and independently evaluate whether you consider each one of these adjustments to be appropriate.

In addition, certain EBITDA-based non-IFRS measures have important limitations as analytical tools, including, among others:

- they do not reflect the interest expense or cash requirements necessary to service interest or principal payments on our debt;
- they do not reflect any expenses related to the payment of taxes, includling those requiring cash payments;
- they are not adjusted for all cash income or expense items that are reflected in our statements of cash flows;
- although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future;
- they may include adjustments for the impact of charges or expenses resulting from certain matters we do not consider to be indicative of our ongoing operating performance;
- they may include adjustments for anticipated cost savings, synergies and other estimates that may not be realized in full, or at all; and
- they do not fully reflect the impact of COVID-19 on our performance.

Segment Information

For the historical periods, and particularly the years ended December 31, 2018, 2019 and 2020, presented in this Offering Memorandum, the RdM Group's business operations were divided into the following two operating segments:

(i) White lined chipboard ("**WLC**"); and

(ii) Folding box board ("**FBB**").

Following the completion of the La Rochette Disposal in April 2021, the RdM Group no longer operates in the FBB business and RdM Group is consequently disclosing one operating segment called recycled board ("**Recycled Board**") in the RdM Group Unaudited Interim Condensed Consolidated Financial Statements.

Rounding

Certain numerical figures and percentages 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 the Offering Memorandum may vary slightly from the actual arithmetic totals of such information. In addition, as a result of the aforementioned 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.

Market and Industry Data

In this Offering Memorandum, we rely on and refer to information regarding our business and the markets in which we operate and compete. Such data and certain industry forward-looking statements are derived from various industry and other independent sources, where available. In particular, certain information has been derived from an industry report prepared for us by an industry leading consulting firm dated June 8, 2021 and the Monitoring Report 2020: European Declaration on Paper Recycling 2016-2020 from the European Paper Recycling Council (EPRC) dated July 16, 2021 as well as other reports published by various third parties.

The information in this Offering Memorandum that has been sourced from third parties has been accurately reproduced and, as far as we are aware and able to ascertain from the information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Notwithstanding the foregoing, such third party information has not been independently verified, and neither we nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of such information set forth in this Offering Memorandum. The data reports may not accurately reflect certain aspects of the current market and industry, and in particular, the data reports may no longer be accurate or relevant to current expectations. Third party sources explicitly disclaim any liability for any loss or damage, howsoever caused, arising from any errors, omissions or reliance on any information or views contained in their reports.

In addition, certain information in this Offering Memorandum for which no source is given, regarding our market position relative to our competitors in the cartonboard industry, is not based on published statistical data or information obtained from independent third parties. Such information and statements reflect our best estimates based upon information obtained from trade and business organizations and associations and other contacts within the industries in which we compete, as well as information published by our competitors. To the extent that no source is given for information contained in this Offering Memorandum, or such information is identified as being our belief, that information is based on our experience, our evaluation of industry information, our determination of our addressable markets and our own investigation of market conditions.

Sustainability-Linked Financing Framework

In connection with the Offering, we have adopted a framework relating to our sustainability strategy and target to foster best market practices and present a unified and coherent suite of sustainability linked financing instruments (the "**Sustainability-Linked Financing Framework**") in accordance with the Sustainability-Linked Bond Principles (the "**SLBP**") administered by the International Capital Markets Association ("**ICMA**").

The Sustainability-Linked Financing Framework was reviewed by Sustainalytics, which provided the Second Party Opinion, and has been published on our website at https://rdmgroup.com/investor-relations/press-releases/. The Second Party Opinion is not incorporated into and does not form part of this Offering Memorandum. While we believe that the Second Party Opinion is reasonable, neither we nor the Initial Purchasers make any representation about the suitability of the Second Party Opinion or the Notes to fulfill any environmental and sustainability criteria. Investors should conduct their own assessment of the Notes from a sustainability perspective. The contents of our website, including any references made to information accessible therein, do not form part of, and are not incorporated by reference into, this Offering Memorandum.

We expect to report annually on our performance with respect to the Sustainability Performance Targets for the preceding calendar year. This report will be separate from, and in addition to, the reporting required under the Indenture.

Tax Considerations

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

SUMMARY

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

Overview

We are a leading European producer and distributor of recycled cartonboard, active in the coated and uncoated recycled cartonboard industry. We operate in the white lined chipboard ("**WLC**") and solidboard ("**SB**") market segments, in each case with a demonstrated track record of making our operations more sustainable as both WLC and SB are manufactured from recovered paper. Our cartonboard can be used as both primary and secondary packaging, and applications of our packaging include, without limitation, food packaging, shoe boxes, trays, toys, furniture, displays, bookbindings, boxes and puzzles. Our identity is built on a clear vision centered on the circular economy that guides our activities as a manufacturer of WLC and SB from recycled materials, and that represents a balanced combination between our business and the expectations of our stakeholders; see also "*Business — Our Production Process — Circular Business Model*." Our ambition is to be the partner of choice of all key stakeholders with three strategic goals in mind: to offer excellent products and services, to optimize costs and to maximize the satisfaction of our customers, all while helping drive increased sustainability within the paper and packaging industry.

We serve our customers through a network of nine mills, five sheeting and distribution centres, and ten sales offices. As of December 31, 2020, we employed over 1,990 employees (after giving *pro forma* effect to the Eska Acquisition, the Paprinsa Acquisition and the La Rochette Disposal).

We believe that our geographical footprint across Europe and exposure to resilient end-markets (such as the food end-market) are key strengths of our business, which we have reinforced through the recent Eska Acquisition and Paprinsa Acquisition. Our position as a leader in the European WLC market is supported by our distributed network of mills, our "multi-mill" concept, whereby we seek to be able to offer the same cartonboard products at different mills, helping us provide highly localized delivery quickly and better meet our customers' demands. Our distributed mill network is integrated by our "One Company" operating model, which helps to ensure we have both a local presence near our customers and a platform with the scale and sophistication required to efficiently respond to our customers' needs across the continent.

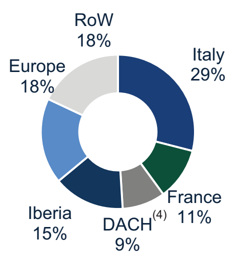
- ***WLC***. In our WLC market segment, we produce cartonboard from recycled fibers for folding carton and corrugated packaging applications. We are the second largest WLC producer (based on annual production capacity as of December 31, 2020), with a market share of approximately 25% for 2020 (after giving *pro forma* effect to the Paprinsa Acquisition), in a highly fragmented European market. We are also the largest WLC producer based on our annual production capacity as of December 31, 2020, in Italy, France and Spain. In terms of production capacity, WLC represents approximately 76% of our business as of December 31, 2020 (giving *pro forma* effect to the Paprinsa Acquisition, Eska Acquisition and the La Rochette Disposal).

  We had a total WLC production capacity of 1,166 thousand tons per year for the year ended December 31, 2020 (after giving *pro forma* effect to the Paprinsa Acquisition).

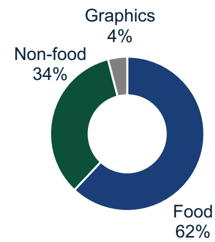
- ***SB***. In our SB market segment, we produce solidboard from recycled fibers for packaging and graphical applications. We had a total production capacity of 359 thousand tons per year for the year ended December 31, 2020 (after giving *pro forma* effect to the Eska Acquisition). In terms of production capacity, SB represents approximately 24% of our business as of December 31, 2020 (giving *pro forma* effect to the Paprinsa Acquisition, Eska Acquisition and the La Rochette Disposal). We are a leading solidboard producer with a global reach. Following the Eska Acquisition, we now have two industry-leading solidboard production facilities (in terms of production capacity) in The Netherlands with the largest SB production capacity among participants in the core market segments in which Eska operates (which include luxury packaging, bookbinding, puzzles and games) for the year ended December 31, 2020.

For the twelve months ended September 30, 2021 (after giving *pro forma* effect to the Eska Acquisition, the Paprinsa Acquisition and the La Rochette Disposal as if they had occurred on October 1, 2020), we generated *adjusted pro forma* consolidated revenues from sales of €853.9 million, Adjusted Pro Forma EBITDA of €119.2 million and an Adjusted Pro Forma EBITDA Margin of 14.0%, and we had Adjusted Pro Forma tons sold of 1,451 tons. The charts below present the breakdown of our tons sold by geography, by relevant end-market and by product, in each case for the year ended December 31, 2020.

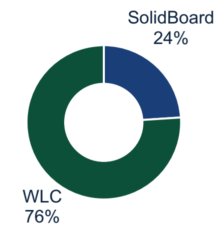
Portion of Sales in Tons by Geography(1)



Portion of Sales in Tons by End-use(2)



Capacity by Product(3)



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(1) Figures give *pro forma* effect to the Paprinsa Acquisition and the La Rochette Disposal.

(2) Figures give *pro forma* effect to the La Rochette Disposal.

(3) Figures give *pro forma* effect to the Eska Acquisition, Paprinsa Acquisition and the La Rochette Disposal.

(4) Includes Germany, Austria and Switzerland.

As of September 30, 2021 (after giving *pro forma* effect to the Eska Acquisition, the Paprinsa Acquisition and the La Rochette Disposal), we served over 2,500 customers across our WLC and SB market segments and sold our products, either directly or indirectly, in over 100 countries worldwide.

We remain united by our "One Company" culture and philosophy and believe that the size of our network and breadth of our geographical footprint give us significant competitive advantages, including greater operational flexibility to serve our customers and manufacture our products across our network of mills, as well as enhanced capacity to supply our products in a timely manner and the flexibility to produce our products at more than one mill. While our network of nine paper mills is strategically located to best serve our pan-European customer base, which requires localized service, our operations remain integrated. We centrally manage operations, and we are currently enhancing our ability to integrate operations across our network by implementing the same enterprise resource planning ("**ERP**") systems in all of our mills. Additionally, improvements to our information technology ("**IT**") resources have allowed, and we believe we will continue to allow, us to balance the availability of products across our network of mills, to optimize proximity to customers, to protect their security of supply and to mitigate the risks posed by market volatility arising from changes in the supply and demand dynamics in local markets.

Our products and customers

We manufacture different types of recycled paperboard, sold as sheets or rolls, mainly to packaging manufacturers. The majority of our sales derive from resilient and essential end-markets, such as the food end-market.

For the twelve months ended December 31, 2020 (after giving *pro forma* effect to the Paprinsa Acquisition and the La Rochette Disposal), more than 60% of the end-users of our WLC products operated within the resilient food market. Our solidboard products are purchased for use in applications such as producing packaging for the growing luxury packaging market, as well as bookbinding, stationary, and manufacturing puzzles and games.

We are committed to sustainability and believe that are well-placed to benefit from the ongoing shift away from plastic packaging and toward more sustainable alternatives. We believe that we have an attractive sustainability profile, and our commitment to sustainability has been historically supported by a track record of demonstrable achievements. For the year ended December 31, 2020 (after giving *pro forma effect* to the La Rochette Disposal), 94% of the fibrous material we used was recycled and over 83% of all materials used consisted of renewable materials. In addition, we have reduced each of our carbon emissions and water discharges per ton of cartonboard produced by approximately 13% since 2017.

As our business continues to evolve, we remain committed to strengthening our product portfolio and offerings by focusing on renewable, recyclable and actually-recycled solutions (solutions with high recycling rates). In line with the latest market trends, we are directing our development activities toward cartonboard and solidboard products that can replace plastic packaging. We are focusing our efforts toward the development of renewable and recyclable "barrier solutions" that are fully integrated with the fiber-based material structure of the cartonboard. Our consistent aim is to promote and preserve the integrity of the packaged product while ensuring recyclability of the coated and uncoated cartonboard after its use.

Our history

Since our founding in Italy in 1967, we have grown to be an industry leader and key participant in the recycled cartonboard industry. Our business has grown organically and successfully executed a number of acquisitions.

In 1967, Cartiere del Reno was founded, with a plant in Bologna, Italy. A period of steady growth followed. In 1985, the Ovaro Plant was acquired and in 1986 we acquired Cartiera Binda de Medici, prompting us to change our company name to Reno De Medici S.p.A. ("**RdM**").

Cascades, a paper and packaging company founded in Canada in 1964 and today an industry giant, acquired its first paper mill in Europe in 1985, La Rochette, thereby expanding their range of activity. In 2008, Cascades Inc. acquired a majority stake in our company and we combined with the Cascades Europe operations, including the Arnsberg (Germany), Blendecques (France), and La Rochette (France) cartonboard mills.

To rationalize resources, RdM and Cascades Europe joined forces: the company dedicated to recycled production took the name RdM, and the company dedicated to sales was called Careo. This was followed by a period of restructuring and integration. In 2016, RdM acquired Cascades La Rochette. This allowed it to enter the cartonboard industry made from virgin fiber. The company continued to grow and integrate operations, and on January 1, 2017, RdM, Cascades La Rochette and Careo Group were formally united into a single group with a single identity: the RdM Group.

In 2018, we began implementing our latest series of strategic initiatives, which focused on transforming our business through enhancing integration and efficiency across our network of mills, strategically improving our cost structure and integrating the businesses that we acquired through bolt-on acquisitions. Since 2018, we have made multiple acquisitions, including completing the Barcelona Cartonboard Acquisition to strengthen our recycled cartonboard presence in Spain and Southern Europe (which includes Spain, Italy and France) and increase proximity to key European packaging converters, our customers. Through the Paprinsa Acquisition, which was completed in July 2021, we expect to further consolidate our leading WLC position in Southern Europe and support our "multi-mill" concept. Most recently, we completed the Eska Acquisition in July 2021. Eska is a leading producer of high-quality solidboard with a global presence and customer base. We believe that the Eska Acquisition strengthens our position in Europe, significantly increasing our solidboard production capacity, and expanding our presence in the United States and Asia. In addition, the Eska Acquisition provides us with attractive opportunities in the high-margin luxury packaging sector, which we expect to grow over the coming years. Another key component of this transformation has been our exit from the folding box board ("**FBB**") market segment through the La Rochette Disposal. By exiting the FBB market segment, we have refocused the business on developing our recycled cartonboard products within our multi-mill concept. These acquisitions and divestitures have been key components of our strategic transformation into a leading and pure-play circular economy recycled cartonboard provider.

On October 26, 2021, the Issuer consummated the Private Acquisition and thereby acquired 67% of the shares in RdM from Cascades and Caisse de dépot et placement du Québec. See also *"— Transactions*." For further information, see also "*Business — Our History.*"

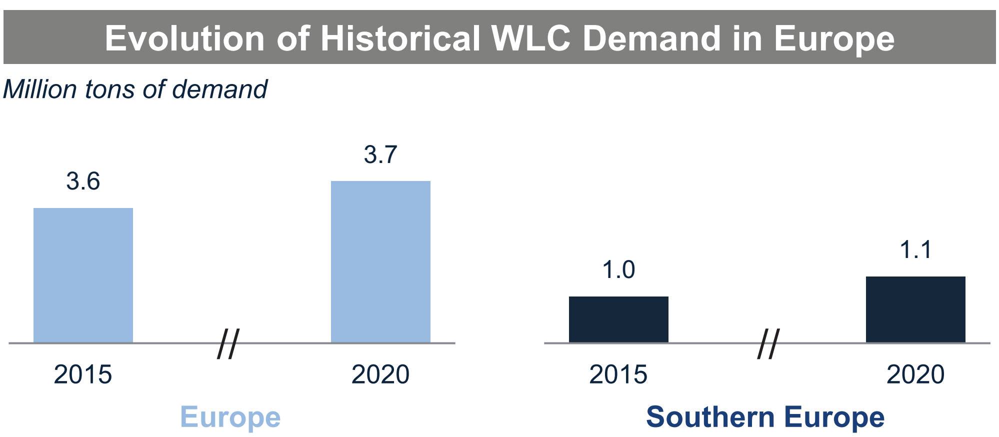
Key Strengths

We believe that we benefit from the following strengths.

We have a leading market position in the resilient and growing WLC industry and are well-positioned to benefit from further growth and stability.

With a total WLC production capacity of 1,166 thousand tons per year for the year ended December 31, 2020 (after giving *pro forma* effect to the Paprinsa Acquisition), we would have had the largest production capacity of WLC manufacturers in Italy, France and Spain and the second largest production capacity of WLC manufacturers in Europe in 2020. Our position as a leader in the European WLC market is supported by our distributed network of mills integrated by our "One Company" operating model, which helps to ensure we have both a local presence near our customers and a platform with the scale and sophistication required to efficiently respond to our customers' needs across the continent.

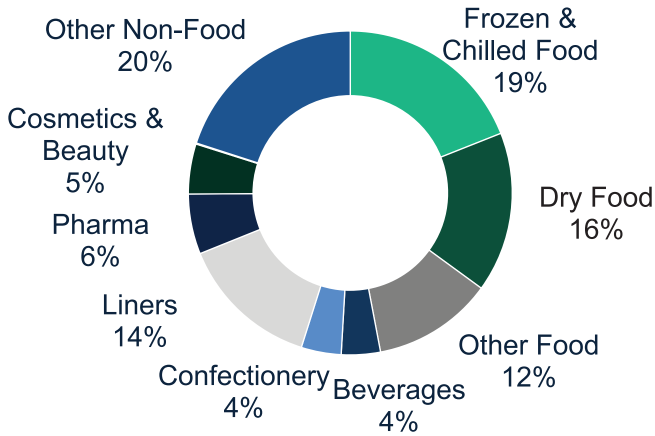
As a leading WLC manufacturer, we are poised to benefit from the growth and evolution of the WLC market. Industry sources indicate that the WLC market segment is resilient and diversified. Moreover, the demand for WLC in many of our key end-user markets (such as the food end-market) in Europe has grown at a rate exceeding that of the industry-wide average, according to analysis from an industry leading consulting firm. The chart below presents (based on analysis from an industry leading consulting firm) demand for WLC for 2015 and 2020 for each of Europe and Southern Europe (which includes Spain, Italy and France).



Just as the demand for WLC ultimately depends on the demand from the end-markets, the resilience of the WLC industry is also supported by the diversity and by the resilience of the industry's end-markets.

The chart below is based on analysis from an industry leading consulting firm and highlights how the WLC demand is driven by the stable and resilient food end-market. Food end-market demand is defined by different sub-segments, such as frozen and chilled food (19% of total demand), driven by demographic changes and convenience trends, dry food (16% of total demand) and other food sub-segments (12% of total demand). Overall the broad food end-market represents approximately 50% of the total demand for WLC.

WLC Demand By End-use Markets



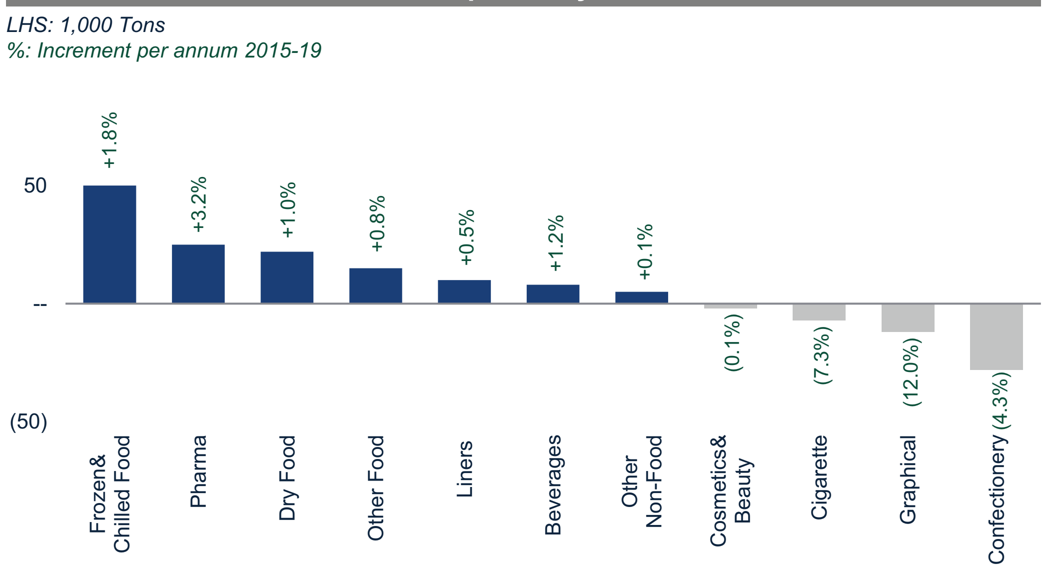
We believe a number of market trends will continue to support WLC market development in Europe over the next several years — with Southern Europe expected to experience even stronger demand growth as a consequence of WLC's stronger position in the region — and we believe we are well-positioned to benefit from these trends.

In particular, we believe that the growing preference for sustainable products, along with increasing regulatory actions against the use of plastics and plastic packaging, will likely cause a growing number of manufacturers to switch from plastic packaging to more sustainable alternatives, such as WLC packaging made from recycled fibers by producers like us.

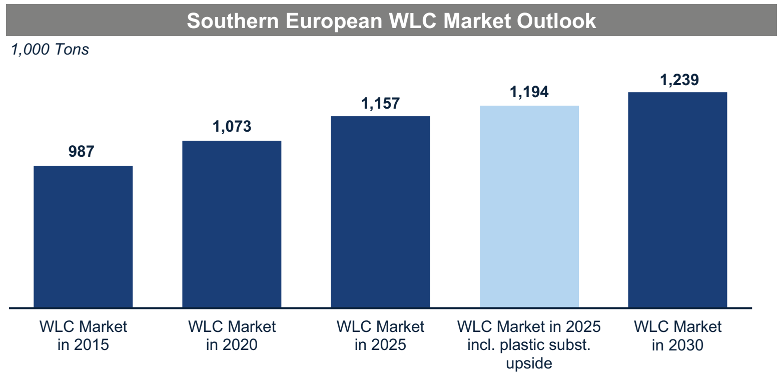
Additionally, we expect growth in e-commerce to drive demand for WLC liners used in packaging production. Also, we expect demand for frozen and convenience foods to increase due to demographic shifts and changes in consumer preferences favoring convenience, and these segments of the food end-market are especially heavy users of WLC packaging.

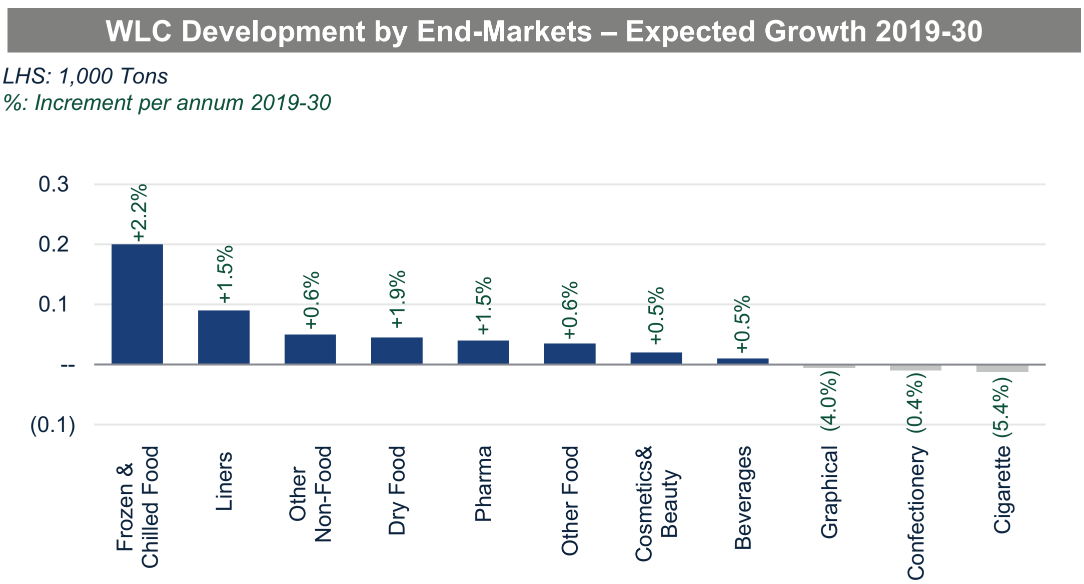
The chart below shows (based on analysis from an industry leading consulting firm) the development of WLC end-usage between 2015 and 2019 with 91% of the above mentioned WLC demand from growing end-markets, mainly the food end-market. Essential and highly resilient end segments such as broad food and pharmaceuticals have experienced the highest historical demand growth.

Historical WLC Development by End-Markets 2015-19



In addition, the charts below illustrate (based on analysis from an industry leading consulting firm) the estimated growth in WLC usage in Southern Europe for the periods indicated, as well as the estimated growth (2019 – 2030) for the various WLC end segments. These changes are driven by, among others, a preference for fiber-based materials and sustainable products, increased popularity of frozen and chilled foods driven by geographic changes and convenience trends, and increased focus on replacement of plastic packaging by sustainable options in light of brand owners' and retailers' sustainability targets in response to increasing consumer sentiment favoring sustainability.





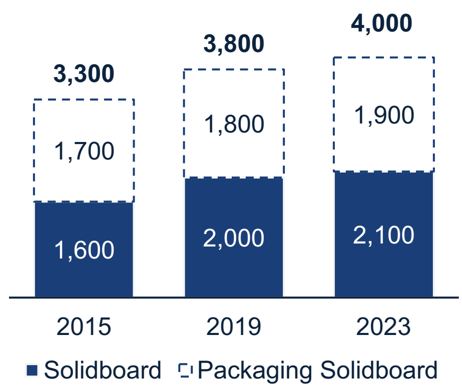
While these trends tend to support the WLC market as whole, we believe our focus on sustainability, our key role in the sustainable circular economy, as a manufacturer of WLC from recycled materials, and our strength in serving the food end-market make us particularly well-suited to benefit from growth in WLC demand driven by these factors. There is material industry growth upside associated with increased plastic substitution, as illustrated in the above Southern European WLC Market Outlook chart.

We also have a presence in the resilient and growing solidboard industry and are well-positioned to benefit from further growth.

The solidboard market segment is a stable and resilient market given the defensive characteristics of the main end-use markets, such as bookbinding and stationery. The graph below illustrates the estimated growth, according to management estimates, of the global solidboard market for the periods indicated in thousands of tons.

Global Solidboard Market Outlook

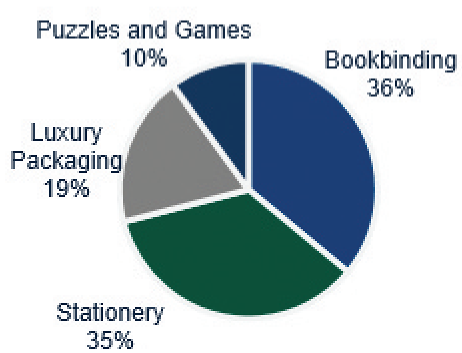
(Including packaging solidboard, Kton)



Industry sources expect that the global solidboard market to reach around 4 million tons by 2023. This growth is primarily driven by: (i) strong opportunities in luxury packaging, an end-market expected to grow at a CAGR of approximately 5% to 2023, as a result of increasing disposable incomes worldwide and increasing requests for innovative, aesthetically pleasing and high quality products; (ii) developments in bookbinding and stationery, driven by rising literacy rates in emerging markets and rising incomes in Asia; and (iii) increasing popularity in puzzles and games due to an increased desire to disconnect from the digital world and from the innovative development of puzzles and games. The graph below illustrates the solidboard market segmented by end-use for the year ended 2019 (expressed in percentages and excluding packaging solidboard).

Global Solidboard Market by End-Use

(Excluding packaging solidboard, Kton)

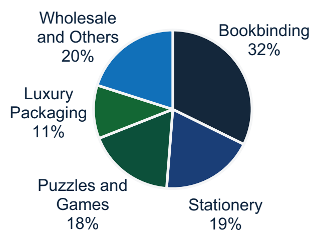


The trend towards sustainable and recyclable products further favors the use of solidboard, a material that is fully recyclable, instead of plastics, and we expect to have the opportunity to drive plastic substitution via the solidboard market as well, helping to further increase packaging sustainability while simultaneously increasing our company's financial performance and growth.

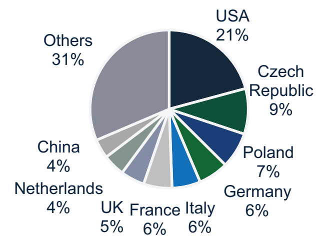
Through the Eska Acquisition we believe we are well-positioned to further expand our products and offerings in the solidboard market segment. Eska is a leading provider of high-quality solidboard, serving, and often operating as a long-term partner to, over 700 customers globally. For the year ended December 31, 2020, Eska sold 241 thousand tons and generated €149 million of revenues from sales. Moreover, the Eska

Acquisition has added two well-invested and specialized paper mills in The Netherlands to our portfolio. The charts below illustrate Eska's volumes sold per end-market and per geography, in each case for the year ended December 31, 2020.

Volume Sold by End-market



Volume Sold by Geography



Our multi-mill concept and multi-country asset base provide us with significant competitive advantages.

We operate in accordance with our "multi-mill" and "multi-country" approach, which we believe provide us with significant competitive advantages in our sector, particularly given the highly-localized nature of our customers and the industry. Our multi-mill concept represents one of our core operating principles. We aim to produce our products in multiple mills whenever possible to ensure that our products are available to our customers in a flexible and punctual manner and in close proximity to their production sites. We believe that the multi-mill concept allows us to adopt efficiently to changes in market demand and the economic cycles of the individual countries in which we operate. We believe we have a well-invested asset base, in terms of capacity, technical age, speed and trim compared to our industry peers, which enhances our ability to effectively pursue our "multi-mill concept." We currently serve our customers through a network of nine mills, five sheeting and distribution centers, and ten sales offices. Our mills are located in Italy, Spain, France, The Netherlands and Germany, giving us a pan-European and strategic asset base close to our customers.

Rather than managing each single mill to produce a single product, our mills are designed, and operate, to manufacture multiple products whenever possible. As a result, we can shift production of many of our products across our network of mills, which gives us flexibility to balance the availability of products at individual plants and to integrate production planning across our mills. We also believe that our multi-mill concept reinforces the benefits that we believe we derive from our multi-country asset base. By increasing the interchangeability of our mills and the specific types of our cartonboard produced in multiple mills, we also increase our ability to meet our customers' needs at each local plant. This allows us to reduce the time and cost required for product delivery and to be more immediately responsive to customers' needs and changing demands, providing meaningful upside in a market characterized by localized preferences and requirements. Our focus on coordination within our multi-mill network also allows us to monitor and better respond to market volatility arising from rapid changes in local demand or changes in production at individual mills as well as from potential supply chain disruptions.

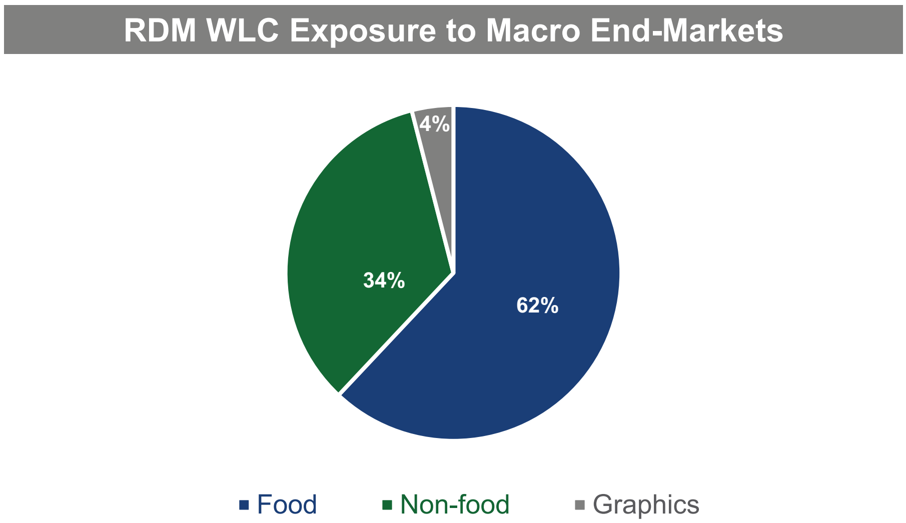
As part of the integration of the Eska business following the Eska Acquisition, we intend to also apply our multi-mill concept to our growing solidboard business. In particular, we plan to extend the multi-mill concept into our specialty product line using the two newly acquired Eska mills and our Ovaro mill. We believe that the multi-mill concept and post-acquisition integration will allow us to transfer production volumes to different locations to reduce delivery times for existing customers as well as to find new and more profitable markets and volumes.

We have a diversified customer base characterized by low customer concentration and the majority of our WLC products are ultimately used in resilient essential goods markets.

Our WLC business benefits from a diverse customer base and low customer concentration. For the year ended December 31, 2020, we had a WLC customer base of over 1,400 customers (giving *pro forma* effect to the Eska Acquisition, Paprinsa Acquisition and La Rochette Disposal), with no single client representing more than 5% of our sales volumes. For the year ended December 31, 2020, our ten largest WLC customers accounted for 26% of our total sales by volume, and our top 100 customers accounted for approximately 70%

of our total sales by volume (in each case calculated giving *pro forma* effect to the Eska Acquisition, Paprinsa Acquisition and La Rochette Disposal).

Although our WLC customers serve participants in a number of end-markets, the majority of our WLC products are ultimately used in the uniquely attractive and resilient food end-market. In 2020, this end-market accounted for 62% of our total sales by volume. The chart below indicates, for the period ended December 31, 2020, the exposure of our WLC market segment to various end-use markets (after *pro forma* effect to the Eska Acquisition, Paprinsa Acquisition and La Rochette Disposal).



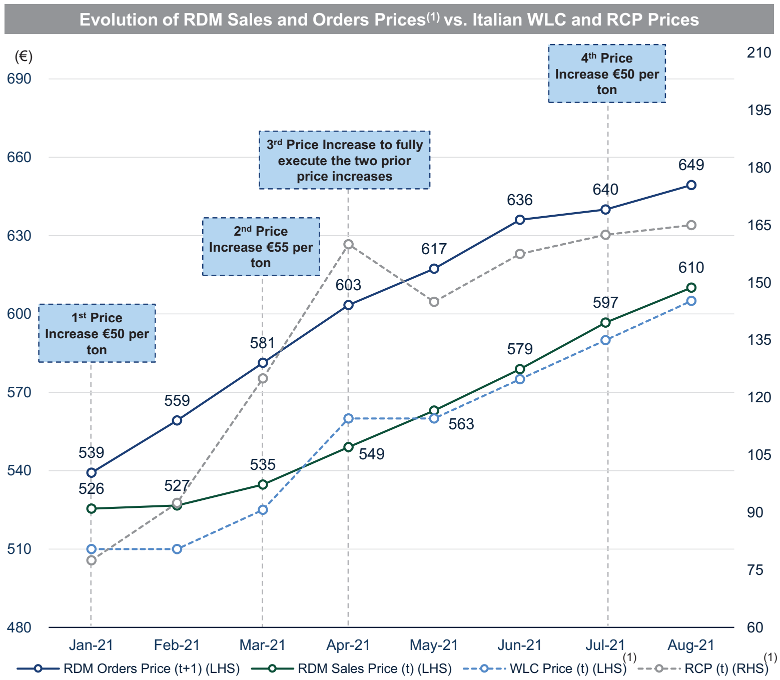
In addition, we expect the use of WLC packaging to increase in the food end-market, as well as in the pharmaceutical end-market, as consumer preferences for sustainability and increased regulation drive the demand for more sustainable alternatives to plastic packaging. Moreover, we believe that broad trends in the grocery industry will further support food as being an attractive end-market for our business. For example, we expect the continued increases in demand for packaged goods as a result of the COVID-19 pandemic and the ongoing proliferation of product lines as a result of emerging brands and sub-brand fragmentation to drive additional demand for WLC packaging.

We have historically been able to protect our margins by passing increases in input costs to customers.

Although we are exposed to some level of volatility in the costs of our inputs, including for raw materials and energy, we have historically been able to pass on increases in the costs of raw materials to our customers. Due to our leading position and size, and we have historically been able to maintain selling prices higher than industry averages and to consistently strengthen our margins. In addition, we are generally not bound by long-term sales contracts, but operate instead through purchase orders, which gives us flexibility to respond to market conditions. See also "*Business — Our Customers and Stakeholders*." Historically, we have generally demonstrated our ability to pass through increases in input cost pricing, particularly in fibers, to our clients. We have historically been able to unilaterally increase our selling prices without impacting our volume sold. We believe that our ability to successfully defend our margins arises from our strong leadership position in the market, our long-lasting relationships with customers, and low demand volatility. In addition, the cost of packaging is usually a small portion of the total cost of goods for brand owners.

In 2021, following increases in the cost of raw materials and energy costs, we successfully implemented or are implementing five price increases, and our customers have accepted those increases without a negative impact on our volumes of tons sold.Generally, price increases are communicated in advance to our customers (effective from a certain date in the future) and the resulting higher prices take effect only for the orders made by clients from that specific day. This creates a time lag between when the rise in input prices occurs, which is almost immediate, and the effectiveness of the selling prices increases, which might take up to three months, depending on the level of backlog (*i.e.*, the larger the backlog, the longer it takes for the new prices to manifest in new order prices and in our reported revenue). For this reason, in case of extraordinary situations, we have a clause in order contracts that allows us to apply price increases retroactively, thus to all the orders already booked., thus to all the orders already booked.

The chart below illustrates the evolution of our sales and order prices (taking the average price across all our mills) in comparison to the Italian WLC and recycled paper prices for the period indicated, demonstrating our capability in adapting to raw material prices increases by passing through them to our customers.



(1) Average market prices.

In the first nine months of 2021, we successfully implemented four sale price increases, and implemented a fifth in November 2021. In particular, and as described above, in November we leveraged the clauses in our purchase order agreements which provide for raising prices retroactively to orders already booked in extraordinary situations. These clauses enabled us to apply the increase to all orders already booked with a delivery date subsequent to November 1, 2021.

On a cumulative basis, including the last November price increase, we have increased prices by over €200 per ton in 2021. However, despite the magnitude of this cumulative increase, our high customer retention and strong market share have endured, and clients have accepted those increases as reflected by the absence of a negative impact on sales volumes, which in 2021 YTD have grown by comparison to the same period of 2020.

Because the first four announced price increases were applicable only to new orders received from the date of applications (*i.e.,* not retroactively), and given the high level of backlog, their effective impact on our financial performance has been delayed for a period of months as set by the backlog. The fifth price increase in November raised prices retroactively to address this, eliminating the lag time and more immediately positively impacting financial performance. The charts below reflect an adjustment to certain measures of our profitability (contribution margin and EBITDA) to normalize for the timing lag associated with the first four, non-retroactive price increases by applying the effect of the following month's actual order prices. By applying the following month's actual order prices to the price received for a given month's sales volumes, we lessen the timing lag and the associated profitability impact and better match the price we are able to command at a given time with the timing of realized increases in input costs.

RDM EBITDA Normalization – Calculation

	Unit	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	3Q21 YTD
Sales Price (t)[1]	€	526	527	535	549	563	579	597	610	617	566
Orders Price (t+1)[1]	€	539	559	581	603	617	636	640	649	649	607
Delta A	€	**14**	**33**	**47**	**54**	**54**	**57**	**43**	**39**	**32**	**42**
Volumes B	Kton	92.1	89.2	102.5	93.9	90.0	88.6	97.3	70.0	94.6	818.1
Delta A x B	€m	**1.3**	**2.9**	**4.8**	**5.1**	**4.9**	**5.1**	**4.2**	**2.8**	**3.1**	**34.0**

Eska EBITDA Normalization – Calculation

	Unit	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	3Q21 YTD
Sales Price (t)	€	608	620	637	679	678	729	762	757	766	694
Orders Price (t+1)	€	629	687	709	741	741	758	779	804	804	741
Delta A	€	**21**	**68**	**71**	**62**	**63**	**30**	**16**	**47**	**38**	**46**
Volumes B	Kton	21.7	20.3	25.4	22.3	22.5	22.5	23.1	21.5	26.3	205.6
Delta A x B	€m	**0.5**	**1.4**	**1.8**	**1.4**	**1.4**	**0.7**	**0.4**	**1.0**	**1.0**	**9.5**

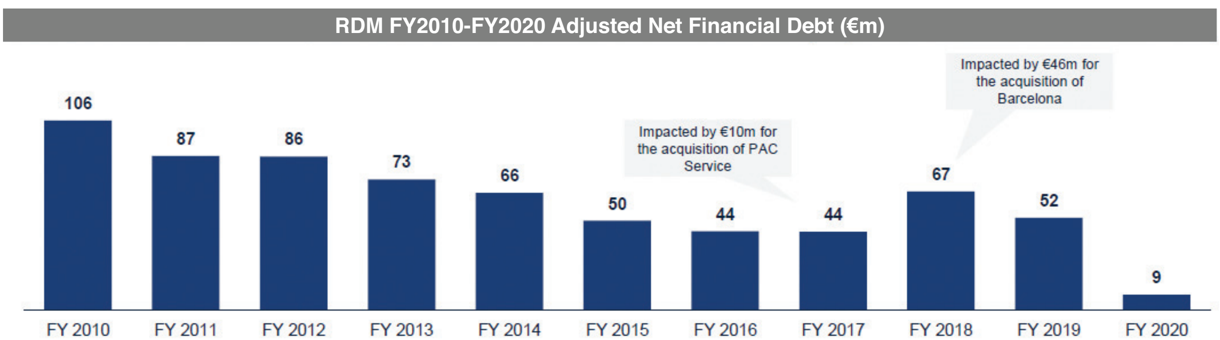
Figure 1 — Source: Company Information. RDM EBITDA Normalization calculation

Figure 2 — Source: Company Information. Eska EBITDA Normalization calculation

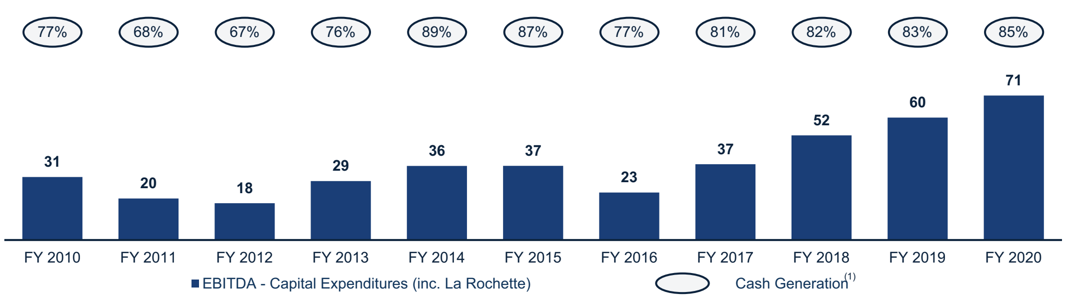
We believe that we are well-positioned within the market to implement price increases, as evidenced by our history of passing along our price increases without significant reductions in volumes sold or a significant impact on our customer relationships. We intend to implement further price increases retroactively (i.e., on dispatches instead of orders) in the near-term, which we believe will further bolster our margins. We believe this will continue to have a positive impact on our profitability.

We represent a highly cash generative business with a history of deleveraging.

Strong cash flow generation, driven by operational excellence and prudent capital investment, has been key area of focus over the past ten years, facilitating deleveraging over this period. The chart below illustrates our adjusted net financial debt position (see also "*Presentation of Financial and Other Information — Non-IFRS Measures and Other Data*") for the periods indicated.



The deleveraging as set out in the chart above was made possible via to our strong cash generation over time, which is illustrated in the chart below (expressed in € millions) for the periods indicated.



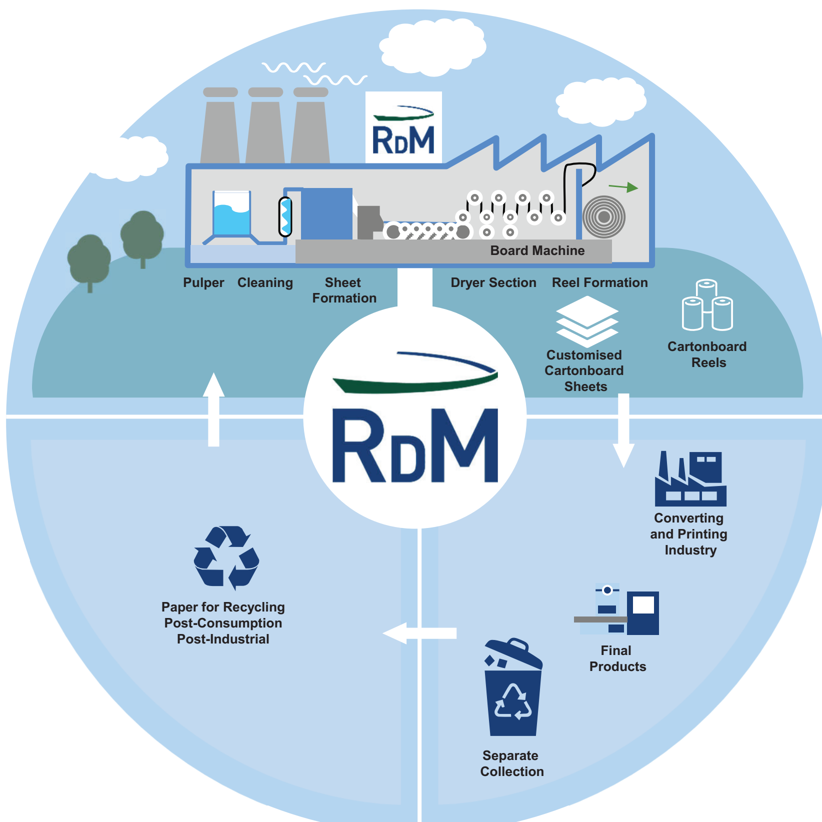
(1) Calculated as: (EBITDA less Maintenance Capital Expenditures) / EBITDA.

Our well-invested asset base generates strong with a significant free cash flow conversion (approximately 85% conversion on an EBITDA less Maintenance Capital Expenditures basis). Our operational efficiency initiatives, together with our rigor around capital allocation and free cash flow management have boosted margin and free cash flows.

We play a central role in a sustainable paper circular economy and have developed a record of successfully executing our sustainability initiatives. We aim to continue to be a leader in this field and achieve our well-identified long-term sustainability goals.

As a manufacturer of WLC and SB from recycled materials, we view ourselves as playing a key role in maintaining a sustainable circular economy. The primary raw material used in our manufacturing process is paper for recycling ("**PfR**") and paperboard obtained from municipal paper collection and commercial or industrial sources. We believe we are the keystone "link" in the circular economy: we dissolve, treat and form wastepaper into recycled cartonboard, giving it new life and use. Our WLC products are mainly sold to customers in the converting industry, who manufacture packaging using the WLC we provide, while our solidboard products are sold to customers in industries such as printing and bookbinding as well as to converters for use in packaging. After passing through the end-user, these materials can be recycled and resupplied to us as raw materials for use in the manufacturing of new WLC or solidboard.

The graph below depicts our contribution to the circular economy. For further detail, see also "*Business — Our Production Process — Circular Business Model.*"



Guided by this clear, shared vision as well as by our core commitment to sustainability and the circular economy, we have established long-term sustainability goals and developed a track record of making our operations more sustainable.

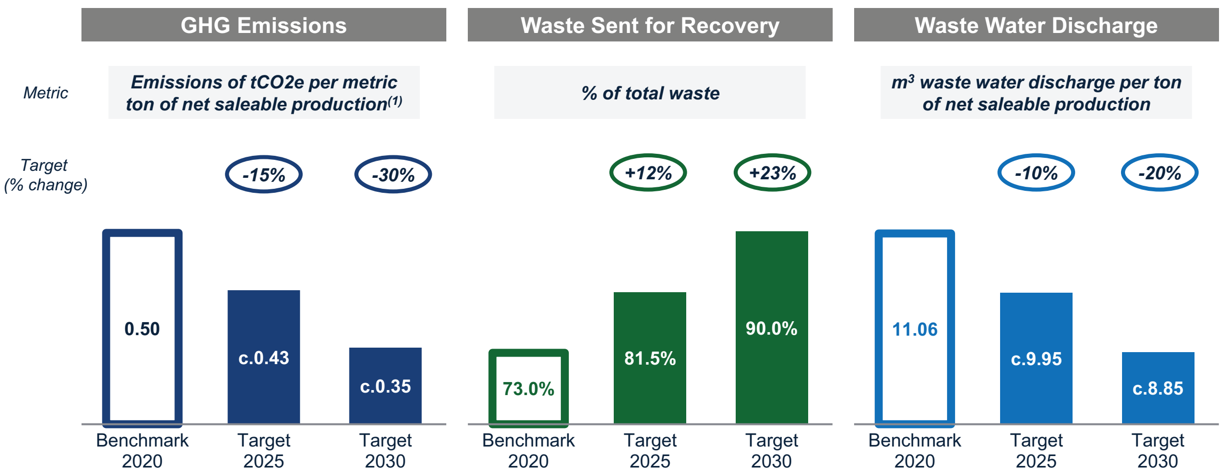
Going forward, we intend to build on these successes to achieve our long-term sustainability goals with respect to promoting water efficiency, reducing the effects of climate change, waste reduction and increased recovery, employee safety and wellbeing, diversity and responsible sourcing of materials. See also *"Business — Environmental, Social and Governance (ESG) matters."*

We are led by an experienced and effective sustainability-focused management team.

We benefit from an experienced management team led by our Chief Executive Officer, Michele Bianchi, who has over 20 years of experience within the industry, having served as Managing Director at both DS

Smith and SCA Packaging. In addition, we benefit from the experience and industry know-how of our Chief Financial Officer, Luca Rizzo, who has over 25 years of experience within the industry (previously CFO and Managing Director at DS Smith), and Andrea Bettinelli, our Head of Strategy, who has over 10 years of experience at RdM, among other businesses. Other individuals with an important impact on our operations are Pierre-Yves Corbiere (Chief Sales Officer), Gianluca Scaglioni (Head of Operations) and Ulf Tillman (Head of Innovation and Sustainability) with 18, 26 and 31 years, respectively, of relevant experience in the industry. For further information on our management team and their qualifications, see also *"Management."*

Our management team has demonstrated its ability to manage and to grow our business, to adapt to changing market conditions, to undertake strategic investments and to integrate innovative technology to our production processes. Our management team is committed to improving our positive environmental impact by focusing on reducing greenhouse gas ("**GHG**") emissions, waste sent for recovery and waste water discharge associated with production, as outlined in our Sustainability-Linked Financing Framework, as well as working to drive the adoption of recycled cartonboard in lieu of plastic and other less sustainable packaging. The charts below illustrates our long-term objectives with respect to GHG emissions, waste sent for recovery and waste water discharge.



(1) Calculated using the Science Based Targets initiative ("**SBTi**") methodology.

Business Strategy

Further strengthen our positioning in the WLC market and expansion in the solidboard market.

Through the Eska Acquisition and Paprinsa Acquisition, we have acquired three additional production sites, expanded our solidboard product offerings solidified our market leadership on the Iberian Peninsula, and broadened the geographic footprint of our network of mills into the Netherlands and distribution centers into the United States. In order to fully realize the opportunities for growth these acquisitions provide, we intend to focus on integrating them into our multi-mill concept. More specifically, the Eska Acquisition allows us to broadly expand our presence in the solidboard market, and through the integration with the Ovaro mill, we believe we will be able to implement our successful multi-mill concept in solidboard, in addition to WLC.

The Paprinsa Acquisition provides the opportunity to consolidate our leadership in Spain, creating a real pole to serve the Iberian Peninsula as well as North Africa, given the strategic locations of the plants, and drive commercial and operational synergies between Paprinsa and our Barcelona Cartonboard mill. See also above *"— Key Strengths — Our multi-mill and multi- country concept provides us with significant competitive advantages."*

Actively integrate our recent acquisitions to extract commercial and cost synergies and operate with a culture of continuous improvement to perpetually strengthen our operating efficiencies and streamline our cost structure.

We have identified several synergy opportunities that we are actively pursuing as the process of integrating Eska and Paprinsa progresses. We have also identified various cost savings initiatives that we conservatively believe will provide us with potential annual gross cost savings of over €20 million in aggregate (noting that we have identified additional areas of upside for further cost savings). These initiatives include (but are not limited to):

- ***Plant initiatives:*** investment in new equipment and machinery upgrades at the plant level to reduce variable costs of production (which we believe could yield gross cost savings of approximately €4 million per year once fully implemented);
- ***Energy opportunities***: investment in new co-generation equipment to reduce energy costs, carbon dioxide generation and maintenance and labor costs (which we believe could yield gross cost savings of approximately €8 million per year once fully implemented);
- ***Paprinsa integration***: cost savings and integration initiatives undertaken at Paprinsa to optimize aspects of the manufacturing process, reduce procurement and labor costs, increase energy efficiency and increase utilization by adding a third shift (which we believe could yield gross cost savings of approximately €5 million per year once fully implemented); and
- ***Digitalization***: digitalization and analytic initiatives to enhance quality integration, procurement, pricing and supply chain savings (which we believe could yield gross cost savings of approximately €4 million per year once fully implemented).

Leverage Eska's attractive go-to-market and strong brand recognition to expand our product offerings.

We believe that the Eska Acquisition has been highly strategic and will provide us with the opportunity to leverage its strong brand and go-to-market approach. For instance, Eska is well-positioned in the high-margin, high-growth luxury packaging sector, which we already serve with our Ovaro mill, allowing us to further enhance our brand and product offerings. With Eska, we serve many of the leading global brands in the luxury goods market, a market that is particularly focused on enhancing packaging sustainability. Solidboard-based luxury packaging is expected to report solid underlying growth, driven by sustainability secular trends and the continuous need for product innovation. Because we play an important role in the sustainable packaging circular economy by producing grades based on recycled fibers, we believe that we are well positioned to benefit from this trend. For further detail, see also "*Business — Our Production Process — Circular Business Model*." We also believe we are well positioned to strongly grow through a proactive approach of delivering innovative and customized products to our customers.

Further expand our global reach by solidifying our positioning in North America and Northern Europe and extending our presence in Asia.

The Eska Acquisition allowed us to obtain a direct presence in North America, increasing our proximity to our North American customers. We believe that North America, a large, highly profitable market where Eska has already established a strong sales network and logistics hub, represents an attractive and sizeable commercial opportunity. In particular, we believe that through cross-selling and opportunistic actions we will be able to distribute our entire product portfolio in North America and significantly expand our customer base.

Moreover, by integrating Eska's mills in The Netherlands, we believe we will be able to better cover Northern Europe through our presence and proximity to our customers, which we believe to be an important strategic element in our highly localized industry. Finally, we believe that the Eska Acquisition will give us the opportunity to extend our presence in Asia by combining RdM's and Eska's customer base and product portfolio, as well as global workforce and distribution network.

Continue implementing our digitalization agenda to strengthen our "One Company" culture and multi-mill concept.

We believe our multi-mill concept and "One Company" culture provide us with tangible competitive advantages, and we plan to scale up the impact of these key strengths by further implementing our digitalization agenda. In addition, we believe our digitalization agenda will allow us to further develop and integrate our multi-mill concept in our SB sector following the Eska Acquisition in order to continuously improve and enhance our product offerings, competitive advantages and interchangeability with products produced in the various SB mills.

Our digitalization agenda is a comprehensive digital transformation program aimed at achieving efficiencies through all areas of the Group, including projects on operations, logistics, procurement, human resources, sales, planning and health and safety. As such, we strive to further expand and improve our product and service offerings, as well as our manufacturing and service processes. We view digital improvement as a key strategy to improve our efficiency, innovation and coordination across our operations.

Through sophisticated digital applications, we are focused on continuing to deliver high-quality and innovative products across the entire value chain and circular economy in which we operate, with a clear strategy of continuously strengthening our operational efficiency and excellence through lean manufacturing plans and initiatives.

Maintain our sustainability leadership and our focus on achieving our long-term sustainability goals.

Sustainability is central to our business model and our management team. We are proud of our role in the circular economy and our ability to grow the sustainability of our business alongside financial performance. To continue to drive this forward, we have identified clear, quantifiable long-term sustainability goals for 2025 and 2030. These goals include the following:

- *Climate Change*: By 2030, our goal is to have reduced scope 1 and scope 2 CO2 equivalent emissions by 30% (emissions in 2020 equaled 0.50 tCO2 emissions per ton);
- *Water:* By 2030, our goal is to have reduced waste water discharge per ton of net saleable product by 20% (waste water discharge per ton of net saleable product in 2020 was 11.06 cubic meters per ton);
- *Waste Reduction and Recovery:* By 2030, our goal is to have reduced the total amount of waste generated per ton of net saleable product by 20% (total waste per ton of net saleable product in 2020 was 181 kilograms per ton) and have increased the proportion of waste sent for recovery to 90% (proportion of waste recovered in 2020 was 73%);
- *Employee Safety and Wellbeing:* By 2023, our goal is to have implemented a behavior-based safety program in all production sites (in 2020, such a program was implemented in one of our sites), and by 2030, our goal is to have increased the employee advocacy rate to 4.5 (the employee advocacy rate in 2020 was 3.98);
- *Diversity:* By 2030, our goal is to have increased the percentage of female employees by 30% (in 2020, 9.5% of our employees were women); and
- *Responsible Sourcing of Materials:* By 2025, our goal is to have implemented a new program to assess and qualify all of our key suppliers for all relevant product categories according to ESG criteria.
- Additionally, this Offering is sustainability-linked, with a Sustainability-Linked Financing Framework. Our Sustainability-Linked Financing Framework includes Sustainability Performance Targets for the most material indicators for our business for 2025. These are:
  - *Climate Change*: By 2025, our goal is to have reduced scope 1 and scope 2 CO2 equivalent emissions by 15%;
  - *Water:* By 2025, our goal is to have reduced waste water discharge per ton of net saleable product by 10%; and
  - *Waste Reduction and Recovery:* By 2025, our goal is to have increased the proportion of waste sent for recovery to 81.5%.

Pursue disciplined investments in key focus areas.

We will continue to evaluate opportunities to optimize and to grow our asset base, with a focus on disciplined investments that we believe will strengthen our pan-European presence and support achievement of our strategic goals. In addition, we will also continue to explore means to strengthen and to extract greater value from our existing operations, which may include investments in other related sectors within the circular economy or along the circular economy value chain in which we operate. For further detail, see also "*Business — Our Production Process — Circular Business Model*." We believe we have a well-invested asset base today and have a history of investing our capital responsibly and with a strong return on investment, and have proven our ability to successfully integrate acquired assets.

The Issuer

The Issuer is a joint stock company (*società per azioni*) incorporated under laws of Italy, with registered office in Via Alessandro Manzoni 38, 20121 Milan, Italy, under registration number and fiscal code with the Companies' Register of Milan (*Milano-Monza-Brianza-Lodi*) 11853400965, whose share capital amounts to €50,000.00 and is divided into 50.000 ordinary shares each with a nominal value of €1.00. As of November 29, 2021, the Issuer holds directly 295,761,812 ordinary shares in the share capital of RdM, representing 78.285% of the issued share capital of RdM.

Our Principal Shareholder

The Issuer was formed on behalf of funds (the "**Apollo Funds**") managed by Apollo Impact Mission Management, L.P. (together with Apollo Global Management, Inc. and its subsidiaries and affiliates, "**Apollo**"). Apollo is a publicly listed (NYSE: APO) high-growth, global alternative asset manager with offices around the world and with a focus on three business strategies: yield, hybrid and equity. As of September 30, 2021, Apollo had approximately $481 billion of assets under management.

Transactions

Sources and Uses for the Transactions

The estimated sources and uses of funds for the transactions described in "*The Transactions*" is shown in the table below. The table below assumes that we are able to acquire 100% of the outstanding shares of RdM through the Private Acquisitions, open market purchases and/or the MTO. Actual amounts may vary from estimated amounts depending on several factors, including the time required to complete the Share Acquisitions, the method by which the Delisting or Merger is achieved, the outstanding balance due under the RdM Group's indebtedness when it is repaid and the fees and expenses incurred in connection with the Transactions, among others. Any changes in these amounts may be reflected as an increase or decrease, as applicable, in the amount of cash on hand or equity contribution used to consummate the Transactions. This table should be read in conjunction with "*Capitalization*" and "*Use of Proceeds*."

Sources	Amount (in € millions)	Uses	Amount (in € millions)
Notes offered hereby[(1)]	438	Cash consideration[(4)]	548
Equity contribution[(2)]	294	Repayment of Target Group indebtedness[(5)]	172
Cash on hand[(3)]	9	Total transaction costs[(6)]	21
Total sources	**741**	**Total uses**	**741**

(1) Represents the Notes offered hereby. The proceeds from the Offering will be used, in part, to refinancing the Bidco Loan, which was drawn to finance the Private Acquisition, the MTO and open market purchases. A portion of the proceeds from the Notes offered hereby will also be used to repay the Existing Debt. To the extent the Issuer does not own 100% of the issued share capital of RdM on the Completion Date, proceeds from the Offering may be used for subsequent purchases of RdM's outstanding shares or for general corporate purposes.

(2) Represents the indirect cash investment made by the Apollo Funds and certain passive limited partners through intermediate holding companies to the Issuer.

(3) Represents the estimate of cash and cash equivalents held by the Group that will be used to fund the Transactions.

(4) Represents the aggregate expected total cash consideration required to purchase 100% of the ordinary issued shares of RdM by way of the Private Acquisition, the MTO and open market purchases. The actual amount required to purchase all of the issued share capital of RdM may vary from this estimate, and there can be no assurance we will be able to acquire 100% of the share capital of RdM as described in this "*— The Transactions*" section. See also "*Risk Factors — Risks Related to the Transactions — Ownership of 100% of the shares of RdM and completion of the MTO is dependent on several factors*." No acceleration of share-based compensation to certain members of RdM management has been assumed for the change of control and this amount does not reflect the accelerated vesting of any such share-based compensation. Equivalent value will be allocated to management for stock grants issued and outstanding but not yet vested and is reflected in this amount.

(5) Represents an estimate of the amount required for the repayment of certain debt incurred by the RdM Group, including payment in full of the Existing Debt on or about the Completion Date. Excludes unamortized costs and accrued and unpaid contractual interest.

(6) Total transaction costs include estimated fees and expenses associated with the Transactions, including commitment and financial advisory fees and other transaction costs and professional expenses.

The Private Acquisition

On October 26, 2021, the Issuer acquired 251,924,385 ordinary shares of RdM (the "**Private Acquisition**") for the aggregate purchase price of €365,290,358.25, representing an aggregate stake of 66.682% of the issued share capital of RdM and 66.723% of the voting shares, pursuant to the terms and conditions of two separate share purchase agreements. In particular, the Issuer acquired:

(i) 217,474,385 ordinary shares in RdM from Cascades Canada ULC for the price of €315,337,858.25 pursuant to the share purchase agreement entered into on July 4, 2021; and

(ii) 34,450,000 ordinary shares in RdM from Caisse de dépot et placement du Québec for the price of €49,952,500 pursuant to the share purchase agreement entered into on July 4, 2021.

Open Market Purchases

In addition, following the closing of the Private Acquisition, from October 27, 2021 until November 29, 2021, the Issuer acquired an additional 43,837,427 ordinary shares in the share capital of RdM through open market purchases, representing an aggregate stake of 11.603% of the issued share capital of RdM.

MTO and Potential Sell Out or Squeeze Out

Upon closing of the Private Acquisition on October 26, 2021, the Issuer disclosed to the public the occurrence of the obligation to promote a mandatory tender offer for any and all of the remaining issued share capital of RdM represented by ordinary shares not held by the Issuer pursuant to articles 102, 106 et seq. of the Financial Services Act (the "**MTO**").

The initial MTO offer period is expected to last from November 22, 2021 to December 17, 2021, unless extended (any such initial offer period, the "**MTO Subscription Period**"). At the end of the MTO Subscription Period the Issuer will purchase the ordinary shares of RdM that have been tendered during such MTO Subscription Period on the settlement date of the MTO (the "**Initial MTO Settlement Date**"), which is expected to be on the third trading date following the expiration of the MTO Subscription Period. The purchase price of the MTO will be €1.45 per ordinary share (the "**MTO Price**"), which is the same price per share paid in respect of the Private Acquisitions. The public price per share of RdM's ordinary shares was €1.448 as of November 12, 2021 according to Borsa Italiana.

The Issuer intends to obtain the Delisting. The MTO is mandatory in nature and to the extent we acquire more than 90% of the ordinary shares in RdM, a Delisting will occur due to the lack of free float. Following expiration of the MTO Subscription Period, depending on the number of ordinary shares of RdM that the Issuer will have been able to purchase, the Issuer will do one of the following:

(i) if at the Initial MTO Settlement Date the Issuer holds 90% or less of the issued share capital of RdM represented by ordinary shares, then the Issuer may either: (a) if the relevant conditions thereto are met, reopen the tender offer period and/or (b) terminate the MTO and aim to achieve the Delisting through the Merger of RdM into Rimini BidCo S.p.A. (or via a merger of RdM into an unlisted Apollo entity) (see also below "— *Merger*");

(ii) if at the Initial MTO Settlement Date (as extended, as applicable) the Issuer holds more than 90% but less than 95% of the issued share capital of RdM represented by ordinary shares, then the Issuer shall be subject to the Sell Out Procedure, *i.e.,* the Issuer will have an obligation to purchase ordinary shares from any minority shareholders, making a request to such effect, any residual shares in RdM that such minority shareholders own; or

(iii) if at the Initial MTO Settlement Date (as extended, as applicable) or as a result of the Sell Out Procedure the Issuer holds 95% or more of the issued share capital of RdM represented by ordinary shares, then the Issuer shall be entitled to exercise its right to initiate the Squeeze Out Procedure, *i.e.,* the Issuer will be granted a right to purchase from minority shareholders all of their residual shares in RdM.

Merger

As of the date of this Offering Memorandum, the Issuer owns more than two-thirds of the ordinary shares of RdM. Following the Completion Date, the Issuer, subject to any relevant approval and/or authorization by any competent authority, intends to consummate the Merger on terms complying with Articles 2501-bis (et seq.) of the Italian Civil Code (the surviving entity of any such Merger being "**MergerCo**"), for which the Issuer has sufficient voting power at its current shareholding under Italian law, but which is subject to certain other conditions. See also "*Description of the Notes — Merger*."

To the extent that, and for so long as, the Merger does not occur, the Issuer will have access only to its proportionate share of any dividends or distributions from RdM for purposes of making payments under the Notes, there may be limits to the degree of control the Issuer can exercise over RdM due to the continued presence of minority shareholders. RdM's shareholders who did not participate in the resolution approving the Merger (or any merger of RdM with an unlisted Apollo entity for the purpose of Delisting), if any, would have the right to give up their shares at a pre-defined liquidation value paid in cash, *i.e.,* the right of withdrawal pursuant to Article 2437-quinquies of the Italian Civil Code ("**Withdrawal Right**"). In this case, the liquidation value of the shares subject to withdrawal would be determined pursuant to Italian law, with exclusive reference to the average of the closing prices in the six months preceding the publication of the notice of the shareholders meeting at which the resolutions approving the Merger (or any merger of RdM with an unlisted Apollo entity for the purpose of Delisting) were adopted.

Other than pursuant to the Squeeze Out Procedure, the ability to tender is purely voluntary for existing shareholders of RdM and the Issuer cannot provide any assurances on the uptake of the MTO. For illustrative purposes, even in the event that the Issuer was to acquire no further ordinary shares of RdM, the Issuer would intend to proceed in the following manner:

- to pursue the Delisting via the Merger of RdM into Rimini Bidco S.p.A. (or a merger of RdM with an unlisted Apollo entity), for which the Issuer has sufficient voting power at its current shareholding under Italian law, but which is subject to certain other conditions; and
- in any event, the Issuer will use the proceeds of the Notes as set out in "*Use of Proceeds*."

The completion of the Merger (or any merger of RdM with an unlisted Apollo entity for the purpose of Delisting) is subject to certain conditions and may not be completed or may take several months to finalize given the required legal processes. See "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral — We may be unable to complete the Merger within the anticipated time frame, or at all*." Failure to complete the Merger shall not constitute a Default or an Event of Default under the Indenture. See also "*Transactions*."

The Share Acquisitions were, and will continue to be, funded through a combination of cash equity injected to the Issuer by funds affiliated with Apollo and funds drawn under the BidCo Loan. In addition to providing €285 million of committed debt capacity to fund the Share Acquisitions, the Bidco Loan Facility also provides that the Bidco Loan Facility may be utilized for the issuance of cash confirmation letters that are, or may be, required by CONSOB in connection with the MTO. See "*Description of Certain Financing Arrangements — Bidco Loan*." Accordingly, the refinancing of the Bidco Loan cannot occur until the MTO is completed.

Refinancing

We expect the gross proceeds from the Offering will be approximately €445.0 million. Concurrently with the Issue Date and pending consummation of the MTO Completion, the gross proceeds from the Offering of the Notes (less certain professional fees and expenses related to the Offering) will be deposited into the Escrow Account for the benefit of the holders of the Notes. The proceeds in the Escrow Account will be held in the name of the Issuer, but the Escrow Account will be controlled by the Escrow Agent pursuant to the terms of the Escrow Agreement, and the Escrow Account will be pledged in favor of the Trustee for the benefit of the holders of the Notes in accordance with the terms of the Escrow Account Charge.

The release of the Escrow Proceeds will be subject to the satisfaction of certain conditions, including the MTO Completion. For further information see also "*Description of Notes — Escrow of Proceeds; Special Mandatory Redemption.*"

If these conditions are not satisfied on the business day following 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 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, to, but not including the Special Mandatory Redemption Date (as defined herein). Pursuant to the Bidco Loan, we may incur indebtedness in the form of the Notes only if the proceeds from the Offering of the Notes are held in escrow. On or about the Completion Date, we will use the proceeds of the Offering to:

(i) fund the Proceeds Loan by using an estimated €172 million representing all the proceeds from Tranche A (as defined below) under the Notes, the proceeds of which will be used by RdM or its Subsidiaries to repay any outstanding borrowings and cancel any available commitments under the Existing Debt as soon as practicable thereafter;

(ii) repay any outstanding borrowings and cancel any available commitments under the BidCo Loan by using an estimated €285 million representing all the proceeds from Tranche B (as defined below) under the Notes; and

(iii) pay certain fees and expenses in connection with the Transactions by using an estimated €21 million representing all the proceeds from Tranche C (as defined below) under the Notes. The equity injected to the Issuer for the Share Acquisitions will not be impacted by the Refinancing.

The estimated sources and uses of the proceeds of the Offering are shown in the table below. The table below assumes that we are able to acquire 100% of the outstanding shares of RdM through the Private Acquisitions, open market purchases and/or the MTO. Actual amounts will vary from estimated amounts depending on several factors, including our actual cash position as of the Issue Date and the Completion Date and differences from our estimates of fees and expenses and the number of shares we are able to purchase by way of the Share Acquisitions. To the extent the gross proceeds from the Offering exceed the amount required for the uses described below, we may use any excess proceeds to fund open market purchases of shares of RdM following the Completion Date (in which case such extra proceeds will form part of Tranche B), to fund payment by RdM of liquidation value in case of exercise of Withdrawal Right or for general corporate purposes, in which cases, such extra proceeds will form part of Tranche A as long as not applied towards payment of fees and expenses in connection with the Transaction.

Sources	Amount (in € millions)	Uses	Amount (in € millions)
Notes offered hereby	438	Refinancing of the Existing Debt[1]	172
Equity and cash on hand	40	Repayment of the BidCo Loan[2]	285
		Estimated fees and expenses[3]	21
Total	**478**	**Total**	**478**

(1) Represents (i) €100.0 million aggregate outstanding principal amount of the Eska Acquisition Facility, (ii) €70.8 million aggregate outstanding principal amount of other indebtedness of the RdM Group and (iii) €0.4 million of accrued interest, net of €1.4 million unamortized debt issuance costs, to be repaid by RdM using the proceeds from the Proceeds Loan to be made by the Issuer to RdM on or about the Completion Date by using all the proceeds from virtual tranche A ("**Tranche A**") under the Notes, as further described under "— *The Transactions — Refinancing*" above. The sums exclude unamortized costs and accrued and unpaid contractual interest. The amount that will be required to repay the Existing Debt may increase or decrease based on the timing of the closing of the Refinancing, as well as the Issuer and/or RdM's decision, at its sole discretion, to keep certain Existing Debt outstanding following the Completion Date and/or to repay certain other debt of RdM and its subsidiaries in connection with the Transactions.

(2) Represents €285.0 million aggregate outstanding principal amount of the BidCo Loan to be repaid by the Issuer by using all the proceeds from virtual tranche B ("**Tranche B**") under the Notes, as further described under "— *The Transactions — Refinancing*" above. This assumes that the BidCo Loan will be fully drawn by the time of the Refinancing. On the date hereof, the amount outstanding under the BidCo Loan is €264,213,951.88. Excludes unamortized costs and accrued and unpaid contractual interest and undrawn commitment fees. The amount that will be required to repay the BidCo Loan may increase or decrease based on the timing of the closing of the Refinancing. In addition: (i) the Initial Purchasers and/or their respective affiliates are bookrunners and mandated lead arrangers and lenders with respect to the Bidco Loan which will be refinanced with a portion of the proceeds of the Notes; (ii) the Initial Purchasers and/or their respective affiliates have provided commitments with respect to certain bridge loan financing in relation to the Refinancing that we expect will be cancelled following the issuance of the Notes; and (iii) the Initial Purchasers and/or their respective affiliates are bookrunners and mandated lead arrangers and lenders with respect to the Revolving Credit Facility. They have received, and expect to receive, customary fees and commissions for these transactions, certain of which are payable with proceeds from the issuance of the Notes. If we have not acquired 100% of the issued share capital of RdM by the Completion Date, we may use any proceeds from the Offering that are not required to fund repayment of the BidCo Loan or for the other uses described in this "*Use of Proceeds*" section to fund purchases of RdM shares or to fund payment of liquidation value in case of exercise of Withdrawal Right or for general corporate purposes.

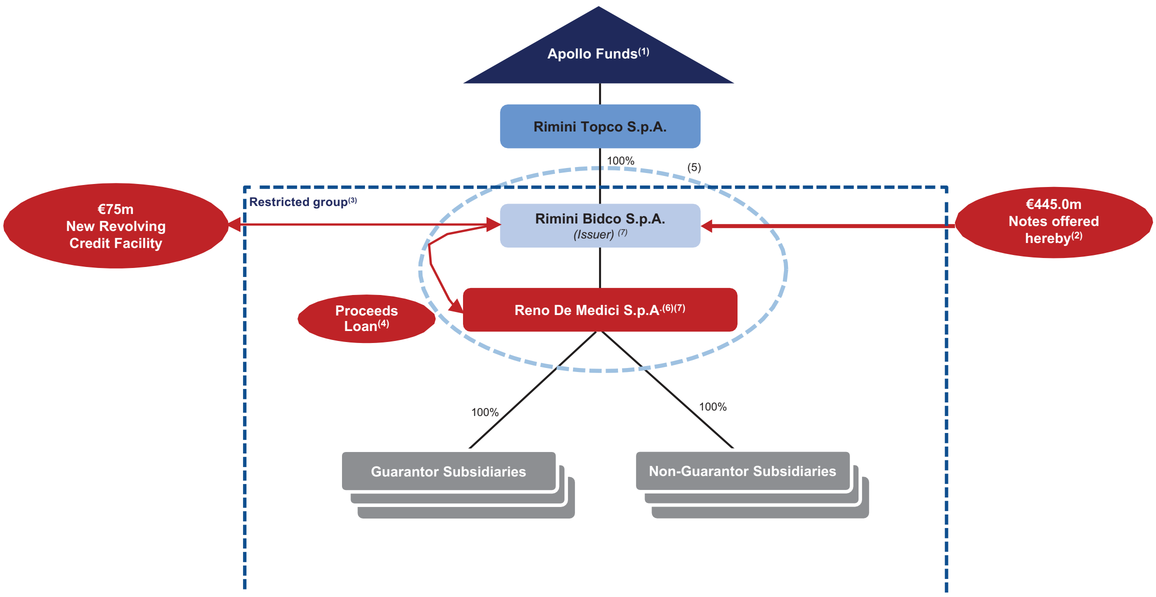
(3) Represents estimated fees and expenses incurred in connection with the Transactions, including underwriting fees and commissions, financial advisory costs, legal costs and other transaction costs and professional fees and expenses and to be financed by the Issuer by using all the proceeds from virtual tranche C ("**Tranche C**") under the Notes, as further described under "— *The Transactions — Refinancing*" above.

For the avoidance of doubt, the Notes will constitute a single tranche for purposes of the Indenture and the "virtual tranching" of the Notes is aimed at identifying the separate portions of the gross proceeds from the Offering to be used by the Issuer for, on the one side, the refinancing of the Existing Debt and, on the other side, the repayment of the BidCo Loan, 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*."

In addition, on or about the Issue Date, the Issuer will enter into the Revolving Credit Facility Agreement with the lenders and other parties thereto from time to time, Barclays Bank PLC as agent and The Law Debenture Trust Corporation p.l.c. as security agent, under which €75 million in aggregate principal amount will be made available for borrowing and re-borrowing subject to certain terms and conditions. Loans made under the Revolving Credit Facility Agreement will mature on the earlier of (i) the date that is 4.5 years after the Completion Date and (ii) the date falling 6 months prior to the stated maturity date of the Notes. As of the Completion Date, the Revolving Credit Facility is expected to be undrawn. See "*Summary — The Transactions — Refinancing,*" "*Capitalization*" and "*Description of Certain Financing and Guarantee Arrangements*."

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram summarizes our corporate structure and principal financing arrangements as of the date of this Offering Memorandum, prior to the Merger and as adjusted to give effect to the Transactions and the transactions that will occur following the Accession Dates assuming that we are able to acquire 100% of the outstanding shares of RdM through the Transactions. There can be no assurance we will acquire 100% of the outstanding shares of RdM through these transactions. See "*The Transactions*" and "*Risk Factors — Risks Related to the Transactions — Ownership of 100% of the shares of RdM and completion of the MTO is dependent on several factors.*" The diagram is intended for illustrative purposes only and does not represent all debt obligations of the legal entities actually presented. For a summary of the debt obligations referenced in this diagram and our other material debt obligations, please see "*Description of the Notes*," "*Description of Certain Financing and Guarantee Arrangements*" and "*Capitalization*."



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(1) Funds managed by Apollo, together with certain passive limited partners, indirectly hold 100% of the shares of the Issuer. See "*Principal Shareholders*." Following the Issue Date, we expect management will be provided with an opportunity to invest in Topco through a management equity plan which, once implemented, will slightly dilute Apollo's shareholding in Topco. See "*Management — Compensation — Management Equity Plan*." We intend for the Issuer to acquire 100% of the outstanding shares of RDM as described in *The Transactions* by the Completion Date, but there can be no assurance these attempts will be successful. See "*The Transactions*" and "*Risk Factors — Risks Related to the Transactions — Ownership of 100% of the shares of RdM and completion of the MTO is dependent on several factors.*" If we are unable to acquire 100% of the outstanding shares of RdM, it will adversely impact the RdM Group's ability to provide the Issuer with the funds it requires to service the Notes. See "*Risk Factors — We operate primarily as a holding company and have no revenues-generating operation of our own*."

(2) €445.0 million aggregate principal amount of Floating Rate Sustainability-Linked Senior Secured Notes offered hereby. The Notes will be senior secured obligations of the Issuer and will rank *pari passu* in right of payment with all other existing and future debt of the Issuer that is not subordinated in right of payment to the Notes and will be senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes. The Notes will be effectively subordinated to any existing and future indebtedness of the Issuer that will receive proceeds from any enforcement action over the Collateral on a priority basis, including the Revolving Credit Facility. The Notes will be structurally subordinated to all indebtedness and other liabilities of the Issuer's existing and future subsidiaries that do not guarantee the Notes, including, prior to the Completion Date, the Existing Debt. Upon the release of the proceeds of the Offering from the Escrow Account on the Completion Date, we intend to use the proceeds of the Offering as soon as reasonably practicable to: (i) repay any outstanding

borrowings and cancel any available commitments under all outstanding Existing Debt by using the proceeds under Tranche A (as defined under "*Use of Proceeds*") under the Notes; (ii) repay any outstanding borrowings and cancel any commitments under the BidCo Loan by using the proceeds under Tranche B (as defined under "*Use of Proceeds*") under the Notes; and (iii) pay certain fees and expenses in connection with the Transactions by using the proceeds under Tranche C (as defined under "*Use of Proceeds*") under the Notes. See "*Use of Proceeds*."

(3) The entities in the Restricted Group will be subject to the covenants in the Indenture and the covenants in the Revolving Credit Facility Agreement.

(4) A proceeds loan to be made available on or about the Completion Date by the Issuer to RdM by using all the proceeds under Tranche A (as defined under "*Use of Proceeds*") under the Notes in order to repay the Existing Debt, as amended, accreted or partially repaid from time to time (the "**Proceeds Loan**").

(5) Subject to any relevant approvals and/or authorizations by any competent authority, we intend to consummate the Merger as soon as reasonably practicable after the Completion Date, which will result in RdM and Rimini BidCo S.p.A. merging into a single entity, with the surviving entity, MergerCo, assuming the obligations of the Issuer under the Notes by operation of law. As a result of the consummation of the Merger, the Proceeds Loan will be extinguished, and the security interests over the intercompany receivables owed by the Initial Guarantor to the Issuer will be automatically terminated, and (i) in the event that Rimini Bidco S.p.A. is the surviving company of the Merger, the pledge over the share capital of RdM will be extinguished by operation of law, and (ii) in the event that RdM is the surviving company of the Merger, the pledge over the share capital of Rimini Bidco S.p.A. will be extinguished (or continue over the shares in the MergerCo received by Topco upon the Merger, as applicable) by operation of law, and in each case Topco will grant (or re-confirm, as applicable) a first-priority security interest over the issued share capital of MergerCo owned by it. MergerCo is expected to be (a) in the event a Sell Out Procedure or Squeeze Out Procedure is completed, RdM or (b) in the event a Sell Out Procedure or Squeeze Out Procedure is not completed, Rimini BidCo S.p.A. There can be no assurance we will be able to complete the Merger as expected. See "*Risk Factors — Risks Related to Our Structure — We may be unable to complete the Merger within the anticipated time frame, or at all*."

(6) On the Issue Date the Notes will not be guaranteed. Subject to the Agreed Security Principles and to certain significant limitations under Italian law, the Notes will be guaranteed on a senior secured basis on or about the Completion Date by the Initial Guarantor. Following the Accession Dates, subject to the Agreed Security Principles and certain significant limitations under applicable law, the Notes will also be guaranteed on a senior basis by the Accession Date Additional Guarantors. In addition, after the Completion Date, subject to the Agreed Security Principles and to certain significant limitations under applicable laws, the Notes will also be guaranteed on a senior basis by any other subsidiaries of the Issuer that become obligors under the Revolving Credit Facility from time to time. See "*Summary — The Offering — Guarantees*" and "*Description of the Notes — Guarantees*." The validity and enforceability of the Guarantees and the liability of the Initial Guarantor will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

(7) On the Issue Date the Notes will be secured by the Escrow Account Charge with respect to the Escrow Account into which the gross proceeds of the Notes (less certain professional fees and expenses related to the Offering) will be deposited on the Issue Date, pending MTO Completion. On or about the Completion Date, subject to the Agreed Security Principles, certain significant limitations under applicable laws and certain perfection requirements, the Notes will be secured by security interests over: (i) all of the issued share capital of the Issuer held by Topco; (ii) all of the issued share capital of RdM held by the Issuer; (iii) receivables in respect of certain material intercompany loans, including the Proceeds Loan, owed to the Issuer, and RdM; and (iv) material operating bank accounts of the Issuer and RdM. After the Completion Date (and, with respect to the Accession Date Additional Guarantors, following the Accession Dates), and subject to the Agreed Security Principles, certain significant limitations under applicable laws and certain perfection requirements, the Notes will also be secured by first-priority security interests over (i) all of the issued share capital of each Additional Guarantor held by the Issuer or any of its subsidiaries; (ii) receivables in respect of certain material intercompany loans, including any proceeds loans, in respect of which any Additional Guarantor is a creditor (if any); and (iii) material operating bank accounts of each Additional Guarantor. See "*Description of the Notes — Security; the*

Collateral." As a result of the consummation of the Merger, the Proceeds Loan will be extinguished, and the security interests over the intercompany receivables owed by the Initial Guarantor to the Issuer will be automatically terminated, and (i) in the event that Rimini BidCo S.p.A. is the surviving company of the Merger, the pledge over the share capital of RdM will be extinguished by operation of law, and (ii) in the event that RdM is the surviving company of the Merger, the pledge over the share capital of Rimini BidCo S.p.A. will be extinguished (or continue over the shares in the MergerCo received by Topco upon the Merger, as applicable) by operation of law, and in each case Topco will grant (or re-confirm, as applicable) a first-priority security interest over the issued share capital of MergerCo owned by it. The validity and enforceability of the security and the liability of each security provider will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations.*"

THE OFFERING

The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "*Description of the Notes*" section of this Offering Memorandum contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

Issuer	Rimini BidCo S.p.A., a *società per azioni* incorporated under the laws of Italy. Following the Merger, any reference herein to the Issuer shall be deemed to be made to MergerCo.
Notes Offered	€445.0 million aggregate principal amount of Floating Rate Sustainability-Linked Senior Secured Notes due 2026.
Issue Date	December 14, 2021.
Notes Coupon	Three-month EURIBOR (with a 0% floor) plus 5.25% per year, reset quarterly. As of and from June , 2026 (the "**Step-Up Date**") this interest rate will increase by 0.500%, 1.000% or 1.500% (the effect of which corresponds to an annualized step-up in interest rates of 0.250%, 0.500% and 0.750%, respectively, for the four quarters prior to maturity) depending on whether, respectively, one, two or three Sustainability Performance Targets are not satisfied by December 31, 2025 (the "**Testing Date**"), as certified by the Issuer to the Trustee (with a copy to the Paying Agent) on or prior to April 30, 2026 (the "**Certification Date**"). See also "*Description of the Notes — Calculation of Interest.*"
Notes Issue Price	98.500% plus accrued interest, if any, from the Issue Date.
Maturity Date	December 14, 2026.
Notes Interest Payment Dates . .	Quarterly in arrears on each March 15, June 15, September 15 and December 15, commencing on March 15, 2022.
Denomination	The Notes will have a minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes in denominations of less than €100,000 will not be available.
Guarantees	On the Issue Date the Notes will not be guaranteed. On or about the Completion Date, and subject to the Agreed Security Principles and certain significant limitations under applicable laws, the Notes will be guaranteed on a senior basis by RdM (the "**Initial Guarantor**"). Following the Accession Dates, subject to the Agreed Security Principles and certain significant limitations under applicable law, the Notes will also be guaranteed on a senior basis by the following subsidiaries of the Issuer: Fineska B.V., Eska B.V., Eska International B.V., Eska USA B.V. and R.D.M. Arnsberg GmbH (the "**Accession Date Additional Guarantors**" and, together with the Initial Guarantor, the "**Accession Date Guarantors**"). In addition, after the Completion Date, and subject to the Agreed Security Principles and certain significant limitations under applicable laws, the Notes will also be guaranteed on a senior basis by any other subsidiaries of the Issuer that become obligors under the Revolving Credit Facility from time to time (together with the Accession Date Additional Guarantors, the "**Additional Guarantors**" and, the Additional Guarantors together with the Initial Guarantor, the "**Guarantors**"). See "*Description of the Notes — Guarantees*." The obligations of the Guarantors will be subject to the terms of the Intercreditor Agreement, the Agreed Security Principles and

significant legal and contractual limitations, and the Guarantees may be released in certain circumstances. See "*Description of the Notes — Brief Description of the Notes and the Guarantees*," "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral — There are circumstances other than repayment or discharge of the Notes under which the Collateral and/or the Guarantees may be released automatically without your consent or the consent of the Trustee*," and "*Limitations on the Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

The Issuer is a holding company with direct or indirect ownership in companies of our Group, and it conducts no business operations of its own. For the twelve months ended September 30, 2021, the Accession Date Guarantors (on a standalone basis and excluding all intra-group items), accounted for approximately 97% of the Pro Forma EBITDA of the Group.

Security . . . . On the Issue Date, the Notes will be secured by a first-priority security interest over the Escrow Account pursuant to an account charge, to be dated the Issue Date, entered into between the Issuer and the trustee, The Law Debenture Trust Corporation p.l.c., as counterparty for such security (the "**Escrow Account Charge**").

Subject to the terms of the Agreed Security Principles, certain significant limitations under Italian law and certain perfection requirements, the Notes will be secured on or about the Completion Date by first-priority security interests over (i) all of the issued share capital of the Issuer held by Topco; (ii) all of the issued share capital of RdM held by the Issuer; (iii) receivables in respect of certain material intercompany loans, including the Proceeds Loan, owed to the Issuer, and RdM; and (iv) material operating bank accounts of the Issuer and RdM (collectively, the "**Completion Date Collateral**"). After the Completion Date (and, with respect to the Accession Date Additional Guarantors, following the Accession Dates), and subject to the Agreed Security Principles, certain significant limitations under applicable laws and certain perfection requirements, the Notes will also be secured by first-priority security interests over (i) all of the issued share capital of each Additional Guarantor held by the Issuer or any of its subsidiaries; (ii) receivables in respect of certain material intercompany loans, including any proceeds loans, in respect of which any Additional Guarantor is a creditor (if any); and (iii) material operating bank accounts of each Additional Guarantor (collectively, the "**Additional Collateral**" and, together with the Escrow Account Charge and the Completion Date Collateral, the "**Collateral**").

Following the Completion Date, we intend to merge the Issuer and RdM (the "**Merger**") pursuant to Article 2501-bis of the Italian Civil Code. Following any such Merger, MergerCo, as the surviving entity of the Merger, will assume the obligations of the Issuer under the Notes. As a result of the consummation of the Merger, the Proceeds Loan will be extinguished, and the security interests over the intercompany receivables owed by the Initial Guarantor to the Issuer will be automatically terminated, and (i) in the event that Rimini BidCo S.p.A. is the successor company of the Merger, the pledge over the share capital of RdM will be extinguished by operation on law, and (ii) in the even that RdM is the successor company of the Merger, the pledge over the share capital of Rimini Bidco S.p.A. will be extinguished (or continue over the shares in the MergerCo received by Topco upon the merger, as applicable) by operation of law, and in each case Topco will grant (or re-confirm, as applicable) a first-priority security interest over the issued share capital of MergerCo owned by it. MergerCo is expected to be (a) in the event a Sell Out Procedure or Squeeze Out Procedure is completed, RdM or (b) in the event a Sell Out Procedure or Squeeze Out Procedure is not completed, Rimini BidCo S.p.A.

The Collateral (other than the Escrow Account Charge) will also secure obligations in respect of the Revolving Credit Facility and counterparties to certain hedging obligations. Under the terms of the Intercreditor Agreement, the holders of the Notes will be entitled to receive proceeds from the enforcement or distressed disposal of the Collateral (other than the Escrow Account Charge) only after creditors under the Revolving Credit Facility and counterparties to certain hedging obligations have been repaid in full. See "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral*." All Collateral (except the Escrow Account Charge) will be limited by the operation of the Agreed Security Principles and any Permitted Liens. The Security may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability. See also "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral*" and "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations.*"

The Collateral may be released under certain circumstances. See "*Description of the Notes — Security; the Collateral*."

Ranking of the Notes and the Guarantees . . . .

The Notes will be:

- general senior secured obligations of the Issuer;
- secured as set forth under "*Description of the Notes — Security; Intercreditor Agreement;*"
- equal in right of payment to all of the Issuer's existing and future indebtedness and other obligations that are not, by their terms, expressly subordinated in right of payment to the Notes;
- effectively subordinated to any existing and future indebtedness of the Issuer that is entitled to receive proceeds from any enforcement action over the Collateral on a priority basis, including the obligations under the Revolving Credit Facility Agreement;
- effectively subordinated to all existing and future secured indebtedness of the Issuer that is secured by assets that do not secure the Notes, to the extent of the value of the assets securing such Indebtedness, including, until it is repaid and cancelled on or about the Completion Date, the Bidco Loan, the Eska Acquisition Facility and certain other secured Existing Debt;
- structurally subordinated to all indebtedness and other liabilities of the Issuer's existing and future subsidiaries that do not Guarantee the Notes as set forth under "*Description of the*

Notes — Guarantees" including, until such debt is repaid on the Completion Date, the Existing Debt; and

- senior in right of payment to any of the Issuer's future subordinated indebtedness.

The Guarantees of each Guarantor in respect of the Notes will be:

- a general senior secured obligation of such Guarantor;
- equal in right of payment to all of such Guarantor's existing and future indebtedness and other obligations that are not, by their terms, expressly subordinated in right of payment to such Guarantor's Guarantee;
- effectively subordinated to any existing and future indebtedness of such Guarantor that is entitled to receive proceeds from any enforcement action over the Collateral on a priority basis, including its guarantee under the Revolving Credit Facility Agreement;
- effectively subordinated to all existing and future secured indebtedness of such Guarantor that is secured by assets that do not secure its Guarantee and/or the obligations of the Issuer arising from the Notes, to the extent of the value of the assets securing such indebtedness;
- structurally subordinated to all indebtedness and other liabilities of such Guarantor's existing and future subsidiaries that do not Guarantee the Notes as set forth under "*Description of the Notes — Guarantees*" including, until such debt is repaid on or about the Completion Date, any obligations of such Guarantor in respect of the Existing Debt; and
- senior in right of payment to any of such Guarantor's future subordinated indebtedness.

Escrow of Proceeds; Special Mandatory Redemption . . . . .

Concurrently with the closing of the Offering on the Issue Date, and pending MTO Completion, the gross proceeds of the Offering (less certain professional fees and expenses related to the Offering) will be deposited into the Escrow Account, to hold such amounts pending the MTO Completion. The proceeds in the Escrow Account will be held in the name of the Issuer, but the Escrow Account will be controlled by the Escrow Agent pursuant to the terms of the Escrow Agreement, and the Escrow Account will be pledged in favor of the Trustee for the benefit of the holders of the Notes, which will be secured in accordance with the terms of the Escrow Account Charge.

The release of the funds credited to the Escrow will be subject to the satisfaction of certain conditions, including the MTO Completion. Upon delivery to the Escrow Agent of an officer's certificate stating that the conditions to the release of Escrow Proceeds have been met or will be satisfied promptly following the release of the Escrow Proceeds, the Escrow Proceeds will be released to the Issuer (or such account as may be designated by the Issuer) and utilized as described in "*Use of Proceeds*" and "*Description of the Notes — Escrow of Proceeds; Special Mandatory Redemption.*"

In the event that the MTO Completion does not take place on or prior to the Escrow Longstop Date, the Issuer will redeem the Notes at a price equal to 100% of the aggregate initial issue price of the Notes, plus accrued but unpaid interest from the Issue Date to, but not including the Special Mandatory Redemption Date (as defined herein) (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). See "*Description of the Notes — Escrow of Proceeds; Special Mandatory Redemption*."

Use of Proceeds . . . . We expect the gross proceeds from the Offering will be approximately €445.0 million. Upon the release of the proceeds of the Offering from the Escrow Account on the Completion Date, we will use the proceeds of the Offering to: (i) repay any outstanding borrowings and cancel any available commitments under the Existing Debt; (ii) repay any outstanding borrowings and cancel any available commitments under the BidCo Loan and (iii) pay certain fees and expenses in connection with the Transactions. See "*Use of Proceeds*."

Merger . . . . The Issuer shall, and shall cause RdM to, use commercially reasonable efforts, which for the avoidance of doubt shall include considering the effects of dilution on the Apollo Funds, subject to any relevant approval and/ or authorization by any competent authority, towards the implementation of the Merger on terms complying with Section 2501-bis (et seq.) of the Italian Civil Code. See "*Transactions — Merger*."

Optional Redemption . . . . Prior to December 14, 2022 the Issuer may redeem all or part of the Notes at any time at a price equal to 100% of the principal amount of the Notes redeemed plus accrued and unpaid interest and additional amounts, if any, to the redemption date and a "**make-whole**" premium, as described in this Offering Memorandum under the caption "*Description of the Notes — Optional Redemption — Optional Redemption of the Notes*."

Prior to December 14, 2022, the Issuer may also redeem up to 10% of the original aggregate principal amount of the Notes at a redemption price equal to 103% of the principal amount of the Notes redeemed during each twelve-month period commencing with the Issue Date.

At any time on or after December 14, 2022 the Issuer may redeem all or a portion of the Notes at redemption prices described in this Offering Memorandum under the caption "*Description of the Notes — Optional Redemption — Optional Redemption of the Notes*," plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.

Additional Amounts; Tax Redemption . . . . All payments in respect of the Notes will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction is required by law, subject to certain exceptions, the Issuer will pay additional amounts so that the net amounts received after such withholding or deduction (including any such withholding or deduction from such additional amounts) will equal the amounts which would have been received in the absence of such withholding or deduction. See "*Description of the Notes — Additional Amounts*." The Issuer may redeem the Notes in whole, but not in part, at any time, upon giving prior notice, if certain developments affect taxation. If the Issuer decides to exercise such redemption right, it must pay holders of such Notes a redemption price equal to 100% of the principal amount of the Notes being redeemed, together with accrued and unpaid interest and additional amounts, if any, to the redemption date. See "*Description of the Notes — Optional Redemption for Taxation Reasons*."

Subject to and as set out in "*Description of the Notes — Additional Amounts*," the Issuer, under certain circumstances, will not be liable to pay any additional amounts to holders of the Notes in relation to, among other things, any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as the same may be amended, or supplemented from time to time (the "**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 — Additional Amounts*."

Original Issue Discount	The Notes will be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. If the stated principal amount of the Notes exceeds their "**issue price**" by an amount equal to or more than a statutorily defined de minimis amount, the Notes will be treated as issued with OID for U.S. federal income tax purposes. In such case, U.S. Holders (as defined in "*Certain Tax Considerations — Certain U.S. Federal Income Tax Considerations*"), whether on the cash or accrual method of tax accounting, would be required to include any amounts representing OID in gross income (as ordinary income) on a constant yield to maturity basis for U.S. federal income tax purposes in advance of the receipt of cash payments to which such income is attributable. For further discussion, see "*Certain Tax Considerations — Certain U.S. Federal Income Tax Considerations*."
Change of Control	Upon the occurrence of certain events constituting a change of control, the Issuer is required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. A change of control will not be deemed to have occurred if a certain consolidated net leverage ratio is not exceeded as a result of such event. See "*Description of the Notes — Change of Control*" and "*Description of the Notes — Certain Definitions — Specified Change of Control Event*."
Certain Covenants	The Indenture governing the Notes will limit, among other things, our ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- make restricted payments, including paying dividends or making other distributions, making investments and prepaying or redeeming subordinated indebtedness or equity;
- create or incur certain liens;
- sell, lease or transfer certain assets;
- enter into arrangements that restrict dividends or other payments to us;

	• engage in certain transactions with affiliates; • create unrestricted subsidiaries; • consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis; and • enter into certain other transactions and activities. Each of the covenants is subject to a number of significant exceptions and qualifications. For a more detailed description of these covenants, see "*Description of the Notes — Certain Covenants.*"
Transfer Restrictions	The Notes have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the Securities Act. See "*Transfer Restrictions*" and "*Plan of Distribution*."
Absence of a Public Market for the Notes	The Notes will be new securities for which there is currently no market. Although the Initial Purchasers have informed us that they intend to make a market in each series of the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for either series of the Notes will develop or be maintained.
Listing	Application has been made to the Exchange for the Notes to be admitted to trading on the Exchange's Euro MTF Market and to be listed on the Official List upon their issuance. There can be no assurance, however, that the Notes will be listed on the Official List of the Exchange or that such permission to deal in the Notes will be granted or that such listing will be maintained, and settlement of the Notes is not conditioned upon obtaining this listing or permission to list.
Trustee and *Rappresentante Comune* of the Holders of the Notes	The Law Debenture Trust Corporation p.l.c., in its capacity as trustee under the Indenture and common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code.
Escrow Agent	Deutsche Bank AG Frankfurt.
Security Agent	The Law Debenture Trust Corporation p.l.c., in its capacity as security agent and legal representative (*mandatario con rappresentanza*) 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.
Paying Agent, Calculation Agent and Transfer Agent	Deutsche Bank AG, London Branch.
Registrar and Luxembourg Listing Agent	Deutsche Bank Luxembourg S.A.
Governing Law for the Notes and the Indenture	The Notes and the Indenture will be governed by the laws of the State of New York.

Governing Law of the Intercreditor Agreement	The Intercreditor Agreement will be governed by the laws of England and Wales.
Governing Law of the Escrow Agreement and the Escrow Account Charge	The Escrow Agreement will be governed by the laws of England and Wales, and the Escrow Account Charge will be governed by the laws of Germany.
Security Documents	The Security Documents will be governed by the laws of the Republic of Italy, in respect of the Completion Date Collateral, and the laws of the relevant jurisdiction in accordance with the Agreed Security Principles, in respect of the Additional Collateral.
Risk Factors	Please see "*Risk Factors*" for a description of certain of the risks you should carefully consider before investing in the Notes.

SUMMARY FINANCIAL AND OTHER INFORMATION

The Issuer is a holding company formed for the purpose of facilitating the Share Acquisitions and is not expected to engage in any activities other than those related to the Share Acquisitions, the Refinancing and the Merger. The Issuer's only material assets and liabilities are currently, and are expected in the future to be up until the Merger, cash and cash equivalents, its interest in the issued and outstanding shares of its subsidiaries and its outstanding indebtedness and intercompany balances incurred in connection with the Share Acquisitions and the Refinancing and the other transactions described in the Offering Memorandum. We do not present in this Offering Memorandum any financial information or financial statements of the Issuer, except for pro forma financial information and certain limited "as adjusted" financial information presented on a consolidated basis to reflect certain effects of the Share Acquisitions and the Refinancing.

This section presents summary historical consolidated financial information of the RdM Group as of and for each of the years ended December 31, 2018, 2019 and 2020 and as of September 30, 2021 and for the nine months ended September 30, 2020 and 2021, which has been derived from the RdM Group Audited Consolidated Financial Statements and the RdM Group Unaudited Interim Condensed Consolidated Financial Statements. This section also presents summary historical consolidated financial information of the Eska Group (which was acquired by the RdM Group on July 13, 2021), as of and for the year ended December 31, 2020 and as of September 30, 2021 and for the nine months ended September 30, 2020 and 2021, which has been derived from the Eska Group Unaudited Interim Condensed Consolidated Financial Statements.

In this section we present certain unaudited pro forma consolidated financial information to give pro forma effect to the Transactions and certain other events as if they occurred on September 30, 2021 for the pro forma consolidated statement of financial position and on January 1, 2020 for the pro forma consolidated statement of income. The pro forma financial information included in this section should be read in conjunction with the sections "Presentation of Financial and Other Information", "Unaudited Pro Forma Consolidated Financial Information", "Capitalization" and "Use of Proceeds" included elsewhere in this Offering Memorandum.

In this section we also present certain adjusted pro forma financial information. This adjusted pro forma information has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act, the EU Prospectus Regulation, the UK Prospectus Regulation or any generally accepted accounting standards. Neither the adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with International Standards on Auditing (Italy) or any other auditing standards.

The financial information presented in the tables below and in this Offering Memorandum as at and for the years ended December 31, 2018, 2019 and 2020 have not been recast to reflect the 2021 transaction of RdM La Rochette SAU as a discontinued operation.

In this summary financial and other information we present certain non-IFRS measures. See "Presentation of Financial and Other Information" for important information relating to non-IFRS measures.

The summary financial and other information presented below should be read in conjunction with the information contained in the RdM Group Audited Consolidated Financial Statements, the RdM Group Unaudited Interim Condensed Consolidated Financial Statements and the Eska Group Unaudited Interim Condensed Consolidated Financial Statements, as well as the sections "Presentation of Financial and Other Information," "Selected Historical and Pro Forma Financial Information," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Capitalization" and "Unaudited Pro Forma Consolidated Financial Information" included elsewhere in this Offering Memorandum.

RdM Group

Summary Consolidated Statement of Income Information

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,(**)
	2018 Restated(*)	2019	2020	2020	2021	2021
				Unaudited		Unaudited
	(in € millions)					
Revenues from sales	606.0	701.6	679.5	429.9	544.1	677.8
Other revenues and income	6.3	10.6	12.7	7.8	11.4	13.8
Change in inventories of finished goods	6.3	3.6	(10.5)	(9.3)	(4.3)	(2.0)
Cost of raw materials and services	(459.4)	(533.4)	(484.5)	(297.8)	(440.1)	(541.1)
Personnel costs	(90.8)	(104.1)	(108.0)	(66.7)	(79.7)	(103.2)
Other operating costs	(5.3)	(5.9)	(5.4)	(4.2)	(2.8)	(2.9)
Gross operating profit	**63.1**	**72.4**	**83.8**	**59.7**	**28.6**	**42.4**
Depreciation and amortization	(23.4)	(31.7)	(31.7)	(22.2)	(25.2)	(33.0)
Write-downs and revaluations	(0.4)	(10.3)	(5.1)	—	—	(1.4)
Operating profit	**39.3**	**30.4**	**47.0**	**37.5**	**3.4**	**8.0**
Net financial income (expense)	(2.4)	(5.4)	(1.2)	(1.1)	0.9	1.1
Gains (losses) on investments	4.4	0.2	0.2	—	9.2	9.4
Taxes	(12.9)	(9.6)	(12.4)	(8.1)	(0.6)	(3.9)
Profit (loss) for the year before discontinued operations	**28.4**	**15.6**	**33.6**	**28.3**	**12.9**	**14.6**
Discontinued operations	—	—	—	5.6	2.6	—
Profit (loss) for the year	**28.4**	**15.6**	**33.6**	**33.9**	**15.5**	**14.6**

(*) The figures for the year ended December 31, 2018 have been restated to take into account the purchase price allocation of RDM Barcelona Cartonboard S.A.U., which in the RdM Group's financial statements for the year ended December 31, 2018 was recognized based on provisional fair values and estimates, as allowed by IFRS. The final purchase price allocation was completed in 2019. Specifically, the completion of this valuation process resulted in a reduction in goodwill of €0.5 million, an increase in the value of intangible fixed assets (customer list) of €2.2 million, an increase in deferred taxes of €0.5 million and the recognition of a gain on bargain purchase of €1.2 million within the item gains (losses) on investments. The aforementioned adjustments were reflected in the comparative figures presented in the RdM Group's financial statements for the year ended December 31, 2019.

(**) As further discussed in the *"Presentation of Financial and Other Information"* section of this Offering Memorandum, in addition to the information for the nine months ended September 30, 2021 and 2020 as derived from the RdM Group Unaudited Interim Condensed Consolidated Financial Statements included in this Offering Memorandum, which present La Rochette as a discontinued operation, to improve the comparability of the information presented for the last twelve months ended September 30, 2021, the information for the full year ended December 31, 2020 has been considered after reclassifying RdM La Rochette SAU as a discontinued operation for the year ended December 31, 2020.

Summary Consolidated Statement of Financial Position Information

	As of December 31,			As of September 30, 2021
	2018 Restated(*)	2019	2020	Unaudited
	(in € millions)			
Tangible fixed assets	245.9	232.6	220.7	288.0
Right-of-use assets	—	12.4	15.2	13.6
Goodwill	4.4	4.4	4.4	90.7
Intangible fixed assets	12.4	13.6	14.0	16.6
Other non-current assets(**)	13.6	9.4	9.8	18.0
Total non-current assets	**276.3**	**272.4**	**264.1**	**426.9**
Inventories	107.1	108.9	102.2	116.0
Trade receivables	73.2	70.3	60.0	113.2
Cash and cash equivalents	31.2	40.4	63.0	25.4
Other current assets(***)	18.5	23.4	25.7	45.3
Total current assets	**230.0**	**243.0**	**250.9**	**299.9**
Total assets	**506.3**	**515.4**	**515.0**	**726.8**
Total shareholders' equity	196.0	205.5	234.1	245.8
Payables to banks and other lenders	75.9	64.0	50.8	136.9
Employee benefits	32.8	36.4	37.2	33.3
Other non-current liabilities(****)	16.7	13.6	13.1	16.4
Total non-current liabilities	**125.4**	**114.0**	**101.1**	**186.6**
Trade payables	130.4	141.2	130.8	202.5
Payables to banks and other lenders	20.4	25.6	21.1	57.9
Other current liabilities(*****)	34.1	29.1	27.9	34.0
Total current liabilities	**184.9**	**195.9**	**179.8**	**294.4**
Total liabilities	**310.3**	**309.9**	**280.9**	**481.0**
Total shareholders' equity and liabilities	**506.3**	**515.4**	**515.0**	**726.8**

(*) The figures for the year ended December 31, 2018 have been restated to take into account the purchase price allocation of RDM Barcelona Cartonboard S.A.U., which in the RdM Group's financial statements for the year ended December 31, 2018 was recognized based on provisional fair values and estimates, as allowed by IFRS. The final purchase price allocation was completed in 2019. Specifically, the completion of this valuation process resulted in a reduction in goodwill of €0.5 million, an increase in the value of intangible fixed assets (customer list) of €2.2 million, an increase in deferred taxes of €0.5 million and the recognition of a gain on bargain purchase of €1.2 million within the item gains (losses) on investments. The aforementioned adjustments were reflected in the comparative figures presented in the RdM Group's financial statements for the year ended December 31, 2019.

(**) Other non-current assets include intangible assets with an indefinite useful life, equity investments, deferred tax assets, financial assets held for sale, non-current trade receivables and non-current other receivables.

(***) Other current assets include receivables from associates and joint ventures, current other receivables and derivative instruments.

(****) Other non-current liabilities include non-current derivative instruments, other payables, deferred taxes and non-current provisions for risks and charges.

(*****) Other current liabilities include current derivative instruments, current payables, other payables to associaes and joint ventures, current taxes, current employee benefits and current provisions for risks and charges.

Summary Consolidated Statement of Cash Flow Information

	Year ended December 31,			Nine months ended September 30,	
	2018	2019	2020	2020	2021
				Unaudited	
	(in € millions)				
Cash flow from operating activities	52.4	61.1	72.7	42.2	39.8
Cash flow used in investing activities	(60.9)	(29.1)	(21.8)	(13.2)	(166.4)
Cash flow from/(used in) financing activities	16.6	(22.8)	(28.2)	(24.2)	83.6
Exchange rate translation differences	0.1	—	(0.1)	(0.1)	0.2
Change in cash and cash equivalents	**8.2**	**9.2**	**22.6**	**4.7**	**(42.8)**

Operating Segment Information

For the years ended December 31, 2018, 2019, 2020 the RdM Group's business operations were divided into the following two operating segments:

(i) White lined chipboard ("WLC"), and

(ii) Folding box board ("FBB").

Following the full divestment of La Rochette in April 2021, the RdM Group no longer operates in the FBB market. Subsequent to the La Rochette Disposal the RdM Group has a single operating segment named "Recycled Board."

Revenues from sales

	Nine months ended September 30,				Twelve months ended September 30,(*)	
	2020	% of revenues from sales	2021	% of revenues from sales	2021	% of revenues from sales
	Unaudited		Unaudited		Unaudited	
	(in €millions and as a percentage of revenues from sales)					
Recycled Board	429.9	100.0%	542.6	99.7%	677.0	99.9%
Other	—	—	1.5	0.3%	0.8	0.1%
Revenues from sales	**429.9**	**100.0%**	**544.1**	**100.0%**	**677.8**	**100.0%**

(*) As further discussed in the *"Presentation of Financial and Other Information"* section of this Offering Memorandum, in addition to the information for the nine months ended September 30, 2021 and 2020 as derived from the RdM Group Unaudited Interim Condensed Consolidated Financial Statements included in this Offering Memorandum, which present La Rochette as a discontinued operation, to improve the comparability of the information presented for the last twelve months ended September 30, 2021, the information for the full year ended December 31, 2020 has been considered after reclassifying RdM La Rochette SAU as a discontinued operation for the year ended December 31, 2020.

	Year ended December 31,					
	2018	% of revenues from sales	2019	% of revenues from sales	2020	% of revenues from sales
	(in €millions and as a percentage of revenues from sales)					
WLC	491.6	81.1%	591.3	84.3%	564.3	83.0%
FBB	114.4	18.9%	110.3	15.7%	115.2	17.0%
Revenues from sales	**606.0**	**100.0%**	**701.6**	**100.0%**	**679.5**	**100.0%**

EBITDA

	Nine months ended September 30,				Twelve months ended September 30,(*)	
	2020	% of revenues from sales	2021	% of revenues from sales	2021	% of revenues from sales
	Unaudited		Unaudited		Unaudited	
	(in € millions and as a percentage of revenues from sales)					
Recycled board	59.7	13.9%	28.6	5.3%	42.5	6.3%
Unallocated	—	—	—	—	(0.1)	—
Total EBITDA	**59.7**	**13.9%**	**28.6**	**5.3%**	**42.4**	**6.3%**

(*) As further discussed in the *"Presentation of Financial and Other Information"* section of this Offering Memorandum, in addition to the information for the nine months ended September 30, 2021 and 2020 as derived from the RdM Group Unaudited Interim Condensed Consolidated Financial Statements included in this Offering Memorandum, which present La Rochette as a discontinued operation, to improve the comparability of the information presented for the last twelve months ended September 30, 2021, the information for the full year ended December 31, 2020 has been considered after reclassifying RdM La Rochette SAU as a discontinued operation for the year ended December 31, 2020.

	Year ended December 31,					
	2018	% of revenues from sales	2019	% of revenues from sales	2020	% of revenues from sales
	(in € millions and as a percentage of revenues from sales)					
WLC	64.1	10.6%	65.8	9.4%	73.6	10.8%
FBB	(0.3)	—	5.9	0.8%	10.3	1.5%
Unallocated	(0.7)	(0.1)%	0.7	0.1%	(0.1)	—
Total EBITDA	**63.1**	**10.4%**	**72.4**	**10.3%**	**83.8**	**12.3%**

Other Financial and Operating Information

Summary operating information

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,
	2018	2019	2020	2020	2021	2021
Tons sold (thousands of tons)	1,020	1,174	1,184	792	919	1,167
Contribution margin (€M)(1)	216	248	261	172	140	190

(1) Contribution Margin is defined as net revenues from sales less variable costs related to production and sales, such as raw materials costs and energy expenses.

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,[*]
	2018	2019	2020	2020	2021	2021
				Unaudited		Unaudited
				(in € millions)		
EBITDA[1]	63.1	72.4	83.8	59.7	28.6	42.4
Adjusted EBITDA[1]	69.6	74.5	88.1	62.0	33.7	49.5
EBITDA Margin[2]	10.4%	10.3%	12.3%	13.9%	5.3%	6.3%
Capital Expenditures[3]	24.8	29.8	21.9	13.4	18.5	23.7

(*) As further discussed in the *"Presentation of Financial and Other Information"* section of this Offering Memorandum, in addition to the information for the nine months ended September 30, 2021 and 2020 as derived from the RdM Group Unaudited Interim Condensed Consolidated Financial Statements included in this Offering Memorandum, which present La Rochette as a discontinued operation, to improve the comparability of the information presented for the last twelve months ended September 30, 2021, the information for the full year ended December 31, 2020 has been considered after reclassifying RdM La Rochette SAU as a discontinued operation for the year ended December 31, 2020.

(1) EBITDA is defined as profit (loss) for the period adjusted for (i) profit (loss) for the period of discontinued operations, (ii) taxes, (iii) gains (losses) on investments, (iv) net financial income (expense), (v) depreciation and amortization and (vi) write-downs and revaluations. Adjusted EBITDA is defined as EBITDA further adjusted to exclude certain items management considers unusual, non-recurring or otherwise non reflective of the underlying performance of the business. EBITDA and Adjusted EBITDA are not measurements of financial performance under IFRS and should not be considered alternatives to the other indicators of our operating performance that were calculated in accordance with IFRS. EBITDA-based and similar measures have important limitations as analytical tools and should be interpreted with caution. See *"Presentation of Financial and Other Information — Non-IFRS Measures and Other Data."* The following table presents a calculation of EBITDA for the periods indicated:

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,[*]
	2018	2019	2020	2020	2021	2021
				Unaudited		Unaudited
				(in € millions)		
Profit (loss) for the period	28.4	15.6	33.6	33.9	15.5	14.6
Discontinued operations	—	—	—	(5.6)	(2.6)	—
Taxes	12.9	9.6	12.4	8.1	0.6	3.9
Gains on investments	(4.4)	(0.2)	(0.2)	—	(9.2)	(9.4)
Net financial expense/(income)	2.4	5.4	1.2	1.1	(0.9)	(1.1)
Write-downs and revaluations	0.4	10.3	5.1	—	—	1.4
Depreciation and amortization	23.4	31.7	31.7	22.2	25.2	33.0
EBITDA	**63.1**	**72.4**	**83.8**	**59.7**	**28.6**	**42.4**
Management adjustments[a]	6.5	2.1	4.3	2.3	5.1	7.1
Adjusted EBITDA	**69.6**	**74.5**	**88.1**	**62.0**	**33.7**	**49.5**

(*) As further discussed in the *"Presentation of Financial and Other Information"* section of this Offering Memorandum, in addition to the information for the nine months ended September 30, 2021 and 2020 as derived from the RdM Group Unaudited Interim Condensed Consolidated Financial Statements included in this Offering Memorandum, which present La Rochette as a discontinued operation, to improve the comparability of the information presented for the last twelve months ended September 30, 2021, the information for the full year ended December 31, 2020 has been considered after reclassifying RdM La Rochette SAU as a discontinued operation for the year ended December 31, 2020.

(a) Management adjustments are comprised of items that management considers unusual, non-recurring or otherwise not reflective of the underlying business. For 2018, these adjustments mainly include adjustments in relation to a hypothetical application of IFRS 16 amounting to €3.1 million and payments to employees for severance indemnities as part of restructuring activities and extraordinary bonuses amounting to €2.7 million. For 2019, these adjustments mainly include payments to employees for severance indemnities as part of restructuring activities and extraordinary bonuses amounting to €2.0 million. For 2020, these adjustments mainly include payments to employees for severance indemnities as part of restructuring activities and extraordinary bonuses amounting to €2.1 million, expenses in relation to share based payments amounting to €1.8 million. For the nine months ended September 30, 2020, these adjustments mainly include expenses in relation to share based payments amounting to €1.3 million and payments to employees for severance indemnities as part of restructuring activities and extraordinary bonuses €0.9 million. For the nine months ended September 30, 2021, these adjustments mainly include payments to employees for severance indemnities as part of restructuring activities and extraordinary bonuses of €2.6 million, transaction costs relating to the Eska Acquisition, the Paprinsa Acquisition and the La Rochette Disposal of €1.7 million and expenses in relation to share based payments of €1.2 million, partially offset by agent commissions that will not be recharged subsequent to the La Rochette Disposal of €0.6 million.

(2) EBITDA Margin is defined as EBITDA as a percentage of revenues from sales. EBITDA-based and similar measures, such as EBITDA Margin, have important limitations as analytical tools and should be interpreted with caution. See *"Presentation of Financial and Other Information — Non-IFRS Measures and Other Data."*

(3) Capital Expenditures are defined as investments in tangible fixed assets and intangible fixed assets. Capital Expenditures is not a measure defined under or calculated in accordance with IFRS. See *"Presentation of Financial and Other Information — Non-IFRS Measures and Other Data"* for important limitations you should consider when using this measure. The following table presents a calculation of capital expenditures for the periods indicated:

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,
	2018	2019	2020	2020	2021	2021
				Unaudited		Unaudited
				(in € millions)		
Investments in tangible fixed assets	22.6	26.8	19.8	12.4	17.0	21.1
Investments in intangible fixed assets	2.2	3.0	2.1	1.0	1.5	2.6
Capital Expenditures	**24.8**	**29.8**	**21.9**	**13.4**	**18.5**	**23.7**
of which strategic capital expenditures	*11.9*	*16.9*	*9.2*	*4.4*	*8.4*	*12.2*
of which maintenance capital expenditures	*12.9*	*12.9*	*12.7*	*9.0*	*10.1*	*11.5*

Eska Group

Summary Consolidated Income Statement Information

	Year ended December 31, 2020	Nine months ended September 30, 2021
	Unaudited	
	(in € millions)	
Revenues from sales	148.8	141.2
Other revenues and income	—	—
Change in inventories of finished goods	(0.9)	6.8
Cost of raw materials and services	(84.1)	(103.2)
Personnel costs	(37.4)	(31.8)
Other operating costs	(0.2)	(1.3)
Gross operating profit	**26.2**	**11.7**
Depreciation and amortization	(8.1)	(5.3)
Operating profit	**18.1**	**6.4**
Net financial income (expense)	(1.3)	0.2
Taxes	(4.0)	(1.7)
Profit (loss) for the year	**12.8**	**4.9**

Summary Consolidated Statement of Financial Position Information

	As of December 31, 2020	As of September 30, 2021
	Unaudited	
	(in € millions)	
Tangible fixed assets	54.3	54.0
Right-of-use assets	4.5	3.9
Intangible fixed assets	1.5	1.1
Total non-current assets	**60.3**	**59.0**
Inventories	16.9	25.6
Trade receivables	16.0	23.3
Cash and cash equivalents	2.4	7.8
Other current assets	14.4	8.5
Total current assets	**49.7**	**65.2**
Total assets	**110.0**	**124.2**
Total shareholders' equity	**58.3**	**63.2**
Payables to banks and other lenders	14.3	15.4
Employee benefits	1.1	1.1
Other non-current liabilities	0.3	0.8
Total non-current liabilities	**15.7**	**17.3**
Trade payables	17.1	22.4
Payables to banks and other lenders	5.2	1.3
Other current liabilities	13.7	20.0
Total current liabilities	**36.0**	**43.7**
Total liabilities	**51.7**	**61.0**
Total shareholders' equity and liabilities	**110.0**	**124.2**

Summary Consolidated Statement of Cash Flow Information

	Year ended December 31, 2020	Nine months ended September 30, 2021
	Unaudited	
	(in € millions)	
Cash flow from operating activities	21.0	0.9
Cash flow used in investing activities	(7.5)	(3.9)
Cash flow used in financing activities	(7.3)	(3.1)
Exchange rate translation differences	(0.5)	0.1
Change in cash and cash equivalents	**5.7**	**(6.0)**

Other Financial and Operating Information

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,
	2018	2019	2020	2020	2021	2021
				Unaudited		Unaudited
				(in € millions)		
Eska EBITDA(1) (2)	17.7	22.8	26.2	18.5	11.7	19.4
Eska Adjusted EBITDA(1) (2)	20.9	23.5	26.6	18.9	13.2	20.9

(1) Eska EBITDA for the years ended December 31, 2018 and 2019 has been calculated based on financial information prepared in accordance with the statutory provisions of Part 9, Book 2, of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in The Netherlands as issued by the Dutch Accounting Standards Board, while Eska EBITDA for the year ended December 31, 2020 and for the twelve months ended September 30, 2021 has been calculated based on financial information prepared under IFRS.

(2) Eska EBITDA is defined as profit (loss) for the period adjusted for (i) profit (loss) for the period of discontinued operations, (ii) taxes, (iii) net financial income (expense) and (iv) depreciation and amortization. Eska Adjusted EBITDA is defined as Eska EBITDA further adjusted to exclude certain items management considers unusual, non-recurring or otherwise not reflective of the underlying performance of the business. Eska EBITDA and Adjusted Eska EBITDA are not measurements of financial performance under IFRS and should not be considered alternatives to the other indicators of our operating performance that were calculated in accordance with IFRS. EBITDA-based and similar measures have important limitations as analytical tools and should be interpreted with caution. See "*Presentation of Financial and Other Information — Non-IFRS Measures and Other Data*." The following table presents a calculation of Eska EBITDA and Eska Adjusted EBITDA for the periods indicated:

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,
	2018	2019	2020	2020	2021	2021
				Unaudited		Unaudited
				(in € millions)		
Profit (loss) for the period	8.0	12.1	12.8	8.6	4.9	9.1
Taxes	2.5	3.4	4.0	2.8	1.7	2.9
Net financial expense/(income)	0.3	0.2	1.3	0.9	(0.2)	0.2
Depreciation and amortization	6.9	7.1	8.1	6.2	5.3	7.2
Eska EBITDA	**17.7**	**22.8**	**26.2**	**18.5**	**11.7**(*)	**19.4**(*)
Eska management adjustments(a)	3.2	0.7	0.4	0.4	1.5(**)	1.5
Eska Adjusted EBITDA	**20.9**	**23.5**	**26.6**	**18.9**	**13.2**	**20.9**

(*) RdM consolidated results for the nine and twelve months ended September 30, 2021 already include the results of Eska starting from the acquistion date in July 2021.

(**) For RdM consolidated purposes, these amounts have been considered as assumed liabilities impacting directly goodwill and are not included in the consolidated income statement of RdM Group for the nine months ended September 30, 2021.

(a) Management adjustments are comprised of items that management considers unusual, non-recurring or otherwise not reflective of the underlying business. For 2018, these adjustments mainly include one off advisory fees of €2.9 million. For 2019, these adjustments include bonus payments to employees of €0.4 million and management fees due to previous shareholders of €0.3 million. For 2020, these adjustments include management fees due to previous shareholders amounting to €0.2 million and sell side advisory transaction costs amounting to €0.2 million. For the nine months ended September 30, 2020, these adjustments include management fees due to previous shareholders amounting to €0.2 million and sell side advisory transaction costs amounting to €0.2 million. For the nine months ended September 30, 2021, these adjustments include bonus payments amounting to €1.2 million, management fees due to previous shareholders amounting to €0.1 million and sell side advisory transaction costs amounting to €0.2 million.

Summary Pro Forma Financial Information

We present herein certain summary unaudited pro forma consolidated financial information to give pro forma effect to the Transactions (as defined under *"Unaudited Pro Forma Consolidated Financial Information — The Transactions"*), the La Rochette Disposal and Eska Acquisition as if they occurred on September 30, 2021 for the unaudited pro forma consolidated statement of financial position information and on January 1, 2020 for the unaudited pro forma consolidated statement of income information.

The unaudited pro forma consolidated financial information included herein and elsewhere in this Offering Memorandum has been derived from and should be read in conjunction with the section entitled *"Unaudited Pro Forma Consolidated Financial Information"* included in this Offering Memorandum, including the explanatory notes therein which include an explanation of the basis of preparation of the Unaudited Pro Forma Consolidated Financial Information.

The unaudited pro forma consolidated financial information is presented for illustrative purposes only and reflects estimates and certain assumptions made by our management that are considered reasonable under the circumstances as of the date of this Offering Memorandum and which are based on the information available at the time of the preparation of the unaudited pro forma consolidated financial information. Actual adjustments may differ materially from the information presented herein. The unaudited pro forma consolidated financial information does not purport to represent what the actual consolidated statement of income or consolidated statement of financial position would have been if the Transactions had occurred on the dates indicated and is not intended to project the consolidated results of operations or consolidated financial position for any future period or date. The unaudited pro forma consolidated financial information has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act.

In addition, we present certain adjusted pro forma financial information here and elsewhere in this Offering Memorandum, which has been adjusted to give effect to certain perimeter, non-recurring items and normalization adjustments, as further described below. This adjusted pro forma information has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act, the EU Prospectus Regulation, the UK Prospectus Regulation or any generally accepted accounting standards. Neither the adjustments nor the resulting adjusted pro forma financial information have been audited or reviewed in accordance with International Standards on Auditing (Italy) or any other auditing standards.

The unaudited pro forma consolidated financial information presented below should be read in conjunction with the information contained in the RdM Group Audited Consolidated Financial Statements, the RdM Group Unaudited Interim Condensed Consolidated Financial Statements and the Eska Group Unaudited Interim Condensed Consolidated Financial Statements, as well as the sections *"Presentation of Financial and Other Information," "Selected Historical and Pro Forma Financial Information," "Management's*

Discussion and Analysis of Financial Condition and Results of Operations,” “Use of Proceeds,” “Capitalization” and *“Unaudited Pro Forma Consolidated Financial Information”* included elsewhere in this Offering Memorandum.

Summary Pro Forma Consolidated Income Statement Information

	Year ended December 31, 2020	Twelve months ended September 30, 2021
	Unaudited	Unaudited
	(in € millions)	
Revenues from sales	712.4	807.1
Other revenues and income	10.2	13.8
Change in inventories of finished goods	(7.9)	3.5
Cost of raw materials and services	(493.9)	(629.0)
Personnel costs	(127.4)	(133.0)
Other operating costs	(4.7)	(3.9)
Gross operating profit	**88.7**	**58.5**
Depreciation and amortization	(38.0)	(38.3)
Write-downs and revaluations	(1.4)	(1.4)
Operating profit	**49.3**	**18.8**
Net Financial income (expense)	(34.2)	(25.5)
Gains (losses) on investments	0.2	9.4
Taxes	(9.4)	(0.3)
Profit (loss) for the period	5.9	2.4

Summary Pro Forma Consolidated Statement of Financial Position Information

	As of September 30, 2021
	Unaudited
	(in € millions)
Tangible fixed assets	288.0
Right-of-use assets	13.6
Goodwill	389.7
Intangible fixed assets	16.6
Other non-current assets	19.0
Total non-current assets	**726.9**
Inventories	116.0
Trade receivables	113.2
Cash and cash equivalents	19.3
Other current assets	45.6
Total current assets	**294.1**
Total assets	**1,021.0**
Total shareholders’ equity	**275.4**
Payables to banks and other lenders	448.8
Employee benefits	33.3
Other non-current liabilities	16.0
Total non-current liabilities	**498.1**

	As of September 30, 2021
	Unaudited
	(in € millions)
Trade payables	202.5
Payables to banks and other lenders	11.2
Other current liabilities	33.8
Total current liabilities	**247.5**
Total shareholders' equity and liabilities	**1,021.0**

Summary Other Pro Forma Financial and Operating Information

	Year ended December 31, 2020	Twelve months ended September 30, 2021
	Unaudited	Unaudited
	(in € million, unless otherwise indicated)	
Pro Forma EBITDA(1)(2)	88.7	58.5
Pro Forma EBITDA Margin(1)(3)	12.5%	7.2%
Adjusted Pro Forma EBITDA(1)(4)	112.1	119.2
Adjusted Pro Forma EBITDA Margin(1)(5)	14.5%	14.0%
Adjusted Pro Forma tons sold (thousands of tons)(1)(6)	1,394	1,451
Adjusted Pro Forma Contribution Margin(1)(7)	311	279
Adjusted Pro Forma Net Senior Secured Debt(1)(8)		440.5
Adjusted Pro Forma Net Debt(1)(9)		460.7
Ratio of Adjusted Pro Forma Net Senior Secured Debt to Adjusted Pro Forma EBITDA(1)(10)		3.7x
Ratio of Adjusted Pro Forma Net Debt to Adjusted Pro Forma EBITDA(1)(11)		3.9x
Pro Forma interest expense(1)(12)		25.4
Ratio of Adjusted Pro Forma EBITDA to Pro Forma Interest Expense(1)(13)		4.7x

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(1) The summary other pro forma financial and operating information presented herein gives pro forma effect to the Transactions (as defined under *"Unaudited Pro Forma Consolidated Financial Information — The Transactions"*) and certain other events as if they occurred on September 30, 2021 for the unaudited pro forma consolidated statement of financial position information and on January 1, 2020 for the unaudited pro forma consolidated statement of income information and operating information, and should be read in conjunction with the section entitled *"Unaudited Pro Forma Consolidated Financial Information"* included in this Offering Memorandum, including the explanatory notes therein which include an explanation of the basis of preparation of the Unaudited Pro Forma Consolidated Financial Information. The adjusted pro forma financial information reflects additional or different pro forma assumptions or events, as further described in the notes below, and has not been prepared on the same basis as the Unaudited Pro Forma Consolidated Financial Information. The Unaudited Pro Forma Consolidated Financial Information and the adjusted pro forma financial information have not been prepared in accordance with the requirements of Regulation S-X of the Securities Act, the EU Prospectus Regulation, the UK Prospectus Regulation, IFRS or any other set of generally accepted accounting standards and are based on certain estimates and assumptions that we believe are reasonable based on the information available at this time; however the actual impact that the Transactions and the other events reflected in the pro forma financial information may have on our financial position and results of operations in future periods may differ materially from what is shown in the Offering Memorandum. See *"Unaudited Pro Forma Consolidated Financial Information"* and

"Presentation of Financial and Other Information — Pro Forma Financial Information" for other important limitations to consider when evaluating pro forma financial information.

(2) Pro Forma EBITDA is defined as pro forma profit (loss) for the period adjusted for (i) pro forma profit (loss) for the period of discontinued operations, (ii) pro forma taxes, (iii) pro forma gains (losses) on investments, (iv) pro forma net financial income (expense), (v) pro forma depreciation and amortization and (vi) pro forma write-downs and revaluations. EBITDA-based and similar measures, such as Pro Forma EBITDA, have important limitations as analytical tools and should be interpreted with caution. See *"Presentation of Financial and Other Information — Non-IFRS Measures and Other Data."* The following table presents a calculation of Pro Forma EBITDA for the year ended December 31, 2020 and for the twelve months ended September 30, 2021:

	Year ended December 31, 2020	**Twelve months ended September 30, 2021**
	Unaudited	**Unaudited**
	(in € millions)	
Pro forma profit (loss) for the period	5.9	2.4
Pro forma taxes	9.4	0.3
Pro forma gains on investments	(0.2)	(9.4)
Pro forma net financial expense/(income)	34.2	25.5
Pro forma write-downs and revaluations	1.4	1.4
Pro forma depreciation and amortization	38.0	38.3
Pro Forma EBITDA	**88.7**(*)	**58.5**(*)

(*) Pro Forma EBITDA includes the historical results of the RdM Group and the effects of the Eska Acquisition and the La Rochette Disposal as if they had occurred on January 1, 2020. Pro Forma EBITDA for the year ended December 31, 2020 also includes one-off costs related to the Share Acquisitions amounting to €11.0 million.

(3) Pro Forma EBITDA Margin is defined as Pro Forma EBITDA as a percentage of pro forma revenues from sales. EBITDA-based and similar measures, such as Pro Forma EBITDA Margin, have important limitations as analytical tools and should be interpreted with caution. See *"Presentation of Financial and Other Information — Non-IFRS Measures and Other Data."*

(4) Adjusted Pro Forma EBITDA is defined as Pro Forma EBITDA, further adjusted for certain perimeter, non-recurring and normalization adjustments. EBITDA-based and similar measures, such as Adjusted Pro Forma EBITDA, have important limitations as analytical tools and should be interpreted with caution. See *"Presentation of Financial and Other Information — Non-IFRS Measures and Other Data."*

The following table presents a calculation of Adjusted Pro Forma EBITDA for the year ended December 31, 2020 and for the twelve months ended September 30, 2021:

	Year ended December 31, 2020	**Twelve months ended September 30, 2021**
	Unaudited	**Unaudited**
	(in € millions)	
Pro Forma EBITDA(*)	88.7	58.5
Perimeter adjustment(a)	6.0	(0.2)
Management adjustments(b)	6.4	7.4
Raw materials normalization(c)	—	43.5
Cost savings initiatives(d)	—	10.0
One-off pro forma costs for the Share Acquisitions(I)(e)	11.0	—
Adjusted Pro Forma EBITDA	**112.1**	**119.2**

(*) Pro Forma EBITDA includes the historical results of the RdM Group and the effects of the Eska Acquisition and the La Rochette Disposal as if they had occurred on January 1, 2020. Pro Forma EBITDA for the year ended December 31, 2020 also includes one-off costs related to the Share Acquistions amounting to €11.0 million.

(a) The perimeter adjustment (i) for the year ended December 31, 2020 gives effect to the Paprinsa Acquisition as if it was consummated on January 1, 2020 and represents the EBITDA of the Paprinsa business from January 1, 2020 to December 31, 2020; and (ii) for the twelve months ended September 30, 2021 gives effect to the Paprinsa Acquisition as if it was consummated on October 1, 2020 and represents the EBITDA of the Paprinsa business from October 1, 2020 to July 1, 2021, which is the date on which it was acquired by the RdM Group.

(b) Management adjustments include (i) €5.7 million for the twelve months ended September 30, 2021 and €3.9 million for the year ended December 31, 2020 of costs relating to payments to employees for severance indemnities as part of restructuring activities and extraordinary bonuses, (ii) €2.0 million for the twelve months ended September 30, 2021 and €1.0 million for the year ended December 31, 2020 of transaction costs relating to the Eska Acquisition, the Paprinsa Acquisition and the La Rochette Disposal and (iii) €0.4 million for the twelve months ended September 30, 2021 and €2.3 million for the year ended December 31, 2020 related to the shutdown of the Ovaro and Villa Santa Lucia mills (2020 only) and other non-recurring items, partially offset by (i) €0.7 million for the twelve months ended September 30, 2021 and (ii) €0.8 million for the year ended December 31, 2020 of costs relating to agent commissions that will not be recharged subsequent to the La Rochette Disposal. Although management believes these items are unusual, non-recurring or unrepresentative of our underlying performance, there can be no assurance that we will not incur these or similar costs in the future.

(c) Changes in the price of raw materials are ordinarily passed along to our customers after a lag of a few months when new orders are placed. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Factors Affecting Our Financial Condition and Results of Operations — The pass through of price fluctuations of raw materials and energy (mainly gas) into the sales prices for our products*." Over the course of 2021, abnormal market conditions have resulted in significant increase in the price for recycled fibers, which has intensified the effect this lag has had upon our results. The raw materials normalization, adjustment we present here is intended to adjust for this effect. We calculate this raw materials normalization adjustment by multiplying each month's actual volumes to the immediately subsequent month's order price starting in January 2021. In the case of extraordinary situations, we have a clause in our sales terms and conditions, approved by the order contracts, that allows us to apply prices increases retroactively, which was seen in the retroactive price increases in November 2021.

The figures below present further details concerning the calculation of the raw material normalization adjustment.

RDM EBITDA Normalization – Calculation

	Unit	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	3Q21 YTD
Sales Price (t)[(1)]	€	526	527	535	549	563	579	597	610	617	566
Orders Price (t+1)[(1)]	€	539	559	581	603	617	636	640	649	649	607
Delta A	€	**14**	**33**	**47**	**54**	**54**	**57**	**43**	**39**	**32**	**42**
Volumes B	Kton	92.1	89.2	102.5	93.9	90.0	88.6	97.3	70.0	94.6	818.1
Delta A x B	€m	**1.3**	**2.9**	**4.8**	**5.1**	**4.9**	**5.1**	**4.2**	**2.8**	**3.1**	**34.0**

Eska EBITDA Normalization – Calculation

	Unit	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	3Q21 YTD
Sales Price (t)	€	608	620	637	679	678	729	762	757	766	694
Orders Price (t+1)	€	629	687	709	741	741	758	779	804	804	741
Delta A	€	**21**	**68**	**71**	**62**	**63**	**30**	**16**	**47**	**38**	**46**
Volumes B	Kton	21.7	20.3	25.4	22.3	22.5	22.5	23.1	21.5	26.3	205.6
Delta A x B	€m	**0.5**	**1.4**	**1.8**	**1.4**	**1.4**	**0.7**	**0.4**	**1.0**	**1.0**	**9.5**

Figure 1 — Source: Company Information. RDM EBITDA Normalization calculation

Figure 2 — Source: Company Information. Eska EBITDA Normalization calculation

(d) The cost savings initiatives adjustment represents our estimate of future cost savings we anticipate we will be able to achieve within the next year and primarily relate to operational efficiencies, improved energy generation systems and cost synergies resulting from the further integration of Paprinsa. Synergy estimates are based on a number of assumptions made in reliance on the information available to us at this time and management's judgments based on such information. The assumptions used in estimating cost synergies and the associated costs required to achieve these synergies are inherently uncertain and are subject to a variety of significant business, economic and competitive risks and uncertainties. We cannot assure you that the information on which we have based our assumptions will not change or that we will be able to realize any of the as-yet unrealized cost savings synergies or other benefits we believe are achievable through these initiatives.

(e) One-off pro forma costs for the Share Acquisitions reflects estimated acquisition-related costs that we expect to be incurred by the Issuer and include professional, legal and advisory fees. As described in the section of this Offering Memorandum entitled, "*Unaudited Pro Forma Consolidated Financial Information,*" Pro Forma EBITDA was derived from pro forma financial information that gave effect to the Share Acquisitions, among other things, as if they were consummated on January 1, 2020. Accordingly, the adjustment for one-off transction costs related to the Share Acquisitions has been reflected in our Adjusted Pro Forma EBITDA for the year ended December 31, 2020.

(5) Adjusted Pro Forma EBITDA Margin is defined as Adjusted Pro Forma EBITDA as a percentage of adjusted pro forma revenues from sales. EBITDA-based and similar measures, such as Adjusted Pro Forma EBITDA Margin, have important limitations as analytical tools and should be interpreted with caution. See *"Presentation of Financial and Other Information — Non-IFRS Measures and Other Data."*

(6) Adjusted Pro Forma tons sold represents the tons sold by the Group as if the Paprinsa Acquisition, the Eska Acquisition and the La Rochette Disposal had occurred on October 1, 2020.

(7) Adjusted Pro Forma Contribution Margin is defined as Contribution Margin of the Group as if the Paprinsa Acquisition, the Eska Acquisition and the La Rochette Disposal had occurred on October 1, 2020.

(8) Adjusted Pro Forma Net Senior Secured Debt represents the outstanding Senior Secured Debt of the Group as adjusted to give pro forma effect to the Refinancing as if it occurred on September 30, 2021 net of as adjusted cash and cash equivalents calculated, in each case, as further described in the "*Capitalization*" section of the Offering Memorandum Adjusted Pro Forma Net Senior Secured Debt is not a measure defined under or calculated in accordance with IFRS. See *"Presentation of Financial and Other Information — Non-IFRS Measures and Other Data"* for important limitations you should consider when using this measure.

(9) Adjusted Pro Forma Net Debt is defined as (i) adjusted pro forma payables to banks and other lenders (excluding Notes issuance costs), less (ii) as adjusted cash and cash equivalents. In our consolidated financial statements, which we prepare in accordance with IFRS, payables to banks and other lenders will be presented net of unamortized issuance costs, including the issuance costs incurred in connection with the Offering. As adjusted cash and cash equivalents represents the cash and cash equivalents of Merger Co after giving effect to certain aspects of the Refinancing as described in "*Capitalization*." Adjusted Pro Forma Net Debt is not a measure defined under or calculated in accordance with IFRS. See *"Presentation of Financial and Other Information — Non-IFRS Measures and Other Data"* for important limitations you should consider when using this measure.

The following table presents a calculation of Adjusted Pro Forma Net Debt as of September 30, 2021:

	As of September 30, 2021
	Unaudited
	(in € millions)
As adjusted cash and cash equivalents	(4.5)
Adjusted pro forma payables to banks and other lenders	465.2
Adjusted Pro Forma Net Debt	**460.7**

(10) Ratio of Adjusted Pro Forma Net Senior Secured Debt to Adjusted Pro Forma EBITDA is defined as Adjusted Pro Forma Net Senior Secured Debt divided by Adjusted Pro Forma EBITDA.

(11) Ratio of Adjusted Pro Forma Net Debt to Adjusted Pro Forma EBITDA is defined as Adjusted Pro Forma Net Debt divided by Adjusted Pro Forma EBITDA.

(12) Pro Forma interest expense reflects the interest expense as if the Refinancing had occurred on October 1, 2020.

(13) Ratio of Adjusted Pro Forma EBITDA to Pro Forma Interest Expense is defined as Adjusted Pro Forma EBITDA divided by Pro Forma Interest Expense.

RISK FACTORS

This Offering involves a high degree of risk. You should carefully consider the risks described below as well as other information and data contained in this Offering Memorandum before making an investment decision. If any of the events described in the risk factors below occur, our business, financial condition and results of operations could be materially adversely affected, which in turn could materially adversely affect our ability to repay the Notes. The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition, operating results or prospects. In any such case, you may lose all or part of your investment in the Notes.

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 business is affected by global economic conditions and any deterioration in the global economic situation could have a material adverse effect on our business, financial condition and results of operations.

Our business is exposed to general macroeconomic environment risk. Demand for our products, which is primarily driven by demand for our customers' end products, such as industrial and consumer packaging, closely follows global economic conditions. Sustained economic downturns characterized by declines in consumer and government spending, business investment or construction activity typically result in decreased demand for various forms of packaging which, in turn, could negatively affect the demand for our products. Any changes to the central banks' monetary policy positions in response to vigorous growth rates or any turmoil in the capital and credit markets could result in decreased availability of credit, which could have an adverse effect on the global trade and economy and, consequently, on the markets for our products. Any restrictions on free trade, such as customs, import taxes or other forms of increased protectionism or even forms of trade war, could adversely affect global trade and the global economy and therefore have an adverse effect on our business operations.

Economic conditions may also be affected by various additional events that are beyond our control, such as natural disasters and epidemics, such as the outbreak of the coronavirus disease ("**COVID-19**"). The COVID-19 pandemic has significantly impacted economic activity and markets throughout the world, and caused the temporary closure of many production sectors and a consequent recessionary effect. As a result of the outbreak of the pandemic, governmental authorities have implemented numerous measures in an attempt to contain the virus, such as travel bans and restrictions, quarantines, "**stay-at-home**" orders and business shutdowns. The pandemic and the measures instituted by governmental authorities and associated responses to the COVID-19 pandemic could adversely impact our business and results of operations in a number of ways, including but not limited to:

- total or partial shutdowns of one or more of our mill, warehousing or distribution facilities, including but not limited to, as a result of illness, government restrictions or other workforce disruptions;
- the failure of third parties on which we rely, including but not limited to those that supply our raw materials and other necessary operating materials, to meet their obligations to us, or significant disruptions in their ability to do so;
- higher employee compensation costs, as well as incremental costs associated with newly added health screenings, temperature checks and enhanced cleaning and sanitation protocols to protect our employees;
- a disruption or delay in executing strategic capital initiatives, such as, for example, mill operational improvement programs, due to travel restrictions and/or health and safety concerns limiting access to our sites; and
- a rise in anti-globalist policies with border checks on both goods and people becoming more stringent and national interests promoted.

Due, in part, to COVID-19, and similarly to the other players operating in our industry we experienced uncertainty around customs clearances, which introduced uncertainty into worldwide on-time in-full deliveries. Should the current economic climate and macroeconomic scenario deteriorate, for example as a result of geopolitical uncertainty, trade tensions and/or the COVID-19 pandemic, an increased economic slowdown could result which, if sustained over any significant length of time, could cause disruption to us, our employees, mills, markets, suppliers and customers, any of which could have a material adverse effect on our business, financial condition or results of operations.

Our business depends on the continued and uninterrupted supply of raw materials used in our products. If we are unable to secure sufficient quantities of raw materials or if the price of raw materials rises, it could negatively affect our ability to meet our customers' demands and materially adversely affect our financial results.

The main raw material required in the manufacture of our products, such as cartonboard in our WLC segment or solidboard in our SB sector, is paper for recycling. We source recycled paper from local industries and commercial companies as well as local municipal paper collections, mostly in the form of fiber-based packaging, newspapers and magazines. Our production levels could be adversely affected if one or more of our suppliers are unable or unwilling to supply us with raw materials at anticipated levels, but we are ready to cope with potential fluctuations in the supplied volumes by differentiating the sources among different countries and suppliers. While we would seek to find alternative sources of raw materials in the event of a significant interruption or limitation in the supply of these production inputs from our current suppliers, there can be no assurance that we would be able to do so in a timely and cost-efficient manner. Any economic slowdown could also lead to decreased capacity at our suppliers or supplies existing the market. As a result, should the demand for our products increase faster than anticipated, there may not be sufficient volume of raw materials to meet the increased needs or the price of these inputs may increase. This could result in production delays and an increase in costs, and, if such delays are prolonged or cost increases are substantial, have a material adverse effect on our business, financial condition or results of operations.

Several factors could affect the short- and long-term supply and price of raw materials in the regions in which we operate, including natural disasters, severe weather conditions, and delivery disruptions (including labor disputes) at our suppliers, such as those caused by the COVID-19 pandemic, which led to the decrease of quality and availability of recycled paper as a result of the temporary closure of some sectors or lack of labor in the waste paper collection chain. Additionally, other companies, whether or not in our industry, could seek to purchase the same raw materials from our procurement areas and adversely change regional market dynamics, resulting in insufficient quantities of raw material and price increases. For example, the price of scrap paper (from which recycled fiber is made) has been highly volatile during recent years. Historically, the volatility of the paper for recycling prices generate a direct impact in the recycled board selling prices allowing the continuity of the business profitability, even with some time lags. As a result of the COVID-19 pandemic we experienced a fiber shortage due to reductions in collection rates. We have experienced shutdowns of recycling plants due to the COVID-19 pandemic as well as reduced availability of input materials.

Furthermore, our business model is dependent upon a circular economy and our ability to source recycled fibers. For further detail, see also "*Business — Our Production Process — Circular Business Model*." For the year ended December 31, 2020 (after giving *pro forma effect* to the La Rochette Disposal), 94% of the fibrous material we used was recycled and over 83% of all materials used consisted of renewable materials. The prices of several recycled fibers that we use are historically volatile. Also, the supply and quality of the recycled materials can vary since a portion of our recycled input materials are sourced from mixed waste.

Shortages of the raw materials used in our production and the associated increases in prices have led to significant rise in our operating costs in the past, and these increases could impact our ability to meet our customers' demand. Since our sales contracts generally do not set forth predefined provisions for the pass-through of our input costs to our customers and we usually achieve this outcome through the renegotiation of the contracts with our customers, negative and adverse implications typically result from the time discrepancy between the increases in the raw material prices and the completion of the renegotiation with each of our customers. Furthermore, if we are unable to increase our product prices sufficiently to maintain our margins when the prices of raw materials increase, it could have a material adverse effect on our business, financial condition or results of operations.

The cyclical nature of our industry often results in overcapacity which negatively impacts our results of operations.

We principally generate revenue through the sale of WLC and SB, used for the production of folding cartonboard packaging, corrugated cardboard packaging and SB packaging from recycled fibers. Our mills primarily sell the cartonboard we produce to our third-party customers in the packaging industry. Our operating results are therefore impacted by the packaging industry's historical cyclical pattern, with periods of overcapacity and resulting pressure on pricing of packaging products such as corrugated containers and, in turn, their component materials such as containerboard and corrugated board. This cyclicality results, in part, from significant imbalances in supply and demand for containerboard. On the one hand, containerboard production capacity cannot be readily adapted to reflect changing market conditions, due to the high capital intensity of facilities such as cartonboard mills (which generally continue production as long as fiber prices are sufficient to cover their marginal costs), the long lead time between the planning and completion of new cartonboard mills and the fact that new additions of cartonboard capacity tend to be large relative to the overall demand for the product. On the other hand, significant cartonboard price reductions and inventory growth have resulted when capacity has exceeded demand. In addition, there is the potential to convert graphic and newsprint paper machines into cartonboard machines which has happened recently both in Europe and the United States, and which may contribute to overcapacity. Consequently, the cartonboard industry has experienced periods of substantial overcapacity from time to time, and we expect periods of overcapacity to occur again in the future. To the extent such overcapacity affects the European market, it would likely result in a negative impact on prices in general, including the prices we are able to charge customers for our products.

In the absence of sufficient economic growth to generate increased demand or the closure of facilities (either temporarily or permanently) to mitigate the effect of overcapacity, the addition of new capacity can cause a period of regional overcapacity, which may lead to downward pricing and margin pressure. In periods of overcapacity, industry participants may stop operating certain of their production facilities periodically to reduce inventory levels. In the past, many leading paper manufacturers have reacted to reduced demand by taking downtime and by rationalizing high-cost and inefficient capacity. In the event that the industry as a whole does not take sufficient downtime or other measures to reduce capacity during any periods of overcapacity, this could have a material adverse effect on our margins and results of operations and financial condition.

Overcapacity in the European cartonboard market could be further exacerbated by an increase of imports from other regions and/or a decrease of exports by European producers to other regions, as a result of a variety of factors. For example, in the event that producers in other regions (particularly the United States and China) experience overcapacity within their own local and regional markets, they may seek to increase their level of exports to Europe and do so at lower pricing levels. This could adversely affect our selling prices and profitability. In addition, the level of exports of cartonboard from or to Europe also depends on relevant freight rates and currency rates. A strong euro, for example, can have a negative effect on (U.S. dollar-denominated) exports by European cartonboard manufacturers with a negative (for our business) effect on the supply and demand balance and an immediate effect on the pricing of containerboard in Europe. In addition, a weak U.S. dollar over a sustained period has, in the past, also resulted in lower sales by other European manufacturers who ship products in cartonboard packaging, resulting in lower European demand for cartonboard packaging, and therefore for our cartonboard. See also "— *We sell our products in a number of countries and are consequently exposed to currency fluctuations.*"

An increase in the price or a significant interruption in the supply of energy could have a material adverse effect on our results of operations.

The production processes at our mills use a substantial amount of heat and electricity (mainly self-produced using natural gas, from natural gas fuel in combined heat and power plants). As result, energy is one of the key components of our production costs. For the year ended December 31, 2020, energy costs represented 14% of our total costs (as compared to 15% in 2019).

Historically, in circumstances where we have been exposed to input volatility, we have protected our margins by hedging contract prices and by passing through increases in input costs to customers. In the past, when prices for the materials we use in production have increased, we have generally been successful in renegotiating prices with our customers within two months of the increase in input costs. However, under future circumstances, there is the risk that our customers will not accept similar renegotiations. Furthermore, some of our competitors might be able to adopt a more customer-friendly approach in reacting to the increases in input prices, resulting in our customers preferring our competitors' products to ours.

In 2019, energy prices, and in particular natural gas, declined markedly following their high in 2018. In 2020, 78% of our energy costs and energy consumption were dominated by natural gas. Since January 2021, gas prices in Europe have risen more than 300% adversely affecting the cost of energy supply for quotas of volume of energy inputs not hedged.

In general, while our mills have high self-sufficiency of electricity which makes us less dependent on purchased power at the moment, there can be no assurance that in the future we would not need to increase our dependence on external energy suppliers following electrification and decarbonization programs. In this case, any fluctuation in price and supply of electricity could have a material adverse effect on our business and profitability. In addition, potential climate change regulations or carbon or emissions taxes could result in higher production costs. A significant increase in the price of natural gas or an extended interruption in the supply of natural gas to our facilities could have a material adverse effect on our business, financial condition or results of operations.

We operate in a highly competitive industry and measures taken by national governments or the EU may distort competition in the industry.

Today the cartonboard packaging industry competes with the plastic and reusable transit packs industry, especially in certain markets such as packaging for direct food contact applications. It is possible that the manufacturers of plastic and reusable transit packs will expand their presence even in the markets in which we currently operate and may occupy a significant position in such markets. This could be due both to our potential inability to keep up with innovation, product development and cost, as well as to the general ability of the cartonboard market to respond to changing market requirements.

The cartonboard production industry in which we operate is mature, capital intensive and highly competitive. We compete with several large multinational manufacturers, but also with numerous regional and/or specialised manufacturers in the market for our products. Although we implemented our three-year transformation plan ("**Transformation Plan**"), which was aimed at expanding and repositioning our business to maintain our European leadership position, there can be no assurance that we will be able to achieve the goals laid out in our Transformation Plan and/or that our competitors would not achieve greater market presence and/or obtain more financial and other resources than us, allowing them to make investments in manufacturing facilities and/or product development at levels at which we may not be able to compete. Furthermore, some of our competitors may be able to adjust their product prices more effectively in response to input price changes. The competitive environment and imbalances between supply and demand of raw materials have been principal factors behind fluctuations in product prices in recent years. In addition, we are subject to the risk that local competitors following lower social responsibility standards enter the market with lower compliance, labor and other costs than ours, and we may not be able to compete with such companies for the most price-conscious customers. We may not be able to maintain our current price levels, or increase the prices for our products, unless there is a strong demand for packaging products or a further decrease in production capacity. Decreases in demand or unfavourable price levels for our products could have a material adverse effect on our business, financial condition or results of operations.

Moreover, competition in the cartonboard production industry may be distorted by measures taken by national governments or the EU. For example, a number of national governments and the EU have taken measures to support companies operating in these industries in response to an economic downturn or to support economic development in particular regions. These measures may include direct support to build new production capacity in an industry already characterized by overcapacity and indirect support through tax and other incentives that are not available to all market participants. Such support measures may have a significant effect on the supply/demand balance in the industry and, therefore, distort competition in the market. In addition, competition in the industry may be distorted by regulatory measures that, for example, support specific energy sources or impose additional taxes, charges or penalties for certain practices. Such regulatory measures may require us to make significant additional investments or change our trade practices, which could have a significant adverse effect on our profitability and on our ability to compete against companies that are not subject to the same requirements.

As our business is concentrated in certain geographic regions and along certain product lines, increased competition in those regions and production lines could lead to loss of market share, materially adversely affecting our financial results. Any failure by us to compete successfully with other producers of cartonboard could result in the loss of market share and have a material adverse effect on our business, financial condition, results of operations and future prospects.

The standardized nature of our industry and competition within it may result in downward pressure on pricing and, as a consequence, lower earnings.

Cartonboard cannot generally be differentiated by producer, and this standardization has led to intensified price competition. This, in turn, has led to lower product prices, which may reduce earnings and have a material adverse effect on our business, financial condition and results of operations. Our business has in the past faced downward pricing pressure, including as a result of standardization in the markets in which we operate. We are likely to continue to be exposed to such factors in the future. In circumstances where we are unable to adjust our cost base or achieve economies of scale comparable to our competition in these markets, pricing pressure may have a material adverse effect on our margins and the profitability of the relevant business and our market share.

We operate in a highly competitive and fragmented industry. The paper-based packaging industry is characterized by a high level of price competition as well as other competitive factors, including innovation, design, quality and service. To the extent that any of our competitors are more successful with respect to any key competitive factor, our business, financial condition and results of operations may be adversely affected. Pricing pressure may arise from, among other things, limited demand growth and existing overcapacity in the market in question, price reductions by competitors, the ability of competitors to capitalize on their economies of scale and create excess product supply, the ability of competitors to operate or successfully relocate or open production facilities in countries where production costs are lower than those in which we operate and the access of competitors to new technology which we do not possess. This may have a material adverse effect on business, financial condition and results of operations.

New manufacturing and product technologies may affect our ability to compete successfully.

We believe that new technologies or novel processes may emerge and that existing technologies may be further developed in the cartonboard production industry, which could have a significant impact on production methods and/or on product quality or offerings. Unexpected rapid changes in employed technologies or the development of novel processes that affect our operations and product range could render the technologies we utilize or the products we produce obsolete or less competitive in the future. Difficulties in assessing new technologies may impede us from implementing them in a timely manner and competitive pressures may force us to implement these new technologies at a substantial cost. Any such development could have a material adverse effect on our business, financial condition or results of operations.

Changes in consumer preferences and the regulatory environment may adversely affect our business.

Our cartonboard is used by our customers to produce packaging products for a variety of end-markets. As we are at the beginning of the supply chain, we are highly dependent on the trends and level of demand in the end-markets in which our customers operate, including the food, pharmaceutical and hygiene, paper, packaging and printed products, chemical, and industrial/manufacturing market segments, which are in turn affected by general economic conditions. Therefore, changes in consumer preferences for specific types of packaging may affect the demand for cartonboard in general, and demand for specific grades of cartonboard. Regulatory changes also could affect consumer preferences, production requirements, availability and price of raw materials (especially affecting recycling rates) and energy usage, which in turn could lead to increased production costs or reduced demand for our products in general.

Our ability to correctly anticipate changes in consumer preferences and to meet the new requirements on a competitive and economic basis will require innovation, continued capacity management and structure development and will be crucial to successful positioning of our brand. There can be no assurances that our product offering will be able to meet changes in consumer preferences in the future, and the failure to do so could have a material adverse effect on our business, financial condition or results of operations.

Our revenue is highly dependent on the continuity of contracts with our customers. Loss of a number of customers and/or failure to diversify geographically could have an adverse impact on our business.

We currently benefit from low customer concentration and high customer appreciation. As of December 31, 2020 (after giving *pro forma* effect to the Eska Acquisition, the Paprinsa Acquisition and the La Rochette Disposal), we had over 2,500 customers, principally from the converting and printing industry, with our top 10 and top 100 customers accounting for 21% and 58% of our sales, respectively. The contractual relationship between us and our clients is rarely governed by written framework agreements. Rather, most of our clients place single purchase orders on a recurrent basis, for the on-going business relationship, consistently with the market practice in the field in which we operate. A loss of our most significant customers, if not replaced on similar terms, could have a material adverse effect on our future prospects.

Many of our top customers, based on revenue, are located in Europe. If we are unable to successfully enter new markets outside of Europe and reach a geographically more diversified group of customers, our business will continue to be highly dependent on demand for our products in Europe. If our customers are unable to stay competitive to meet their obligations under the contracts they entered into with us, our operating results and cash flows may be negatively affected and we may be forced to renegotiate the existing contract on terms that are less favorable and/or at reduced volumes in order to preserve our relationships with our customers. Our customers may also decide not to renew contracts with us on the existing terms, or at all, as they may find new cartonboard providers with more competitive pricing. Some of our customers could also exit their current business or be acquired by other companies that purchase cartonboard from other providers. If we are unable to maintain our existing customer contracts or to expand into new geographical areas, it could have a material adverse effect on our business, financial condition or results of operations.

If our customers experience deterioration in their creditworthiness, this may have a material adverse effect on our operations and financial results.

Credit risk is the exposure of our business to the insolvency of our customers. This risk is especially present in Italy, which remains one of Europe's most fragile economies, historically characterized by prolonged payment terms resulting in significant exposure to the risk that customers will default on their payment obligations to us. As a result of the impact of the COVID-19 pandemic, we cannot rule out that at least some of our counterparties could experience financial difficulties, with potential adverse consequences, at least in the short-term, relating to payment times and credit ratings.

While we have implemented certain credit procedures and policies in our contracts that aim to limit our exposure to consumer credit risk (such as insurance agreements entered into with a leading credit insurance company and various agreements entered into for the non-recourse assignment of receivables), these protectionary measures may be insufficient to guard against the risk of loss resulting from delayed payments, nonpayment or nonperformance by our contract counterparties. If the creditworthiness of our customers deteriorates unexpectedly, they may not be able to pay for the products they order on time, or not at all, or may not be able to otherwise perform under their contractual obligations, which could have a material adverse impact on our results of operations, business, prospects and financial condition.

Our business may be adversely affected if our third-party sales agents fail to satisfactorily perform and comply with our business practices and standards.

We have ten sales offices spread across nine European countries and we use some of them to sell our products to neighboring countries. While most of our sales are directly managed by our employees from the sales offices, in order to penetrate those geographic areas that are not physically close to our sales offices, we employ third-party sales agents that report to our relevant sales offices. We expect to continue to rely on these third-party sale agents to generate a portion of our sales in the future while we work to grow our direct sales force. The impairment or termination of our relationships with the third-party sales agents for any reason, or the failure of these parties to diligently sell our products and comply with applicable laws and regulations, could materially and adversely affect our ability to generate revenue and profits.

We generally have direct relationship with our clients. We have full control of our customer portfolio and directly invoice customers, while our third-party sales agents mainly act as a point of contact in relation to our products and are rarely involved in the purchase order finalization between us and a customer. However, we may be liable in the event of breaches of legal and regulatory obligations, including consumer protection laws and obligations, by the third-party sales agents. While our success is partially dependent on the willingness and ability of our third-party sales agents to diligently sell our products, we cannot guarantee that they will be successful in marketing our products. Actions by the third-party sales agents that are beyond our control could result in poor representation of our products leading to flat or declining sales in that territory, harm to the reputation of our company or our products or result in legal liability, any of which could have a material adverse effect on our business, financial condition and results of operations. In addition to the risk of losing customers, the terms of local laws and our agreements with our third-party sales agents could make it difficult for us to replace a sales agent we feel is underperforming.

If we do not effectively develop, implement and monitor our outsourcing strategy and our third-party sales agents do not perform as anticipated, we may experience operational difficulties, increased costs and loss of business. Additionally, our ability to receive services from the third-party sales agents may be impacted by cultural differences, political instability, unanticipated regulatory requirements or policies. As a result, our ability to conduct our business may be adversely affected. This risk might increase due to increased reliance on, and use of, the third-party sales agents in the future.

Our business is highly dependent on reliable transportation systems for the distribution of our products. As a result, any disruptions to transportation services and/or fluctuations in transportation costs could adversely affect our business and results of operations.

Our cartonboard production and product delivery processes require dependable and cost-effective transportation systems and a strong distribution network. We mainly adopt an outsourcing model for our logistics needs and are highly dependent on external service providers to ship our products. While we plan our need for transportation services in advance, in particular, by keeping track of and analyzing the sales forecasts of the market and holding internal integrated business planning meetings in order to balance our production capacity based on the market needs, there can be no assurance that any disruptions to transportation services could not temporarily impair our ability to deliver products to our customers in a timely manner, potentially adversely affecting our reputation and competitiveness. Any such disruption could arise as a result of shortages of, or damage to, trucks and vessels, weather-related problems, accidents and mechanical difficulties, strikes, restricted access to traditional global shipping routes, transportation disruptions due to natural disasters or pandemics or other events. Any potential increases in transportation costs due to rise in fuel prices or other national or global market conditions could also adversely affect our business. While we aim to mitigate these risks by entering into fixed-price shipping contracts where available in order to prevent our supply chain from being jeopardized, we still cannot guarantee that our transportation costs will not increase in the future. Accordingly, if the primary transportation services we use to transport our products are disrupted, if we are unable to find alternative transportation providers or if we are unable to pass increased transportation costs to our customers, it could have a material adverse effect on our business, financial condition, results of operations and cash flows. Moreover, any of these events may negatively impact our reputation, and, in certain circumstances, may constitute a force majeure event under our customer contracts, permitting our customers to suspend taking delivery of and paying for our products and may even lead to termination and non-renewal of our contracts.

Loss of access to our ports of shipment and destination, including through failure of terminal equipment and port delays or closures, would significantly impact our ability to deliver our products to our customers.

Part of our production is dependent on reliable and uninterrupted access to infrastructure at third-party operated ports. If we experience a prolonged failure of the equipment at these ports or otherwise are subject to port congestion or closures, including for security or weather-related reasons, we could be unable to fulfil our obligations to our customers or incur substantial additional transportation costs. Moreover, we rely on various ports of destination, as well as third parties who provide stevedoring or other services at our ports of shipment and destination to transport our product to our customers. In addition to loss of access to ports, production may also be affected by loss of access to public roads, as some of our facilities do not have a direct access to a public road and owners of the properties may have the right to restrict the access to the roads connecting to a public road. A prolonged delay or inability to fulfil our obligations under our contracts and to meet our customers' expectations, might result in our preferring our competitors' products to ours.

If, in the future, we lose access to the ports or public roads or our third-party service providers fails to uphold their contractual obligations, this may impact our ability to fulfil our obligations under our contracts, cause interruptions to our shipping schedule and cause us to incur substantial additional costs or to suffer reputational damage, all of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our operations may involve regulatory risks and we may incur significant costs in order to comply with applicable laws and regulations.

We are required to comply with a wide variety of laws and regulations enacted on both the global, European and national levels, most of which are health and safety regulations, environmental regulations, labor regulations, competition regulations and corporate and tax laws. Potential impacts of changes in the applicable regulatory frameworks could include higher costs and capital expenditure to meet new environmental requirements, expropriation of assets, imposition of royalties or other taxes targeted at our industry, and requirements for local ownership or beneficiation, all of which could have impact on our business and investment activities. For instance, there is a wide variety of laws and regulations especially in the EU and in certain EU Member States in relation to safety and inertness of all Food Contact Materials ("**FCMs**"). FCMs are materials that may come in contact with edible products. The regulation aims to secure that materials do not, for example, release their constituents into food at levels harmful to human health or change food composition, taste and odour in an unacceptable way. Given that many of our products are used by customers operating in the food and pharmaceutical packaging industry, any increased or amended regulation relating to FCMs could have a material adverse effect on our business.

Compliance by us with environmental requirements is a significant component of our operations, and substantial resources are required to maintain compliance with applicable environmental laws and regulations and to manage environmental risk. We are subject to a variety of environmental laws and regulations, particularly relating to waste water discharges, air emissions, solid waste management and hazardous chemical disposal. These laws and regulations, the violation of which can lead to substantial fines, injunctions or criminal penalties, have generally become stricter in recent years and may in the future become more stringent. Further, our commitment to environmental, social and corporate governance ("**ESG**") goals is public and it is part of our company identity. Thus, breaching environmental laws and regulations, could have a material adverse effect on us not only for the economic impact of potential fines, injunctions or criminal penalties, but also in terms of reputational damage. In addition, changes in regulations such as the EU's climate and environmental policy and increasing new requirements to limit carbon dioxide, nitrogen oxides and sulphur oxides emissions may increase production, logistics and other costs and thereby have a negative impact on our business, financial condition or results of operations.

We are exposed to risk related to climate change.

The cartonboard production process is energy intensive and contributes to the emission of greenhouse gases, the main cause of climate change. We have adopted energy management systems (ISO 50001) for several of our mills, certified by accredited third-party bodies and are in a process of transition towards production processes and energy sources with a lower environmental impact. We also use high efficiency co-generation plants and cleaner fuels in our efforts to manage the risks of volatility in the purchase price of emission allowances under the Emission Trading System (EU-ETS). While we have implemented a prevention program aimed at reducing the impacts associated with the occurrence of natural disasters, the presence of our mills in locations potentially subject to climate change events such as rising river flows and increased frequency and intensity of storms and wildfires exposes us to potential risks of disruption to operations, which could have adverse material impact on our business and profitability.

We may also become subject to legislation and regulation regarding climate change, and compliance with any new rules could be difficult and costly. Concerned parties, such as legislators and regulators, shareholders and non-governmental organisations, as well as companies in many business sectors, are considering ways to reduce greenhouse gas ("**GHG**") emissions. Various governmental and local regulatory and legislative bodies have proposed legislative and regulatory measures relating to climate change, regulating GHG emissions and energy policies. If such legislation is enacted, we could incur increased energy, environmental and other costs and capital expenditures to comply with the new or expanded limitations. Due to the uncertainty in the regulatory and legislative processes, as well as the scope of such requirements and initiatives, we cannot currently determine the effect such legislation and regulation may have on our operations. Furthermore, we could face increased costs related to defending and resolving legal claims and other litigation related to climate change and the alleged impact of our operations on climate change. Should any of these factors materialize, it could have a material adverse effect on our business, financial condition, results of operations and future prospects.

Our business is subject to cybersecurity risks that could compromise the security of our operational systems and result in substantial harm to our business.

The integrity, reliability and operational performance of our information technology ("**IT**") systems are important to our internal and external communications and day-to-day management of our operations. Further, the efficient performance of our multi-mill concept highly depends on the regular and proper functioning of our IT systems. In particular, we employ IT tools to coordinate production across our network of mills, aiming at balancing the availability of our products across our network, at ensuring greater proximity between customers and the mill that is manufacturing the products they consume and at increasing the comfort our customers can take in the reliability of their supply chain. Our focus on coordination within the multi-mill network also allows us to monitor and better respond to market volatility arising from rapid changes in local demand or changes in production at individual mills. Our IT systems may be damaged or interrupted by increases in usage, human error, damaged hardware, our suppliers' failure to follow service level agreements, network connection issues, cyber security issues, natural hazards or disasters or similarly disruptive events. Cybersecurity risks, in particular, have a potentially significant effect on our business and are continuously monitored. The migration of IT infrastructures to the cloud as well as the scale of cyber-attacks, the nature of which is constantly changing, not only affect IT infrastructures and business operations but can lead to possible breaches or theft of sensitive and personal data. As result of this, our IT systems play an important role in our operations, making the security of our sites and IT systems as well as cloud security and protection against cybersecurity incidents crucial to the smooth running of our operations. Any IT failure pertaining to availability, access or system security could potentially result in disruption of our core activities and personnel, as well as of our key commercial strategy and business organization, including the multi-mill concept, and could adversely affect our reputation, operations or financial performance.

Sophisticated and deliberate attacks on, or security breaches in, our systems or infrastructure, or the systems or infrastructure of third parties or the cloud, could lead to unauthorized access to our systems, significant service disruptions, a partial or complete shutdown of our mills for a short or extended period, corruption or misappropriation of assets, proprietary information and sensitive or confidential data or disruption of business processes. Such attacks could occur for the purpose of sabotage and financial blackmail, to extract business-sensitive, confidential or personal information, or to cause corruption of information or disruption of business processes. Our cybersecurity measures may not detect or prevent all attempts to compromise our systems. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us, we may be unable to anticipate or implement adequate measures to protect against these attacks.

If we fail to identify security threats that could disrupt our business, or if our cyber risk insurance policies would be insufficient, or if we are unable to avert future attacks or security breaches, we could be subject to significant legal liability and exposure to financial losses. We may, for example, be subject to operational disruptions, increased costs to identify and remediate vulnerabilities or reconstruct lost data, damage to reputation and commercial relationships, ransom demand, claims from customers and suppliers, all of which could materially impact our business, financial condition or results of operations.

Due to the complexity of the manufacturing process of our products, we regularly invest in maintenance of our facilities. We could incur unforeseen capital expenditure costs and complications could arise whenever when making investments in our operations which could adversely affect our business.

In order to grow, remain competitive and to expand production capacity to meet anticipated market demand in the cartonboard and solidboard markets, we need to continually make capital investments in new or our existing operations. For example, over the last two years we have installed a new gas turbine and a new washing equipment to reduce waste and improve quality and energy efficiency at our Villa Santa Lucia mill and constructed a steam boiler at Santa Giustina mill. While these capital investment projects are aimed at reducing our variable costs, increasing the capacity and efficiency and improving safety and quality of product, due to the complexity of the machinery we utilize, there can be no assurances that they will be successful in achieving these goals. Moreover, we could encounter severe problems in the ramp-up and operations of new or existing production facilities or we could run into issues with securing access to sufficient funding to fund necessary capital improvements in the future.

If our investments in our mills and machineries are not effectively undertaken and/or if we are not able to raise sufficient funds for any required capital improvement projects, or if the additional production capacity is not matched with corresponding increases in demand, such failures could have a material adverse effect on our business, financial condition or results of operations.

Any significant damage to one of our mills could cause a production disruption.

The production at our mills could be adversely affected by extraordinary events, including data security breaches, cyber security issues, fire, an explosion, the release of high-temperature steam or water, structural collapse, machinery or data system failure, mechanical failure, extended or extraordinary maintenance, road construction or closures of primary access routes, flooding, windstorms and/or other severe weather conditions.

For example, in 2019, we experienced a roof collapse in our mill in Santa Giustina. The loss in connection with this incident is expected to exceed €2.0 million and is still in the process of being discussed with the insurance provider. In addition, our Villa Santa Lucia plant was shut down from February 7, 2020 to March 1, 2020 due to the seizure of the sewage treatment plant owned by the Consortium Cosilam, the supplier of sewage treatment services to the Villa Santa Lucia plant. Although we carry insurance covering losses at our mills and insurance to cover interruptions in our business, such insurance will be subject to limitations such as deductibles and maximum liability amounts and therefore may not cover all of our potential losses. We may also incur losses that are outside of the coverage of our insurance policies. As a result, we could experience significant losses if any of our mills were damaged or ceased operation for any other reason. See also *"— Our insurance coverage may not be sufficient to cover all our losses*." The occurrence of any such events could have a material adverse effect on our business, financial condition or results of operations.

Issues relating to our product safety and liability could interrupt our production operations and we may be required to pay damages or other remedies as a result of product liability claims.

Quality and safety of our products is critical to the success of our business. Our customers expect high quality products, which underscores the importance of consistency and repeatability in production processes to ensure customer satisfaction. Furthermore, certain of our products are used in the food industry, where key customers have stringent requirements regarding the products they purchase. The consequences of quality or safety issues, due to, for example, accidental or malicious raw material contamination or due to supply chain contamination caused by human error, sabotage or equipment fault, could be severe. While we aim to detect potential quality issues and hazards as early as possible, detected faults or defects in our products or in product descriptions discovered at a critical point in our production chain could interrupt production in the unit concerned and disturb the entire mill's operations. For example, in 2018, the back of a cartonboard was contaminated with process oil (grease) at our former La Rochette plant, without any health consequences for anybody. However, such incidents involving toxic substances could have severe consequence for human health. As such, any such disturbances could have a material adverse effect on our business, financial condition or results of operations.

Our failure to comply with occupational health and workplace safety requirements could result in significant liabilities or enforcement actions and adversely impact our ability to perform services for our customers.

Maintaining high level of our personnel safety and security for our employees and wider workforce is critical to our business and should never be compromised. We have adopted a "**Zero Accident**" policy and work towards continuous improvement in injury rates. Our goal is to provide accident-free workplace by encouraging a company-wide safety culture with everyone (including our contractors, suppliers and on-site visitors) responsible for making every workday healthy and safe. At the same time, we recognize that our employees frequently operate heavy machinery and engage in other potentially dangerous activities which could subject them and others to injury or death. If, in the course of our operations, it is determined we have violated safety regulations, our operations may be disrupted and we may be subject to penalties, fines or, in extreme cases, criminal sanctions.

For example, two accidents occurred at the Ovaro plant in 2018, one resulting in the death of one of our employees and the other one resulting in very serious injuries to another of our employees. Also, one accident involving an employee occurred at one of Eska's plants in 2017. In addition, if our safety performance were to deteriorate, customers could decide to cancel our contracts or not award us future business. These factors could adversely affect our business, financial condition or results of operations.

We may not be able to successfully implement our cost reduction and efficiency improvement measures.

We have taken a number of measures to reduce our costs and achieve operating efficiencies over the past years. The implemented measures have included the restructuring of our business areas and management and mill divestments to address overcapacity and improve profitability. In addition, a number of initiatives have been identified by our management to further strengthen this saving process.

While cost-reducing measures have generated the targeted savings, we may not be able to realize the full intended benefits of these measures or any additional initiatives that we may undertake the future. Actual cost savings may differ materially from original estimates for a number of reasons. In addition, cost reduction measures are based on current conditions and do not take into account future cost increases that may result from changes in the industry or our operations, including the overall weaker business environment and any uncertainty in the global markets as a result of the COVID-19 pandemic. Moreover, our estimates of the potential cost savings associated with initiatives are inherently uncertain, and our ability to implement these initiatives and realize the anticipated costs savings (or any cost savings at all) depends on a number of factors, including factors beyond our control. Further, some of the measures taken by us are irreversible and we may incur significant costs should we want to recommence certain terminated operations in the future as a result of, for example, industry consolidation or unexpected changes in industry trends. Any failure to successfully implement these or additional future measures, or the failure of these measures to generate the anticipated level of savings, could have a material adverse effect on our business, financial condition or results of operations.

The failure to make successful mergers and acquisitions and divestments could have a negative impact on our competitiveness. Additional acquisitions may also expose us to new liabilities.

As part of our business strategy and development, we aim to transform ourselves from a traditional cartonboard producer to a customer-focused renewable materials company. Such transformation depends on our ability to understand the needs of our customers and find the best possible ways to serve them with the right offering and product portfolio, delivered through innovation, organic growth and selective mergers and acquisitions. We may seek opportunities through mergers with, or acquisitions of, pulp companies to stay competitive or to enhance our position in our core areas of operation or to expand outside of current businesses. For example, on July 1, 2021, we completed the Paprinsa Acquisition and on July 13, 2021, we completed the Eska Acquisition. Risks relating to mergers and acquisitions include unidentified liabilities of the companies we may acquire or merge with, the possible inability to successfully integrate and manage acquired operations and personnel as well as the risk that the anticipated economies of scale or synergies do not materialize. In addition, past practices by acquired companies, such as in relation to pollution, competition law breaches or corruption, could result in additional costs for us and cause reputational damage.

We may not be able to identify attractive acquisition or merger opportunities and might not be able to carry out acquisitions or mergers on attractive terms. Failure to participate in industry consolidation may have an adverse effect on our strategic competitive position. Regulation of merger or acquisition activity by competition authorities may also limit our ability to make future acquisitions or mergers. We have in the past recorded significant impairment charges related to goodwill or other intangible assets in connection with acquisitions and may be required to do so in the future in connection with any future acquisitions.

We have made some divestments in recent years in order to focus our operations. For example, on April 30, 2021, we finalized the disposal of our FBB business through the sale of a 100% interest in our subsidiary R.D.M. La Rochette S.A.S. Any future divestments may be affected by many factors that are beyond our control, such as the availability of bank financing to potential buyers, interest rates and competitors' capacity, and may also lead to exposure to indemnity claims. Furthermore, divestments may involve additional costs due to historical and unaccounted liabilities. There can be no assurance that we will be able to divert assets in a profitable way, or that such divestments will be possible on acceptable terms, or at all. The market situation may also affect our ability to accurately predict the length of time needed for any acquisitions or divestments. Any transactions may also require extensive management attention, which would divert the attention of our management away from the ongoing business. Our inability to realize the full extent of the anticipated benefits of our strategic plans and investments in a profitable manner could have a material adverse effect on our business, financial condition or results of operations.

Our business may suffer if we fail to retain, or are unable to attract, key management and skilled workforce.

Our success depends in large part on our ability to retain the services of our skilled senior management team and other key personnel. Members of our senior management and other key employees collectively have extensive industry experience in cartonboard production processes and operations. It may be difficult to find new personnel with comparable experience as competition for management and key personnel is intense, and the pool of qualified candidates is limited. Moreover, if any of our executives or other key employees were to leave for a competitor or form a competing company, we could lose customers, suppliers, know-how and key personnel. Our success is dependent on our ability to continue to attract, employ and retain highly skilled personnel and the loss of any of these individuals or the failure to attract additional personnel, as needed, could have a material adverse effect on our business, financial condition or results of operations.

Moreover, our high-quality production processes require employment of a skilled workforce. A number of factors beyond our control, such as employee-turnover rates, prevailing wage rates, increased competition for employees, local demographics, labor resources, benefits costs, unionization levels and local labor and employment requirements, could negatively impact our ability to attract and retain sufficient numbers of employees in the regions we operate in. If we are faced with labor shortages or increased labor costs, we could be unable to meet our production requirements on a timely and cost-effective basis, which could have adverse effect on our business, financial condition, results of operations and cash flows.

We sell our products in a number of countries and are consequently exposed to currency fluctuations.

We incur foreign currency translation risk due to fluctuations in exchange rates of costs and revenues denominated in currencies other than the euro. As far as our business is concerned, this exposure is particularly related to fluctuations of the U.S. dollar, a currency in which a significant part of revenues from overseas markets is denominated and, as far as costs are concerned, purchases of certain raw materials and energy factors. The value of the U.S. dollar has fluctuated significantly against the euro in recent years, including periods in which the value of the U.S. dollar has significantly declined against the euro.

We report our financial results in euro and are consequently subject to currency translation risk because a significant portion of our sales are denominated in currencies other than the euro. We also incur foreign currency translation risk to the extent that our subsidiaries' assets, liabilities, revenues and expenses are recorded in currencies other than euro. In order to prepare our consolidated financial statements, we must translate those assets, liabilities, revenues and expenses into euro at then applicable exchange rates. Consequently, increases and decreases in the value of the euro versus other currencies will affect the amount of these items in our consolidated financial statements, even if their value has not changed in their original currency. These translations could result in significant changes to our results of operations from period to period. We hedge some of this currency translation risk by matching foreign currency assets with liabilities denominated in the same currency and by entering into derivative transactions.

The Notes will be denominated and payable in Euro. If investors measure their investment returns by reference to a currency other than Euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the Euro relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the Euro against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investors measure the return on their investments.

Our operations are subject to risks of litigation that could negatively impact our operations and revenues.

The risks inherent in our business expose us to the risk of litigation and other claims that may arise in the ordinary course of business and may include personal injury claims, environmental litigation, contractual litigation with customers and suppliers, intellectual property litigation, tax or employment disputes, insurance related lawsuits and product liability claims. The claims could involve complex factual and legal issues that would require significant commitment from management and could result in substantial costs and fees and we may be unable to accurately estimate the total expense associated with any such claims. By way of example, we are currently involved, either directly as a party or indirectly, in the following material litigation proceedings: (i) the criminal action for abuse of office brought against certain former employees and a consultant of RdM in relation to the seizure of the landfill located at Villa Santa Lucia plant; (ii) the criminal action for illegal trafficking of waste brought against certain former employees, a consultant and a senior representative of RdM arising from the same seizure of the landfill located at Villa Santa Lucia plant; (iii) the criminal action for serious injuries, aggravated by alleged breach of the regulations on prevention of accidents at work, brought against one member of our board of directors; (iv) the criminal action for manslaughter brought against RdM Ovaro after a fatal accident which took place at the RdM Ovaro plant in 2018; and (v) certain commercial and administrative disputes, such as the pending litigation with the Municipality of Cassino (Frosinone) about the payment of certain environmental taxes. See also *"— We are exposed to a risk relating to increasing tax burden"* and *"Business — Litigation."*

We use machinery, fuels and certain chemicals that may contaminate the soil, air, water and buildings, particularly in case of leakage or accident. We may become liable to restore the condition of a real property which was contaminated by us or the property's previous user. Further, although our management is not currently aware of any proceedings, it is possible that we become subject to proceedings where a third party sues us due to a breach of environmental legislation and we are ordered to pay damages. In addition, we could become subject to liabilities and claims relating to personal injury (including exposure to hazardous substances used, produced or disposed of by us), property damage or damage to natural resources. Exposure to environmental or other liabilities could have a material adverse effect on our business, financial condition, results of operations and future prospects.

Litigation trends and expenses and the outcome of litigation cannot be predicted with certainty. In addition, we operate, among others, in Italy where significant uncertainty might materially affect both the length and the outcome of the legal proceedings resulting, among others, in an adverse effect on our legal expenses, reputation, business, results of operation and future prospects. Any future material litigation, arbitration or other proceedings could also have adverse reputational and financial consequences for us and we may not have established adequate provisions for any potential losses associated with such litigation or other proceedings not otherwise covered by insurance, which could have a material adverse effect on our business, financial condition or results of operations.

Our governance, internal controls and compliance processes could fail to prevent regulatory penalties, reputational harm and fraud.

We operate in multiple jurisdictions and our activities are subject complex regulatory frameworks at a time of increased enforcement activity and initiatives in areas such as competition law and anticorruption. There can be no assurance that our internal control measures will ensure the implementation and maintenance of adequate controls over our financial reporting processes or that our operational risk management procedures will detect and prevent misbehavior by individual employees. Our failure to comply with applicable laws and other standards could subject us to fines, loss of operating licenses and reputational harm.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent and detect fraud. If we cannot provide reliable financial reports or prevent fraud, our financial results could be negatively affected. Additionally, at the operational level, individual employees may not comply with our policies and guidelines and as a result may cause us to incur compliance costs and cause us reputational damage. Inadequate internal controls could also cause investors and other third parties to lose confidence in our reported financial information, which could have a material adverse effect on our business, financial condition or results of operations.

Our insurance coverage may not be sufficient to cover all our losses.

We carry insurance that we believe to be common in the industry and sufficient to cover the principal risks of damage to our business. We maintain insurance policies with respect to certain operating risks, including product liability, damage to property (including buildings, plants, machinery and stock, including as a result of catastrophic events such as fire, flood, storms and earthquakes), industrial accidents, third-party liability, directors' and officers' liability, and cyber-crime.

Our insurance is reviewed periodically to ensure that it sufficiently covers our business risks and is reflective of the changes in our business; however, it is possible that the level of insurance we maintain may not be appropriate for the risks to our business or may not provide sufficient cover for all potential claims. Certain types of losses may not be covered by our insurance policies and may be either completely or partially uninsurable or not insurable on commercially reasonable terms, which could have a material adverse effect on our business, financial condition and results of operations.

Further, we may not be able to obtain future insurance coverage at current levels or at all, and our premiums and deductibles may increase to an extent that we may choose to reduce our policy limits, increase our deductibles or retentions, or agree to certain exclusions from the coverage. Among other factors, the COVID-19 pandemic, adverse political developments, security concerns and natural disasters in any country in which we operate may materially adversely affect available insurance coverage and result in increased premiums for available coverage and additional exclusions from coverage. If any of the above risks were to materialize, this could have a material adverse effect on our business, financial condition or results of operations.

We are exposed to a risk relating to increasing tax burden.

Possible changes to tax law and regulations in the countries where we operate may unfavorably increase our tax burden. It is also possible that the relevant tax authorities could in the future interpret and apply tax regulations in a way which would increase our tax burden. Additionally, we are subject to audits and other measures by the tax authorities of different countries and there can be no assurances that tax increases or other consequences for delay would not be imposed on us based on these audits and other measures. Major developments in tax policy leading increases in our tax burden would have a material adverse effect on our business, financial condition, results of operations and future prospects.

Moreover, while we generally believe that we have appropriately remitted all taxes based on our interpretation of applicable law, it is possible that some taxing jurisdictions may attempt to assess additional taxes and penalties on us if the applicable authorities do not agree with our positions. Significant judgment is required in evaluating and estimating our provision and accruals for taxes, and actual results may differ from our estimations. For example, we are currently subject to a pending litigation with the Municipality of Cassino (Frosinone) about the payment of certain environmental taxes. See also "*Business — Litigation*" and "*— Our operations are subject to risks of litigation that could negatively impact our operations and revenues.*"

A successful challenge by a tax authority, through asserting either an error in our calculation, or a change in the application of law or an interpretation of the law that differs from our own, could adversely affect our results of operations.

We are exposed to risks related to antitrust, anti-corruption and anti-dumping proceedings.

We are subject to applicable competition, anti-corruption and anti-dumping regulations, and there can be no assurances that allegations of breaches of competition, anti-corruption or anti-dumping regulations will not be made against us, or our employees, distributors or subcontractors, or that possible inspections will not lead to a formal investigation and ultimately to a decision or a series of decisions concluding that there has been a violation of the applicable competition, anti-corruption or anti-dumping laws which may lead to an imposition of a fine. If, for instance, the EU Commission would find that there has been such a violation, we could face significant fines. In such case, the decision may also be used by potential claimants in damage claims. Even if we are currently not aware of any threatened proceedings or investigations regarding such breaches or alleged breaches, there can be no assurances that such allegations or proceedings would not emerge and ultimately lead to actions that, if determined adversely, would have a material adverse effect on our business, financial condition or results of operations.

We are exposed to risks in relation to certain civil, administrative and/or criminal penalties as a result of crimes committed by individuals having a functional relationship with us

Pursuant to Italian Legislative Decree No. 231 of June 8, 2001 (the "**231 Decree**"), we may be held responsible for certain crimes committed in our interest or for our benefit by individuals having a functional relationship with us, including third party agents or intermediaries, unless we are able to prove that such individuals fraudulently violated our internal controls and it would have been impossible for us to avoid such violation. In such circumstances, we may be subject to fines, confiscations of profits or legal sanction (applied in certain cases as interim measures during the relevant investigations), including the termination of financing agreements and the suspension of our operations. The duration of these disqualifications can range from a minimum of three months to a maximum of two years, although in particularly serious cases some of these disqualifications can be applied permanently. Although we believe that RdM has adequate systems of control, including the internal control model pursuant to the 231 Decree, aimed at, among other things, preventing direct or indirect acts of corruption, bribery, anti-competitive behavior, money laundering, fraud, deception, tax evasion and any other illegal or otherwise unethical conducts, we seek to continuously improve our systems of internal controls and to remedy any weaknesses we identify through appropriate corrective action depending on the circumstances. There can be no assurance, however, that our policies and procedures will be followed at all times or effectively detect and prevent violations of the applicable laws by one or more of our employees, consultants, agents or partners and, if we fail to prevent any such violations (including a failure on our part to adequately implement and update the necessary monitoring systems), we could be subject to civil, administrative and/or criminal penalties, including pursuant to the provisions of the 231 Decree and materially adverse consequences on our overall business, results of operations, reputation and/or financial condition.

Changes in accounting standards could significantly affect our reported financial results or financial condition.

The accounting standards applicable to our business, including but not limited to accounting standards in respect of revenue recognition, impairment of goodwill and intangible assets, inventory, income taxes and litigation, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these standards or their interpretation, or changes in the underlying assumptions, estimates or judgments, could significantly change our reported financial performance or financial condition.

Risks Related to the Transactions

Ownership of 100% of the shares of RdM and completion of the MTO is dependent on several factors.

As of November 29, 2021, the Issuer owns approximately 78.285% of the issued share capital of RdM. The final shareholding of the Issuer in RdM is dependent on the results of the MTO, which are currently unknown and cannot be guaranteed.

On October 26, 2021, the Issuer disclosed to the public, the occurrence of the obligation to promote the MTO. On the same date the Issuer submitted the MTO offer document to CONSOB for approval. Following expiration of the MTO Subscription Period, the Issuer may not be able to purchase 100% of the ordinary shares of RdM.

Until MTO Completion and the Issuer having gained 100% of the ordinary shares of RdM, minority shareholders will continue to hold the outstanding ordinary shares of RdM. The MTO is a proceeding regulated by the Financial Services Act, which could potentially be time consuming. The timing to complete the process may also be longer than expected due to events outside the Issuer's control. The presence of minority interests in RdM could impose significant limitations and restrictions on the process whereby the Issuer may exercise its right as majority direct shareholder of RdM. In the event that the Issuer does not obtain 100% of the ordinary shares of RdM, RdM may still qualify as a company with shares highly distributed among the public pursuant to Article 2325-*bis* of the Italian Civil Code. In this case, RdM would still be subject to specific requirements under the Italian legal framework (including disclosure requirements) regardless of the Delisting.

In any case, certain general limitations and restrictions may potentially delay or impair the ability of Issuer to procure that RdM timely approves certain transactions contemplated in this Offering Memorandum, including, among others, the Note Guarantee, the granting of Collateral, the entering into of the Intercreditor Agreement and Facility Agreement. For example all transactions involving the Issuer and RdM and its subsidiaries on the other hand (including the borrowing of the Proceeds Loan the granting of the Note Guarantee and security in favor of the Notes), would be subject to (i) arms' length terms and corporate benefit requirements and directors' duties to act in the best interest of RdM; (ii) for as long as minority interest exist, any such transactions may be subject to additional scrutiny by the minority shareholders; and (iii) for as long as RdM remains listed, certain additional corporate actions and approvals may also be required in accordance with applicable regulation. In particular, for so long as RdM remains a listed company, certain transaction involving RdM and the Issuer would be subject to Article 2391-bis of the Italian Civil Code and CONSOB Regulation No. 17221 dated 12 March 2010 (and subsequent updates) concerning transactions with related parties. Such rules require that transactions of greater relevance with related parties or with associated persons shall be approved by the board of directors subject to prior grounded favourable opinion of a related parties committee composed only of independent directors. In the event that the opinion of said committee is not favourable, the transaction cannot be carried out if it is not approved with the favourable vote of the majority of the unrelated voting shareholders, provided that these represent at the shareholders' meeting at least 10% of the share capital with voting rights (so-called "whitewash").

As a result, there can be no assurance that certain transactions contemplated in this Offering Memorandum, including, among others, the Guarantee by RdM, the granting of Collateral by RdM, the entering into of the Intercreditor Agreement and Facility Agreement as well the Merger (or any merger of RdM with an unlisted Apollo entity), and consequently, the Delisting is approved by RdM in the timeframe described in this Offering Memorandum, or at all.

Furthermore, the Issuer's obligations in relation to RdM and its subsidiaries under the covenants described in "*Description of the Notes*" are limited to a requirement to use commercially reasonable endeavors to procure compliance to the extent the Issuer is able to do so having regard to the proportion of shares it holds (directly or indirectly) in RdM. To the extent that the Issuer is unable to exercise full control of RdM, we cannot assure you that RdM and its subsidiaries will not take any action that would otherwise have been prohibited by the Indenture had their compliance under those covenants been required.

The final shareholding of the Issuer in RdM is dependent on the results of the MTO, which are currently unknown and cannot be guaranteed. Depending on the number of ordinary shares of RdM that the Issuer will have been able to purchase, the Issuer will do one of the following: (a) if at the Initial MTO Settlement Date the Issuer holds 90% or less of the issued share capital of RdM represented by ordinary shares, then the Issuer may either: (i) if the relevant conditions thereto are met, reopen the tender offer period, and/or (ii) terminate the MTO and aim to achieve the Delisting through the Merger of RdM into Rimini BidCo S.p.A. (or via a merger of RdM into an unlisted Apollo entity); (b) if at the Initial MTO Settlement Date the Issuer holds more than 90% but less than 95% of the issued share capital of RdM represented by ordinary shares, then the Issuer shall be subject to the Sell Out Procedure; or (c) if at the Initial MTO Settlement Date (or after the Sell Out Procedure) the Issuer holds 95% or more of the issued share capital of RdM represented by ordinary shares, then the Issuer shall be entitled to exercise its right to initiate the Squeeze Out Procedure. In all these cases, there might be delays in the completion of the procedures described above.

Furthermore, there is a risk that certain conditions set forth in this Offering Memorandum, including that the MTO Completion shall occur by the Escrow Longstop Date (see also "*The Transactions*"), may not be fulfilled or, to the extent possible, waived by the Issuer, as a result of which the MTO may be affected.

Minority and activist shareholders may disagree with decisions of the Board of Directors of RdM and the decisions of the Apollo Funds.

As a result of uncertainties regarding outcome of the MTO, minority interests may remain in RdM (or any successor company thereof). The Apollo Funds regularly engage in dialogue with our shareholders regarding our strategy and performance. Activist shareholders of RdM (or any successor company thereof) who disagree with the composition of the Board of Directors, our strategy or the way RdM is managed may seek to effect change through various strategies and channels. While the Apollo Funds expect to continue to guide RdM (or any successor company thereof) in a manner acceptable to all minority shareholders, it cannot be excluded that minority shareholders may disagree with the Apollo Funds decisions and management of RdM (or any successor company thereof). Responding to shareholder activism can be costly and time-consuming, disrupt our operations, and divert the attention of management and our employees from our strategic initiatives. Activist campaigns can create perceived uncertainties as to our future direction, strategy, or leadership and may result in the loss of potential business opportunities, harm our ability to attract new employees, investors, and customers.

We have incurred, and expect to continue to incur, significant costs in connection with the Transactions.

In connection with the Transactions, we have incurred and expect to continue to incur significant costs and expenses, including financial advisory, legal, accounting, consulting and other advisory fees and expenses, and other related charges. In addition, we may incur significant one-time charges as a result of costs associated with the Transactions. We will not be able to quantify the exact amount of these charges or the period in which they will be incurred until after the Transactions are completed. While we have assumed that a certain level of expenses will be incurred in connection with the Transactions, there are many factors that could affect the total amount. There may also be additional unanticipated significant costs in connection with the Transactions that we do not anticipate. Such increased costs and expenses 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. See "*Use of Proceeds.*"

Risks Related to Our Structure

We operate primarily as a holding company and have no revenue-generating operations of our own.

We are a holding company with direct or indirect ownership in companies of our Group, and we conduct no business operations of our own. We have no significant assets other than direct holding of the entire share capital of RdM.

Our Group's revenue-generating activities are carried out by our operating subsidiaries. Repayment of our indebtedness, including under the Notes, is dependent, among other things, on the ability of our subsidiaries to make such cash available to us, by dividend distributions, debt repayment, loans, including the Proceeds Loan, or otherwise. As of November 29, 2021, the Issuer owns 78.285% of the share capital of RdM (as such shareholding may be increased as a result of the MTO or otherwise modified or diluted as a result of the Merger (or a merger of RdM with another unlisted Apollo entity) or the exercise of Withdrawal Right), and the Issuer will have a right to receive only such proportion of dividends declared equal to its shareholdings. Our subsidiaries may not be able to, or may be restricted by the terms of their existing or future indebtedness, or by law, in their ability to make distributions or advance upstream loans to enable us to make payments in respect of our indebtedness, including the Notes. Each subsidiary of ours is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. Our subsidiaries may not be able to, or may be restricted by the terms of their existing or future indebtedness (such as the restrictions set forth in the Indenture), or by law, in their ability to make distributions or advance upstream loans to us. Each subsidiary of ours, under certain circumstances, might have legal and contractual restrictions which may limit our ability to obtain cash from our subsidiaries.

In the event that we do not receive distributions or other payments from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the Notes. We do not expect to have other sources of funds, other than the distributions from our subsidiaries, which would allow us to make payments to holders of the Notes.

In such event, the holders of the Notes would have to rely upon claims for payment under the Guarantees, which are subject to the limitations and certain other risks described in "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*" and "*— Risks Relating to the Notes, the Guarantees and the Collateral — The Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability.*" In the case of non-Guarantor subsidiaries, all the existing and future liabilities of these subsidiaries, including any claims of trade creditors and preferred stockholders, will be effectively senior to the Notes. Any of the situations described above could adversely affect our ability to service our obligations under the Notes and the ability of the Guarantors to service their obligations under the Guarantees, respectively.

The merger of the Issuer and RdM and the assumption of obligations under the Notes by RdM may be treated as a taxable exchange for U.S. federal income tax purposes.

If the conditions for the Merger are met, the Issuer and RdM will merge and, in the event RdM is the surviving entity, RdM will assume the obligations of the Issuer under the Notes. 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 be treated as resulting in a taxable 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 Merger and the assumption of the obligations under the Notes by RdM as resulting in a taxable exchange 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 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 one or more series of the Notes at the time of the Merger is less than the principal amount of such series of Notes (by more than a statutorily defined *de minimis* amount), such series of Notes may be treated as issued with original issue discount. Please see "*Certain Tax Considerations — Certain U.S. Federal Income Tax Considerations.*"

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

We intend to complete the Merger as soon as practicable after the Completion Date. The Merger will be undertaken pursuant to the provisions of Article 2501-bis of the Italian civil code. In order to complete the Merger, there are various steps that we must take including the preparation of a merger plan, a report by the directors of the companies involved in the Merger (*relazione dell'organo amministrativo*) and a report by an independent expert appointed by the court, assessing the sustainability of debt at the level of the company resulting from the Merger. Our estimation of the time frame required to complete the Merger is based upon market practice for leveraged buyouts in Italy typically involving acquisition vehicles which, in our case, is an Italian joint stock company (*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 Merger can be expected to take place. In addition, there can be no assurance that the independent expert will release its report or that the other steps required for the Merger will be taken in a timely manner, or at all. While the Indenture requires us to use commercially reasonable efforts to implement the Merger, which for the avoidance of doubt shall include considering the effects of dilution on the Apollo Funds, there is no requirement that the Merger be consummated, including within any specific period of time following the Completion Date, and failure to complete the Merger will not constitute an event of default under the Indenture. In this regard, it should be also noted that the Merger would represent a related parties transaction subject to the relevant applicable legislation. In particular, pursuant to the Related Parties Regulation, the Merger plan would be approved by the RdM Board of Directors subject to prior grounded favorable opinion of the RdM Related Parties Committee. In the event that the opinion of said Committee is not favorable, the approving resolution of the shareholders' meeting could not be adopted if the Merger is not approved also with the favorable vote of the majority of the unrelated voting shareholders, provided that these represent at the shareholders' meeting at least 10% of the share capital with voting rights (so-called "whitewash")."

Moreover, subject to certain exceptions, the Merger can only be implemented following the expiration of 60 days after the latest filing with the competent companies' registry of the resolution approving the Merger, during which the creditors of the companies involved in the Merger are entitled to challenge the Merger. See "*Description of the Notes — Security*."

As a result of the consummation of the Merger, the Proceeds Loan will be extinguished, and the security interests over the intercompany receivables owed by the Initial Guarantor to the Issuer will be automatically terminated, and (i) in the event that Rimini BidCo S.p.A. is the surviving company of the Merger, the pledge over the share capital of RdM will be extinguished by operation of law, and (ii) in the event that RdM is the surviving company of the Merger, the pledge over the share capital of Rimini BidCo S.p.A. will be extinguished (or continue over the shares in the MergerCo received by Topco upon the Merger, as applicable) by operation of law, and in each case Topco will grant (or re-confirm, as applicable) a first-priority security interest over the issued share capital of MergerCo owned by it. In the event we are unable to consummate the Merger, Rimini Bidco S.p.A. will remain as the Issuer.

The final shareholding of the Issuer in RdM is dependent on the results of the MTO, which are currently unknown and cannot be guaranteed. If, as a result of the MTO Completion the Issuer holds less than 95% of the issued share capital of RdM, the Issuer will aim to achieve the Delisting through the Merger of RdM into Rimini BidCo S.p.A. (or through the merger of RdM with another unlisted Apollo entity). There is no assurance that shareholding percentage in MergerCo assigned to Topco upon such Merger will be equal to that held by the Issuer in Target immediately prior to the Merger, as a result, among other things, of the indebtedness of the Issuer (including the Bidco Loan or, as applicable, the Notes) and RdM at the time of Merger. The Collateral may be diluted accordingly, since the security interest for the Notes created over the shares representing the entire share capital of the Issuer may be replaced upon Merger by security interest over shares in MergerCo representing a shareholding percentage in MergerCo held by Topco, which may be lower than the shareholding percentage held by the Issuer in RdM immediately prior to the Merger. Dilution of Collateral would similarly occur in case of Delisting achieved by way of a merger of RdM into a unlisted entity other than the Issuer, which would be carried out in accordance with applicable provisions of Italian law. See *"Risk Factors — The Notes will be secured only to the extent of the value of the assets that have been granted as security for the Notes and such Collateral may be reduced or diluted under certain circumstances*."

It should be noted that the Merger could qualify, if applicable, as a "merger following an acquisition funded by financial indebtedness" with consequent applicability of Art. 2501-*bis* of the Italian Civil Code by reason of the amounts disbursed in favor of the Issuer pursuant to the Bidco Facility Agreement or amounts outstanding under the Notes (as applicable depending on when such Merger is undertaken), in the case of a Merger between RdM and the Issuer. It is also specified that as a result of the Merger, the total indebtedness of RdM would be increased by an amount equal to the sums disbursed in favor of the Issuer pursuant to the Bidco Facility (as well as, where existing, the Notes and the Revolving Credit Facility) and not repaid prior to or on the effective date of the aforementioned Merger. The Bidco Facility Agreement, further, provides the right of the Issuer to procure that TopCo, upon the occurrence of certain conditions (including granting a pledge over TopCo's shares), shall assume, as substitute borrower, starting from the date of the Merger (the "**Relevant Date**") the repayment obligations arising from the Bidco Facility Agreement in substitution of the Issuer and with consequent release of the same pursuant to Article 1273, second paragraph of the Italian Civil Code. As a consequence of the exercise thereof and as a condition thereto, the Bidco Facility Agreement provides for, *inter alia*, the obligation of TopCo to (i) allocate in full, with effect from the Relevant Date, the credit claimed by it in recourse against the Issuer as a result of the takeover, to the subscription of a capital increase with a premium to be resolved by the Issuer; (ii) repay the amounts for any reason due and not already repaid under the Bidco Facility Agreement through the use of the proceeds of a dividend payment or distribution of reserves by the company resulting from the Merger (the "**Distribution**"); and (iii) make every reasonable effort to ensure that the proceeds of the Distribution in the event of a Merger are made available to TopCo as soon as possible and, in any case, within 60 days from the Relevant Date. Depending on the results of the MTO, we may consider various options in order to minimize any negative impact that the Merger could have on the resulting ownership structure, the Offering and the use of proceeds thereof as described in this Offering Memorandum.

If certain conditions are not satisfied on or prior to the Escrow Longstop Date, the Issuer will be required to redeem its Notes, which means that you may not obtain the return you expect on the Notes.

The gross proceeds from the Offering (less certain professional fees and expenses related to the Offering) will be held in a separate escrow account pending the satisfaction of certain conditions, some of which are outside of the Issuer's control. The Escrow Proceeds will be initially limited to the gross proceeds (i.e., the money actually received) from the Offering net of certain professional fees and transaction costs related to the Offering and will not be sufficient to pay the special mandatory redemption price, which is 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 special mandatory redemption. Any shortfalls in the funds available in the Escrow Account will have to be paid by the Issuer, and the claims of the holders of Notes will be an unsecured claim against the Issuer and structurally subordinated to any obligations of RdM and its subsidiaries. See "*Description of the Notes — Escrow of Proceeds; Special Mandatory Redemption*."

Your decision to in invest in the Notes is made at the time of purchase. Changes in the Issuer's business or financial condition, the developments of the MTO or changes of the terms of the financing thereof, between the closing of the Offering and the Completion Date, will have no effect on your rights as a purchaser of the Notes.

Risks Related to Our Indebtedness

The Notes may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics.

In connection with the Offering, we have adopted the Sustainability-Linked Financing Framework, which was reviewed by Sustainalytics, who provided the Second Party Opinion. The Second Party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors that may affect the value of the Notes. The Second Party Opinion does not constitute a recommendation to buy, sell or hold securities and is only current as of the date it is released. A withdrawal of the Second Party Opinion may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in sustainability-linked assets. We do not assume any obligation or responsibility to release any update or revision to the Sustainability-Linked Financing Framework and/or information to reflect events or circumstances after the date of publication of such Sustainability-Linked Financing Framework and, therefore, an update or a revision of the Second Party Opinion may or may not be requested to Sustainalytics or other providers of second party opinions.

Moreover, the Second Party Opinion provider and providers of similar opinions and certifications are not currently subject to any specific regulatory or other regime or oversight. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Guarantors or any member of the Group, the Initial Purchasers, any second party opinion providers, the External Reviewer or any other person to buy, sell or hold the Notes. Noteholders have no recourse against the Issuer, the Guarantors, any of the Initial Purchasers or the provider of any such opinion or certification for the contents of any such opinion or certification, which is only current as at the date it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Notes. Any withdrawal of any such opinion or certification or any such opinion or certification attesting that we are not complying in whole or in part with any matters for which such opinion or certification is opining on or certifying on may have a material adverse effect on the value of the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Furthermore, although the interest rate relating to the Notes is subject to upward adjustment in the circumstance specified in "*Description of the Notes,*" such Notes may not satisfy an investor's requirements or any future legal or quasi legal standards for investment in assets with sustainability characteristics. The Notes are not being marketed as green bonds since we expect to use the relevant net proceeds in connection with the Acquisition. Therefore, the net proceeds of the Offering will not be allocated specifically to projects or business activities meeting environmental or sustainability criteria, or be subject to any other limitations associated with green bonds.

Although we have committed to achieve the Sustainability Performance Targets, there can be no assurance of the extent to which we will be successful in doing so. In addition, there can be no assurance that any future investments we make in furtherance of the Sustainability Performance Targets will meet investor expectations or any binding or non-binding legal standards regarding sustainability performance, in particular with regard to any direct or indirect environmental, sustainability or social impact. Adverse environmental or social impacts may occur during the design, construction and operation of any investments that we make in furtherance of the Sustainability Performance Targets. Investments we make in furtherance of the Sustainability Performance Targets may become controversial or criticized by stakeholders. It will not be an event of default under the Notes, nor will we be required to repurchase or redeem the Notes, if we fail to meet the Sustainability Performance Targets. Moreover, should we fail to satisfy the Sustainability Performance Targets, we will be required to pay an increased margin or interest rate on the Notes, which may have an adverse impact on our liquidity and financial position. Should we satisfy the Sustainability Performance Targets, holders of Notes will not be entitled to an increase in the interest rate or margin, as applicable, on the Notes.

Moreover, key performance indicators on which our Sustainability Performance Targets are based are calculated internally by the Group based on broadly accepted industry standards. These standards and guidelines may change over time, which may affect the way in which we calculate our key performance indicators and may impact our ability to meet our Sustainability Performance Targets. The standards and guidelines continue to be reviewed by expert groups and include contributions from industry bodies, which may change going forward. Any change to our organic business development, the methodology and/or data sources used for calculating key performance indicators may result in a significant change in the Sustainability Performance Targets, key performance indicators and/or baseline. In such case, we will recalculate, in good faith, the levels of the relevant baseline, Sustainability Performance Targets and/or key performance indicators to reflect such changes. Any such change(s) may be made without the prior consultation of the holders of the Notes, to the extent it does not have a material adverse effect in the interests of the holders of the Notes. See "*Description of the Notes.*"

We expect to report on an annual basis on progress on our key performance indicators, including an explanation of methodologies and supporting documentation used in such calculations, but a failure to do so will not constitute a default or event of default under the Notes or any other agreement.

Even if we meet the Sustainability Performance Targets, there can be no assurance that we will continue to meet our Sustainability Performance Targets thereafter.

Even if we meet our initial Sustainability Performance Targets, there can be no assurance that we will continue to maintain the levels set by the Sustainability Performance Targets in the future. In addition, we may not be successful in continuing to improve our sustainability metrics in line with our longer-term sustainability targets as set out in our Sustainability-Linked Financing Framework or we may meet such targets later than anticipated. Other than the increase in the interest rate, there are no penalties in the Indenture or any other agreement associated with failing to maintain the levels set by our Sustainability Performance Targets or by failing to meet any future sustainability targets.

Our leverage and debt service obligations could adversely affect our business.

We are leveraged and have debt service obligations. As of September 30, 2021 after giving effect to the Transactions, the principal amount of our total financial liabilities would have been €465 million, which is represented mainly by the Notes. See "*Capitalization*." As of the same date, after giving effect to the Transactions, we would also have had approximately €75 million available for borrowing under our Revolving Credit Facility, after giving effect to any ancillary facilities. See "*Description of Certain Financing and Guarantee Arrangements*" and "*Description of the Notes*."

We anticipate that our high leverage will continue and may increase for the foreseeable future due in part to expected investments in connection with our growth strategy.

Our leverage could have important consequences to the holders of the Notes, including: (i) making it more difficult for us to satisfy our debt obligations with respect to the Notes and other debt liabilities; (ii) increasing our vulnerability to a downturn in our business or economic and industry conditions; (iii) placing us at a competitive disadvantage compared to our competitors that have less debt in relation to cash flow; (iv) limiting our ability to obtain additional financing to fund future working capital requirements, capital expenditures, business opportunities and other corporate requirements; (v) requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, our indebtedness, which means that this cash flow will not be available to fund our operations and for other corporate purposes; and (vi) limiting our flexibility in planning for, or reacting to, changes in our business, the competitive environment and our industry.

We may incur substantial additional debt in the future which could mature prior to the Notes. Although the Indenture will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial. In addition, the Indenture will not prevent us from incurring obligations that do not constitute indebtedness under those agreements. The incurrence of additional debt would increase the leverage-related risks described in this Offering Memorandum.

If we cannot service our indebtedness and our other obligations and commitments, we might be required to refinance our debt or to dispose of assets to obtain funds for such purpose. We cannot assure you that refinancings or asset dispositions could be effected on a timely basis or on satisfactory terms, if at all, or would be permitted by the terms of our debt instruments. All these factors could have a material adverse effect on our business, financial condition or results of operations.

We will be subject to restrictive debt covenants under the Revolving Credit Facility Agreement and the Indenture that may limit the Group's ability to finance its future operations and capital needs, and to pursue business opportunities and activities.

The Revolving Credit Facility Agreement and the Indenture will contain negative covenants restricting, among other things, our ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- make restricted payments, including paying dividends or making other distributions, making investments and prepaying or redeeming subordinated indebtedness or equity;
- create or incur certain liens;
- sell, lease or transfer certain assets;
- enter into arrangements that restrict dividends or other payments to us;
- engage in certain transactions with affiliates;
- create unrestricted subsidiaries;
- consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis; and
- enter into certain other transactions and activities.

All of these limitations will be subject to significant exceptions and qualifications. See "*Description of the Notes — Certain Covenants*."

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

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

We may incur additional indebtedness, including at the level of our non-Guarantor subsidiaries, which could increase our risk exposure from debt and could decrease your share in any proceeds distributed in connection with any insolvency or other winding-up of such subsidiaries.

Subject to restrictions that will be in the Indenture and the Revolving Credit Facility Agreement, we may incur additional indebtedness, which could increase the risks associated with our already substantial indebtedness. Following the Refinancing, we will have the ability to borrow up to €75 million under our Revolving Credit Facility, after giving effect to any ancillary facilities. The terms of the Indenture will permit us to incur additional debt.

Our non-Guarantor subsidiaries may also be able to incur substantial additional indebtedness in the future, further increasing the risks associated with our leverage. If any of our non-Guarantor subsidiaries incurs additional indebtedness, the holders of that debt will be entitled to share ahead of you in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of such subsidiaries. See "*Description of Certain Financing and Guarantee Arrangements*." If we incur additional indebtedness, the related risks that we now face, as described above and elsewhere in these "*Risk Factors*," could intensify.

We require a significant amount of cash to service debt and for other general corporate purposes and our ability to generate sufficient cash depends on many factors beyond our control

Our ability to make payments to meet our other debt service obligations, including under the Revolving Credit Facility Agreement and the Indenture and to fund working capital and product development and make any acquisitions and capital expenditures will depend on our future operating performance and ability to generate sufficient cash. This depends, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control, as well as the other factors discussed in these "*Risk Factors*" and elsewhere in this Offering Memorandum.

Our business may not generate sufficient cash flows from operations and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, including the interest on the Notes, our other debt service obligations, including under the Revolving Credit Facility Agreement, or to fund our other liquidity needs. The ability to refinance our debt may depend on stable loan or debt capital markets. For a discussion of our cash flows and liquidity, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity of the Group*." In addition, the Indenture will permit us to make certain dividends, distributions or other payments to our shareholder, to make regularly scheduled cash interest payments on our debt (or any refinancing indebtedness in respect thereof) as well as the repurchase or retirement for value of such indebtedness in exchange for, or out of the proceeds of, subordinated indebtedness incurred by the Issuer or its restricted subsidiaries in compliance with the Indenture.

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: reduce or delay our business activities, research and development and capital expenditures; sell assets; obtain additional debt or equity financing; or restructure or refinance all or a portion of our debt, including the Notes, on or before maturity. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including the Notes. If we are also unable to satisfy our obligations on other financing arrangements, we could be in default under the Revolving Credit Facility Agreement, the Indenture and other relevant financing agreements which we may enter into in the future. In the event of a default under the Revolving Credit Facility Agreement or certain other defaults under any other agreement, the lenders under the respective facilities or financing instruments could take certain actions, including terminating their commitments and declaring all amounts that we have borrowed under our credit facilities and other indebtedness to be due and payable, together with accrued and unpaid interest. Such a default, or a failure to make interest payments on the Notes, could mean that borrowings under other debt instruments that contain cross-acceleration or cross-default provisions, including the Notes and the Revolving Credit Facility, may as a result also be accelerated and become due and payable. If the debt under the Revolving Credit Facility or the Notes or any other material financing arrangement that we have entered into or will subsequently enter into were to be accelerated, our assets may be insufficient to repay the Notes in full. Any such actions could force us into bankruptcy or liquidation, which would have a material adverse effect on our business, results of operations and financial condition.

Future liquidity and cash flow difficulties could prevent us from repaying the Notes when due or repurchasing the Notes when we are required to do so pursuant to certain events constituting a change of control or otherwise, and the change of control provision that will be contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including an event deemed not to be a change of control when, at the time of such event, our consolidated net leverage ratio is less than certain specified levels.

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

The Issuer's failure to repay holders tendering Notes upon the occurrence of a change of control event would result in an event of default under the Notes. If a change of control event were to occur, we cannot assure you that we would have sufficient funds to repay our outstanding indebtedness which we would be required to prepay or offer to purchase or that became immediately due and payable as a result. We may require additional financing from third parties to fund any such purchases and we cannot assure you that we would be able to obtain financing on satisfactory terms or at all. Restrictions that will be in the Revolving Credit Facility Agreement or our other then-existing contractual obligations may also restrict us from making such required repurchases. See "*Description of Certain Financing and Guarantee Arrangements — Revolving Credit Facility — Maturity and Repayment Requirements*." A change of control will be a mandatory prepayment event under our Revolving Credit Facility Agreement and a change of control may result in an event of default under, or acceleration of, our other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under other indebtedness, even if the change of control itself does not.

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

In addition, the occurrence of certain events that might otherwise constitute a change of control under the Indenture will be deemed not be a change of control if at the time our consolidated net leverage ratio is less than certain specified levels. See "*Description of the Notes — Change of Control*" and "*Description of the Notes — Certain Definitions — Specified Change of Control Event*."

The definition of "change of control" that will be contained in the Indenture will include a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries (if any), taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

The Issuer's right to receive payments under the Proceeds Loan may be subordinated by law to the obligations of other creditors.

Italian corporate law (Articles 2479-quinquies and 2467 of the Italian Civil Code) provides for rules to protect creditors against "undercapitalized companies" and provides for remedies in respect thereof. In this respect, in case of a loan to a company made by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company; (ii) any entity subject to the management and coordination powers of the same person; or (iii) a quotaholder in the case of a company incorporated in Italy as a *società a responsabilità limitata*, 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**").

There are few court precedents interpreting such and limited guidance has been provided so far by the courts on the specific features and extent of the undercapitalization requirement or the remedies that could be imposed for violations of the law. Some precedents have, however, held that these laws apply to companies incorporated as *società per azioni*, hence potentially to the Issuer and RdM.

Under these laws, a loan to a company made by a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company 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 (*i.e.*, 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.

Therefore, upon the occurrence of the requirements provided for by the relevant provisions, there is a risk that Italian courts may determine that these laws are applicable to the Issuer's relationship with RdM under the Proceeds Loan. Accordingly, there can be no assurance that an Italian court would conclude that RdM's obligations under the Proceeds Loan are not subordinated to all of their obligations to other creditors. Should RdM's obligations under the Proceeds Loan be deemed subordinated to the obligations owed to other creditors by operation of law and senior only to their equity, prior to the Merger the Issuer may not be able to recover any amounts under the Proceeds Loan, and this could have a material adverse effect on the Issuer's ability to meet its payment obligations under the Notes or the Issuer's ability to recover amounts owed to it pursuant to the Proceeds Loan. See "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

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

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

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

In addition, the Italian tax authorities have in certain instances challenged merger leverage buyout transactions with respect to the deductibility of interest expenses arising in connection with acquisition financing. However, on March 30, 2016, the Italian Revenue Agency issued Circular Letter n. 6/E ("**Circular Letter**") clarifying, as a common principle, that interest on the acquisition bank loan in leveraged buy-out transactions are generally deductible for IRES purposes, subject only to ordinary limitations stated in

Article 96 and excluding certain cases of reinvestment (also partial) by the seller(s). In case an acquisition is considered as entered into by one or more entities that are related parties to the seller(s), the deduction of interest expenses may be challenged by the tax authorities based on anti-abuse provisions, depending on the existence of non marginal business reasons for the debt-financed acquisition.

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

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

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

Risks Related to the Notes, the Guarantees and the Collateral

The risk factors discussed in this sub-section "Risks Related to the Notes, the Guarantees and the Collateral" are provided for prospective investors to assess the risks related to the guarantee and collateral structure that is intended to be put into place on or about the Issue Date and following the Issue Date. As such, unless otherwise stated, references to "Collateral" in this section "Risks Related to the Notes, the Guarantees and the Collateral" refers to the Collateral as such term is defined under "Description of the Notes."

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

Pursuant to the Account Charge, the Escrow Account will be pledged in favor of the Trustee for the benefit of the holders of the Notes. The Indenture and the Intercreditor Agreement will provide that, to the extent permitted by applicable law, only the Security Agent has the right to enforce the security documents relating to the Completion Date Collateral and the Additional Collateral on behalf of the Trustee and the holders of the Notes. As a consequence of such contractual provisions, holders of the Notes will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture, the Escrow Agreement and the provisions of the Security Documents, as applicable) provide instructions to the Security Agent in respect of the Collateral and, in the case of the Completion Date Collateral and the Additional Collateral, in accordance with the Intercreditor Agreement. See "*Description of the Notes — Security*."

Moreover, in Italy the Collateral will be created and perfected in favor of The Law Debenture Trust Corporation p.l.c., as Security Agent, acting also in its capacity as representative (*rappresentante*) pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code. Under such Code provision (introduced by Law No. 164 of November 11, 2014), security interests and guarantees 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.

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 will be created and perfected in favor of the Security Agent, acting also in its capacity as representative (*rappresentante*) pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code, 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 or Trustee to enforce the security interests is subject to mandatory provisions of the laws of each jurisdiction in which security interests over the Collateral are taken, including the Republic of Italy. For example, the laws of certain jurisdictions may not allow for the appropriation of certain pledged assets but require a sale through a public auction and certain waiting periods may apply. There is some uncertainty under the laws of certain jurisdictions as to whether obligations to beneficial owners of the Notes that are not identified as registered holders in, nor are directly parties to, a security document will be validly secured and/or can be enforced; this area of law is untested in the courts of certain jurisdictions (including the Republic of Italy).

In certain jurisdictions (including Germany), due to the laws and other jurisprudence governing the creation and perfection of security interests and the enforceability of such security interests, the Intercreditor Agreement will provide for the creation of "**parallel debt**" obligations in favor of the Security Agent ("**Parallel Debt**") mirroring the obligations of the Issuer and the Guarantors owed to holders of the Notes under or in connection with the Indenture and/or the Guarantees, as applicable ("**Principal Obligations**"), but in jurisdictions such as Italy, these Parallel Debt provisions would not be applicable as Italian law does not provide for such a construct. All or part of the pledges and other security interests in jurisdictions utilizing the Parallel Debt construct will be granted to the Security Agent as security interests for the Parallel Debt and will not directly secure the Principal Obligations. Under the provisions of the Intercreditor Agreement, the Parallel Debt will be at all times in the same amount and payable at the same time as the Principal Obligations and any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. In respect of the security interests granted to secure the Parallel Debt, the holders of the Notes will not have direct security interests and will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent. Therefore, the holders of the Notes will bear the risk of insolvency or bankruptcy of the Security Agent. In addition, the Parallel Debt construct in financing transactions, including credit facilities and bond issuances, has not been tested under law in certain of these jurisdictions, including under Italian and Dutch law, and to the extent that the security interests in the Notes Collateral created to secure the Parallel Debt construct are not validly granted, are unenforceable or are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of such security interests in the Notes Collateral.

Moreover, there are uncertainties as to the validity and enforceability of the German law governed Escrow Account Charge as a result of the Escrow Account Charge being granted to the Trustee for the benefit of the holders of the Notes who will not become parties to the security agreement under which the Escrow Account Charge is constituted. As a matter of German law, to the extent accessory security (*akzessorische Sicherheit*) such as, for example, pledges over bank accounts is concerned, the relevant accessory security interest can only be granted to the creditor of the claim which is purported to be secured. Against this background, the Indenture or, as the case may be, the Escrow Account Charge will provide for the creation of "parallel debt" obligations in favor of the Trustee mirroring the obligations of the Issuer towards the holders of the Notes under or in connection with the Notes, and the Escrow Account Charge will be granted to the Trustee as security for the "parallel debt" and will not directly secure the principal obligations. As a result, holders of the Notes will bear some risk associated with a possible bankruptcy or insolvency of the Trustee. In addition, there are no published court decisions confirming the validity of the parallel debt concept under German law and, to the extent successfully challenged by other parties, holders of the Notes might not (directly) receive any proceeds from an enforcement of the Escrow Account Charge. See "*Limitations on Validity and Enforceability of any Future Guarantees and the Notes Collateral and Certain Insolvency Law Considerations.*"

Furthermore, it is uncertain and untested in the Italian courts whether, under Italian law, security can be created and perfected (i) in favor of creditors (such as the holders of the Notes) who are neither directly parties to the relevant security documents nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries; and (ii) in favor of The Law Debenture Trust Corporation p.l.c. as the Trustee of the holders of the Notes, 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 the Trustee as agent or trustee for holders of the Notes under security interests on Italian assets is uncertain under Italian law.

Further, 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**"). In this regard, a longer period might apply to any Collateral governed by Italian law.

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.

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

Under applicable law (including Italian and German 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 and/or the grantor of the security interest. The security interests in the Collateral may not be perfected with respect to the claims of the Notes if we fail or the Trustee or the Security Agent fails or is unable to take the actions required to be taken to perfect the security interest. Such failure may result in the invalidity of the relevant security interest in the Collateral or adversely affect the priority of such security interest in favor of 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 Notes to receive proceeds from any enforcement of the Collateral.

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

The granting of new security interests in connection with the Notes may create hardening periods for such security interests in Italy. See "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral — The granting of the security interests in the Collateral may create hardening periods for such security interests in accordance with Italian law*," "*Limitations on Validity and Enforceability of the Security Interests and Certain Insolvency Law Considerations*" and "*Certain Italian Insolvency Law Considerations*."

The Notes will be secured only to the extent of the value of the assets that have been granted as security for the Notes and such Collateral may be reduced or diluted under certain circumstances.

If we default on the Notes, the holders of the Notes will be secured only to the extent of the value of the Collateral underlying their security interest. We may incur additional indebtedness in the future, which may also be secured by the Collateral. In addition, pursuant to the Indenture, the Issuer and its subsidiaries may in certain cases incur indebtedness which may be secured on a super priority basis, including indebtedness under the Revolving Credit Facility. Holders of such other secured indebtedness may have rights and remedies which, if exercised, could reduce the proceeds available to satisfy our obligations under the Notes. Moreover, if we issue Additional Notes, holders of such Additional Notes would benefit from the same Collateral as the holders of the Notes, thereby diluting such holders' ability to benefit from the Collateral. If the value of the Collateral is less than the value of the claims of the other holders of the Notes together with the claims of the other secured creditors, those claims may not be satisfied in full before the claims of our unsecured creditors are paid.

No appraisal of the value of the Collateral has been prepared by us or on our behalf in connection with the Offering. The value of the Collateral and the amount to be received upon a sale of such Collateral will depend on many factors, including the ability to sell the Collateral in an orderly sale, prevailing market and other economic conditions and the availability of suitable buyers at the time of any such sale. By its nature, the Collateral may be illiquid and have no ascertainable market value. Similarly, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in the liquidation of the Collateral. The book value of the Collateral should not be relied on as a measure of the realizable value for such assets. The fair market value of the Collateral as at the date of this Offering Memorandum may not exceed the principal amount of the debt secured thereby. The value of the Collateral, and in particular, the pledged capital stock could be impaired in the future as a result of changing economic conditions, failure to implement our business strategy, competition and other future trends and may be without any value if that entity is subject to an insolvency or bankruptcy proceeding.

Value of the pledged stock, ability of suitable buyers and amount to be received upon sale of such Collateral could also be impaired in case non-pledged stock in the same entity is held by minority shareholders. In this respect it should also be noted that, in addition to uncertainty regarding the outcome of the MTO (and therefore the amount of shares of RdM to be pledged in favour of the Notes), RdM has currently saving shares in issue which are capable of being converted in ordinary shares representing 0.061% of its share capital. These saving shares of RdM (and any ordinary shares attributed to the relevant holders following a conversion) will in any case not form part of the Collateral until the moment they get acquired by the Issuer or any of its direct and/or indirect shareholder(s). Following the Merger, saving shares (or shares granting similar rights attributed in the Delisting or the relevant merger to the current owner of the saving shares) will be in place at the level of MergerCo and such saving shares (and any ordinary shares attributed to the relevant holders following a conversion) will in any case not form part of the Collateral until they get acquired by the Issuer or any of its direct and/or indirect shareholder(s).

Holders of the Notes will not receive proceeds from enforcement of the Collateral until after certain super senior creditors are repaid and may not control certain decisions regarding the Collateral.

To the extent permitted under applicable law, and subject to the Intercreditor Agreement and the Agreed Security Principles, the Notes will be secured on a first priority basis by substantially the same rights, property and assets securing our obligations under the Revolving Credit Facility Agreement. In addition, under the terms of the Indenture, we will be permitted to incur significant additional indebtedness and other obligations that may be secured by the same Collateral.

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

The Intercreditor Agreement will regulate the ability of the Trustee or the holders of the Notes to instruct the Security Agent to take enforcement action. The Security Agent shall act upon the instructions of the Instructing Group (as defined in the Intercreditor Agreement), which will mean: (i) creditors holding more than 66 2/3% of the indebtedness and commitments under the Revolving Credit Facility Agreement, certain super priority hedging obligations and additional super priority indebtedness (the "**Majority Super Senior Creditors**"); and (ii) creditors holding more than 50% of the indebtedness under the Notes and indebtedness ranking pari passu with the Notes (the "**Majority Senior Secured Creditors**") (in each case acting through their respective creditor representative) prior to the "**Credit Facility Lender Discharge Date**" (as defined in the Intercreditor Agreement). The Intercreditor Agreement will further provide that in the event that the Majority Super Senior Creditors and the Majority Senior Secured Creditors have not consented to the relevant enforcement instructions or if conflicting enforcement instructions are received from any creditor representative prior to the Credit Facility Lender Discharge Date, the creditor representatives must consult with each other in good faith for a period of 15 days to agree on joint enforcement instructions. Although enforcement instructions given by holders of the Notes and certain other creditors may prevail after such 15-day consultation period, under certain circumstances, enforcement instructions by the lenders under our Revolving Credit Facility and certain other creditors will prevail.

If the creditor representatives are not able to agree on joint enforcement instructions by the end of the consultation period, the Security Agent shall enforce the Collateral in accordance with the terms of the enforcement instructions (if any) given by the Majority Senior Secured Creditors in accordance with the Intercreditor Agreement, provided that if: (i) the super senior creditors (comprised of the creditors in respect of our Revolving Credit Facility and the counterparties to certain of our super priority hedging arrangements and other holders of additional super priority indebtedness) have not been fully repaid within six months of the end of the consultation period; (ii) the Security Agent has not commenced any enforcement action within three months of the end of the consultation period; or (iii) the Issuer or certain of its subsidiaries becomes subject to insolvency or similar proceedings and the Security Agent has not commenced any enforcement action at that time, then the instructions given by the Majority Super Senior Creditors will prevail. To the extent that we incur further indebtedness that is secured by the Collateral on a *pari passu* basis with the Notes, your voting interest in the Majority Senior Secured Creditors will be diluted commensurate with the amount of indebtedness we incur.

As these other creditors and counterparties may have interests that are different from the interests of holders of the Notes and may elect to pursue their remedies in respect of the Collateral at a time when it would be disadvantageous for the holders of the Notes to do so, these arrangements could result in the enforcement of the Collateral in a manner that results in lower recoveries by holders of the Notes. Furthermore, other creditors not subject to the Intercreditor Agreement could commence enforcement action against the Issuer or its subsidiaries during such period, the Issuer or one or more of its subsidiaries could seek protection under applicable bankruptcy laws, or the value of certain Collateral could otherwise be impaired or reduced in value. In addition, if the Security Agent sells Collateral comprising the shares of any of our subsidiaries as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Notes and the Guarantees and the liens over any other assets securing the Notes and the Guarantees may be released. See "*Description of the Notes — Security; the Collateral*" and "*Description of Certain Financing Arrangements — Intercreditor Agreement*."

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

The security documents allow the Issuer and the other security providers to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, certain of the Collateral. So long as no default or event of default under the Indenture would result therefrom, the Issuer and the other security providers may, among other things, subject to the terms of the security documents, without any release or consent by the Trustee or the Security Agent, conduct ordinary course activities with respect to the Collateral such as selling, modifying, factoring, abandoning or otherwise disposing of the Collateral 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. To the extent these activities are allowed with regard to certain security interests, under Italian law such security interests could be considered to be not validly perfected.

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

The Collateral will be subject to exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture, 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 of security interests can be affected by a variety of factors, including the timely satisfaction of perfection requirements, statutory liens or re-characterization under Italian law.

The Collateral may be subject to practical problems generally associated with the realization of security interests in collateral. The Security Agent is generally prevented from appropriating Italian Collateral save where certain conditions are met in respect of financial collateral. The Secuirty Agent may also need to obtain the consent of a third party to enforce a security interest. The Security Agent may not be able to obtain any such consents. In addition, the consents of any third parties may not be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease. Furthermore, due consideration should be given by investors to the circumstance that enforcement procedures and timing for obtaining judicial decisions in Italy may be materially more complex and time-consuming than in equivalent situations in jurisdictions with which investors may be familiar.

The recovery from the enforcement of the share pledges forming part of the Collateral may result in a taxable capital gain.

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. The Indenture will not prohibit the Guarantors from incurring additional debt claims in the future. Consequently, the enforcement of the share pledges over the Guarantors' shares may result in the release of the debt obligations of the Guarantors. Such release will be permitted by the Intercreditor Agreement and 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 Guarantors is subject to limitations.

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

The obligations of the Guarantors and the enforcement of the Guarantees and the obligations of the grantors of security and enforcement of the Collateral will be subject to the Agreed Security Principles and, in any case, limited to the maximum amount that can be guaranteed and/or secured, as applicable, by such guarantor and/or grantor of security under the applicable laws, including a limitation to the extent that the grant of such pledge or security is not in the relevant guarantor's and/or security grantor's corporate interests, or otherwise would result in violations of laws related to corporate benefit, capitalization, capital preservation or maintenance, financial assistance or transactions under value. See "*Description of the Notes — Guarantees*."

Accordingly, enforcement of the Guarantees against the Guarantors or enforcement of the Collateral against the relevant security grantor would be subject to certain defenses available to Guarantors generally or, in some cases, to limitations contained in the terms of the Guarantees designed to ensure compliance with statutory requirements applicable to the Guarantors, or in some cases, to limitations contained in the pledge or security designed to ensure compliance with statutory requirements applicable to the relevant security grantor. These laws and defenses include those that relate to fraudulent conveyances or transfers, insolvency, voidable preferences, financial assistance, corporate purpose or benefit, preservation or maintenance of share capital, thin capitalization and defenses affecting the rights of creditors generally. As a result, the Guarantors' liability under its Guarantees or the liability of a pledgor of security could be materially reduced or eliminated, depending on the law applicable to it.

In particular, regarding any Italian guarantor, given the above limitation in relation to Italian financial assistance law and corporate benefit, notwithstanding anything to the contrary provided in the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement, including following completion of the Merger pursuant to Article 2501-bis of the Italian Civil Code,any Italian subsidiary of MergerCo:

(i) the Guarantee and security interests granted by the relevant Italian Guarantor shall not exceed at any time an amount equal to the aggregate principal amount of any intercompany loans or other financial support in any form (such term, for the avoidance of doubt, not including equity contributions) advanced or made available from time to time to such Italian Guarantor (or any of its direct or indirect subsidiaries pursuant to Article 2359, paragraph 1 and 2, of the Italian Civil Code) by the Issuer (whether directly or indirectly) on or following the Completion Date which are outstanding at the time of the enforcement of the relevant Guarantee or security interest and in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility and/or the Intercreditor Agreement and/or received upon the enforcement of any security interests granted by the relevant Italian Guarantor; provided further that such Italian Guarantor shall not be liable as a Guarantor and/or security provider in respect of any amounts in excess of the amount that such Italian Guarantor is entitled to (and permitted under the Indenture, Facility Agreement and Intercreditor Agreement to immediately) set-off against its claims of recourse or subrogation (*regresso* or *surrogazione*) arising as a result of any payment made by such Italian Guarantor under the relevant Guarantee and/or as a result of the enforcement of any security interests granted by it;

(ii) without prejudice to the limitation set out (i) above, the maximum amount guaranteed and/or secured by any Italian Guarantor, also in accordance with Article 1938 of the Italian Civil Code (where applicable), will not exceed 120% of the outstanding principal amount of the Notes;

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

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

In addition, notwithstanding anything to the contrary provided in the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement, until the Merger is completed pursuant to Article 2501-bis of the Italian Civil Code, the Guarantee and security interests granted by RdM, directly or indirectly, will be limited as follows:

(i) the Guarantee and security interests granted by RdM will only guarantee and secure a portion of the Issuer's obligations under the Notes not exceeding the amount of Tranche A (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 Proceeds Loan) (or other financial support in any form, not including equity contributions) advanced or made available from time to time to RdM (or any of its direct or indirect subsidiaries pursuant to Article 2359 of the Italian Civil Code) by the Issuer (whether directly or indirectly) on or following the Completion Date, which are outstanding at the time of the enforcement of the relevant Guarantee or security interest and in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility and/or the Intercreditor Agreement and/or received upon the enforcement of any security interests granted by RdM; provided further that RdM shall not be liable as a Guarantor and/or security provider in respect of any amounts in excess of the amount that RdM is entitled to (and permitted under the Indenture, Facility Agreement and Intercreditor Agreement to immediately) set-off against its claims of recourse or subrogation (*regresso* or *surrogazione*) arising as a result of any payment made by RdM under the relevant Guarantee and/or as a result of the enforcement of any security interests granted by it;

(ii) without prejudice to the limitation set out in (i) above, the maximum amount guaranteed and/or secured by RdM, 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 A (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 A (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 RdM 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 RdM 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 RdM 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 by RdM 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 a portion of the amounts and/or payment obligations under the Notes not exceeding the amount of Tranche A (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 RdM 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 RdM. Should the Guarantee and/or the security interests granted by RdM be deemed by a court or public authority to be contrary to any provisions regulating financial assistance, including Articles 2358 and 2474, as applicable, of the Italian Civil Code, such Guarantee and/or security interests could be declared null and void and the Notes documents will provide that, if and to the extent such Guarantee 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 RdM 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 (other than RdM) 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 Guarantees and security. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*."

Further, the lenders under the Revolving Credit Facility may be granted the benefit of additional security or guarantees which are not otherwise permitted to be granted in favor of holders of the Notes due to the application of Italian financial assistance and corporate benefit rules. Accordingly, in such circumstances you 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.

It is possible that a guarantor or a pledgor of security, or a creditor of a pledgor of security, or the bankruptcy trustee in the case of a bankruptcy of a pledgor of security, may contest the validity and enforceability of the Guarantees or the pledgor's pledge of security on any of the aforementioned grounds and that the applicable court may determine that the pledge should be limited or voided. To the extent such limitations on the security obligation apply, the Notes would be effectively subordinated to all liabilities of the applicable guarantor or pledgor, including trade payables of such pledgor to the extent of such limitations. Future guarantees or pledges 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. For a more detailed description of various limitations on the security under applicable law and certain insolvency law considerations, see "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

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

Under various circumstances, the Guarantees and the Collateral securing the Notes will be automatically and unconditionally released. In addition, if the Security Agent sells Collateral comprising the shares of the

Issuer or certain of our subsidiaries as a result of an enforcement action in accordance with the Intercreditor Agreement, then claims under the Notes and the Guarantees may be released or transferred. Your ability to recover on the Notes could be materially impaired in such circumstances. See "*Description of the Notes — Security; the Collateral*," "*Description of Certain Financing Arrangements — Intercreditor Agreement*." The Indenture and the Intercreditor Agreement will also provide that the Collateral securing the Notes may be released and retaken in connection with the incurrence of additional secured indebtedness, if it is not possible to implement any such transaction by instead granting additional Collateral and amending the terms of the existing Collateral. In certain jurisdictions, including Italy, such a release and retaking of Collateral may give rise to the start of a new "hardening period" in respect of such Collateral. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity and enforceability of the grant of such Collateral. Any such challenge, if successful, could potentially limit your recovery in respect of such Collateral and thus reduce your recovery under the Notes. The Intercreditor Agreement will also provide that the Guarantees and the Collateral will be subject to release in connection with a distressed disposal. See "*Description of Certain Financing Arrangements — Intercreditor Agreement — Distressed Disposal*" and "*Description of the Notes — Security; the Collateral*."

Additionally, even though the holders of Notes will share in the Collateral with the secured parties under the Revolving Credit Facility Agreement, the secured parties under the Revolving Credit Facility Agreement and certain of our hedging agreements will receive the proceeds of the enforcement of the Collateral in priority to the holders of the Notes and, under certain circumstances, the secured parties under the Revolving Credit Facility Agreement and certain of our hedging arrangements will control enforcement actions with respect to the Collateral through the Security Agent, whether or not the holders of the Notes agree with those actions. See "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral — Holders of the Notes may not control certain decisions regarding the Collateral*."

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

The granting of new security interests in connection with the Offering and the confirmation or extension of security interest in respect of certain amendments to the relevant secured obligations or addition or substitution of the relevant collateral may create hardening periods for such security interests in Italy and the relevant regime for hardening periods may be less favorable if the secured debt (or part thereof) is pre-existing to the granting of the security interest. In addition, the granting of shared security interests to secure future permitted debt may restart or reopen such hardening periods. The applicable hardening period for these new security interests will run from the moment each new security interest has been granted, perfected or re-created. In each instance, if the security interest granted, perfected or re-created were to be enforced before the end of the relevant hardening period applicable in Italy, such security interest may be declared void and/or it may not be possible to enforce it. See "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*" and "*Certain Italian Insolvency Law Considerations*."

Additionally, if our shareholder decides to affect the Permitted Parent Reorganization as described under "*Description of the Notes — Certain Definitions — Permitted Parent Reorganization*," there can be no assurances that this will not create new hardening periods for the Guarantors' share pledges. The applicable hardening period for these new security interests will run as from the moment each new security interest has been granted, perfected or recreated. At each time, if the security interest granted, perfected or recreated were to be enforced before the end of the respective applicable hardening period, it may be declared void and/or it may not be possible to enforce it. In addition, the granting of a shared security interest to secure future indebtedness or the transfer or the assignment of the security interest may restart or reopen hardening periods. The applicable hardening period may run from the moment such new security is amended, transferred, assigned, granted or perfected. If the security interest granted were to be enforced before the end of the respective applicable hardening period, it may be declared void or ineffective and/or it may not be possible to enforce it. See "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral — The rights of holders of the Notes in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral*."

The insolvency laws of Italy, Germany and other foreign jurisdictions may not be as favorable to holders of Notes as U.S. insolvency laws or those of another jurisdiction with which you may be familiar.

The Issuer is organized and is likely to have its center of main interests under the laws of Italy. Accordingly, insolvency proceedings with respect to the Issuer or the Guarantors organized under the laws of Italy may proceed under, and be governed by, Italian insolvency law. The Guarantors are organized and incorporated under the laws of Italy, Germany and The Netherlands, as applicable. Under Regulation (EU) No. 2015/848 of the European Parliament and of the Council of May 20, 2015 on Insolvency Proceedings (recast) (the "**Recast Insolvency Regulation**"), which applies in the European Union (other than Denmark) and, in the case of insolvency proceedings opened before December 31, 2020, in the UK, the court which has jurisdiction to open main insolvency proceedings in relation to a company is the court of the member state or UK jurisdiction (as applicable) in which the company's "*center of main interests*" is situated. There is a rebuttable presumption that the "*center of main interests*" as defined in the Recast Insolvency Regulation is the jurisdiction where the registered office is situated. In the event of a bankruptcy, insolvency or similar event, it is not possible to predict with certainty in which jurisdictions the insolvency or similar proceedings would first be commenced or how these proceedings would be resolved. Proceedings could be initiated in Italy, Germany, The Netherlands or any other relevant jurisdiction, and your rights under the Notes and the Guarantees and your security interests in the Collateral will be subject to the insolvency and administrative laws of the Italy, Germany and The Netherlands.

The insolvency laws of Italy, Germany, The Netherlands or other foreign jurisdictions may not be as favorable to your interests as those of the United States or another jurisdiction with which you may be familiar, including in respect of creditors' reorganization, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceedings, and thus may limit your ability to recover payments due on the Notes or Guarantees to the extent exceeding the limitations arising under other insolvency laws. In the event that the Issuer or any of its subsidiaries, including the Guarantors, experiences financial difficulty, it is not possible to predict with certainty the outcome of such proceedings. In particular, the insolvency and other laws of Italy may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, the ability to obtain post-petition interest and the duration of the proceeding. The application of these laws could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights against the Collateral in Italy and limit any amounts that you may receive. See "*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations*."

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

Under applicable fraudulent conveyance laws, a court could void the Notes and the Guarantees or subordinate the claims thereunder to other claims against the Issuer or the Guarantors if it was determined that the Issuer or the Guarantors, as applicable:

- issued the Notes (or the Guarantees or Collateral were granted) with actual intent to hinder, delay or defraud creditors or shareholders;
- received less than reasonably equivalent value or fair consideration for issuing the Notes (or granting the Guarantees or the Collateral), and, at the time thereof was insolvent or rendered insolvent by reason of issuing the Notes (or granting the Guarantees or Collateral);
- was engaged or about to engage in a business or a transaction for which remaining assets available to carry on business constituted unreasonably small capital;
- intended to incur, or believed that the Issuer would incur, debts beyond the ability to pay the debts as they mature; or
- was a defendant in an action for money damages, or had a judgment for money damages rendered against it if, in either case, after final judgment, the judgment is unsatisfied.

The measures of insolvency for the purposes of fraudulent transfer laws vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, an entity would be considered insolvent if at the time it incurred the debt:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

We cannot be sure as to what standard a court would apply in making a solvency determination or that a court would conclude that the Issuer was solvent immediately after the Offering. Regardless of the standard that the court uses, we cannot be sure that the Offering (or grant of the Collateral) would not be voided or subordinated to our other debt.

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

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

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

We may be unable to raise the funds necessary to refinance indebtedness maturing prior to the stated maturity of the Notes or to repay the Notes at maturity.

The Notes offered hereby will mature on December 14, 2026. The Revolving Credit Facility will mature on the earlier of (1) the date that is 4.5 years after the Completion Date and (2) the date falling six months prior to the maturity of the Notes. In addition, all of our other indebtedness that will remain outstanding following the Refinancing may be terminated or repayable prior to the respective maturities of the Notes. As a result, we may not have sufficient cash to repay all amounts owing on the Notes at maturity, since the prior maturity of such other indebtedness may make it difficult to refinance the Notes offered hereby. In addition, if our access to capital markets or our ability to enter new financing arrangements is reduced for any reason, we may not be able to refinance our Revolving Credit Facility on satisfactory terms or at all, which could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to interest rate risks as certain of our borrowings bear, and the Notes and the Revolving Credit Facility will bear, interest at floating rates that could be impacted by applicable regulation and that could rise significantly. Shifts in such rates may adversely affect our debt service obligations.

The Notes and the Revolving Credit Facility will bear interest at floating rates of interest equal to the applicable three-month EURIBOR (with a 0% floor) for the relevant interest period plus a margin adjusted at regular intervals. These interest rates could rise significantly in the future reducing cash flow available for capital expenditures and hindering our ability to make payments on the Notes. As of and from the Step-Up Date this interest rate will increase by 0.500%, 1.000% or 1.500% (the effect of which corresponds to an annualized step-up in interest rates of 0.250%, 0.500% and 0.750%, respectively, for the four quarters prior to maturity) depending on whether respectively, one, two or three Sustainability Performance Targets are not achieved, unless the Issuer has achieved the Sustainability Performance Targets by December 31, 2025, as certified by the Issuer to the Trustee (with a copy to the Paying Agent) on or prior to the Certification Date. See "*Description of the Notes — Calculation of Interest.*" Moreover, for the Notes and the Revolving Credit Facility, a floor of 0% applies to the calculation of EURIBOR. Accordingly, should the relevant EURIBOR remain below 0%, we would not be able to benefit from such decrease. The Indenture will not contain a covenant requiring us to hedge all or any portion of our floating rate debt. We may, however, elect to enter into certain hedging arrangements designed to fix these rates, although there can be no assurance that we will enter into hedging or that hedging will be available on commercially reasonable terms. In addition, hedging carries certain risks, including that we may need to pay significant amounts (including costs) to terminate any hedging arrangements. To the extent that interest rates were to increase significantly, our interest expense would correspondingly increase, reducing our cash flow.

Following allegations of manipulation of LIBOR, a measure of interbank lending rates, regulators and law enforcement agencies from a number of governments and the European Union are conducting investigations into whether the banks that contribute data in connection with the calculation of daily EURIBOR or the calculation of LIBOR may have been manipulating or attempting to manipulate EURIBOR and LIBOR. In addition, LIBOR, EURIBOR and other interest rates or other types of rates and indices which are deemed to be "**benchmarks**" are the subject of ongoing national and international regulatory reform, including the implementation of the IOSCO Principles for Financial Market Benchmarks (July 2013) and the new European regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, which entered into force on June 30, 2016. Following the implementation of any such reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on March 5, 2021, the FCA formally confirmed its intention to cease publishing 24 LIBOR settings, including all seven euro LIBOR settings after December 31, 2021, and the overnight and 12-month U.S. dollar LIBOR setting after June 30, 2023. The elimination of the LIBOR benchmark or potential elimination 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 is determined, which could require an adjustment to the terms and conditions, or result in other consequences, in respect of any debt linked to such benchmark (including but not limited to the Revolving Credit Facility and the Notes whose interest rates are linked to EURIBOR). Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR which could have an adverse impact on our ability to service debt that bears interest at floating rates of interest.

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

The Indenture will contain provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. As set forth in "*Description of the Notes — Amendment, Supplement and Waiver,*" the majority required to pass certain amendments, waivers or other modifications of the terms of the Notes will be one or more persons holding or representing at least 75% of the aggregate principal amount of the outstanding Notes (or, in certain circumstances, the applicable series of outstanding Notes). These provisions permit defined majorities (50% or 75%), depending on the nature of the amendment, waiver or other modification, to bind all holders of the Notes, including holders of the Notes who did not vote, and holders who vote in a manner contrary to the relevant majority. In particular, under the Indenture, an extraordinary resolution may include, among other things, proposals to reduce the rate or change the time for payment of principal or interest in respect of the Notes, to change the date on which any Note may be subject to redemption or reduce the redemption price, to reduce the principal or extend the stated maturity of the Notes, change the currency of payments under the Notes and/or to change such amendment provisions. These and other changes may adversely impact your rights as a holder of the 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/or others, and if challenged, may not be upheld by an Italian court, with the consequence that the majority voting threshold would be reduced from 75% to 50%.

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

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws. You may not offer the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, or pursuant to an effective registration statement. The Notes and the Indenture contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exceptions, under the Securities Act. Furthermore, we have not registered the Notes under any other country's securities laws. It is your obligation to ensure that your offers and resales of the Notes within the United States and other countries comply with applicable securities laws.

You may have difficulty enforcing your rights against the Issuer and its directors and executive officers.

The Issuer and the Guarantors are incorporated in Italy, Germany, The Netherlands or jurisdictions other than the United States. Although the Issuer and the Guarantors have submitted to the jurisdiction of certain New York courts in connection with certain actions under U.S. securities laws, you may be unable to effect service of process within the United States on their directors and executive officers. In addition, as all of the assets of the Issuer and of the Guarantors are, as of the Issue Date, located outside of the United States you may be unable to enforce against them judgments obtained in the U.S. courts predicated upon civil liability provisions of the federal securities laws of the United States. In addition, our local counsel has informed us that it is questionable whether an, among others, Italian or German court would accept jurisdiction and impose civil liability if proceedings were commenced in Italy or Germany, as applicable, predicated solely upon U.S. federal securities laws. See "Service of Process and Enforcement of Judgments." You may face foreign exchange risks by investing in the Notes.

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

The Notes will initially only be issued in global certificated form and are currently held through Euroclear and Clearstream. Interests in the global notes will trade in book entry form only, and Notes in definitive registered form, or Definitive Registered Notes, will be issued in exchange for Book-Entry Interests only in very limited circumstances. Owners of Book-Entry Interests will not be considered owners or holders of Notes. In circumstances where Definitive Registered Notes are issued, the Issuer understands that the Notes will no longer be eligible for clearance by Euroclear and Clearstream in accordance with their respective customary procedures, and holders of Definitive Registered Notes will therefore be required to rely on the procedures described under "*Book-Entry, Delivery and Form*." The common depositary, or its nominee, for Euroclear and Clearstream is the sole registered holder of the global notes representing the Notes and will be entered as such in the register of holders of the Notes maintained by the Registrar and the Issuer at its registered office. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to Deutsche Bank AG, London Branch as Paying Agent, which then will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold Book-Entry Interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of Book-Entry

Interests. Accordingly, if you own a Book-Entry Interest, 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 Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of Book-Entry Interests will not have the direct right to act upon the Issuer's 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. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until Definitive Registered Notes are issued in respect of all Book-Entry Interests, if you own a Book-Entry Interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry, Delivery and Form*."

Certain covenants may be suspended upon the occurrence of a change in our ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive a rating of "**BBB-**"or better from S&P and "**Baa3**" or better from Moody's or an equivalent rating from another rating agency and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time that the Notes receive a rating of below "**BBB-**" from S&P and below "**Baa3**" from Moody's or an equivalent rating from another rating agency, certain covenants will cease to be applicable to the Notes. See "*Description of the Notes — Certain Covenants — Suspension of Covenants on Achievement of Investment Grade Status.*" If these covenants were to cease to be applicable, we would be able to incur additional indebtedness or make payments, including dividends or investments, 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 will be maintained.

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 a credit rating to the Notes. The rating may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency 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 a credit rating agency may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

Italian withholding taxes or deduction of taxes may be payable on amounts paid by the Italian resident guarantors.

Under a certain interpretation, payments made by the Italian resident guarantors organized under the laws of Italy to non-resident entities without an Italian permanent establishment to which the Notes are effectively connected may be subject to Italian withholding taxes or deduction of taxes. The possible imposition of withholding taxes or deduction of taxes with respect to payments on the Notes and the resulting obligation to pay additional amounts to holders of the Notes could have a material adverse effect on our financial condition and results of operations.

You generally will not be entitled to a gross-up for any Italian withholding taxes, unless the Italian withholding tax is caused by a failure of the Issuer to comply with certain procedures.

The Issuer is organized under the laws of Italy and is Italian resident for tax purposes and therefore payments of principal, issue discount and interest on the Notes and, in certain circumstances, any gain on the

Notes, will be subject to Italian tax laws and regulations. All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, subject to a number of exceptions, the Issuer will pay such additional amounts as will result in the holders of the Notes receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer is not liable to pay any additional amounts to holders of Notes under certain circumstances, including if any withholding or deduction is required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 ("**Decree 239**") or pursuant to Italian Legislative Decree No. 461 of November 21, 1997 ("**Decree 461**"), except where the procedures required under Decree 239 and Decree 461 in order to benefit from an exemption have not been complied with due to the actions or omissions of the Issuer or its agents. In such circumstances, investors subject to Italian withholding tax will only receive the net proceeds of their investment in the Notes. See "*Description of the Notes — Additional Amounts*" and "*Certain Tax Considerations — Certain Italian Tax Considerations.*"

Although we believe that, under current law, Italian withholding or income substitute tax will not be imposed under Decree 239 or Decree 461 where a holder of Notes is resident for tax purposes in a country or territory which allows for a satisfactory exchange of information with the Italian tax authorities as contained (I) in the Ministerial Decree of the Minister of Economy and Finance of September 4, 1996, as amended or supplemented from time to time and replaced, or (II) once effective, in any other decree or regulation that will be issued in the future under the authority of Article 11(4)(c) of Decree 239 to provide the list of such countries and territories (any of such decrees, the "**White List**"), including any country or territory that will be deemed listed therein for the purpose of any interim rule and such holder complies with certain certification requirements, there is no assurance that this will be the case. Moreover, holders of Notes will bear the risk of any change in Decree 239 after the date hereof, including any change in the White List. Holders of Notes resident in such countries or in a country allowing for the satisfactory exchange of information with Italy but that do not satisfy the conditions set forth by Decree 239 (as amended or supplemented), as well as certain categories of holders of the Notes who are resident in Italy, will only receive the net proceeds of their investment in the Notes. The regime provided by Decree 239 and in particular the exemption from imposta sostitutiva, which is in principle granted to holders of the Notes resident in countries that allow for satisfactory exchange of information with Italy, is also subject to certain procedural requirements being met. Should the procedural requirements not be met, Italian *imposta sostitutiva* may apply on the payments made on the Notes to foreign investors resident in countries that allow for satisfactory exchange of information with Italy. See "*Certain Tax Considerations — Certain Italian Tax Considerations.*"

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

Application has been made to the Exchange for the Notes to be admitted to trading on the Exchange's Euro MTF Market and to be listed on the Official List upon their issuance. There can be no assurance, however, that the Notes will be listed on the Official List of the Exchange or that such permission to deal in the Notes will be granted or that such listing will be maintained, and settlement of the Notes is not conditioned upon obtaining this listing or permission to list. If the Notes are listed on Official List of the Exchange and the Issuer can no longer maintain such listing or if it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Exchange, provided, however, that it will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on another "**recognized stock exchange**," although there can be no assurance that the Issuer will be able to do so.

No assurance can be given that the Notes will be listed or that, once listed, the listing will be maintained or that any such listing will satisfy the listing requirement of Decree 239 in order for the Notes to be eligible to benefit from the provisions of such legislation relating to the exemption from the requirement to apply withholding tax. The Italian tax authorities issued an interpretive circular relating to, among others, the listing requirement of the aforementioned legislation that may be interpreted to require that the Notes be listed upon their issuance to benefit from the aforementioned provisions, including the exemption from the requirement to apply withholding tax. In the event that the Notes are not listed or that such listing requirement is not satisfied, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax, currently at a rate of 26%. The possible imposition of withholding taxes or deduction of taxes with respect to payments on the Notes and, subject to and as set forth in "*Descriptions of the*

Notes — Additional Amounts,” the resulting obligation to pay additional amounts to holders of the Notes could have a material adverse effect on our financial condition and results of operations.

A German guarantor may be obliged to withhold on payments to certain investors incorporated, established or tax resident in non-cooperative jurisdictions

In case an investor is incorporated, established or tax resident in a non-cooperative tax jurisdiction (*nicht kooperatives Steuerhoheitsgebiet*) within the meaning of the German Act to Avert Tax Evasion and Unfair Tax Competition (*Gesetz zur Abwehr von Steuervermeidung und unfairem Steuerwettbewerb*) payments of interest or payments in lieu of interest by a German tax resident (such as payments by a German guarantor) would be subject to German non-resident taxation (*beschränkte Steuerpflicht*). A jurisdiction will qualify as non-cooperative if it fulfils the requirements defined in the German Act to Avert Tax Evasion and Unfair Tax Competition (*Gesetz zur Abwehr von Steuervermeidung und unfairem Steuerwettbewerb*). The requirements defined aim to capture jurisdictions that do encourage abusive tax practices and do not comply with international tax standards and are based on and implement the EU Council's conclusions on the EU list of non-cooperative jurisdictions for tax purposes (as updated and amended from time to time) and relating defensive measures approved by the EU Council. The withholding tax obligation under the German Act to Avert Tax Evasion and Unfair Tax Competition (*Gesetz zur Abwehr von Steuervermeidung und unfairem Steuerwettbewerb*) is applicable as of January 1, 2022. The withholding tax rate is 15% of the gross payments (plus any applicable solidarity surcharge).

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

The regime provided by Decree 239 and in particular the exemption from withholding tax in principle granted to holders of the Notes resident in White List countries applies if certain procedural requirements are met. It is not possible to assure that all non-Italian resident investors can claim the application of the withholding tax exemption where the relevant foreign intermediary fails to provide sufficient information to the relevant Italian tax authorities under the procedures set for applying the exemption regime. See “*Certain Tax Considerations — Certain Italian Tax Considerations*.”

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.

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

The Notes will be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. If the stated principal amount of the Notes exceeds their "**issue price**" by an amount equal to or more than a statutorily defined de minimis amount, the Notes will be treated as issued with OID for U.S. federal income tax purposes. In such case, U.S. Holders (as defined in "*Certain Tax Considerations — Certain U.S. Federal Income Tax Considerations*"), whether on the cash or accrual method of tax accounting, would be required to include any amounts representing OID in gross income (as ordinary income) on a constant yield to maturity basis for U.S. federal income tax purposes in advance of the receipt of cash payments to which such income is attributable. For further discussion, see "*Certain Tax Considerations — Certain U.S. Federal Income Tax Considerations*."

THE TRANSACTIONS

Sources and Uses for the Transactions

The estimated sources and uses of funds for the transactions described in "*The Transactions*" is shown in the table below. The table below assumes that we are able to acquire 100% of the outstanding shares of RdM through the Private Acquisitions, open market purchases and/or the MTO. Actual amounts may vary from estimated amounts depending on several factors, including the time required to complete the Share Acquisitions, the method by which the Delisting or Merger is achieved, the outstanding balance due under the RdM Group's indebtedness when it is repaid and the fees and expenses incurred in connection with the Transactions, among others. Any changes in these amounts may be reflected as an increase or decrease, as applicable, in the amount of cash on hand or equity contribution used to consummate the Transactions. This table should be read in conjunction with "*Capitalization*" and "*Use of Proceeds*."

Sources	Amount (in € millions)	Uses	Amount (in € millions)
Notes offered hereby(1)	438	Cash consideration(4)	548
Equity contribution(2)	294	Repayment of Target Group indebtedness(5)	172
Cash on hand(3)	9	Total transaction costs(6)	21
Total sources	**741**	**Total uses**	**741**

(1) Represents the Notes offered hereby. The proceeds from the Offering will be used, in part, to refinancing the Bidco Loan, which was drawn to finance the Private Acquisition, the MTO and open market purchases. A portion of the proceeds from the Notes offered hereby will also be used to repay the Existing Debt. To the extent the Issuer does not own 100% of the issued share capital of RdM on the Completion Date, proceeds from the Offering may be used for subsequent purchases of RdM's outstanding shares or for general corporate purposes.

(2) Represents the indirect cash investment made by the Apollo Funds and certain passive limited partners through intermediate holding companies to the Issuer.

(3) Represents the estimate of cash and cash equivalents held by the Group that will be used to fund the Transactions.

(4) Represents the aggregate expected total cash consideration required to purchase 100% of the ordinary issued shares of RdM by way of the Private Acquisition, the MTO and open market purchases. The actual amount required to purchase all of the issued share capital of RdM may vary from this estimate, and there can be no assurance we will be able to acquire 100% of the share capital of RdM as described in this "— *The Transactions*" section. See also "*Risk Factors — Risks Related to the Transactions — Ownership of 100% of the shares of RdM and completion of the MTO is dependent on several factors*." No acceleration of share-based compensation to certain members of RdM management has been assumed and this amount does not reflect the accelerated vesting of any such share-based compensation. Equivalent value will be allocated to management for stock grants issued and outstanding but not yet vested and is reflected in this amount.

(5) Represents an estimate of the amount required for the repayment of certain debt incurred by the RdM Group, including payment in full of the Existing Debt on or about the Completion Date. Excludes unamortized costs and accrued and unpaid contractual interest.

(6) Total transaction costs include estimated fees and expenses associated with the Transactions, including commitment and financial advisory fees and other transaction costs and professional expenses.

The Private Acquisition

On October 26, 2021, the Issuer acquired 251,924,385 ordinary shares of RdM (the "**Private Acquisition**") for the aggregate purchase price of €365,290,358.25, representing an aggregate stake of 66.682% of the issued share capital and 66.723% of the voting shares of RdM, pursuant to the terms and conditions of two separate share purchase agreements. In particular, the Issuer acquired:

(i) 217,474,385 ordinary shares in RdM from Cascades Canada ULC for the price of €315,337,858.25 pursuant to the share purchase agreement entered into on July 4, 2021; and

(ii) 34,450,000 ordinary shares in RdM from Caisse de dépot et placement du Québec for the price of €49,952,500 pursuant to the share purchase agreement entered into on July 4, 2021.

Open Market Purchases

In addition, following the closing of the Private Acquisition, from October 27, 2021 until November 29, 2021, the Issuer acquired an additional 43,837,427 ordinary shares, representing an aggregate stake of 11.603% of the issued share capital of RdM.

The Share Acquisitions were, and will continue to be, funded through a combination of cash equity injected to the Issuer by funds affiliated with Apollo and the BidCo Loan.

MTO and Potential Sell Out or Squeeze Out

Upon closing of the Private Acquisition on October 26, 2021, the Issuer disclosed to the public the occurrence of the obligation to promote a mandatory tender offer (the "**MTO**") for any and all of the remaining issued share capital of RdM represented by ordinary shares not held by the Issuer pursuant to Articles 102, 106 et seq. of the Financial Services Act.

The initial MTO offer period is expected to last from November 22, 2021 to December 17, 2021, unless extended (any such initial offer period, the "**MTO Subscription Period**"). At the end of the MTO Subscription Period the Issuer will purchase the ordinary shares of RdM that have been tendered during such MTO Subscription Period on the settlement date of the MTO (the "**Initial MTO Settlement Date**"), which is expected to be on the third trading date following the expiration of the MTO Subscription Period. The purchase price of the MTO will be €1.45 per ordinary share (the "**MTO Price**"), which is the same price per share paid in respect of the Private Acquisition. The public price per share of RdM's ordinary shares was €1.448 as of November 12, 2021 according to Borsa Italiana. The Subscription Period shall be reopened if at least half of the shares subject to the MTO are tendered.

The Issuer intends to obtain the Delisting. The MTO is mandatory in nature and to the extent we acquire more than 90% of the ordinary shares in RdM, a Delisting will occur due to the lack of free float. At the end of the MTO Subscription Period, as possibly reopened, if the MTO is not accepted by all of the remaining shareholder the Issuer will face one of the following scenarios:

(i) If the Issuer, together with the persons acting in concert with it, holds more than 90% but less than 95% of the issued share capital of RdM represented by ordinary shares, the Issuer may be required by the shareholders of RdM who did not tender their shares in the MTO to purchase their RdM shares at the MTO Price pursuant to paragraph 2 of Article 108 of the Financial Services Act ("**Sell Out Procedure**").

(ii) If the Issuer, together with persons acting in concert with (as defined under Article 101-bis of the Financial Services Act) holds at least 95% of RdM's issued share capital represented by ordinary shares (including as a result of the Sell Out Procedure, as applicable) the Issuer may (i) be required by the shareholders of RdM who did not tender their shares in the MTO to purchase their RdM shares at the MTO Price pursuant to paragraph 1 of Article 108 of the Financial Services Act and/or (ii) exercise its right to acquire, in exchange of the MTO Price, the RdM shares of the shareholders of RdM who did not tender their shares in the MTO, pursuant to Article 111 of the Financial Services Act ("**Squeeze Out Procedure**"). As of the day of the launch of the MTO, the Issuer has stated its intention to exercise its right in the Squeeze Out Procedure, in order to acquire any RdM shares not previously tendered, should the relevant threshold be reached and the Squeeze Out Procedure be Triggered.

In each of the scenarios listed in (i) and (ii) above, if the Issuer, together with the persons acting in concert with it, holds more than 90% of the Issuer share of RdM represented by ordinary shares and does not opt to restore withing 90 days the necessary floating stocks to ensure regular trading of the

RdM shares, RdM is delisted and become subject to the applicable Italian law depending on the composition of the minority shareholding, if any, by the MTO Completion.

(iii) If the Issuer, together with the persons acting in concert with it, does not hold more than 90% of the issued share capital of RdM represented by ordinary shares, neither the Sell Out Procedure nor the Squeeze Out Procedure are triggered. In such case, the Issuer may achieve the delisting of the RdM shares through a Merger with RdM (with Rimini BidCo S.p.A. being the MergerCo) (or any merger of RdM with an unlisted Apollo entity). In this scenario, the RdM shareholders who did not vote in favour of the RdM resolution approving any such merger, would be entitled to exercise the withdrawal right from RdM in exchange of a consideration determined pursuant to Article 2437-quinquies of the Italian Civil Code (see also below "— *Merger*").

Merger

As of the date of this Offering Memorandum, the Issuer owns more than two-thirds of the ordinary shares of RdM. Following the MTO Completion Date, the Issuer , subject to any relevant approval and/or authorization by any competent authority to consummate the Merger on terms complying with Articles 2501-bis (et seq.) of the Italian Civil Code (the surviving entity of any such Merger being "**MergerCo**"), for which the Issuer has sufficient voting power at its current shareholding under Italian law, but which is subject to certain other conditions. See also "*Description of the Notes — Merger.*"

To the extent that, and for so long as the Merger does not occur, the Issuer will have access only to its proportionate share of any dividends or distributions from RdM for purposes of making payments under the Notes, there may be limits to the degree of control the Issuer can exercise over RdM due to the continued presence of minority shareholders. RdM's shareholders who did not participate in the resolution approving the Merger (or any merger of RdM with an unlisted Apollo entity for the purpose of Delisting), if any, would have the right to give up their shares at a pre-defined liquidation value paid in cash, *i.e.,* the right of withdrawal pursuant to Article 2437-quinquies of the Italian Civil Code ("**Withdrawal Right**"). In this case, the liquidation value of the shares subject to withdrawal would be determined pursuant to Italian law, with exclusive reference to the average of the closing prices in the six months preceding the publication of the notice of the shareholders meeting at which the resolutions approving the Merger (or any merger of RdM with an unlisted Apollo entity for the purpose of Delisting) were adopted.

Other than pursuant to the Squeeze Out Procedure, the ability to tender is purely voluntary for existing shareholders of RdM and the Issuer cannot provide any assurances on the uptake of the MTO. For illustrative purposes, even in the event that the Issuer was to acquire no further ordinary shares of RdM, the Issuer would intend to proceed in the following manner:

- to pursue the Delisting via the Merger of RdM into Rimini Bidco S.p.A. (or a merger of RdM with an unlisted Apollo entity), for which the Issuer has sufficient voting power at its current shareholding under Italian law, but which is subject to certain other conditions; and
- in any event, the Issuer will use the proceeds of the Notes as set out in "*Use of Proceeds*."

The completion of the Merger (or any merger of RdM with an unlisted Apollo entity) is subject to certain conditions and may not be completed or may take several months to finalize given the required legal processes. See "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral — We may be unable to complete the Merger within the anticipated time frame, or at all.*" Failure to complete the Merger shall not constitute a Default or an Event of Default under the Indenture. See also "*Transactions*."

The Share Acquisitions were, and will continue to be, funded through a combination of cash equity injected to the Issuer by funds affiliated with Apollo and the BidCo Loan.

Merger in the event that the Delisting is not achieved

In the event that, following the MTO (including any reopening of the terms) RdM's ordinary shares are not delisted and therefore the Delisting is not achieved, the Issuer intends to propose to the competent bodies of both RdM and the Issuer to proceed with the Delisting through the Merger of RdM into Rimini BidCo S.p.A., or through a merger of RdM into an unlisted Apollo entity, provided that no formal decisions have been taken by the competent bodies of the companies that might be involved in relation to the Merger, if any, nor with regard to the related execution procedures. Should RdM be subject to any such merger in the absence of the Delisting, RdM shareholders who did not participate in the resolution approving the merger would have Withdrawal Rights. In this case, the liquidation value of the shares subject to withdrawal would be determined in accordance with Article 2437-*ter*, paragraph 3, of the Italian Civil Code, with exclusive reference to the average closing price of RdM share in the six months preceding the notice of call of the relevant shareholders' meeting whose resolutions legitimise the Withdrawal Right.

Therefore, following any such merger, if achieved, RdM's shareholders who do not exercise their Withdrawal Right will hold financial instruments not listed on any regulated market, resulting in an increased difficulty in disposing their investment in the future.

Merger after the Delisting

In the event that RdM is subject to the Merger with the Issuer (or through the other merger scenarios into an unlisted Apollo entity), after the Delisting of the ordinary shares by the Italian Stock Stock Exchange (also following the execution of the Sell Out Procedure), RdM's shareholders who did not participate in the resolution approving such merger would be empowered with the Withdrawal Right only should one of the conditions set out in Article 2437 of the Italian Civil Code be met. In this case, the liquidation value of the shares subject to withdrawal would be determined in accordance with Article 2437-*ter*, paragraph 2, of the Italian Civil Code, with reference to RdM's assets and income forecasts, as well as to the market value of the shares.

Merger pursuant to Article 2501-*bis* of the Italian Civil Code

The Merger will be also considered with the aim to shortening the chain of control and the Merger, depending on the companies involved, might determine the applicability of Article 2501-*bis* of the Italian Civil Code. In this respect, it is worth noting that RdM's shareholders not tendering their shares in the MTO or who did not exercise their right of withdrawal would become, as a result of the Merger, shareholders of a company which might have a higher level of indebtedness than RdM before the Merger including, if the Merger is carried out by incorporation into Issuer, the indebtedness of the Issuer as at the date of the Merger. As such, the Merger could qualify, if applicable, as a "merger following an acquisition funded by financial indebtedness" with consequent applicability of Art. 2501-*bis* of the Italian Civil Code by reason of the amounts disbursed in favor of the Issuer pursuant to the Bidco Facility Agreement or amounts outstanding under the Notes (as applicable depending on when such Merger is undertaken), in the case of a Merger between RdM and the Issuer. It is also specified that as a result of the Merger, the total indebtedness of RdM would be increased by an amount equal to the sums disbursed in favor of the Issuer pursuant to the Bidco Facility (as well as, where existing, the Notes and the Revolving Credit Facility) and not repaid prior to or on the effective date of the aforementioned Merger.

The Bidco Facility Agreement, further, provides the right of the Issuer to procure that TopCo, upon the occurrence of certain conditions (including granting a pledge over TopCo's shares), shall assume, as substitute borrower, starting from the date of the Merger (the "**Relevant Date**") the repayment obligations arising from the Bidco Facility Agreement in substitution of the Issuer and with consequent release of the same pursuant to Article 1273, second paragraph of the Italian Civil Code. As a consequence of the exercise thereof and as a condition thereto, the Bidco Facility Agreement provides for, *inter alia*, the obligation of TopCo to (i) allocate in full, with effect from the Relevant Date, the credit claimed by it in recourse against the Issuer as a result of the takeover, to the subscription of a capital increase with a premium to be resolved by the Issuer; (ii) repay the amounts for any reason due and not already repaid under the Bidco Facility Agreement through the use of the proceeds of a dividend payment or distribution of reserves by the company resulting from the Merger (the "**Distribution**"); and (iii) make every reasonable effort to ensure that the proceeds of the Distribution in the event of a Merger are made available to TopCo as soon as possible and, in any case, within 60 days from the Relevant Date. Depending on the results of the MTO, we may consider various options in order to minimize any negative impact that the Merger could have on the resulting ownership instructure, the Offering and the use of proceeds thereof as described in this Offering Memorandum.

USE OF PROCEEDS

We expect the gross proceeds from the Offering will be approximately €445.0 million. Concurrently with the Issue Date and pending consummation of the MTO Completion, the gross proceeds from the Offering of the Notes (less certain professional fees and expenses related to the Offering) will be deposited into the Escrow Account for the benefit of the holders of the Notes. The proceeds in the Escrow Account will be held in the name of the Issuer, but the Escrow Account will be controlled by the Escrow Agent pursuant to the terms of the Escrow Agreement, and the Escrow Account will be pledged in favor of the Trustee for the benefit of the holders of the Notes in accordance with the terms of the Escrow Account Charge.

The release of the Escrow Proceeds will be subject to the satisfaction of certain conditions, including the MTO Completion. For further information see also "*Description of Notes — Escrow of Proceeds; Special Mandatory Redemption.*"

If these conditions are not satisfied on the business day following 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 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, to, but not including the Special Mandatory Redemption Date (as defined herein). On or about the Completion Date, we will use the proceeds of the Offering to:

(i) fund the Proceeds Loan by using an estimated €172 million representing all the proceeds from Tranche A (as defined below) under the Notes, the proceeds of which will be used by RdM or its Subsidiaries to repay any outstanding borrowings and cancel any available commitments under the Existing Debt as soon as practicable thereafter;

(ii) repay any outstanding borrowings and cancel any available commitments under the BidCo Loan by using an estimated €285 million representing all the proceeds from Tranche B (as defined below) under the Notes; and

(iii) pay certain fees and expenses in connection with the Transactions by using an estimated €21 million representing all the proceeds from Tranche C (as defined below) under the Notes. The equity injected to the Issuer for the Share Acquisitions will not be impacted by the Refinancing.

The estimated sources and uses of the proceeds of the Offering are shown in the table below. The table below assumes that we are able to acquire 100% of the outstanding shares of RdM through the Private Acquisitions, open market purchases and/or the MTO. Actual amounts will vary from estimated amounts depending on several factors, including our actual cash position as of the Issue Date and the Completion Date and differences from our estimates of fees and expenses and the number of shares we are able to purchase by way of the Share Acquisitions. To the extent the gross proceeds from the Offering exceed the amount required for the uses described below, we may use any excess proceeds to fund purchases of shares of RdM following the Completion Date (in which case such extra proceeds will form part of Tranche B), to fund payment by RdM of liquidation value in case of exercise of Withdrawal Right or for general corporate purposes, in which cases, such extra proceeds will form part of Tranche A as long as not applied towards payment of fees and expenses in connection with the Transaction.

Sources		**Uses**	
	Amount (in € millions)		**Amount (in € millions)**
Notes offered hereby	438	Refinancing of the Existing Debt(1)	172
Equity and cash on hand	40	Repayment of the BidCo Loan(2)	285
		Estimated fees and expenses(3)	21
Total	**478**	**Total**	**478**

(1) Represents (i) €100.0 million aggregate outstanding principal amount of the Eska Acquisition Facility, (ii) €70.8 million aggregate outstanding principal amount of other indebtedness of the RdM Group and (iii) €0.4 million of accrued interest, net of €1.4 million unamortized debt issuance costs, to be repaid by

RdM using the proceeds from the Proceeds Loan to be made by the Issuer to RdM on or about the Completion Date by using all the proceeds from virtual tranche A ("**Tranche A**") under the Notes, as further described under "*— The Transactions — Refinancing*" above. The sums exclude unamortized costs and accrued and unpaid contractual interest. The amount that will be required to repay the Existing Debt may increase or decrease based on the timing of the closing of the Refinancing, as well as the Issuer and/or RdM's decision, at its sole discretion, to keep certain Existing Debt outstanding following the Completion Date and/or to repay certain other debt of RdM and its subsidiaries in connection with the Transactions.

(2) Represents €285 million aggregate outstanding principal amount of the BidCo Loan to be repaid by the Issuer by using all the proceeds from virtual tranche B ("**Tranche B**") under the Notes, as further described under "*— The Transactions — Refinancing*" above. This assumes that the BidCo Loan will be fully drawn by the time of the Refinancing. On the date hereof, the amount outstanding under the BidCo Loan is €264,213,951.88. Excludes unamortized costs and accrued and unpaid contractual interest and undrawn commitment fees. The amount that will be required to repay the BidCo Loan may increase or decrease based on the timing of the closing of the Refinancing. In addition: (i) the Initial Purchasers and/or their respective affiliates are bookrunners and mandated lead arrangers and lenders with respect to the Bidco Loan which will be refinanced with a portion of the proceeds of the Notes; (ii) the Initial Purchasers and/or their respective affiliates have provided commitments with respect to certain bridge loan financing in relation to the Refinancing that we expect will be cancelled following the issuance of the Notes; and (iii) the Initial Purchasers and/or their respective affiliates are bookrunners and mandated lead arrangers and lenders with respect to the Revolving Credit Facility. They have received, and expect to receive, customary fees and commissions for these transactions, certain of which are payable with proceeds from the issuance of the Notes. If we have not acquired 100% of the issued share capital of RdM by the Completion Date, we may use any proceeds from the Offering that are not required to fund repayment of the BidCo Loan or for the other uses described in this "*Use of Proceeds*" section to fund purchases of RdM shares or to fund payment of liquidation value in case of exercise of Withdrawal Right or for general corporate purposes.

(3) Represents estimated fees and expenses incurred in connection with the Transactions, including underwriting fees and commissions, financial advisory costs, legal costs and other transaction costs and professional fees and expenses and to be financed by the Issuer by using all the proceeds from virtual tranche C ("**Tranche C**") under the Notes, as further described under "*— The Transactions — Refinancing*" above

For the avoidance of doubt, the Notes will constitute a single tranche for purposes of the Indenture and the "virtual tranching" of the Notes is aimed at identifying the separate portions of the gross proceeds from the Offering to be used by the Issuer for, on the one side, the refinancing of the Existing Debt and, on the other side, the repayment of the BidCo Loan, 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*."

In addition, on or about the Issue Date, the Issuer will enter into the Revolving Credit Facility Agreement with the lenders and other parties thereto from time to time, Barclays Bank PLC as agent and The Law Debenture Trust Corporation p.l.c. as security agent, under which €75 million in aggregate principal amount will be made available for borrowing and re-borrowing subject to certain terms and conditions. Loans made under the Revolving Credit Facility Agreement will mature on the earlier of (i) the date that is 4.5 years after the Completion Date; and (ii) the date falling 6 months prior to the stated maturity date of the Notes. As of the Completion Date, the Revolving Credit Facility is expected to be undrawn. See "*Summary — The Transactions — Refinancing,*" "*Capitalization*" and "*Description of Certain Financing and Guarantee Arrangements*."

CAPITALIZATION

The following table sets forth consolidated cash and cash equivalents and consolidated capitalization (consisting of total financial liabilities and shareholders' equity) as of September 30, 2021 for (i) RdM and its subsidiaries on a historical basis and (ii) MergerCo on a *pro forma* adjusted basis. This information below is illustrative only and does not purport to be indicative of what MergerCo's actual cash and cash equivalents, debt and equity would have been had the Offering had occurred on September 30, 2021 or what its financial position will be following the Offering.

The historical consolidated financial information has been derived from our unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2021 prepared in accordance with IFRS and included elsewhere in this Offering Memorandum. This table should be read in conjunction with "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Certain Financing and Guarantee Arrangements*," "*Description of the Notes*" and related notes included elsewhere in this Offering Memorandum.

	RdM	MergerCo		
	As of September 30, 2021	Transactions	Adjustments	As of September 30, 2021
		(in € million)		
Cash and cash equivalents	25.4	—	(20.9)(*)	4.5
Notes offered hereby(1)	—	—	445.0	445.0
Revolving Credit Facility(2)	—	—	—	—
Existing Debt(3)	169.8	—	(169.8)	—
BidcoLoan(4)	—	285.0	(285.0)	—
Other liabilities(5)	25.0	—	(4.8)	20.2
Total financial liabilities(6)	**194.8**	**285.0**	**(14.6)**	**465.2**
Total shareholders' equity	**245.8**	**—**	**48.2**	**294.0**
Total capitalization(7)	**440.6**	**285.0**	**33.6**	**759.2**

(*) Represents the cash used in connection with the Transactions giving pro forma effect to any cash generated between September 30, 2021 and the Completion Date.

(1) Represents the principal outstanding under the Floating Rate Sustainability-Linked Senior Secured Notes. Upon the release of the proceeds of the Offering from the Escrow Account on the Completion Date, we will use the proceeds of the Offering as set forth in "*Use of Proceeds.*"

(2) We expect to enter into the Revolving Credit Facility Agreement on or about the Issue Date, and as of the Completion Date, we expect it to be undrawn. However, in the event that freely available cash on the balance sheet on or about the Completion Date is lower than our estimate or insufficient to support our working capital requirements due to, among other things, a negative movement in working capital or to the extent that certain amounts necessary to consummate the Transactions have increased, such as the outstanding amount of any indebtedness intended to be refinanced in connection with this Offering, we may draw down amounts under the Revolving Credit Facility on the Completion Date or shortly thereafter.

(3) Includes (i) €100.0 million aggregate outstanding principal amount of the Eska Acquisition Facility, (ii) €70.8 million aggregate outstanding principal amount of other indebtedness of the RdM Group and (iii) €0.4 million of accrued interest, net of €1.4 million unamortized debt issuance costs. The Existing Debt will be repaid on the Completion Date with part of the proceeds of the Offering. See also "*Use of Proceeds*."

(4) Part of the proceeds of the Offering will be used on the Completion Date to repay any outstanding borrowings and cancel any available commitments under the BidCo Loan.

(5) Includes (i) IFRS 16 leases in the amount of €14.8 million (including current and non-current lease liabilities in relation to right of use assets), (ii) other remaining long-term debt in the amount of €5.6 million and €4.6 million of bank advances in relation to factored receivables.

(6) Total financial liabilities represent current and non-current payables to banks and other lenders.

(7) Total capitalization is defined as the sum of total financial liabilities and total shareholders' equity.

SELECTED HISTORICAL FINANCIAL INFORMATION

The Issuer is a holding company formed for the purpose of facilitating the Acquisition and is not expected to engage in any activities other than those related to the Share Acquisitions, the Refinancing and the Merger. The Issuer's only material assets and liabilities are currently, and are expected in the future to be up until the Merger, cash and cash equivalents, its interest in the issued and outstanding shares of its subsidiaries and its outstanding indebtedness and intercompany balances incurred in connection with the Share Acquisitions and the Refinancing and the other transactions described in the Offering Memorandum. We do not present in this Offering Memorandum any financial information or financial statements of the Issuer, except for pro forma financial information and certain limited "as adjusted" financial information presented on a consolidated basis to reflect certain effects of the Share Acquisitions and the Refinancing.

This section presents selected historical consolidated financial information of the RdM Group as of and for each of the years ended December 31, 2018, 2019 and 2020 and as of September 30, 2021 and for the nine months ended September 30, 2020 and 2021, which has been derived from the RdM Group Audited Consolidated Financial Statements and the RdM Group Unaudited Interim Condensed Consolidated Financial Statements. This section also presents selected historical consolidated financial information of the Eska Group (which was acquired by the RdM Group on July 13, 2021), as of and for the year ended December 31, 2020 and as of and for the nine months ended September 30, 2021, which has been derived from the Eska Group Unaudited Interim Condensed Consolidated Financial Statements.

The financial information presented in the tables below and in this Offering Memorandum as at and for the years ended December 31, 2018, 2019 and 2020 have not been recast to reflect the 2021 transaction of RdM La Rochette SAU as a discontinued operation.

The selected historical and financial information presented below should be read in conjunction with the information contained in the RdM Group Audited Consolidated Financial Statements, the RdM Group Unaudited Interim Condensed Consolidated Financial Statements and the Eska Group Unaudited Interim Condensed Consolidated Financial Statements, as well as the sections "Presentation of Financial and Other Information," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Capitalization" included elsewhere in this Offering Memorandum.

RdM Group

Selected Consolidated Statement of Income Information

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,[**]
	2018 Restated(*)	2019	2020	2020	2021	2021
				Unaudited		Unaudited
	(in € millions)					
Revenues from sales	606.0	701.6	679.5	429.9	544.1	677.8
Other revenues and income	6.3	10.6	12.7	7.8	11.4	13.8
Change in inventories of finished goods	6.3	3.6	(10.5)	(9.3)	(4.3)	(2.0)
Cost of raw materials and services	(459.4)	(533.4)	(484.5)	(297.8)	(440.1)	(541.1)
Personnel costs	(90.8)	(104.1)	(108.0)	(66.7)	(79.7)	(103.2)
Other operating costs	(5.3)	(5.9)	(5.4)	(4.2)	(2.8)	(2.9)
Gross operating profit	**63.1**	**72.4**	**83.8**	**59.7**	**28.6**	**42.4**
Depreciation and amortization	(23.4)	(31.7)	(31.7)	(22.2)	(25.2)	(33.0)
Write – downs and revaluations	(0.4)	(10.3)	(5.1)	—	—	(1.4)
Operating profit	**39.3**	**30.4**	**47.0**	**37.5**	**3.4**	**8.0**
Net financial income (expense)	(2.4)	(5.4)	(1.2)	(1.1)	0.9	1.1
Gains (losses) on investments	4.4	0.2	0.2	—	9.2	9.4
Taxes	(12.9)	(9.6)	(12.4)	(8.1)	(0.6)	(3.9)
Profit (loss) for the year before discontinued operations	**28.4**	**15.6**	**33.6**	**28.3**	**12.9**	**14.6**
Discontinued operations	—	—	—	5.6	2.6	—
Profit (loss) for the year	**28.4**	**15.6**	**33.6**	**33.9**	**15.5**	**14.6**

(*) The figures for the year ended December 31, 2018 have been restated to take into account the purchase price allocation of RDM Barcelona Cartonboard S.A.U., which in the RdM Group's financial statements for the year ended December 31, 2018 was recognized based on provisional fair values and estimates, as allowed by IFRS 3. The final purchase price allocation was completed in 2019. Specifically, the completion of this valuation process resulted in a reduction in goodwill of €0.5 million, an increase in the value of intangible fixed assets (customer list) of €2.2 million, an increase in deferred taxes of €0.5 million and the recognition of a gain on bargain purchase of €1.2 million within the item gains (losses) on investments. The aforementioned adjustments were reflected in the comparative figures presented in the RdM Group's financial statements for the year ended December 31, 2019.

(**) As further discussed in the *"Presentation of Financial and Other Information"* section of this Offering Memorandum, in addition to the information for the nine months ended September 30, 2021 and 2020 as derived from the RdM Group Unaudited Interim Condensed Consolidated Financial Statements included in this Offering Memorandum, which present La Rochette as a discontinued operation, to improve the comparability of the information presented for the last twelve months ended September 30, 2021, the information for the full year ended December 31, 2020 has been considered after reclassifying RdM La Rochette SAU as a discontinued operation for the year ended December 31, 2020.

Selected Consolidated Statement of Financial Position Information

	As of December 31,			As of September 30, 2021
	2018 Restated(*)	2019	2020	Unaudited
	(in € millions)			
Tangible fixed assets	245.9	232.6	220.7	288.0
Right-of-use assets	—	12.4	15.2	13.6
Goodwill	4.4	4.4	4.4	90.7
Intangible fixed assets	12.4	13.6	14.0	16.6
Other non-current assets(**)	13.6	9.4	9.8	18.0
Total non-current assets	**276.3**	**272.4**	**264.1**	**426.9**
Inventories	107.1	108.9	102.2	116.0
Trade receivables	73.2	70.3	60.0	113.2
Cash and cash equivalents	31.2	40.4	63.0	25.4
Other current assets(***)	18.5	23.4	25.7	45.3
Total current assets	**230.0**	**243.0**	**250.9**	**299.9**
Total assets	**506.3**	**515.4**	**515.0**	**726.8**
Total shareholders' equity	**196.0**	**205.5**	**234.1**	**245.8**
Payables to banks and other lenders	75.9	64.0	50.8	136.9
Employee benefits	32.8	36.4	37.2	33.3
Other non-current liabilities(****)	16.7	13.6	13.1	16.4
Total non-current liabilities	**125.4**	**114.0**	**101.1**	**186.6**
Trade payables	130.4	141.2	130.8	202.5
Payables to banks and other lenders	20.4	25.6	21.1	57.9
Other current liabilities(*****)	34.1	29.1	27.9	34.0
Total current liabilities	**184.9**	**195.9**	**179.8**	**294.4**
Total liabilities	**310.3**	**309.9**	**280.9**	**481.0**
Total shareholders' equity and liabilities	**506.3**	**515.4**	**515.0**	**726.8**

(*) The figures for the year ended December 31, 2018 have been restated to take into account the purchase price allocation of RDM Barcelona Cartonboard S.A.U., which in the RdM Group's financial statements for the year ended December 31, 2018 was recognized based on provisional fair values and estimates, as allowed by IFRS 3. The final purchase price allocation was completed in 2019. Specifically, the completion of this valuation process resulted in a reduction in goodwill of €0.5 million, an increase in the value of intangible fixed assets (customer list) of €2.2 million, an increase in deferred taxes of €0.5 million and the recognition of a gain on bargain purchase of €1.2 million within the item gains (losses) on investments. The aforementioned adjustments were reflected in the comparative figures presented in the RdM Group's financial statements for the year ended December 31, 2019.

(**) Other non-current assets include intangible assets with an indefinite useful life, equity investments, deferred tax assets, financial assets held for sale, non-current trade receivables and non-current other receivables.

(***) Other current assets include receivables from associates and joint ventures, current other receivables and derivative instruments.

(****) Other non-current liabilities include non-current derivative instruments, other payables, deferred taxes and non-current provisions for risks and charges.

(*****) Other current liabilities include current derivative instruments, current payables, other payables to associaes and joint ventures, current taxes, current employee benefits and current provisions for risks and charges.

Selected Consolidated Statement of Cash Flow Information

	Year ended December 31,			Nine months ended September 30,	
	2018	2019	2020	2020	2021
				Unaudited	
	(in € millions)				
Cash flow from operating activities	52.4	61.1	72.7	42.2	39.8
Cash flow used in investing activities	(60.9)	(29.1)	(21.8)	(13.2)	(166.4)
Cash flow from/(used in) financing activities	16.6	(22.8)	(28.2)	(24.2)	83.6
Exchange rate translation differences	0.1	—	(0.1)	(0.1)	0.2
Change in cash and cash equivalents	**8.2**	**9.2**	**22.6**	**4.7**	**(42.8)**

Eska Group

Selected Consolidated Income Statement Information

	Year ended December 31, 2020	Nine months ended September 30, 2021
		Unaudited
	(in € millions)	
Revenues from sales	148.8	141.2
Other revenues and income	—	—
Change in inventories of finished goods	(0.9)	6.8
Cost of raw materials and services	(84.1)	(103.2)
Personnel costs	(37.4)	(31.8)
Other operating costs	(0.2)	(1.3)
Gross operating profit	**26.2**	**11.7**
Depreciation and amortization	(8.1)	(5.3)
Operating profit	**18.1**	**6.4**
Net financial income (expense)	(1.3)	0.2
Taxes	(4.0)	(1.7)
Profit (loss) for the year	**12.8**	**4.9**

Selected Consolidated Statement of Financial Position Information

	As of December 31, 2020	As of September 30, 2021
		Unaudited
	(in € millions)	
Tangible fixed assets	54.3	54.0
Right-of-use assets	4.5	3.9
Intangible fixed assets	1.5	1.1
Total non-current assets	**60.3**	**59.0**
Inventories	16.9	25.6
Trade receivables	16.0	23.3
Cash and cash equivalents	2.4	7.8
Other current assets	14.4	8.5
Total current assets	**49.7**	**65.2**
Total assets	**110.0**	**124.2**
Total shareholders' equity	**58.3**	**63.2**
Payables to banks and other lenders	14.3	15.4
Employee benefits	1.1	1.1
Other non-current liabilities	0.3	0.8
Total non-current liabilities	**15.7**	**17.3**
Trade payables	17.1	22.4
Payables to banks and other lenders	5.2	1.3
Other current liabilities	13.7	20.0
Total current liabilities	**36.0**	**43.7**
Total liabilities	**51.7**	**61.0**
Total shareholders' equity and liabilities	**110.0**	**124.2**

Selected Consolidated Statement of Cash Flow Information

	Year ended December 31, 2020	Nine months ended September 30, 2021
		Unaudited
	(in € millions)	
Cash flow from operating activities	21.0	0.9
Cash flow used in investing activities	(7.5)	(3.9)
Cash flow used in financing activities	(7.3)	(3.1)
Exchange rate translation differences	(0.5)	0.1
Change in cash and cash equivalents	**5.7**	**(6.0)**

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Introduction

This document presents the unaudited pro forma consolidated financial information as of and for the nine months ended September 30, 2021, for the year ended December 31, 2020 and for the twelve months ended September 30, 2021 of the Issuer and the related explanatory notes (the "**Unaudited Pro Forma Consolidated Financial Information**"). It should be noted that, as previously indicated, the Issuer was incorporated on June 21, 2021; and therefore, the pro forma consolidated statement of income for the year ended December 31, 2020 is based on the historical consolidated financial information of RdM Group.

The Unaudited Pro Forma Consolidated Financial Information has been prepared on a voluntary basis for inclusion in the Offering Memorandum being prepared in connection with the Issuer's proposed issuance of the Notes.

The Unaudited Pro Forma Consolidated Financial Information has been prepared to illustrate the pro forma effects of the following (hereinafter the "**Operations**") on the Group's historical financial position and results of operations as of and for each of the periods described below (as applicable):

- the Share Acquisitions assuming, for the purposes of preparing this Unaudited Pro Forma Consolidated Financial Information, that 100% of RdM was acquired by the Issuer;
- the Eska Acquisition (completed on July 13, 2021) and the La Rochette Disposal (completed in April 2021) as if each of these transactions had occurred on January 1, 2020; and
- the completion of the Refinancing.

For the purposes of preparing the unaudited pro forma consolidated statement of financial position presented herein, we gave effect to the Operations as if they had occurred on September 30, 2021. For the purpose of preparing the unaudited pro forma consolidated income statements presented herein we gave effect to the Operations as if they had occurred on January 1, 2020. The Unaudited Pro Forma Consolidated Financial Information does not give effect to the Paprinsa Acquisition, which was completed on July 1, 2021. See *"Business — Our History."*

The Unaudited Pro Forma Consolidated Financial Information does not purport to represent what our actual results of operations would have been if the Operations had actually occurred on the dates assumed, nor is it necessarily indicative of future consolidated results of operations or financial condition. The Unaudited Pro Forma Consolidated Financial Information is presented for illustrative purposes only and based upon available information and certain estimates and assumptions that each of the Issuer and RdM believe are reasonable. The acquisition of RdM by way of the Share Acquisitions will be accounted for using the acquisition method of accounting, which requires determination of the fair values of identifiable assets and liabilities as of the date of the Private Acquisition and allocation of the purchase price based on such fair value determinations. We have not yet performed the valuation analyses required to estimate the fair values of the identifiable assets acquired and liabilities assumed in connection with the Share Acquisitions. Accordingly, the excess of the purchase price over the historical book value of identifiable assets acquired in connection with these acquisitions has been allocated to goodwill in the unaudited pro forma consolidated statement of financial position as described further in Note 3(b) below. Ultimately, a portion of the purchase price paid as part of the Share Acquisitions, which may be significant, will be allocated to depreciable assets and identifiable intangible assets with finite lives, and this could materially increase our depreciation and amortization expense.

The Share Acquisitions and the Refinancing are described in detail under "*Summary — Transactions",* the Eska Acquisition and the La Rochette Disposal are described in detail under "*Business — Our History*."

As mentioned above, the Unaudited Pro Forma Consolidated Financial Information represents a simulation, for illustrative purposes only, of certain potential impacts of the Operations. In particular, as pro forma information is prepared to illustrate retrospectively the effects of transactions that occur subsequent to the end of the financial periods presented there are limitations that are inherent to the nature of pro forma information; hence, had the Operations taken place on the dates assumed above, the actual effects would not necessarily have been the same as those presented in the Unaudited Pro Forma Consolidated Financial Information. In addition, certain of the Operations have not yet occurred, and the impact of the Operations has been estimated based on estimates and assumptions that we believe to be reasonable at this time. The unaudited pro forma financial data was not prepared in accordance with the requirements of Regulation S-X of the Securities Act, the EU Prospectus Regulation, the UK Prospectus Regulation, IFRS or any other set of generally accepted accounting standards. Furthermore, in consideration of the different purposes of the Unaudited Pro Forma Consolidated Financial Information as compared to the historical financial statements and the different methods of calculation of the effects of the Operations on the pro forma consolidated statement of financial position and on the pro forma consolidated statements of comprehensive income, the latter two statements should be read and interpreted without comparison between them.

The RdM and Eska financial information used to prepare the Unaudited Pro Forma Consolidated Financial Information has been extracted from, and the Unaudited Pro Forma Consolidated Financial Information should be read together with:

- the consolidated financial statements of RdM Group as of and for the year ended December 31, 2020 (hereinafter the "**RdM Group 2020 Audited Consolidated Financial Statements**") prepared in accordance with IFRS, approved by the Board of Directors on March 19, 2021 and audited by Deloitte & Touche S.p.A. which issued its unqualified audit report on April 7, 2021;
- the RdM Group Unaudited Interim Condensed Consolidated Financial Statements approved by the Board of Directors on November 8, 2021; and
- the Eska Group Unaudited Interim Condensed Consolidated Financial Statements approved by sole director of Fineska on November 11, 2021;

It should be noted that the Issuer has not yet prepared any annual or interim financial statements and information presented in the Unaudited Pro Forma Consolidated Financial Information for the Issuer has been extracted from its accounting records at the relevant dates.

The pro forma adjustments to the Unaudited Pro Forma Consolidated Financial Information are limited to those that are (i) directly attributable to the pro forma adjustment related to the Operations and (ii) factually supportable. The Unaudited Pro Forma Consolidated Financial Information does not reflect, for example:

- any integration costs that may be incurred as a result of the Operations;
- any synergies, operating efficiencies and cost savings that may result from the Operations; or
- any costs that may be incurred as a result of the Operations and to which executive officers could become entitled to in the future.

In addition, please refer to *"Risk Factors — Risks Related to the Transactions," "Risk Factors — Risks Related to Our Structure," "The Transactions," "Capitalization," "Use of Proceeds," and "Management's Discussion and Analysis of Financial Condition and Results of Operations"* for important information about the RdM Group, the Issuer, the Transactions and the Operations that should be read and considered when evaluating the Unaudited Pro Forma Consolidated Financial Information that follows below.

It should be noted that the Unaudited Pro Forma Consolidated Financial Information does not necessarily reflect transactions that have occurred after the balance sheet date as of September 30, 2021, if they will be superseded subsequently either by the completion of the Share Acquisitions assuming that 100% of RdM will be acquired by the Issuer or the completion of the Refinancing.

Basis of preparation and accounting policies adopted

The Unaudited Pro Forma Consolidated Financial Information is derived from the financial statements and information detailed above, adjusted to reflect the effects of the Operations as described in the related notes. The accounting policies adopted in preparing the Unaudited Pro Forma Consolidated Financial Information are the same as those used to prepare the RdM Group Unaudited Interim Condensed Consolidated Financial Statements.

Unless otherwise indicated, all amounts presented in the Unaudited Pro Forma Consolidated Financial Information are expressed in millions of Euro.

Unaudited Pro Forma Consolidated Financial Information

This section presents the unaudited pro forma consolidated statement of financial position as of September 30, 2021 and the unaudited pro forma consolidated income statements for the nine months ended September 30, 2021, for the year ended December 31, 2020 and for the twelve months ended September 30, 2021.

Rimini BidCo S.p.A.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of September 30, 2021

(€ millions, unless otherwise noted)

			Unaudited Pro Forma Adjustments					
	Unaudited Issuer	Unaudited RdM Group	Share Acquisitions		Issuer capital injection	Refinancing		Unaudited Issuer Pro Forma
	Note 1	Note 2	Note 3		Note 4	Note 5		
ASSETS								
Non-current assets								
Tangible fixed assets	—	288.0	—		—	—		288.0
Right-of-use asset	—	13.6	—		—	—		13.6
Goodwill	—	90.7	299.0	(b)	—	—		389.7
Intangible fixed assets	—	16.6	—		—	—		16.6
Intangible assets with an indefinite useful life	—	3.2	—		—	—		3.2
Equity investments	—	0.7	—		—	—		0.7
Deferred tax assets	—	3.8	—		—	—		3.8
Financial assets held for sale	—	0.4	—		—	—		0.4
Trade receivables	—	0.2	—		—	—		0.2
Other receivables	—	9.7	—		—	1.0	(a)	10.7
Total non-current assets	**—**	**426.9**	**299.0**		**—**	**1.0**		**726.9**
Current assets								
Inventories	—	116.0	—		—	—		116.0
Trade receivables	—	113.2	—		—	—		113.2
Receivables from associates and joint ventures	—	9.6	—		—	—		9.6
Other receivables	—	31.5	—		—	0.3	(a)	31.8
Derivative instruments	—	4.2	—		—	—		4.2
Cash and cash equivalents	0.1	25.4	(544.8)	(a)	294.0	244.6	(b)	19.3
Total current assets	**0.1**	**299.9**	**(544.8)**		**294.0**	**244.9**		**294.1**
TOTAL ASSETS	**0.1**	**726.8**	**(245.8)**		**294.0**	**245.9**		**1,021.0**
LIABILITIES AND SHAREHOLDERS' EQUITY								
Shareholders' equity attributable to the Group	0.1	245.8	(256.8)	(c)	294.0	(7.7)	(c)	275.4
Total shareholders' equity	**0.1**	**245.8**	**(256.8)**		**294.0**	**(7.7)**		**275.4**
Payables to banks and other lenders	—	136.9	—		—	311.9	(d)	448.8
Derivative instruments	—	0.1	—		—	(0.1)	(f)	—
Other payables	—	1.1	—		—	—		1.1
Deferred taxes	—	8.1	—		—	(0.3)	(g)	7.8
Employee benefits	—	33.3	—		—	—		33.3
Non-current provision for risks and charges	—	7.1	—		—	—		7.1
Total non-current liabilities	**—**	**186.6**	**—**		**—**	**311.5**		**498.1**
Payables to banks and other lenders	—	57.9	—		—	(46.7)	(d)	11.2
Derivative instruments	—	0.2	—		—	(0.2)	(f)	—
Trade payables	—	202.5	11.0	(d)	—	(11.0)	(e)	202.5
Other payables	—	30.5	—		—	—		30.5
Other payables to associates and joint ventures	—	0.1	—		—	—		0.1
Current taxes	—	2.3	—		—	—		2.3
Employee benefits	—	—	—		—	—		—
Current provisions for risks and charges	—	0.9	—		—	—		0.9
Total current liabilities	**—**	**294.4**	**11.0**		**—**	**(57.9)**		**247.5**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**0.1**	**726.8**	**(245.8)**		**294.0**	**245.9**		**1,021.0**

See accompanying notes to Unaudited Pro Forma Consolidated Financial Information

Rimini BidCo S.p.A.

UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT
for the nine months ended September 30, 2021
(€ millions, unless otherwise noted)

	Unaudited Issuer	Unaudited RdM Group	Unaudited Pro Forma Adjustments: Share Acquisitions	Unaudited Pro Forma Adjustments: Eska Acquisition	Unaudited Pro Forma Adjustments: La Rochette Disposal	Unaudited Pro Forma Adjustments: Refinancing		Unaudited Issuer Pro Forma
	Note 6a	Note 7a	Note 8a	Note 9a	Note 10a	Note 11a		
Revenues from sales	—	544.1	—	87.8	—	—		631.9
Other revenues and income	—	11.4	—	—	—	—		11.4
Change in inventories of finished goods	—	(4.3)	—	5.8	—	—		1.5
Cost of raw materials and services	—	(440.1)	—	(64.0)	—	—		(504.1)
Personnel costs	—	(79.7)	—	(19.8)	—	—		(99.5)
Other operating costs	—	(2.8)	—	(1.4)	—	—		(4.2)
Gross operating profit	**—**	**28.6**	**—**	**8.4**	**—**	**—**		**37.0**
Depreciation and amortization	—	(25.2)	—	(3.5)	—	—		(28.7)
Write-downs and revaluations	—	—	—	—	—	—		—
Operating profit	**—**	**3.4**	**—**	**4.9**	**—**	**—**		**8.3**
Net Financial income (expense)	—	0.9	—	—	—	(20.0)	(a)	(19.1)
Gains (losses) on investments	—	9.2	—	—	—	—		9.2
Taxes	—	(0.6)	—	(1.4)	—	4.7	(b)	2.7
Profit (loss) for the period before discontinued operations	**—**	**12.9**	**—**	**3.5**	**—**	**(15.3)**		**1.1**
Discontinued operations	—	2.6	—	—	(2.6)	—		—
Profit (loss) for the period	**—**	**15.5**	**—**	**3.5**	**(2.6)**	**(15.3)**		**1.1**

See accompanying notes to Unaudited Pro Forma Consolidated Financial Information

Rimini BidCo S.p.A.

UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT
for the year ended December 31, 2020
(€ millions, unless otherwise noted)

	Unaudited Issuer	Unaudited RdM Group	Unaudited Pro Forma Adjustments: Share Acquisitions		Eska Acquisition	La Rochette Disposal	Refinancing		Unaudited Issuer Pro Forma
	Note 6b	Note 7b	Note 8b		Note 9b	Note 10b	Note 11b		
Revenues from sales	—	679.5	—		148.8	(115.9)	—		712.4
Other revenues and income	—	12.7	—		—	(2.5)	—		10.2
Change in inventories of finished goods	—	(10.5)	—		(0.9)	3.5	—		(7.9)
Cost of raw materials and services	—	(484.5)	(11.0)	(a)	(84.1)	85.7	—		(493.9)
Personnel costs	—	(108.0)	—		(37.2)	17.8	—		(127.4)
Other operating costs	—	(5.4)	—		(0.4)	1.1	—		(4.7)
Gross operating profit	**—**	**83.8**	**(11.0)**		**26.2**	**(10.3)**	**—**		**88.7**
Depreciation and amortization	—	(31.7)	—		(8.0)	1.7	—		(38.0)
Write-downs and revaluations	—	(5.1)	—		—	3.7	—		(1.4)
Operating profit	**—**	**47.0**	**(11.0)**		**18.2**	**(4.9)**	**—**		**49.3**
Net Financial income (expense)	—	(1.2)	—		(1.3)	0.3	(32.0)	(a)	(34.2)
Gains (losses) on investments	—	0.2	—		—	—	—		0.2
Taxes	—	(12.4)	—		(4.0)	1.0	6.0	(b)	(9.4)
Profit (loss) for the period before discontinued operations	**—**	**33.6**	**(11.0)**		**12.9**	**(3.6)**	**(26.0)**		**5.9**
Discontinued operations	—	—	—		—	—	—		—
Profit (loss) for the period	**—**	**33.6**	**(11.0)**		**12.9**	**(3.6)**	**(26.0)**		**5.9**

See accompanying notes to Unaudited Pro Forma Consolidated Financial Information

Rimini BidCo S.p.A.

UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT
for the twelve months ended September 30, 2021
(€ millions, unless otherwise noted)

	Unaudited Issuer	Unaudited RdM Group	Unaudited Pro Forma Adjustments: Share Acquisitions	Eska Acquisition	La Rochette Disposal	Refinancing		Unaudited Issuer Pro Forma
	Note 6c	Note 7c	Note 8c	Note 9c	Note 10c	Note 11c		
Revenues from sales	—	793.7	—	129.3	(115.9)	—		807.1
Other revenues and income	—	16.3	—	—	(2.5)	—		13.8
Change in inventories of finished goods	—	(5.5)	—	5.5	3.5	—		3.5
Cost of raw materials and services	—	(626.8)	—	(87.9)	85.7	—		(629.0)
Personnel costs	—	(121.0)	—	(29.8)	17.8	—		(133.0)
Other operating costs	—	(4.0)	—	(1.0)	1.1	—		(3.9)
Gross operating profit	**—**	**52.7**	**—**	**16.1**	**(10.3)**	**—**		**58.5**
Depreciation and amortization	—	(34.7)	—	(5.3)	1.7	—		(38.3)
Write-downs and revaluations	—	(5.1)	—	—	3.7	—		(1.4)
Operating profit	**—**	**12.9**	**—**	**10.8**	**(4.9)**	**—**		**18.8**
Net Financial income (expense)	—	0.8	—	(0.3)	0.3	(26.3)	(a)	(25.5)
Gains (losses) on investments	—	9.4	—	—	—	—		9.4
Taxes	—	(4.9)	—	(2.6)	1.0	6.2	(b)	(0.3)
Profit (loss) for the period before discontinued operations	**—**	**18.2**	**—**	**7.9**	**(3.6)**	**(20.1)**		**2.4**
Discontinued operations	—	(3.0)	—	—	3.0	—		—
Profit (loss) for the period	**—**	**15.2**	**—**	**7.9**	**(0.6)**	**(20.1)**		**2.4**

See accompanying notes to Unaudited Pro Forma Consolidated Financial Information

Note 1 — Unaudited Issuer statement of financial position

Represents the stand-alone statement of financial position of the Issuer as of September 30, 2021, derived from the unaudited accounting records of the Issuer.

Note 2 — Unaudited RdM Group consolidated statement of financial position

Represents the consolidated statement of financial position of RdM as of September 30, 2021, derived from the RdM Group Unaudited Interim Condensed Consolidated Financial Statements.

Note 3 — Share Acquisitions (consolidated statement of financial position)

For accounting purposes, the Issuer is deemed to acquire the RdM Group. The acquisition of the RdM Group by way of the Share Acquisitions is accounted for using the purchase method of accounting under IFRS 3 "Business Combinations", which provides that at the time of an acquisition the purchase consideration is allocated to the assets acquired, the liabilities and contingent liabilities assumed are recognized at their fair value at acquisition date, except for deferred tax assets and liabilities for employee benefits and assets held for sale, which are recognized on the basis of the related accounting principles. The difference between the acquisition cost and the fair value of the assets and liabilities acquired, if positive, is recognized in intangible assets as goodwill, or, if negative, after reviewing the fair value measurements of the assets and liabilities acquired, is recognized directly in the income statement, as income. Transaction costs are recorded in the income statement when incurred.

We have not yet performed the analyses necessary to calculate the fair values of RdM Group's assets and liabilities, so goodwill has been determined on a provisional basis as the difference between the purchase consideration of the Share Acquisitions and the book value of the RdM Group's net assets as of September 30, 2021, which is the latest financial information available at the date of preparing the Unaudited Pro Forma Consolidated Preliminary Financial Information. As the Issuer has not completed its purchase price allocation for the acquisition of the RdM Group and the final allocation may differ materially from the preliminary allocation. The final valuation and the impact of integration activities could cause material differences between actual and pro forma results. In particular, allocations of the purchase price to fixed depreciable assets or intangible assets with a finite useful life could materially increase our depreciation and amortization expenses. As the Issuer completes the purchase price allocation for the RdM Group, the preliminary allocation is subject to change.

(a) Reflects the pro forma purchase consideration calculated based on 377.8 million of issued ordinary shares of RdM as of September 30, 2021, net of 2.1 million of treasury shares at the same date, multiplied by the offering price of €1.45 per share. No acceleration of share-based compensation to certain members of RdM management has been assumed and consequently the purchase consideration does not reflect the accelerated vesting of any such share-based compensation. However, the Issuer expects that an equivalent amount may be allocated in the future to management for stock grants issued and outstanding but not yet vested at the offering price of €1.45 per share. As no binding agreement has yet been formalized at the time of the preparation of the pro forma financial information, this potential future cash outflow is only considered for the preparation of the table on sources and uses (See " *The Transactions*").

(b) Reflects the preliminary goodwill determined in accordance with IFRS 3 paragraph 45 as of September 30, 2021.

	(in € million)
Pro forma purchase consideration	544.8
less fair value of net assets acquired[(i)]	(245.8)
Preliminary goodwill	299.0

(i) Derived from the RdM Group Unaudited Interim Condensed Consolidated Financial Statements.

(c) Reflects the consolidation of the RdM Group by the Issuer and includes the elimination of total shareholders' equity of the RdM Group as of September 30, 2021, together with the acquisition-related costs expected to be incurred by the Issuer for the closing of the Share Acquisitions amounting to €11.0 million. The Share Acquisitions are ongoing, and costs may differ from the estimates used to calculate this adjustment. See "*The Transactions*."

(d) Reflects the payables due for the acquisition-related costs described in (c) of this Note 3. The Share Acquisitions are ongoing, and costs may differ from the estimates used to calculate this adjustment. See "*The Transactions*."

Note 4 — Issuer capital injection (consolidated statement of financial position)

Reflects the capital injection of €294.0 million of the Issuer after giving effect to the Share Acquisitions (assuming that 100% of RdM is acquired by the Issuer) and completion of the Refinancing.

Note 5 — Refinancing (consolidated statement of financial position)

The proceeds of the Notes offered hereby will be used to fund the Share Acquisitions and refinance the Existing Debt of RdM Group including related derivative instruments. The estimated sources and uses of the proceeds of the Offering, the Issuer capital injection and cash on balance sheet are shown in the table below.

(in € million)	Sources	Note		Uses	Note
Notes offered hereby	438.3		Purchase consideration settled in cash	544.8	
Cash on balance sheet	6.2	I	Repayment of Existing Debt	172.2	ii
Issuer capital injection	294.0		Derivatives	0.3	iii
			Acquisition costs	11.0	iv
			Financing costs	10.2	v
Total	**738.5**		**Total**	**738.5**	

i. Relates to the use of existing cash of the RdM Group as of September 30, 2021.

ii. Relates to the assumed extinguishment of Existing Debt, gross of the unamortized portion of related debt issuance costs (€1.4 million) and accrued interest (€0.4 million) as of September 30, 2021. The amount that will be required to repay the Existing Debt may increase or decrease based on the actual timing of the closing of the Refinancing.

iii. Relates to the extinguishment of fair value of interest rate derivative instruments as of September 30, 2021 connected with the Existing Debt.

iv. Relates to the Issuer acquisition costs expected to be incurred for the closing of the Share Acquisitions amounting to €11.0 million.

v. Relates to the estimated fees and expenses incurred in relation to the Refinancing, including the BidCo Loan and Notes offered hereby, as well as commitment fees incurred in connection with the Revolving Credit Facility.

The following further describes the Refinancing pro forma adjustments:

(a) Reflects the deferred commitment fees in relation to the Revolving Credit Facility.

(b) Reflects the assumed issuance of the Notes, the repayment of the Existing Debt, including derivatives and the related costs, such as the payment of acquisition costs.

	(in € million)
Notes	438.3
Existing Debt	(172.2)
Derivatives	(0.3)
Acquisition costs	(11.0)
Financing costs	(10.2)
Total	**244.6**

(c) Reflects the net impact on the pro forma equity of the unamortized debt issuance costs and expensed one off financing costs incurred in connection with the Refinancing, net of the tax effect on such adjustments calculated at the statutory tax rate of Italy.

(d) Reflects the change in long-term debt due to the repayment of Existing Debt and issuance of the Notes offered hereby as detailed in the table below:

(in € million)	Current payables to banks and other lenders	Non-current payables to banks and other lenders
Existing Debt	(46.7)	(123.1)
Early extinguishment of existing debt	**(46.7)**	**(123.1)**
Notes offered hereby	—	438.3
Notes issuance costs	—	(3.3)
Change in long-term debt	**(46.7)**	**311.9**

(e) Reflects the payment of acquisition-related costs expected to be incurred for the closing of the Share Acquisitions.

(f) Reflects the extinguishment of interest rate derivatives connected with the Existing Debt.

(g) Reflects the tax effect on the Refinancing adjustments, calculated at the statutory tax rate of Italy.

Note 6 — Unaudited Issuer income statement

Columns 6a and 6c include the stand-alone income statement of the Issuer derived from the unaudited accounting records of the Issuer. Column 6b includes no amounts for any periods, as the Issuer did not exist during the year ended December 31, 2020.

Note 7 — RdM Group consolidated income statement

Column 7a includes the unaudited consolidated income statement for the nine months ended September 30, 2021 derived from the RdM Group Unaudited Interim Condensed Consolidated Financial Statements.

Column 7b includes the consolidated income statement for the year ended December 31, 2021 derived from the RdM Group 2020 Audited Consolidated Financial Statements.

Column 7c represents the unaudited RdM Group consolidated income statement for the twelve months ended September 30, 2021 which has been prepared as follows:

- RdM Group's consolidated income statement for the nine months ended September 30, 2021, derived from the RdM Group Unaudited Interim Condensed Consolidated Financial Statements; plus
- RdM Group's consolidated income statement for the year ended December 31, 2021, derived from theRdM Group 2020 Audited Consolidated Financial Statements; minus
- RdM Group's consolidated income statement for the nine months ended September 30, 2020, derived from the RdM Group Unaudited Interim Condensed Consolidated Financial Statements.

(millions of Euro)	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Year ended December 31, 2020	Last twelve months September 30, 2021
	(a)	(b)	(c)	(d) = (a)-(b)+(c)
Revenues from sales	544.1	429.9	679.5	793.7
Other revenues and income	11.4	7.8	12.7	16.3
Change in inventories of finished goods	(4.3)	(9.3)	(10.5)	(5.5)

(millions of Euro)	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Year ended December 31, 2020	Last twelve months September 30, 2021
	(a)	(b)	(c)	(d) = (a)-(b)+(c)
Cost of raw materials and services	(440.1)	(297.8)	(484.5)	(626.8)
Personnel costs	(79.7)	(66.7)	(108.0)	(121.0)
Other operating costs	(2.8)	(4.2)	(5.4)	(4.0)
Gross operating profit	**28.6**	**59.7**	**83.8**	**52.7**
Depreciation and amortization	(25.2)	(22.2)	(31.7)	(34.7)
Write-downs and revaluations	—	—	(5.1)	(5.1)
Operating profit	**3.4**	**37.5**	**47.0**	**12.9**
Net Financial income (expense)	0.9	(1.1)	(1.2)	0.8
Gains (losses) on investments	9.2	—	0.2	9.4
Taxes	(0.6)	(8.1)	(12.4)	(4.9)
Profit (loss) for the period before discontinued operations	**12.9**	**28.3**	**33.6**	**18.2**
Discontinued operations	2.6	5.6	—	(3.0)
Profit (loss) for the period	**15.5**	**33.9**	**33.6**	**15.2**

Note 8 — Share Acquisitions (consolidated income statement)

Column 8b includes the pro forma adjustments to reflect the estimated acquisition-related transaction costs for an amount equal to €11.0 million, assuming the Share Acquisitions had occurred on January 1, 2020.

Note 9 — Eska Acquisition (consolidated income statement)

The columns 9a, 9b and 9c include pro forma adjustments to reflect the Eska Acquisition as if it had occurred on January 1, 2020.

Column 9a includes the unaudited Fineska consolidated income statement from January 1, 2021 to the acquisition date, July 13, 2021.

Column 9b includes the unaudited Fineska consolidated income statement for the year ended December 31, 2020, derived from the Eska Group Unaudited Interim Condensed Consolidated Financial Statements.

Column 9c includes the unaudited Fineska consolidated income statement from October 1, 2020 to the acquisition date, July 13, 2021.

Note 10 — La Rochette Disposal (consolidated income statement)

The columns 10a, 10b and 10c include pro forma adjustments to reflect the La Rochette Disposal as if it had occurred on January 1, 2020.

Column 10a includes pro forma adjustments to exclude R.D.M. La Rochette S.A.S. results of operations from January 1, 2021 to its disposal in April 2021.

Column 10b includes pro forma adjustments to exclude R.D.M. La Rochette S.A.S. results of operations from January 1, 2020 to December 31, 2021.

Column 10c includes pro forma adjustments to exclude R.D.M. La Rochette S.A.S. results of operations from October 1, 2020 to its disposal in April 2021.

Note 11 — Refinancing (consolidated income statement)

The columns 11a, 11b and 11c include pro forma adjustments to reflect the Refinancing as if it had occurred on January 1, 2020.

(a) Represents the estimated incremental interest expense related to the issuance of the Notes offered hereby and the early extinguishment of Existing Debt. The pro forma interest expense adjustment relates to the following:

(in € million)	**Nine months ended September 30, 2021**	**Year ended December 31, 2020**	**Twelve months ended September 30, 2021**
Elimination of interest expense			
Existing Debt(1)	0.7	0.5	0.8
Unamortized portion of Existing Debt issuance costs(2)	(1.4)	(0.2)	(1.4)
Early extinguishment of Existing debt	(0.7)	0.3	(0.6)
Interest expense adjustments			
Expensed financing costs(3)	(0.2)	(6.9)	(0.3)
Notes offered hereby(4)	(19.1)	(25.4)	(25.4)
Increase in interest expense	(20.0)	(32.0)	(26.3)

(1) Represents the elimination of historical finance expenses related to the Existing Debt.

(2) Represents the release to the income statement of unamortized portion of Existing Debt issuance costs assuming the early extinguishment had occurred on January 1, 2020.

(3) Represents the expensed financing costs not directly linked to the Notes offered hereby and incurred in relation to the Refinancing, including the BidCo Loan and amortization of fees incurred in connection with the Revolving Credit Facility, assuming the Refinancing had occurred on January 1, 2020. Particularly, the year ended December 31, 2020 includes one off financing cost expense pro forma adjustment amounting to €5.6 million.

(4) Represents the increase in interest expense arising from the Notes offered hereby. The aggregated principal amount of the Notes offered hereby has been estimated to be €445.0 million for the sole purpose of the preparation of the Unaudited Pro Forma Consolidated Financial Information. For the same purposes the interest expense was calculated using an interest rate of 5.25% and the amortization of the financing costs of the Notes offered hereby has been calculated as €3.3 million based on a term of 5 years and original issue discount of €6.7 million.

(b) Represents the tax effect on the above adjustments using the statutory tax rate applicable in Italy.

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

The following is a discussion and analysis of the RdM Group's financial condition and results of operations as of and for the nine months ended September 30, 2021 and 2020 and as of and for the years ended December 31, 2020, 2019 and 2018, based primarily on information derived from the RdM Group Unaudited Interim Condensed Consolidated Financial Statements and the RdM Group Audited Consolidated Financial Statements. This discussion should be read in conjunction with the abovementioned RdM Group Unaudited Interim Condensed Consolidated Financial Statements and RdM Group Audited Consolidated Financial Statements, as well as the sections entitled "Presentation of Financial and Other Information" and "Summary Financial and Other Information," all of which are included elsewhere in this Offering Memorandum.

The discussion in this section may contain forward-looking statements that reflect the RdM Group's plans, estimates and beliefs and involve risks and uncertainties. The RdM Group's actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Offering Memorandum, particularly under "*Risk Factors*" and "*Forward-Looking Statements.*"

Unless the context indicates otherwise, in this section references to "we," "us," "our," "RdM" or the "RdM Group" refer to Reno de Medici S.p.A. together with its consolidated subsidiaries.

The following discussion of the RdM Group's results of operations also makes reference to certain non-IFRS measures. Prospective investors should bear in mind that these non-IFRS measures are not recognized as measures of financial performance or liquidity under IFRS. Additionally, the non-IFRS measures are not indicative of historical operating results, nor are they meant to be predictive of future results. Since not all companies present or calculate these measures in the same manner, the RdM Group's presentation may not be consistent with similar measures used or presented by other companies. These non-IFRS measures have limitations as analytical tools and should be considered in isolation. Therefore, investors should not place undue reliance on these non-IFRS measures. See "*Presentation of Financial and Other Information — Non-IFRS and Other Financial Measures*" for additional information on the non-IFRS measures.

Overview

We are a leading European producer and distributor of recycled cartonboard, active in the coated and uncoated recycled cartonboard industry. We operate in the white lined chipboard ("**WLC**") and solidboard ("**SB**") market segments, in each case with a demonstrated track record of making our operations more sustainable as both WLC and SB are manufactured from recovered paper. Our cartonboard can be used as both primary and secondary packaging, and applications of our packaging include, without limitation, food packaging, shoe boxes, trays, toys, furniture, displays, bookbindings, boxes and puzzles. Our identity is built on a clear vision centered on the circular economy that guides our activities as a manufacturer of WLC and SB from recycled materials, and that represents a balanced combination between our business and the expectations of our stakeholders; see also "*Business — Our Production Process — Circular Business Model*." Our ambition is to be the partner of choice of all key stakeholders with three strategic goals in mind: to offer excellent products and services, to optimize costs and to maximize the satisfaction of our customers, all while helping drive increased sustainability within the paper and packaging industry.

We serve our customers through a network of nine mills, five sheeting and distribution centres, and ten sales offices. As of December 31, 2020, we employed over 1,990 employees (after giving *pro forma* effect to the Eska Acquisition, the Paprinsa Acquisition and the La Rochette Disposal).

We believe that our geographical footprint across Europe and exposure to resilient end-markets (such as the food end-market) are key strengths of our business, which we have reinforced through the recent Eska Acquisition and Paprinsa Acquisition. Our position as a leader in the European WLC market is supported by our distributed network of mills, our "multi-mill" concept, whereby we seek to be able to offer the same cartonboard products at different mills, helping us provide highly localized delivery quickly and better meet our customers' demands. Our distributed mill network is integrated by our "One Company" operating model, which helps to ensure we have both a local presence near our customers and a platform with the scale and sophistication required to efficiently respond to our customers' needs across the continent.

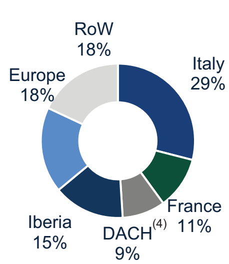
- ***WLC***. In our WLC market segment, we produce cartonboard from recycled fibers for folding carton and corrugated packaging applications. We are the second largest WLC producer (based on annual production capacity as of December 31, 2020), with a market share of approximately 25% for 2020 (after giving *pro forma* effect to the Paprinsa Acquisition), in a highly fragmented European market. We are also the largest WLC producer based on our annual production capacity as of December 31, 2020, in Italy, France and Spain. In terms of production capacity, WLC represents approximately 76% of our business as of December 31, 2020 (giving *pro forma* effect to the Paprinsa Acquisition, Eska Acquisition and the La Rochette Disposal).

We had a total WLC production capacity of 1,166 thousand tons per year for the year ended December 31, 2020 (after giving *pro forma* effect to the Paprinsa Acquisition).

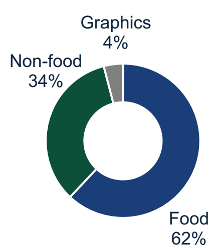
- ***SB***. In our SB market segment, we produce solidboard from recycled fibers for packaging and graphical applications. We had a total production capacity of 359 thousand tons per year for the year ended December 31, 2020 (after giving *pro forma* effect to the Eska Acquisition). In terms of production capacity, SB represents approximately 24% of our business as of December 31, 2020 (giving *pro forma* effect to the Paprinsa Acquisition, Eska Acquisition and the La Rochette Disposal). We are a leading solidboard producer with a global reach. Following the Eska Acquisition, we now have two industry-leading solidboard production facilities (in terms of production capacity) in The Netherlands with the largest SB production capacity among participants in the core market segments in which Eska operates (which include luxury packaging, bookbinding, puzzles and games) for the year ended December 31, 2020.

For the twelve months ended September 30, 2021 (after giving *pro forma* effect to the Eska Acquisition, the Paprinsa Acquisition and the La Rochette Disposal as if they had occurred on October 1, 2020), we generated *adjusted pro forma* consolidated revenues from sales of €853.9 million, Adjusted Pro Forma EBITDA of €119.2 million and an Adjusted Pro Forma EBITDA Margin of 14.0%, and we had Adjusted Pro Forma tons sold of 1,451 tons. The charts below present the breakdown of our tons sold by geography, by relevant end-market and by product, in each case for the year ended December 31, 2020.

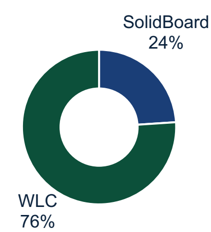
Portion of Sales in Tons by Geography[1]



Portion of Sales in Tons by End-use[2]



Capacity by Product[3]



(1) Figures give *pro forma* effect to the Paprinsa Acquisition and the La Rochette Disposal.

(2) Figures give *pro forma* effect to the La Rochette Disposal.

(3) Figures give *pro forma* effect to the Eska Acquisition, Paprinsa Acquisition and the La Rochette Disposal.

(4) Includes Germany, Austria and Switzerland.

As of September 30, 2021 (after giving *pro forma* effect to the Eska Acquisition, the Paprinsa Acquisition and the La Rochette Disposal), we served over 2,500 customers across our WLC and SB market segments and sold our products, either directly or indirectly, in over 100 countries worldwide.

We remain united by our "One Company" culture and philosophy and believe that the size of our network and breadth of our geographical footprint give us significant competitive advantages, including greater operational flexibility to serve our customers and manufacture our products across our network of mills, as well as enhanced capacity to supply our products in a timely manner and the flexibility to produce our products at more than one mill. While our network of nine paper mills is strategically located to best serve our pan-European customer base, which requires localized service, our operations remain integrated. We centrally manage operations, and we are currently enhancing our ability to integrate operations across our network by implementing the same enterprise resource planning ("ERP") systems in all of our mills. Additionally, improvements to our information technology ("**IT**") resources have allowed, and we believe we will continue to allow, us to balance the availability of products across our network of mills, to optimize proximity to customers, to protect their security of supply and to mitigate the risks posed by market volatility arising from changes in the supply and demand dynamics in local markets.

Our products and customers

We manufacture different types of recycled paperboard, sold as sheets or rolls, mainly to packaging manufacturers. The majority of our sales derive from resilient and essential end-markets, such as the food end-market.

For the twelve months ended December 31, 2020 (after giving *pro forma* effect to the Paprinsa Acquisition and the La Rochette Disposal), more than 60% of the end-users of our WLC products operated within the resilient food market. Our solidboard products are purchased for use in applications such as producing packaging for the growing luxury packaging market, as well as bookbinding, stationary, and manufacturing puzzles and games.

We are committed to sustainability and believe that are well-placed to benefit from the ongoing shift away from plastic packaging and toward more sustainable alternatives. We believe that we have an attractive sustainability profile, and our commitment to sustainability has been historically supported by a track record of demonstrable achievements. For the year ended December 31, 2020 (after giving *pro forma effect* to the La Rochette Disposal), 94% of the fibrous material we used was recycled and over 83% of all materials used consisted of renewable materials. In addition, we have reduced each of our carbon emissions and water discharges per ton of cartonboard produced by approximately 13% since 2017.

As our business continues to evolve, we remain committed to strengthening our product portfolio and offerings by focusing on renewable, recyclable and actually-recycled solutions (solutions with high recycling rates). In line with the latest market trends, we are directing our development activities toward cartonboard and solidboard products that can replace plastic packaging. We are focusing our efforts toward the development of renewable and recyclable "barrier solutions" that are fully integrated with the fiber-based material structure of the cartonboard. Our consistent aim is to promote and preserve the integrity of the packaged product while ensuring recyclability of the coated and uncoated cartonboard after its use.

Key Factors Affecting Our Financial Condition and Results of Operations

The following section provides a description of the main factors that have affected our financial condition and results of operations for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019 and 2018, as well as certain factors which may impact the financial condition and results of operations in the future.

Increasing Sustainability Trends

Interest in sustainability has increased over the past decade and accelerated in recent years, and we expect that sustainability trends will play an increasing role in customer and consumer purchasing decisions. There have been recent concerns about the environmental impact of single-use products and products made from plastic. Governmental authorities continue to implement legislation aimed at reducing the amount of plastic and other wastes incapable of being reused, recycled or composted. Such legislation, as well as voluntary initiatives similarly aimed at reducing the level of single-use plastic packaging waste, could increase demand for certain of our products.

Some companies have responded to these governmental initiatives and to perceived sustainability concerns of consumers by shifting toward more recyclable and sustainable products. This trend is aligned with our core business and with our innovation efforts around sustainability. Across our business, we believe we are well positioned to benefit from growth in fiber-based, recyclable packaging, as we already positively and directly contribute to the circular economy of recycled fibers.

We intend to continue our innovation and product development efforts to ensure that we are at the leading edge of recyclability in order to offer our customers increasingly sustainable choices. Substantially all of our revenues from sales were derived from products made with recycled, recyclable and renewable materials for the periods presented.

We expect to incur additional capital expenditures and research and development costs as a result of developing products for new applications, while strictly maintaining the essential feature of recyclability of our existing more sustainable products.

The COVID-19 Pandemic

The COVID-19 virus was declared a global pandemic by the World Health Organization in March 2020. The global spread of COVID-19 has resulted in governments and organizations around the world mandating restrictive measures to contain the spread of the virus, including quarantine and social distancing measures, travel restrictions and suspension of non-essential business activities. These and other measures have been implemented to various degrees and at various times since the start of the pandemic. COVID-19 has caused significant disruption to the global economy and has impacted all of the countries in which the RdM Group operates. At the start of the pandemic we quickly introduced comprehensive precautionary measures to limit the risk of infection and protect our employees, suppliers and customers. These measures included, for example, acquiring additional health and safety devices to mitigate the risk of COVID-19 infection and costs associated with additional sanitization activities. The total costs of such measures was €0.6 million in 2020.

Despite the challenging macroeconomic environment exacerbated by the COVID-19 pandemic, we increased total volumes shipped (based on the number of tonnes shipped) in 2020 compared to 2019 by 0.8%, driven by an 8.3% increase for FBB while WLC remained substantially consistent as it was impacted by the temporary production shutdown of the Villa Santa Lucia and Ovaro mills. Specifically, the increase in volumes was driven by the RdM Group's production of materials required to package and distribute essential goods such as food and pharmaceutical products. In relation to the luxury packaging sector, in which our Ovaro paper mill operates, the RdM Group made a strong recovery in the second half of 2020 driven by sales to markets in Asia following a slower start in the beginning of the year that we believe was due, in part, to the effect COVID-19 had on the market for luxury goods. As noted above, in 2020 the RdM Group was able to increase production and shipment levels and all of the RdM Group's paper mills operated at substantially full capacity, consistent with prior years. With the exception of the Villa Santa Lucia and Ovaro mills, which were negatively impacted by temporary production shutdowns as noted above, production at all of our other mills was broadly consistent with or higher in 2020 compared to 2019. The second quarter of 2020 was characterized by a sharp increase in demand linked to the increase in stocks by customers to mitigate possible interruptions in production caused by the pandemic, with an opposite effect in the third quarter. In the fourth quarter of 2020, volumes shipped increased marginally compared to the fourth quarter of 2019.

In the first nine months of 2021 global demand has increased as certain COVID-19-related restrictions have eased to varying degrees in certain parts of the world and we have increased our volumes shipped compared to the same period in 2020. The COVID-19 pandemic has not had any significant negative effects on our operations or financial position in the first nine months of September 30, 2021.

Many uncertainties remain regarding the COVID-19 pandemic, including its ultimate duration, and the extent of local and worldwide social, political, and economic disruption it may cause. While the COVID-19 pandemic has not materially impacted our overall business, operations, or financial results to date, it may have far-reaching impacts on many aspects of our operations, including impacts on customer and consumer behaviors, business and manufacturing operations, inventory, accounts receivable, our employees, and the market generally. We will continue to assess the evolving impact of the COVID-19 pandemic and intend to make adjustments to our business accordingly. See also "*Risk Factors — Risks Related to Our Business and Industry — Our business is affected by global economic conditions and any deterioration in the global economic situation could have a material adverse effect on our business, financial condition and results of operations.*"

The pass through of price fluctuations of raw materials and energy (mainly gas) into the sales prices for our products

Our results of operations are influenced by fluctuations in the price of our raw materials and energy consumption, increases in prices of which we attempt to pass on to our customers. Raw materials prices in particular drive changes in the sales prices for our products.

The cost of raw materials and services represented 80.9%, 71.3%, 76.0% and 75.8% of our revenues from sales for the nine months ended September 30, 2021 and for the years ended December 31, 2020, 2019 and 2018, respectively, with raw materials and, to a lesser extent, energy (mainly gas and electricity), being the most significant components. In particular, the cost of raw materials represented 57.4%, 56.1%, 56.7% and 60.8%, and energy costs represented 18.0%, 17.2%, 18.5% and 15.3%, of our total cost of raw materials and services for the nine months ended September 30, 2021 and for the years ended December 31, 2020, 2019 and 2018, respectively. The prices of raw materials and energy may fluctuate due to external conditions such as weather, product scarcity and commodity market fluctuations, as well as changes in governmental policies and regulations.

Purchases of most of our raw materials are based on negotiated rates with suppliers, which are tied to published indices. Historically, we have not entered into long-term purchase contracts that provide for fixed quantities or prices for our principal raw materials. In Italy, we are a member of the National Consortium for the Recovery and Recycling of Cellulose-based Packaging (Comieco) and such membership grants us certain guaranteed supply quantities of fibers at a fair market price.

Changes in raw material prices impact our results of operations. While we generally do not have clauses for the pass-through of input costs predefined in our sales contracts, we are generally able to pass through increases in these costs through the regular renegotiation of contracts with our customers. Conversely, our customers generally expect price reductions when our input costs decrease. Generally, the price adjustments do not occur simultaneously with commodity price fluctuations. Due to differences in timing between purchases of raw materials and sales to customers, there is often a lead-lag effect, during which margins are negatively impacted in the short term when raw material costs increase and positively impacted in the short term when raw material costs decrease. Historically, the average lag time in implementing raw material cost pass-through mechanisms has been approximately two or three months depending on the size of the order backlog at a given point in time. On an annual or longer-term basis, our sales prices are directly correlated to our main raw material costs, although divergences may occur between our raw materials costs and sales prices over interim periods, thereby impacting our margins. Changes in energy prices are not as easily passed through to our sales prices, unless they are significant, and therefore fluctuations in energy prices may cause short term margin fluctuations.

In order to reduce the volatility of our costs for gas consumption, which represents our main energy cost, we generally purchase approximately 30% of our gas volumes using fixed price contracts for a period of up to three years, approximately 30% of our gas volumes using fixed price contracts for a period of up to twelve months, and approximately 40% of our gas volumes at spot rates or with short term hedging. Arrangements may differ by country. For example, for our Barcelona power plant we have historically entered into a special hedging contract to simultaneously fix the prices of gas purchased and power sold to the grid for approximately 60% of volumes. We hedge the price of approximately 20% of the coal used at our Arnsberg power plant using 3-year fixed price contracts. For the purchase of electricity, we generally enter into short-term hedging transactions based on available market opportunities.

The prices for some of our raw materials, particularly fibers, have fluctuated in recent years. Waste paper is typically purchased from sources close to our mills and, as a result, prices are established locally based on factors such as demand levels and local competitive conditions. The price of waste paper is also affected by demand levels in other industries; particularly containerboard where recent demand has been strong, and future demand is expected to remain strong, driven by the significant growth in e-commerce.

We primarily purchase recycled fibers, paper for recycling ("PfR"), used to make pulp and produce board, but also market pulp-chemicals. Brown grade materials make up the majority of our purchases, followed to a lesser extent by white grades and market pulp. The average cost per ton of recycled fibers decreased during the period from 2018 to 2020 although prices have increased significantly in the first nine months of 2021. For example, the average cost per ton of old corrugated cardboard decreased from €144 per ton in 2017 to €96 per ton in 2018, €76 per ton in 2019 and to €65 per ton in 2020 related to China's ban on waste importing, and then increasing significantly to €153 per ton in the first nine months of 2021, primarily in the first six months of the year. The decrease in the average cost of recycled fibers from 2018 to 2020 resulted in an overall decrease in our average sales prices over the same period, however we have been successful in decreasing our sales prices proportionally less than the decrease in cost of recycled fibers, thereby helping to increase our contribution margin, alongside operational efficiency implementation. We also increased our revenues from sales by 12.1%

from 2018 to 2020 as a result of increasing sales volumes driven by production efficiencies and acquisitions. Conversely, the significant increase in the cost of recycled fibers and other materials in the first nine months of 2021 has resulted in an increase in our average sales prices, with a direct effect on our revenues from sales. Furthermore, given the rate and magnitude of the increase in costs thus far in 2021, we have started implementing contractual price-adjustment mechanisms with customers to ensure timely and adequate modifications to our selling prices, including for our order book.

We use various strategies to manage cost exposures on certain raw material purchases with the objective of obtaining more predictable costs for these commodities. From time to time we enter into hedging agreements for some of our raw materials and energy sources to minimize the impact of price fluctuations. Although we continue to take steps to minimize the impact of the volatility of raw material prices through commodity hedging, fixed supplier pricing, reducing the lag time in contractual raw material cost pass-through mechanisms and entering into additional indexed customer contracts that include raw material cost pass-through provisions, we expect our results of operations to continue to be impacted by price fluctuations of raw materials and energy (mainly gas) costs.

Macroeconomic environment and market trends

We mainly operate in the WLC market, represented by paperboard coated packaging products using recycled materials. Sales of WLC products represented approximately 83%, 84% and 81% of our revenues from sales for the years ended December 31, 2020, 2019 and 2018, respectively. Global demand for this market in 2020 was substantially in line with 2019, despite the effects of the COVID-19 pandemic. Generally, in European markets in 2020, compared to 2019, global demand based on volumes rose in France (+5.8%), Northern Europe (+3.1%), Germany (+2.3%) and other minor markets, while declining in Spain (-7.1%) and in Italy (-5.1%). In 2020 overseas markets posted a considerable decrease (-9.1%) compared to 2019, including the effects of a decrease in insurance coverage of customers linked to the higher risk of many countries. We posted marginal growth in line with the market (+0.2%) in 2020, despite the stop of the production to the paper mill in Villa Santa Lucia, from February 7 to March 1, 2020 as a result of the seizure of the water purifier belonging to the Cosilam consortium by the competent judicial authorities for reasons not attributable in any way to the paper mill. The effect of the lack of production was partially mitigated in terms of volumes shipped by the use of stocks of finished products and by the relocation of orders to other paper mills of the RdM Group. The Ovaro paper mill recorded a decrease in demand in the first half of 2020, with the consequent need to program shutdowns, driven by lower exposure toward strategic sectors, since the Ovaro paper mill operates for the most part in sectors such as luxury or school products, which have substantially stopped the production during the most acute phase of the COVID-19 pandemic emergency. The decrease in volumes was in any case contained and substantially recovered in the second half of 2020 as a result of the resumption of production activities in all sectors in which Ovaro operates. Despite these challenging conditions, we recorded higher volumes in 2020 compared to the market trends in the main reference markets: Italy (+0.8%), Spain (-4.8%) and France (+6.7%).

Prior to the disposal of the operations of La Rochette in April 2021, the RdM Group also operated in the Folding Box Board (FBB) market, represented by cartonboard for folding boxboard using virgin fibers. Overall demand in the FBB market increased by 5% in 2020 compared to 2019, while the RdM Group increased FBB sales by 8.3% over the same period. The increase of the market was mainly attributable to the essential nature of the products and a partial recovery in demand following a decrease in 2019 compared to 2018.

Competitive Environment and Changes in Consumer Demand

The markets in which we sell our products historically have been, and continue to be, highly competitive. Areas of competition include service, innovation, quality and price. While we have long-term relationships with many of our customers, the underlying contracts may be re-bid or renegotiated from time to time, and we may not be successful in renewing on favorable terms or at all, as pricing and other competitive pressures may occasionally result in the loss of a customer relationship. The loss of business from our larger customers, or the renewal of business on less favorable terms, may have an impact on, and as such, affect, our operating results. We believe our market leadership, being the second-largest provider of WLC in Europe and the largest provider in Italy, France, and Spain, is predicated on our strong service and quality and we expect to maintain strong relationships with our customer base.

In addition, our sales are driven by consumer buying habits, and recently we have seen net organic sales growth driven by the consumers' desire for sustainable packaging solutions and increased at home consumption. Changes in consumer dietary habits and preferences, increases in the costs of living, unemployment rates, access to credit markets, as well as other macroeconomic factors, may negatively affect consumer spending behavior. New product introductions and promotional activity by our customers and our introduction of new packaging products also impact our sales.

Acquisitions and Disposals

Consistent with our ongoing strategy of focusing on potential acquisition activities that offer us a broader range of products and business opportunities, we have engaged in a series of acquisitions of existing businesses, which together, have expanded the scope of our product offerings and presence in geographic regions. We believe we can leverage our existing industry and operational expertise to identify such acquisition opportunities and enhance profitability of the acquired business.

Our most recent transactions are:

- **2018**: acquisition of 100% of Barcelona Cartonboard S.A.U., which has allowed us to strengthen our leadership in Southern Europe, consolidate our position as a leading European producer of paperboard using recycled materials, and optimize our product portfolio and customer service due to the proximity of the Barcelona facility to some of the biggest European converters.
- **2021**: (i) Eska Acquisition, expanding our capabilities in the SB sector, (ii) the Paprinsa Acquisition, enhancing our leadership position and capabilities in the European coated chipboard sector; and (iii) the La Rochette Disposal implementing our strategic decision to leave the FBB segment.

Although they are not fully reflected in our results, based on the performance of Eska, Paprinsa and La Rochette over the period under review, we anticipate that the cumulative effect of our acquisitions and disposals over the course of 2021 may have a significant impact on future results. For the years ended December 31, 2018, 2019 and 2020, Eska generated EBITDA of €17.7 million, €22.8 million and €26.2 million, respectively, and Eska generated €19.4 million in EBITDA for the twelve months ended September 30, 2021. [*] Eska sold 272 thousand tons at an average price of €625 per ton in 2018, 247 thousand tons at an average price of €660 per ton in 2019, 241 thousand tons at an average price of €610 per ton in 2020. Eska's maintenance capital expenditures were approximately €4 million in each of 2018 and 2019 and were approximately €5 million in 2020. For the years ended December 31, 2018, 2019 and 2020, Paprinsa generated EBITDA of €0.8 million, €3.1 million and €6.0 million, respectively, and Paprinsa generated €(0.2) million in EBITDA for the twelve months ended September 30, 2021. Paprinsa's maintenance capital expenditures were approximately €3 million in 2018, €4 million in 2019 and €2 million in 2020. For the years ended December 31, 2018, 2019 and 2020, La Rochette generated EBITDA of €0.3 million, €(5.8) million and €(10.3) million, respectively, and La Rochette generated €(2.4) million in EBITDA for the twelve months ended September 30, 2021. La Rochette sold 142 thousand tons at an average price of €818 per ton in 2018, 133 thousand tons at an average price of €844 per ton in 2019, 144 thousand tons at an average price of €806 per ton in 2020. If we exclude the net sales and raw materials and other costs of La Rochette, our contribution margin would have been €188 million in 2018, €214 million in 2019 and €222 million in 2020.

Given our global scale and existing operating structure, we are frequently able to identify synergies to remove a significant amount of the existing cost base of an acquired business, which allows us to improve the profitability of the acquired business in a relatively short time. In addition, we seek to identify commercial synergies between acquired business and the RdM Group, leveraging our existing customer base, expertise and relationships.

See the section entitled *"Our Business — Our History"* below for additional information relating to our recent acquisitions and disposals. Although we believe our approach to acquisitions has helped to grow our business during the period under review, acquisitions involve certain risks. See *"Risk Factors — Risks Related to our Business and Industry — The failure to make successful mergers and acquisitions and divestments could have a negative impact on our competitiveness. Additional acquisitions may also expose us to new liabilities."*

(*) Eska EBITDA for the years ended December 31, 2018 and 2019 has been calculated based on financial information prepared in accordance with the statutory provisions of Part 9, Book 2, of the Dutch Civil Code and

the firm pronouncements in the Guidelines for Annual Reporting in The Netherlands as issued by the Dutch Accounting Standards Board, while Eska EBITDA for the year ended December 31, 2020 and for the twelve months ended September 30, 2021 has been calculated based on financial information prepared under IFRS.

Cost Efficiency Initiatives

We have implemented several cost savings initiatives during the periods under review that have had a positive effect on our results of operations. Specifically, we have taken the following actions since 2018:

- the optimization of raw materials used in the production of cartonboard, primarily in 2019, resulting in lower average costs for materials;
- initiatives to reduce energy consumption, primarily in 2019, which in addition to reducing energy costs has allowed the RdM Group to increase income from the sale of White Certificates, which amounted to €5.2 million, €4.9 million and €0.5 million for the years ended December 31, 2020, 2019 and 2018. One example of this is turning off one of the boilers at our Arnsberg mill that was producing excess energy and purchasing from the market as required.
- investments made to improve production efficiencies and reduce waste, primarily through maintenance activities and supply chain optimization;
- the purchase of a new boiler house at our Ovaro mill; and
- the implementation of a new ERP system for the Ovaro mill which went live in November 2020.

Comparability of Financial Information

Acquisitions and disposals

As further described above and in the sections entitled *"Our Business — Our History"*, we completed several acquisitions and disposals during the periods that affected the comparability of our results of operations, as further detailed below.

We completed the Eska Acquisition on July 13, 2021 and we started to consolidate the Eska Group from that date. Therefore, our results of operations in the nine months ended September 30, 2021 include approximately three months of performance from the Eska Group while our results of operations in 2020, 2019 and 2018 do not include the performance from Eska Group. The contribution to our EBITDA of the Eska Group was €4.8 million in 2021 from the date of the Eska Acquisition.

We completed the Paprinsa Acquisition on July 1, 2021 and we started to consolidate the Paprinsa Group from that date. Therefore, our results of operations in the nine months ended September 30, 2021 include three months of performance from the Paprinsa Group while our results of operations in 2020, 2019 and 2018 do not include the performance from the Paprinsa Group. The contribution to our EBITDA of the Paprinsa Group was €1.2 million in 2021 from the date of the Paprinsa Acquisition.

We completed the La Rochette Disposal in April 2021, following which we no longer consolidated La Rochette. We recognized an impairment loss of €3.7 million in 2020 as we remeasured the carrying amount of the La Rochette cash generating unit in line with its recoverable amount. An additional loss from disposal of €1.7 million was recognized in 2021. La Rochette is presented as a discontinued operation in the RdM Group Unaudited Interim Condensed Consolidated Financial Statements included in this Offering Memorandum.

We completed the acquisition of Barcelona Cartonboard on October 31, 2018 and we started to consolidate Barcelona Cartonboard from that date. Therefore, our results of operations in 2018 include two months of performance from Barcelona Cartonboard compared to a full year in 2019 and 2020, and a full nine months 2021. The contribution to our EBITDA of Barcelona Cartonboard was €1.5 million for the two months in which it was consolidated by the RdM Group in 2018 and €8.2 million for the full year 2019.

Application of new accounting standards

Starting on January 1, 2019, we adopted *IFRS 16 — Leases*, which requires us to recognize right-of-use assets and corresponding lease liabilities for leases that were previously classified as operating leases under

IAS 17, the previous standard for accounting for leases. We applied the simplified transition approach and therefore recognized the impacts of adoption at January 1, 2019 without restating comparative figures for the period prior to adoption. As a result, EBITDA increased by €3.4 million in 2019 due to the recognition of right-of-use assets that would have previously been recognized as lease expenses within cost of raw materials and services, and depreciation charges and financial expenses were €3.3 million and €0.5 million higher, respectively, due to the recognition of right-of-use assets and lease liabilities. Additionally, adjusted net financial debt as of December 31, 2019 was €12.5 million higher as a result of recognizing lease liabilities in accordance with IFRS 16.

Description of Key Line Items and Certain Key Performance Indicators

Revenues from sales

Revenues from sales relate to the production and sale of recycled cartonboard, mainly through our white lined chipboard (**WLC**) where we produce cartonboard from recycled folding for folding carton and corrugated packaging applications, as well as solidboard (**SB**) from recycled fibers for packaging and graphical applications. For the periods presented in this section, we also operated in the folding box board (**FBB**), however following the La Rochette Disposal, which was completed in April 2021, substantially we no longer operate in the FBB market. Subsequent to the La Rochette Disposal we operate in one segment named "Recycled Board."

Other revenues and income

Other revenues mainly include revenues from services, energy revenues, rental income, grants, indemnities and income from other miscellaneous items.

Change in inventories of finished goods

The change in inventories of finished goods relates to production costs and the variation in inventories during the period.

Costs of raw materials and services

Costs of raw materials and services primarily relate to:

- raw materials, including waste paper, wood paste, cellulose and chemicals, as well as materials for packaging;
- commercial services, which include costs for transportation and logistics as well as commissions for sales agents;
- industrial services, which primarily include the costs of gas, electricity and coal, as well as costs for maintenance, waste disposal and other miscellaneous items;
- general services, including costs for insurance, legal, notarial, administrative and contractual services, as well as the board of directors, the board of statutory auditors, postal and telecommunications services and costs for other miscellaneous items; and
- the use of third-party assets through rental and leasing agreements (prior to the implementation of IFRS 16 starting from January 1, 2019 as noted above).

Personnel costs

Personnel costs mainly consist of wages and salaries, social security contributions, defined-benefit pension plans and other personnel costs.

Other operating costs

Other operating costs mainly consist of impairments on receivables and other operating expenses which primarily include indirect taxes and membership subscriptions to various industrial associations and trade bodies.

Depreciation and amortization

Depreciation and amortization consist of amortization of intangible fixed assets and depreciation of tangible fixed assets and right-of-use assets.

Net financial income (expense)

Net financial income (expense) primarily consists of:

- financial income, including income from subsidiaries and associates, gains on derivative financial instruments and other income;
- financial expenses, primarily related to interest expenses, losses on derivative financial instruments and other financial charges, including commissions; and
- realized and unrealized gains and losses on foreign exchange differences.

Gains (losses) on investments

Gains (losses) on investments refer to income from investments accounted for using the equity method and changes in the fair value of other investments.

Taxes

Income taxes relate to current and deferred income taxes.

Results of Operations

Nine months ended September 30, 2021 compared to the nine months ended September 30, 2020

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

	Nine months ended September 30,				Change	
(in € million, unless otherwise indicated)	**2020**	**% of revenues from sales**	**2021**	**% of revenues from sales**	**2021 vs 2020**	**%**
			(Unaudited)			
Revenues from sales	429.9	100.0%	544.1	100.0%	114.2	26.6%
Other revenues and income	7.8	1.8%	11.4	2.1%	3.6	46.2%
Change in inventories of finished goods	(9.3)	(2.2)%	(4.3)	(0.8)%	5.0	(53.8)%
Cost of raw materials and services	(297.8)	(69.3)%	(440.1)	(80.9)%	(142.3)	47.8%
Personnel costs	(66.7)	(15.5)%	(79.7)	(14.6)%	(13.0)	19.5%
Other operating costs	(4.2)	(1.0)%	(2.8)	(0.5)%	1.4	(33.3)%
Gross operating profit	**59.7**	**13.9%**	**28.6**	**5.3%**	**(31.1)**	**(52.1)%**
Depreciation and amortization	(22.2)	(5.2)%	(25.2)	(4.6)%	(3.0)	13.5%
Operating profit	**37.5**	**8.7%**	**3.4**	**0.6%**	**(34.1)**	**(90.9)%**
Financial expense	(0.6)	(0.1)%	(2.5)	(0.5)%	(1.9)	>100%
Gains (losses) on foreign exchange	(0.5)	(0.1)%	0.2	—	0.7	<(100)%
Financial income	—	—	3.2	0.6%	3.2	>100%
Net financial income (expense)	(1.1)	(0.3)%	0.9	0.2%	2.0	<(100)%
Gains (losses) on investments	—	—	9.2	1.7%	9.2	>100%
Taxes	(8.1)	(1.9)%	(0.6)	(0.1)%	7.5	(92.6)%

(in € million, unless otherwise indicated)	Nine months ended September 30, 2020	% of revenues from sales	2021	% of revenues from sales	Change 2021 vs 2020	%
			(Unaudited)			
Profit (loss) for the period before discontinued operations	**28.3**	**6.6%**	**12.9**	**2.4%**	**(15.4)**	**(54.4)%**
Discontinued operations	5.6	1.3%	2.6	0.5%	(3.0)	(53.6)%
Profit (loss) for the period	**33.9**	**7.9%**	**15.5**	**2.8%**	**(18.4)**	**(54.3)%**

Revenues from sales

The following table provides a breakdown of revenues from sales by segment for the nine months ended September 30, 2020 and 2021:

(in € million, unless otherwise indicated)	Nine months ended September 30, 2020	% of revenues from sales	2021	% of revenues from sales	Change 2020 vs 2021	%
			(Unaudited)			
Recycled Board	429.9	100.0%	542.6	99.7%	112.7	26.2%
Other	—	—	1.5	0.3%	1.5	>100%
Revenues from sales	**429.9**	**100.0%**	**544.1**	**100.0%**	**114.2**	**26.6%**

The following table provides a breakdown of revenues from sales by geographical area for the nine months ended September 30, 2020 and 2021:

(in € million, unless otherwise indicated)	Nine months ended September 30, 2020	% of revenues from sales	2021	% of revenues from sales	Change 2020 vs 2021	%
			(Unaudited)			
Italy	142.5	33.1%	155.5	28.6%	13.0	9.1%
European Union	221.6	51.5%	295.7	54.3%	74.1	33.4%
Rest of the world	65.8	15.4%	92.9	17.1%	27.1	41.2%
Revenues from sales	**429.9**	**100.0%**	**544.1**	**100.0%**	**114.2**	**26.6%**

Revenues from sales increased by €114.2 million, or 26.6%, to €544.1 million for the nine months ended September 30, 2021 compared to €429.9 million for the nine months ended September 30, 2020. The increase was primarily attributable to (i) €70.2 million related to the change in the consolidation perimeter due to the effects of the Eska Acquisition and the Paprinsa Acquisition, which were both completed in July 2021, and (ii) €44.0 million related to a mix of increases in volumes and prices. In particular, demand increased significantly in the RdM Group's key markets and, for example, tons sold by the RdM Group (excluding the effects of the Eska Acquisition and the Paprinsa Acquisition) increased by 3.3% from 792 thousand tons in the nine months ended September 30, 2020 to 818 tons in the nine months ended September 30, 2021. The positive price impact reflects the effects of increasing selling prices in 2021.

Revenues from sales increased in all three of our major geographical areas: in Italy by €13.0 million, or 9.1%, to €155.5 million, (ii) in the European Union by €74.1 million, or 33.4%, to €295.7 million, and (iii) in the Rest of the world by €27.1 million, or 41.2%, to €92.9 million, with higher volume increases compared to the overall market trends in our main reference markets.

Other revenues and income

Other revenues and income increased by €3.6 million, or 46.2%, to €11.4 million for the nine months ended September 30, 2021 from €7.8 million for the nine months ended September 30, 2020. The increase was primarily attributable to compensation received from certain energy suppliers based on contractual arrangements under which we accept a certain level of interruption of energy services and, to a lesser extent, a gain of €0.5 million from the disposal of tangible fixed assets.

Cost of raw materials and services

The following table provides a breakdown of the cost of raw materials and services by segment for the nine months ended September 30, 2020 and 2021:

	Nine months ended September 30,				Change	
(in Euro million)	**2020**	**% of revenues from sales**	**2021**	**% of revenues from sales**	**2021 vs 2020**	**%**
			(Unaudited)			
Cost of raw materials	**163.8**	**38.1%**	**252.5**	**46.4%**	**88.7**	**54.2%**
Purchases of raw materials	167.0	38.8%	258.1	47.4%	91.1	54.6%
Change in inventories of raw materials	(3.2)	(0.7)%	(5.6)	(1.0)%	(2.4)	75.0%
Commercial services	**35.2**	**8.2%**	**47.4**	**8.7%**	**12.2**	**34.7%**
Transport	33.8	7.9%	45.0	8.3%	11.2	33.1%
Commission and agents' costs	1.4	0.3%	2.4	0.4%	1.0	71.4%
Industrial services	**82.7**	**19.2%**	**114.0**	**21.0%**	**31.3**	**37.8%**
Energy	52.9	12.3%	79.0	14.5%	26.1	49.3%
Maintenance	9.2	2.1%	13.1	2.4%	3.9	42.4%
Waste Disposal	13.0	3.0%	14.0	2.6%	1.0	7.7%
Other industrial services	7.6	1.8%	7.9	1.5%	0.3	3.9%
General services	**15.4**	**3.6%**	**24.7**	**4.5%**	**9.3**	**60.4%**
Insurance	1.7	0.4%	3.1	0.6%	1.4	82.4%
Legal, notarial, administrative and contractual services	5.2	1.2%	7.5	1.4%	2.3	44.2%
Board of Directors	0.5	0.1%	0.5	0.1%	—	
Board of Statutory Auditors	0.2	—	0.2	—	—	—
Postal and telecommunication	0.7	0.2%	0.8	0.1%	0.1	14.3%
Other costs	7.1	1.7%	12.6	2.3%	5.5	77.5%
Cost for use of third-party assets	**0.7**	**0.2%**	**1.5**	**0.3%**	**0.8**	**>100%**
Rental and leasing	0.7	0.2%	1.5	0.3%	0.8	>100%
Cost of raw materials and services	**297.8**	**69.3%**	**440.1**	**80.9%**	**142.3**	**47.8%**

The cost of raw materials and services increased by €142.3 million, or 47.8%, to €440.1 million for the nine months ended September 30, 2021 compared to €297.8 million for the nine months ended September 30, 2020. The increase was primarily attributable to (i) the increase in the price for recycled fibers, other materials used in production and energy in 2021 and (ii) the change in the consolidation perimeter and consequent increase of cost of raw materials and services amounting to €59.1 million due to the effects of the Eska Acquisition and the Paprinsa Acquisition, which were both completed in July 2021.

Costs for services increased by €52.8 million mainly attributable to the abovementioned increase in the price of energy in 2021, the change in consolidation perimeter and an increase in transportation and other costs driven by higher volumes and a change in market conditions.

Personnel costs

Personnel costs increased by €13.0 million, or 19.5%, to €79.7 million for the nine months ended September 30, 2021 compared to €66.7 million for the nine months ended September 30, 2020. The increase was primarily attributable to the aforementioned changes to the scope of consolidation which amounted to an increase in personnel costs of €12.3 million.

Other operating costs

Other operating costs decreased by €1.4 million, or 33.3%, to €2.8 million for the nine months ended September 30, 2021 compared to €4.2 million for the nine months ended September 30, 2020. The decrease was primarily attributable to lower provisions for bad debts in 2021 compared to 2020.

Depreciation and amortization

Depreciation and amortization increased by €3.0 million, or 13.5%, to €25.2 million for the nine months ended September 30, 2021 compared to €22.2 million for the nine months ended September 30, 2020. The increase was primarily attributable to the aforementioned changes to the scope of consolidation.

Net financial income (expense)

For the nine months ended September 30, 2021, the Group recorded net financial income of €0.9 million compared to net financial expenses of €1.1 million for the nine months ended September 30, 2020. The change of €2.0 million was primarily attributable to the positive effects of remeasuring derivative instruments of Barcelona Cartonboard relating to the acquisition of gas and sale of energy.

Gain on investments

For the nine months ended September 30, 2021, the Group recorded a gain on investments of €9.2 million, of which €8.9 million related to the badwill of the Paprinsa Acquisition.

Taxes

Taxes decreased by €7.5 million, to €0.6 million for the nine months ended September 30, 2021 compared to €8.1 million for the nine months ended September 30, 2020. The decrease was primarily attributable to lower profit before taxes.

Discontinued operations

Discontinued operations decreased by €3.0 million, or 53.6%, to €2.6 million for the nine months ended September 30, 2021 compared to €5.6 million for the nine months ended September 30, 2020, and was entirely related to the net result of La Rochette prior to its disposal in April 2021.

EBITDA

The table below sets forth EBITDA for the nine months ended September 30, 2021 and 2020:

	Nine months ended September 30,				Change	
(in € million, unless otherwise indicated)	**2020**	**% of revenues from sales**	**2021**	**% of revenues from sales**	**2021 vs 2020**	**%**
			(Unaudited)			
Profit (loss) for the period	33.9		15.5		(18.4)	
Discontinued operations	(5.6)		(2.6)		3.0	
Taxes	8.1		0.6		(7.5)	
Net financial expense/(income)	1.1		(0.9)		(2.0)	
Depreciation and amortization	22.2		25.2		3.0	
Gains on investments	—		(9.2)		(9.2)	
Write-downs and revaluations	—		—		—	
EBITDA	**59.7**	**13.9%**	**28.6**	**5.3%**	**(31.1)**	**(52.1)%**

EBITDA decreased by €31.1 million, or 52.1%, to €28.6 million for the nine months ended September 30, 2021 compared to €59.7 million for the nine months ended September 30, 2020, and EBITDA Margin decreased from 13.9% to 5.3% over the same period. The decrease in EBITDA and EBITDA Margin was primarily attributable to the aforementioned increase in the price for recycled fibers, other materials used in production and energy in 2021 compared to 2020.

Year ended December 31, 2020 compared to the year ended December 31, 2019 and year ended December 31, 2019 compared to the year ended December 31, 2018

The following is a discussion of the RdM Group's results of operations for the year ended December 31, 2020 compared to the year ended December 31, 2019 and the RdM Group's results of operations for the year ended December 31, 2019 compared to the year ended December 31, 2018. The presentation includes certain line items as a percentage of revenues from sales for the respective periods presented to facilitate period-to-period comparisons.

	Year ended December 31,						Change			
(in € million, unless otherwise indicated)	**2018 Restated(*)(**)**	**% of revenues from sales**	**2019(**)**	**% of revenues from sales**	**2020(**)**	**% of revenues from sales**	**2019 vs 2018**	**%**	**2020 vs 2019**	**%**
Revenues from sales	606.0	100.0%	701.6	100.0%	679.5	100.0%	95.6	15.8%	(22.1)	(3.1)%
Other revenues and income	6.3	1.0%	10.6	1.5%	12.7	1.9%	4.3	68.3%	2.1	19.8%
Change in inventories of finished goods	6.3	1.0%	3.6	0.5%	(10.5)	(1.5)%	(2.7)	(42.9)%	(14.1)	<(100)%
Cost of raw materials and services	(459.4)	(75.8)%	(533.4)	(76.0)%	(484.5)	(71.3)%	(74.0)	16.1%	48.9	(9.2)%
Personnel costs	(90.8)	(15.0)%	(104.1)	(14.8)%	(108.0)	(15.9)%	(13.3)	14.6%	(3.9)	3.7%
Other operating costs	(5.3)	(0.9)%	(5.9)	(0.8)%	(5.4)	(0.8)%	(0.6)	11.3%	0.5	(8.5)%
Gross operating profit	**63.1**	**10.4%**	**72.4**	**10.3%**	**83.8**	**12.3%**	**9.3**	**14.7%**	**11.4**	**15.7%**
Depreciation and amortization	(23.4)	(3.9)%	(31.7)	(4.5)%	(31.7)	(4.7)%	(8.3)	35.5%	—	—
Write-downs and revaluations	(0.4)	(0.1)%	(10.3)	(1.5)%	(5.1)	(0.8)%	(9.9)	>100%	5.2	(50.5)%
Operating profit	**39.3**	**6.5%**	**30.4**	**4.3%**	**47.0**	**6.9%**	**(8.9)**	**(22.6)%**	**16.6**	**54.6%**
Financial expense	(2.4)	(0.4)%	(5.8)	(0.8)%	(3.0)	(0.4)%	(3.4)	>100%	2.8	(48.3)%
Gains (losses) on foreign exchange	—	0.0%	0.1	—	(0.5)	(0.1)%	0.1	>100%	(0.6)	<(100)%
Financial income	—	0.0%	0.3	—	2.3	0.3%	0.3	>100%	2.0	>100%
Net financial income (expense)	*(2.4)*	*(0.4)%*	*(5.4)*	*(0.8)%*	*(1.2)*	*(0.2)%*	*(3.0)*	>100%	*4.2*	*(77.8)%*
Gains (losses) on investments	4.4	0.7%	0.2	—	0.2	—	(4.2)	(95.5)%	(0.0)	—
Taxes	(12.9)	(2.1)%	(9.6)	(1.4)%	(12.4)	(1.8)%	3.3	(25.6)%	(2.8)	29.2%
Profit (loss) for the period	**28.4**	**4.7%**	**15.6**	**2.2%**	**33.6**	**4.9%**	**(12.8)**	**(45.1)%**	**18.0**	**>100%**

(*) The figures for the year ended December 31, 2018 have been restated to take into account the purchase price allocation of RDM Barcelona Cartonboard S.A.U., which in the RdM Group's financial statements for the year ended December 31, 2018 was recognized based on provisional fair values and estimates, as allowed by IFRS 3 — Business combination. The final purchase price allocation was completed in 2019.

Specifically, the completion of this valuation process resulted in a reduction in goodwill of €0.5 million, an increase in the value of intangible fixed assets (customer list) of €2.2 million, an increase in deferred taxes of €0.5 million and the recognition of a gain on bargain purchase of €1.2 million within the item gains (losses) on investments. The aforementioned adjustments were reflected in the comparative figures presented in the RdM Group's financial statements for the year ended December 31, 2019.

(**) The financial information presented in the table above as at and for the years ended December 31, 2018, 2019 and 2020 have not been recast to reflect the 2021 transaction of RdM La Rochette SAU as a discontinued operation

Revenues from sales

The following table provides a breakdown of revenues from sales by segment for the years ended December 31, 2020, 2019 and 2018:

	Year ended December 31,						Change			
(in € million, unless otherwise indicated)	2018	% of revenues from sales	2019	% of revenues from sales	2020	% of revenues from sales	2018 vs 2019	%	2019 vs 2020	%
WLC	491.6	81.1%	591.3	84.3%	564.3	83.0%	99.7	20.3%	(27.0)	(4.6)%
FBB	114.4	18.9%	110.3	15.7%	115.2	17.0%	(4.1)	(3.6)%	4.9	4.4%
Revenues from sales	**606.0**	**100.0%**	**701.6**	**100.0%**	**679.5**	**100.0%**	**95.6**	**15.8%**	**(22.1)**	**(3.1)%**

The following table provides a breakdown of revenues from sales by geographical area for the years ended December 31, 2020, 2019 and 2018:

	Year ended December 31,						Change			
(in € million, unless otherwise indicated)	2018	% of revenues from sales	2019	% of revenues from sales	2020	% of revenues from sales	2018 vs 2019	%	2019 vs 2020	%
Italy	200.1	33.0%	203.2	29.0%	202.0	29.7%	3.1	1.5%	(1.2)	(0.6)%
European Union	333.2	55.0%	401.2	57.2%	386.7	56.9%	68.0	20.4%	(14.5)	(3.6)%
Rest of the world	72.7	12.0%	97.2	13.8%	90.8	13.4%	24.5	33.7%	(6.4)	(6.6)%
Revenues from sales	**606.0**	**100.0%**	**701.6**	**100.0%**	**679.5**	**100.0%**	**95.6**	**15.8%**	**(22.1)**	**(3.1)%**

2020 vs 2019

Revenues from sales decreased by €22.1 million, or 3.1%, to €679.5 million for the year ended December 31, 2020 compared to €701.6 million for the year ended December 31, 2019. The decrease was primarily attributable to the reduction in selling prices, mainly in the WLC segment, mainly due to the passthrough to customers of a decrease in raw material prices, as well as to the temporary stoppage of production at the Villa Santa Lucia plant for several weeks in February 2020 following the seizure of the municipal consortium's wastewater treatment plant and to a decrease in demand for specialties products which impacted production at the Ovaro plant. Despite the decrease in selling prices, we sold 1,184 thousand total tons sold in 2020 compared to 1,174 thousand total tons sold in 2019.

Revenues from sales of the WLC segment decreased by €27.0 million, or 4.6%, to €564.3 million for the year ended December 31, 2020 compared to €591.3 million for the year ended December 31, 2019. The decrease was attributable to the abovementioned reduction of selling prices in 2020 compared to 2019, driven by the passthrough of raw materials prices.

Revenues from sales of the FBB segment increased by €4.9 million, or 4.4%, to €115.2 million for the year ended December 31, 2020 compared to €110.3 million for the year ended December 31, 2019. The increase was primarily attributable to an increase in demand for FBB (+€9.6 million) products, partially offset by a decrease in selling prices in 2020 compared to 2019 (-€4.6 million), driven by the passthrough of raw material prices.

By geographical area, revenues from sales in Italy in 2020 were substantially in line with 2019, with an increase in the FBB segment that was substantially offset by a decrease in the WLC segment. The decrease in revenues from sales for the same period in the European Union of €14.5 million was primarily attributable to WLC sales in Iberia driven by COVID-19 and in the UK due to the effects of Brexit, partially offset by WLC sales for the same period in France and an increase in the FBB segment driven by sales in Germany, Spain and France. The decrease in revenues from sales of €6.4 million in the rest of the world was driven by WLC sales, primarily in Turkey and overseas markets.

2019 vs 2018

Revenues from sales increased by €95.6 million, or 15.8%, to €701.6 million for the year ended December 31, 2019 compared to €606.0 million for the year ended December 31, 2018. The increase was primarily attributable to the acquisition of Barcelona Cartonboard in November 2018, which contributed to revenues of €21.9 million in November and December 2018 compared to a full year of revenues of €132.8 million in 2019.

Revenues from sales of the WLC segment increased by €99.7 million, or 20.3%, to €591.3 million for the year ended December 31, 2019 compared to €491.6 million for the year ended December 31, 2018. This increase was primarily attributable to the abovementioned acquisition of Barcelona Cartonboard, partially offset by a decrease in selling prices in 2019 compared to 2018, particularly in the second half of 2019, driven by the passthrough of raw material prices and resulting in a negative impact of €11.2 million. Excluding the acquisition of Barcelona Cartonboard, volumes impact was positive €2.5 million.

Revenues from sales of the FBB segment decreased by €4.1 million, or 3.6%, to €110.3 million for the year ended December 31, 2019 compared to €114.4 million for the year ended December 31, 2018. This decrease was mainly attributable to a decrease in the volumes for the FBB products driven by market conditions.

By geographical area, revenues from sales in Italy increased by €3.1 million or 1.5%, while the increase of €68.0 million, or 20.4% in the European Union was primarily attributable to the abovementioned acquisition of Barcelona Cartonboard. Revenues from sales in the rest of world increased by €24.5 million or 33.7%.

Other revenues and income

2020 vs 2019

Other revenues increased by €2.1 million, or 19.8%, to €12.7 million for the year ended December 31, 2020 compared to €10.6 million for the year ended December 31, 2019. The increase was mainly due to (i) an increase in grants of €1.2 million to €2.1 million for the year ended December 31, 2020 compared to €0.9 million for the year ended December 31, 2019 and (ii) an increase in energy revenues of €1.0 million to €7.5 million for the year ended December 31, 2020 compared to €6.5 million for the year ended December 31, 2019. Grants during the periods presented mainly relate to incentives for manufacturing companies with high energy consumption and the increase in 2020 primarily relates to amounts received by R.D.M. La Rochette S.A.S., R.D.M. Arnsberg GmbH and Barcelona Cartonboard. The increase in energy revenues was driven by compensation received from certain energy suppliers based on contractual arrangements under which we accept a certain level of interruption of energy services, as well as the sale of electricity and from energy efficiency certificates (white certificates) assigned to Italian mills during 2020.

2019 vs 2018

Other revenues increased by €4.3 million, or 68.3%, to €10.6 million for the year ended December 31, 2019 compared to €6.3 million for the year ended December 31, 2018. The increase was mainly attributable to the increase in energy efficiency certificates (also known as White Certificates) granted to our plants in Italy.

Cost of raw materials and services

The following table provides a breakdown of the cost of raw materials and services for the years ended December 31, 2020, 2019 and 2018:

	Year ended December 31,						Change			
(in Euro million)	2018	% of revenues from sales	2019	% of revenues from sales	2020	% of revenues from sales	2019 vs 2018	%	2020 vs 2019	%
Raw materials	**279.1**	**46.1%**	**302.7**	**43.1%**	**271.9**	**40.0%**	**23.6**	**8.5%**	**(30.8)**	**(10.2)%**
Purchases of raw materials	277.7	45.9%	301.4	42.9%	275.9	40.6%	23.7	8.5%	(25.5)	(8.5)%
Change in inventories of raw materials	1.4	0.2%	1.3	0.2%	(4.0)	(0.6)%	(0.1)	(7.1)%	(5.3)	(407.7)%
Commercial services	**48.7**	**8.0%**	**56.6**	**8.1%**	**57.1**	**8.4%**	**7.9**	**16.2%**	**0.5**	**0.9%**
Transport	44.0	7.2%	52.2	7.4%	52.8	7.8%	8.2	18.6%	0.6	1.1%
Commission and agents' costs	4.7	0.8%	4.4	0.7%	4.3	0.6%	(0.3)	(6.4)%	(0.1)	(2.3)%
Industrial services	**109.4**	**18.1%**	**148.2**	**21.1%**	**130.8**	**19.2%**	**38.8**	**35.5%**	**(17.4)**	**(11.7)%**
Energy	70.1	11.6%	98.6	14.1%	83.1	12.2%	28.5	40.7%	(15.5)	(15.7)%
Maintenance	16.7	2.8%	21.0	3.0%	18.4	2.7%	4.3	25.7%	(2.6)	(12.4)%
Waste Disposal	13.5	2.2%	17.4	2.5%	17.8	2.6%	3.9	28.9%	0.4	2.3%
Other industrial services	9.1	1.5%	11.2	1.5%	11.5	1.7%	2.1	23.1%	0.3	2.7%
General services	**18.6**	**3.0%**	**24.3**	**3.5%**	**22.8**	**3.4%**	**5.7**	**30.6%**	**(1.5)**	**(6.2)%**
Insurance	1.8	0.3%	2.5	0.4%	2.5	0.4%	0.7	38.9%	—	0.0%
Legal, notarial, administrative and contractual services	7.1	1.2%	6.9	1.0%	6.3	0.9%	(0.2)	(2.8)%	(0.6)	(8.7)%
Board of Directors	0.7	0.1%	0.7	0.1%	0.7	0.1%	—	0.0%	—	0.0%
Board of Statutory Auditors	0.2	—	0.3	—	0.2	—	0.1	50.0%	(0.1)	(33.3)%
Postal and telecommunication	0.8	0.1%	1.1	0.2%	1.1	0.2%	0.3	37.5%	—	0.0%
Other costs	8.0	1.3%	12.8	1.8%	12.0	1.8%	4.8	60.0%	(0.8)	(6.3)%
Third-party assets	**3.6**	**0.6%**	**1.6**	**0.2%**	**1.9**	**0.3%**	**(2.0)**	**(55.6)%**	**0.3**	**18.8%**
Rental and leasing	3.6	0.6%	1.6	0.2%	1.9	0.3%	(2.0)	(55.6)%	0.3	18.8%
Cost of raw materials and services	**459.4**	**75.8%**	**533.4**	**76.0%**	**484.5**	**71.3%**	**74.0**	**16.1%**	**(48.9)**	**(9.2)%**

2020 vs 2019

The cost of raw materials and services decreased by €48.9 million, or 9.2%, to €484.5 million for the year ended December 31, 2020 compared to €533.4 million for the year ended December 31, 2019. The decrease was primarily driven by a decrease in the prices of raw materials and energy used as production inputs. The cost of raw materials and services amounted to 71.3% of revenues from sales for the year ended December 31, 2020 from 76.0% for the year ended December 31, 2019, driven by the abovementioned decrease in the price of raw materials and energy.

The cost of raw materials refers mainly to the purchase of products used to make pulp (waste paper, wood paste, cellulose and chemicals) and for packaging. This item recorded a decrease of €30.8 million, primarily due to the reduction in the average cost of both recycled and virgin fibers. Regarding the main factors of production, the price of scrap paper, after strong price decreases in the previous two years, made a further decrease at the beginning of 2020. This decrease reversed starting from mid-March 2020 as a result of a decrease in supply resulting from lower city collections as a result of the COVID-19 emergency. A new downward trend was, however, recorded starting in July 2020. It was not until the last quarter of 2020 that a new increase in prices occurred, supported by an increased demand coming primarily from the containerboard sector. On the other hand, the price of virgin cellulosic fibers, after peaking in fiscal 2018 and then falling sharply in 2019, has been stable.

Costs for services show a decrease of €18.4 million primarily due to the reduction in the purchase prices of the RdM Group's main energy supply sources, namely natural gas, electricity and coal, a reduction that had already begun in 2019. In the year ended December 31, 2020 the positive effect resulting from price dynamics was mitigated by medium-term purchase agreements concluded by the RdM Group.

Costs for use of third-party assets as of December 31, 2020 amount to €1.9 million, in line with the ones from the previous year.

2019 vs 2018

Cost of raw materials and services increased by €74.0 million, or 16.1%, to €533.4 million for the year ended December 31, 2019 from €459.4 million for the year ended December 31, 2018, primarily due an increase in raw materials and industrial services, also in connection with the Barcelona Cartonboard Acquisition and consolidation starting from October 31, 2018, compared to a full year consolidation in 2019. Raw materials and services amounted to 76.0% of revenues from sales for the year ended December 31, 2019 compared to 75.8% for the year ended December 31, 2018.

Particularly, cost of raw materials increased by €23.6 million to €302.7 million for the year ended December 31, 2019 from €279.1 million for the year ended December 31, 2018. This increase is due to the Barcelona Cartonboard Acquisition, partially offset by a decrease in price of recycled fibers and virgin cellulose in 2019 compared to 2018.

Service costs increased by €52.4 million. This increase was mostly due to the different scope of consolidation due to the Barcelona Cartonboard Acquisition, which resulted in an increase in costs of €49.5 million as well as, to increased costs for waste disposal related to the increase in prices. With regard to energy costs, the prices of natural gas and coal, the main energy sources of the RdM Group, decreased significantly in 2019 compared to 2018. The positive effect resulting from price dynamics was mitigated by medium-term purchase agreements initiated in 2018.

Costs for use of third-party assets at December 31, 2019 fell compared with the previous year, standing at €1.6 million. This reduction was exclusively due to the introduction, from January 1, 2019, of IFRS 16 according to which costs for rentals and leases should be capitalized and recorded in the income statement based on the depreciation method.

Personnel costs

2020 vs 2019

Personnel costs increased by €3.9 million, or 3.7%, to €108.0 million for the year ended December 31, 2020 compared to €104.1 million for the year ended December 31, 2019. The increase is primarily attributable to contractual increases and productivity bonus payments, as well as to long-term incentives granted to senior management.

2019 vs 2018

Personnel costs increased by €13.3 million, or 14.6%, to €104.1 million for the year ended December 31, 2019 compared to €90.8 million for the year ended December 31, 2018. The increase is primarily attributable to the full consolidation of RdM Barcelona Cartonboard S.A.U starting from November 2018.

Net financial income (expense)

2020 vs 2019

Net financial expense decreased by €4.2 million, or 77.8%, to €1.2 million for the year ended December 31, 2020 compared to €5.4 million for the year ended December 31, 2019. The change is essentially due to the financial income recorded following the valuation at December 31, 2020 of the derivatives subscribed by Barcelona Cartonboard to hedge its purchases of gas and electricity.

2019 vs 2018

Net financial expense increased by €3.0 million, to €5.4 million for the year ended December 31, 2019 compared to €2.4 million for the year ended December 31, 2018. This increase was mainly due to a different scope of consolidation, and particularly the Barcelona Cartonboard Acquisition (+€2.4 million) and the financial expense recognized following the adoption of IFRS 16 from January 1, 2019, which changed the accounting treatment of operating leases (€0.5 million).

Taxes

2020 vs 2019

Taxes increased by €2.8 million to €12.4 million for the year ended December 31, 2020 compared to €9.6 million for the year ended December 31, 2019. This increase is mainly attributable to higher taxable income generated by the RdM Group's companies that have tax loss carryforwards to offset current period taxable income.

2019 vs 2018

Taxes decreased by €3.3 million to €9.6 million for the year ended December 31, 2019 compared to €12.9 million for the year ended December 31, 2018. This decrease is attributable to a decrease in profit before tax.

EBITDA

The table below sets forth EBITDA for the years ended December 31, 2020, 2019 and 2018:

	Year ended December 31,						**Change**			
(in € million, unless otherwise indicated)	**2018**	**% of revenues from sales**	**2019**	**% of revenues from sales**	**2020**	**% of revenues from sales**	**2019 vs 2018**	**%**	**2020 vs 2019**	**%**
Profit (loss) for the period	28.4		15.6		33.6		(12.8)		18.0	
Taxes	12.9		9.6		12.4		(3.3)		2.8	
Net financial expense/ (income)	2.4		5.4		1.2		3.0		(4.2)	
Depreciation and amortization	23.4		31.7		31.7		8.3		—	
Gains on investments	(4.4)		(0.2)		(0.2)		4.2		0.0	
Write-downs and revaluations	0.4		10.3		5.1		9.9		(5.2)	
EBITDA	**63.1**	**10.4%**	**72.4**	**10.3%**	**83.8**	**12.3**	**9.3**	**14.7%**	**11.4**	**15.7%**

2020 vs 2019

EBITDA increased by €11.4 million, or 15.7%, to €83.8 million for the year ended December 31, 2020 compared to €72.4 million for the year ended December 31, 2019. The increase in EBITDA was primarily attributable to an increase in sales volumes driven by production and operational efficiencies and commercial initiatives.

EBITDA Margin increased to 12.3% for the year ended December 31, 2020 compared to 10.3% for the year ended December 31, 2019, driven by price retention which allowed us to reduce selling prices by proportionately less than the decrease in the cost of recycled fibers and other materials used in our products, and through the aforementioned production and operational efficiencies.

2019 vs 2018

EBITDA increased by €9.3 million, or 14.7%, to €72.4 million for the year ended December 31, 2019 compared to €63.1 million for the year ended December 31, 2018. This increase in EBITDA was primarily attributable to the aforementioned increase in revenues from sales in 2019 compared to 2018, partially offset by an increase in the cost of raw materials and services and personnel costs.

EBITDA Margin of 10.3% for the year ended December 31, 2019 was substantially in line with 10.4% for the year ended December 31, 2018, as the operational efficiencies were substantially offset by the consolidation of Barcelona Cartonboard starting in November 2018, which had a lower EBITDA Margin. All other WLC mills had an EBITDA level in line or higher in 2019 compared to 2018.

Liquidity

Overview

Our liquidity requirements arise primarily from the need to fund business acquisitions and capital expenditures and to repay debt. Our primary sources of liquidity have been cash flows generated by operating activities and cash proceeds from financing activities. Our uses of cash include general working capital and operational needs, funding capital expenditures and meeting its debt service requirements. We actively monitor our available liquidity to ensure it will be sufficient to meet our short-term and long-term cash needs, and we monitor our working capital requirements to ensure excess cash is not tied up in working capital.

Cash flows

The following table sets forth a summary of the cash flows for the nine months ended September 30, 2021 and 2020:

(in € million)	Nine months ended September 30, 2020	Nine months ended September 30, 2021
	(Unaudited)	(Unaudited)
Cash and cash equivalents at the beginning of the period	**40.4**	**63.0**
Cash flow from operating activities	42.2	39.8
Cash flow used in investing activities	(13.2)	(166.4)
Cash flow (used in)/from financing activities	(24.2)	83.6
Exchange rate translation differences	(0.1)	0.2
Change in cash and cash equivalents during the period	**4.7**	**(42.8)**
Cash and cash equivalents following the La Rochette Disposal	—	(7.8)
Cash acquired from the Eska Acquisition and the Paprinsa Acquisition	—	13.0
Cash and cash equivalents at the end of the period	**45.1**	**25.4**

Cash flow from operating activities

Cash flow from operating activities for the nine months ended September 30, 2021 amounted to €39.8 million and mainly related to the combined effects of: (i) €41.0 million of cash generated by earnings before tax, depreciation and amortization, net financial expenses/income, provisions for risks and charges, write-downs/revaluations of financial assets, gains/losses on the sale of fixed assets and loss on the sale of R.D.M. La Rochette (which amounted to €1.7 million), (ii) €48.0 million of cash generated by the change in trade payables and (iii) €0.3 million of cash generated by the change in inventories, partially offset by

(i) €31.9 million of cash absorbed by the change in trade receivables, (v) €8.9 million of badwill resulting from the Paprinsa Acquisition, (ii) €7.4 million of taxes paid and (iii) €1.3 million of net interest paid.

Cash flow from operating activities for the nine months ended September 30, 2020 amounted to €42.2 million and mainly related to the combined effects of: (i) €69.4 million of cash generated by earnings before tax, depreciation and amortization, net financial expenses/income, provisions for risks and charges and gains/losses on the sale of fixed assets, and (ii) €9.1 million of cash generated by the change in inventories, partially offset by (iii) €21.2 million of cash absorbed by the change in trade payables, (iv) €6.5 million cash absorbed by the change in trade receivables, (v) €6.9 million of taxes paid and (vi) €1.7 million of interest paid.

Cash flow used in investing activities

Cash flow used in investing activities for the nine months ended September 30, 2021 amounted to €166.4 million and mainly related to the combined effects of: (i) €155.6 million of investments in business combinations primarily related to Eska Acquisition and the Paprinsa Acquisition, and (ii) €16.0 million for investments in tangible and intangible assets (net of disposals), partially offset by (i) €5.0 million of cash proceeds from the La Rochette Disposal and (ii) €0.2 million of dividends received.

Cash flow used in investing activities for the nine months ended September 30, 2020 amounted to €13.2 million and mainly related to €13.3 million of investments in tangible and intangible assets (net of disposals), partially offset by €0.1 million of dividends received.

Cash flow (used in)/from financing activities

Cash flow from financing activities for the nine months ended September 30, 2021 amounted to €83.6 million and mainly related to (i) €91.2 million of net cash generated from the change in other financial assets and liabilities and short-term bank debts, partially offset by (ii) €5.3 million of dividends paid and (iii) €2.3 million of net repayments of lease liabilities.

Cash flow used in financing activities for the nine months ended September 30, 2020 amounted to €24.2 million and mainly related to (i) €18.7 million of net cash absorbed by the change in other financial assets and liabilities and short-term bank debts, (ii) €3.0 million of dividends paid and (iii) €2.5 million of net repayments of lease liabilities

The following table sets forth a summary of the cash flows for the years ended December 31, 2020, 2019 and 2018:

	Year ended December 31,		
(in € million)	**2018**	**2019**	**2020**
Cash and cash equivalents at the beginning of the year	**19.1**	**31.2**	**40.4**
Cash flow from operating activities	52.4	61.1	72.7
Cash flow used in investing activities	(60.9)	(29.1)	(21.8)
Cash flow from/(used in) financing activities	16.6	(22.8)	(28.2)
Exchange rate translation differences	0.1	—	(0.1)
Change in cash and cash equivalents during the year	**8.2**	**9.2**	**22.6**
Cash and cash equivalents acquired in business combinations	3.9	—	—
Cash and cash equivalents at the end of the year	**31.2**	**40.4**	**63.0**

Cash flow from operating activities

Cash flow from operating activities for the year ended December 31, 2020 amounted to €72.7 million. Cash flow from operating activities mainly related to the combined effects of: (i) €84.9 million of cash generated by earnings before tax, adjusted for depreciation, amortization and write-downs, losses (gains) from equity investments, net financial expenses, provisions for employee benefits and other provisions, and gains from the sale of fixed assets, (ii) €1.8 million of cash generated from net working capital, primarily due to €7.2 million of cash generated by the change in trade receivables and €7.1 million of cash generated by changes in inventories, partially offset by €12.5 million of cash absorbed by changes in trade payables, partially offset by (iii) €11.6 million of income tax paid, and (iv) €2.4 million of interest paid during the year.

Cash flow from operating activities for the year ended December 31, 2019 amounted to €61.1 million. Cash flow from operating activities mainly related to the combined effect of (i) €68.2 million of cash generated by earnings before tax, adjusted for depreciation, amortization and write-downs, losses (gains) from equity investments, net financial expense, provisions for employee benefits and other provisions, and gains from the sale of fixed assets, (ii) €7.3 million of cash generated from net working capital, primarily due to €3.4 million of cash generated by the change in trade receivables and €5.5 million of cash generated by the change in trade payables, partially offset by €1.6 million of cash absorbed by the change in inventories, partially offset by (iii) €12.4 million of income tax paid, and (iv) €2.0 million of interest paid during the year.

Cash flow from operating activities for the year ended December 31, 2018 amounted to €52.4 million. Cash flow from operating activities mainly related to the combined effect of (i) €62.5 million of cash generated by earnings before tax, adjusted for depreciation, amortization and write-downs, losses (gains) from equity investments, net financial expense, provisions for employee benefits and other provisions, and gains from the sale of fixed assets, partially offset by (ii) €3.2 million of cash absorbed from net working capital, primarily due to €11.3 million of cash absorbed by the change in trade payables and €4.6 million of cash absorbed by the change in inventories, partially offset by €12.7 million of cash generated by the change in trade receivables, (ii) €5.4 million of income tax paid and (iv) €1.5 million of interest paid during the year.

Cash flow used in investing activities

Cash flow used in investing activities for the year ended December 31, 2020 amounted to €21.8 million. Cash flow used in investing activities related to €21.9 million of investments in tangible and intangible assets, partially offset by €0.1 million of dividends received.

Cash flow used in investing activities for the year ended December 31, 2019 amounted to €29.1 million. Cash flow used in investing activities related to €29.2 million of investments in tangible and intangible assets, partially offset by €0.1 million of dividends received.

Cash flow used in investing activities for the year ended December 31, 2018 amounted to €60.8 million. Cash flow used in investing activities related to the combined effects of (i) €36.5 million of investments in business combinations, referring to the acquisitions of PAC Service S.p.A. and Barcelona Cartonboard S.A.U., and (ii) €24.4 million of investments in tangible and intangible assets, partially offset by €0.1 million of dividends received.

Please see the section entitled *"Capital expenditures"* below for additional information relating to investments in tangible and intangible assets.

Cash flow from/(used in) financing activities

Cash flow used in financing activities for the year ended December 31, 2020 of €28.2 million primarily related to (i) €24.7 million of repayments of medium-long term loans, (ii) €3.0 million of dividends paid and (iii) €0.5 million of treasury share repurchases.

Cash flow used in financing activities for the year ended December 31, 2019 of €22.8 million primarily related to the combined effects of (i) €20.2 million of repayments of medium-long term loans and (ii) €2.6 million of dividends paid.

Cash flow from financing activities for the year ended December 31, 2018 of €16.6 million primarily related to (i) €23.8 million of cash proceeds from medium-long term loans, partially offset by (ii) €5.4 million of repayments of short-term bank debts and the change in other financial assets and liabilities, (iii) €1.2 million dividends paid and (iv) €0.6 million of treasury share repurchases.

Capital expenditures

We distinguish between (i) maintenance capital expenditures to maintain a certain level of productivity and (ii) strategic capital expenditures to expand production capacity. While maintenance capital expenditures are generally carried out throughout the year and require a limited amount of time to implement, our strategic capital expenditures generally require our production sites to be closed over a longer period of time. Therefore, and in order to maximize our theoretical production capacity, we have historically concentrated our strategic capital expenditures during periods when production sites are closed for holidays, during Christmas holidays in December and, for our Italian plants, in the month of August.

The following table sets forth a summary of capital expenditures for the nine months ended September 30, 2021 and 2020, split between strategic and maintenance capital expenditures.

(in € million)	**Nine months ended September 30,**	
	2020	**2021**
	(Unaudited)	
Property, plant and equipment		
Lands and buildings	0.4	0.2
Plant and machinery	3.1	5.2
Industrial and commercial equipment and other assets	0.3	0.1
Assets under construction	8.6	11.5
Total property, plant and equipment	**12.4**	**17.0**
Intangible assets		
Concessions, licenses, trademarks and similar rights	—	0.4
Assets under construction and other assets	1.0	1.1
Total intangible assets	**1.0**	**1.5**
Total capital expenditures	**13.4**	**18.5**
of which strategic capital expenditures	*4.4*	*8.4*
of which maintenance capital expenditures	*9.0*	*10.1*

Capital expenditures increased by €5.1 million, or 38.1%, to €18.5 million for the nine months ended September 30, 2021 compared to €13.4 million for the nine months ended September 30, 2020. The increase included an increase in capital expenditures for property, plant and equipment of €4.6 million and intangible assets of €0.5 million and was primarily related to lower investments in 2020 as a result of the COVID-19 pandemic.

Investments in property, plant and equipment related to: (i) additions to lands and buildings for €0.2 million; (ii) additions to plant and machinery for €5.2 million, mainly related to equipment for sheet forming and stock preparation at our Barcelona Cartonboard facilities, for our gas turbine and to revamp our boiler house at our Villa Santa Lucia facilities and for a new steam boiler at our Santa Giustina facilities; (iii) additions to industrial and commercial equipment and other assets for €0.1 million; and (iv) additions to assets under construction for €11.5 million.

Investments in intangible assets related to: (i) concessions, licenses, trademarks and similar rights for €0.4 million and (ii) assets under construction and other assets for €1.1 million.

The following table sets forth a summary of capital expenditures for the years ended December 31, 2020, 2019 and 2018, split between recurring capital expenditure and non-recurring capital expenditures.

(in € million)	Year ended December 31, 2018	2019	2020
Property, plant and equipment			
Lands and buildings	1.1	1.0	0.6
Plant and machinery	8.2	10.7	7.2
Industrial and commercial equipment and other assets	0.3	0.4	0.6
Assets under construction	13.0	14.7	11.4
Total property, plant and equipment	**22.6**	**26.8**	**19.8**
Intangible assets			
Concessions, licenses, trademarks and similar rights	0.1	1.8	—
Assets under construction and other assets	2.1	1.2	2.1
Total intangible assets	**2.2**	**3.0**	**2.1**
Total capital expenditures	**24.8**	**29.8**	**21.9**
of which strategic capital expenditures	*11.9*	*16.9*	*9.2*
of which maintenance capital expenditures	*12.9*	*12.9*	*12.7*

Capital expenditures decreased by €7.9 million, or 26.5%, to €21.9 million for the year ended December 31, 2020 compared to €29.8 million for the year ended December 31, 2019. The decrease was primarily driven by delays from our investment suppliers attributable to COVID-19. Particularly, the decrease in capital expenditures related to property, plant and equipment of €7.0 million and a decrease in capital expenditures related to intangible assets of €0.9 million.

Capital expenditures increased by €5.0 million, or 20.2%, to €29.8 million for the year ended December 31, 2019 compared to €24.8 million for the year ended December 31, 2018. The increase was primarily driven by the change in scope of consolidation due to the acquisition of Barcelona Cartonboard. The increase in capital expenditures related to property, plant and equipment of €4.2 million and an increase in capital expenditures related to intangible assets of €0.8 million.

Investments in property, plant and equipment for the year ended December 31, 2020 were primarily related to: (i) additions to lands and buildings for €0.6 million, mainly related to improvements made to properties owned; (ii) additions to plant and machinery for €7.2 million, mainly related to specific and general manufacturing plants and machinery; (iii) additions to industrial and commercial equipment and other assets for €0.6 million mainly consisted of electronic office machines and office furniture, fixtures, and fittings; and (iv) additions to assets under construction for €11.4 million.

Investments in property, plant and equipment for the year ended December 31, 2019 were primarily related to: (i) additions to lands and buildings for €1.0 million, where *Land* included the areas pertaining to mills at Magenta (MI) — for the part not involving the cutting center — Santa Giustina (BL), Villa Santa Lucia (FR) and *Buildings* mainly related to the mills; (ii) additions to plant and machinery for €10.7 million, mainly related to the interventions in Santa Giustina Mill (Italy) and Villa Santa Lucia Mill (Italy); (iii) additions to industrial and commercial equipment and other assets for €0.4 million mainly consisted of electronic office machines and office furniture, fixtures, and fittings; and (iv) additions to assets under construction for €14.7 million.

Investments in property, plant and equipment for the year ended December 31, 2018 were primarily related to: (i) additions to lands and buildings for €1.1 million, where *Land* includes the areas pertaining to mills at Magenta (MI) — for the part not involving the cutting center — Santa Giustina (BL), Villa Santa Lucia (FR) and *Buildings* mainly includes the value of the mills owned; (ii) additions to plant and machinery for €8.2 million, mainly related to two new project to increase production capacity, improve safety and quality in Santa Giustina Mill (Italy) and Villa Santa Lucia Mill (Italy); (iii) additions to industrial and commercial equipment and other assets for €0.3 million mainly related to electronic office machines and office furniture, fixtures, and fittings; and (iv) additions to assets under construction for €13.0 million.

Investments in intangible assets for the year ended December 31, 2020 were entirely related to assets under construction and other assets, mainly referring to the project to implement a new ERP system.

Investments in intangible assets for the year ended December 31, 2019 were primarily related to: (i) Concessions, licenses, trademarks and similar rights for €1.8 million, mainly due to the investment in the consortium Interconnector Energy Italia and (ii) assets under construction and other assets for €1.2 million mainly related to the project to implement the new ERP system.

Investments in intangible assets for the year ended December 31, 2018 were primarily related to: (i) Concessions, licenses, trademarks and similar rights for €0.1 million and (ii) assets under construction and other assets for €2.1 million mainly related to the project to implement the new ERP system.

Adjusted Net Financial Debt

The following table sets forth the historical RdM Group Adjusted Net Financial Debt as of September 30, 2021 and as of December 31, 2020, 2019 and 2018. Adjusted Net Financial Debt is a non-IFRS measure. See *"Non-IFRS Measures and Other Data"* for additional information related to Non-IFRS measures.

	As of December 31,			As of September 30,
(in € millions)	2018	2019	2020	2021
				Unaudited
Cash and cash equivalents	(31.2)	(40.4)	(63.0)	(25.4)
Other financial receivables	(0.5)	(0.2)	(0.2)	(3.4)
Current derivative instrument assets	—	—	(0.7)	(4.2)
Current and non-current payables to banks and other lenders	97.7	89.6	71.9	197.8
Current and non-current derivative instrument liabilities	0.8	3.0	0.9	0.3
Adjusted Net Financial Debt	**66.8**	**52.0**	**8.9**	**165.1**

Adjusted Net Financial Debt

Adjusted Net Financial Debt increased by €156.2 million to €165.1 million as of September 30, 2021, compared to €8.9 million as of December 31, 2020. The increase was primarily driven by a decrease in cash and cash equivalents of €37.6 million (see "*Cash Flows*" above) and an increase in current and non current payables to banks and other lenders of €125.9 million, primarily due to Eska Acquisition and the Paprinsa Acquisition.

Adjusted Net Financial Debt decreased by €43.1 million to €8.9 million for the year ended December 31, 2020, compared to €52.0 million for the year ended December 31, 2019. The decrease was primarily driven by an increase in cash and cash equivalents of €22.6 million (see *"Cash Flows"* above) and a decrease in current and non current payables to banks and other lenders of €17.7 million.

Adjusted Net Financial Debt decreased by €14.8 million to €52.0 million for the year ended December 31, 2019, compared to €66.8 million for the year ended December 31, 2018. The decrease was primarily driven by an increase in cash and cash equivalents of €9.2 million (see *"Cash Flows"* above) and a decrease in current and non current payables to banks and other lenders of €8.1 million.

The main components of Adjusted Net Financial Debt are further explained below.

Cash and cash equivalents

Please see the section entitled *"Cash flows"* above for information relating to changes in cash and cash equivalents for the periods presented.

Other financial receivables

Other financial receivables relate to certain other receivables from associates and joint ventures that are recorded within the line item current other receivables in the consolidated statement of financial position.

Current and non current derivative instrument assets and liabilities

Derivative instruments primarily relate to interest rate swaps that have been taken out on some of the loans and some of the commodities, in order to reduce the variability of borrowing charges and the costs of commodities.

Current and non-current payables to banks and other lenders

Current and non-current payables to banks and other lenders relate to financial liabilities made up of bank loans, bonds and payables to other lenders, including payables arising from finance leases. The amount as of December 31, 2018 includes €1.5 million of other payables to other companies that was classified within the line item other payables.

Contractual Obligations after giving effect to the Transactions

Following the Transactions all of RdM Groups historical long term financing arrangements will be extinguished and refinanced through the Notes.

The following table sets forth the principal and interest payments of our long-term financing arrangements as of September 30, 2021 after giving pro forma effect to the Transactions. The amounts reflected are the nominal amounts of the indebtedness represented and not the carrying amounts as reflected in the Issuer's Unaudited Pro Forma Consolidated Financial Information and do not include IFRS 16 payables to other lenders for Right-of-use assets:

	Payments Due by Period			
(in € million)	**Total**	**< 1 year**	**2-5 years**	**> 5 years**
		(Unaudited)		
Notes offered hereby[(1)]	445.0	—	—	445.0
Other current financial liabilities[(2)]	4.5	4.5	—	—
Other payables to other companies[(3)]	3.0	3.0	—	—
Total	452.5	7.5	—	445.0

(1) Represents the issuance of the nominal amount of Notes offered hereby.

(2) Other current financial liabilities include bank advances and factored invoices.

(3) Other payables to other companies include the deferred payment of a portion of the purchase price payable in connection with the Paprinsa Acquisition.

Quantitative and Qualitative Disclosures about Market Risk

Like all industrial operators, the RdM Group is exposed to the risks associated with the general macroeconomic environment. The 2020 financial year was characterized by the COVID-19 emergency which caused, especially in the first pandemic wave, the temporary closure of many production sectors and a consequent recessionary effect that has not yet manifested in its entirety. As the sector in which the RdM Group operates is highly exposed to strategic productive sectors, mainly the food and pharmaceutical industries, there were no negative volume trends in 2020. This, together with the improvement in contribution margins, enabled the achievement of an excellent profitability level. The general economic situation and the continuation of the health emergency indicate that possible negative effects may occur. Given that the risk cannot be eliminated though it is significantly diminished compared to the beginning of the emergency, the price dynamics of sales of the main raw materials and the actions put in place by the RdM Group will make it possible to mitigate the effects of this risk. As far as raw materials are concerned, the main risk, identified starting in 2018, is that there may be an increase in the price of recycled fiber following the sharp drop in prices seen in 2018, which continued into 2019, mainly due to the decision taken by the Chinese government to implement a waste import ban. The COVID-19 emergency led to a sharp rise in prices in April and May 2020, with a subsequent downward trend towards pre-crisis figures. A new increase took place at the end of 2020 following the increase in demand that was mainly due to the corrugated cardboard sector, and this inflationary trend has continued into 2021. As is taking place throughout 2021, the RdM Group believes it can offset any raw material price increases by adjusting the sales prices of its products. With regard to energy prices, all of them declined markedly in 2019, particularly gas, electricity and coal, after they reached a high of previous years in 2018. 2020 saw a further decline in all energy components due to COVID-19; however, energy prices have risen significantly throughout 2021. Within this scenario, the RdM Group will continue with its energy consumption efficiency policies and investments aimed at reducing them.

Interest rate risk

Exposure to interest rate risk involves mainly the medium-/long-term lines of credit on which the RdM Group's financial provisions are currently based. As at December 31, 2020, the RdM Group had cash available and essentially does not use short term lines of credit, except in the context of programs for the non-recourse factoring of trade receivables. As at December 31, 2020, medium and long-term debt totalled €55.4 million, of which €12.4 million at an unhedged floating rate. As of December 31, 2020, cash and cash equivalents stood at €63 million. According to the forecasts for 2021, in the Eurozone interest rates will remain at current levels until at least the end of the year.

The following table presents a sensitivity analysis of the financial instruments exposed to interest rate risk:

	Profit (loss)		Shareholders' equity	
(in € thousand)	**Increase of 50 bps**	**Decrease of 50 bps**	**Increase of 50 bps**	**Decrease of 50 bps**
December 31, 2020				
Cash flows during the year	**(30)**	**(21)**		
Cash flows from derivatives	228	(228)		
Floating-rate loans	(258)	207		
Effectiveness of hedges	304	(304)		
Net sensitivity of financial flows	**(30)**	**(21)**	**304**	**(304)**
December 31, 2019				
Cash flows during the year	**(49)**	**18**		
Cash flows from derivatives	289	(289)		
Floating-rate loans	(338)	307		
Effectiveness of hedges			515	(515)
Net sensitivity of financial flows	**(49)**	**18**	**515**	**(515)**
December 31, 2018				
Cash flows during the year	**(126)**	**108**		
Cash flows from derivatives	178	(178)		
Floating-rate loans	(304)	286		
Effectiveness of hedges			785	(785)
Net sensitivity of financial flows	**(126)**	**108**	**785**	**(785)**

Currency risk

This risk is the exposure of the Company and the RdM Group to fluctuations in exchange rates of costs and revenues denominated in currencies other than the Euro. As far as the RdM Group is concerned, this exposure is particularly related to fluctuations of the U.S. dollar, a currency in which a significant part of revenues from overseas markets is denominated and, as far as costs are concerned, purchases of certain raw materials and energy sources used by the RdM Group. Given the expected volumes of costs and revenues which are either denominated in dollars or fluctuate according to the dollar, it is felt that the net exposure is not significant in relation to the overall size of the business.

Credit risk

Credit risk is the exposure of the RdM Group to the insolvency of its customers. As a result of the situation created following the spread of the COVID-19 pandemic, based on the information available, the RdM Group cannot rule out that at least some of its customers could have to deal with situations of financial tension with consequences, at least in the short-term, on payment times and credit ratings, even if during the entire 2020 financial year this risk did not actually manifest itself. The RdM Group has many tools to effectively manage this risk: insurance agreements were entered into with a leading credit insurance company and various agreements were also entered into for the non-recourse assignment of receivables. Any uninsured and/or uninsurable positions are monitored continually by the appropriate corporate functions, with the support of external sources of information and monitoring for the Italian customer base. In order to contain this risk, the RdM Group checks risky positions vigilantly and promptly. Although the policies adopted thus far have restricted losses on receivables, the risk cannot be entirely eliminated.

The following table presents the RdM Group's trade receivables gross and net of the provision for bad and doubtful debts. RdM Group's core business exposure to credit risk was as follows:

	Year ended December 31,		
(in € million)	**2018**	**2019**	**2020**
Gross trade receivables	86.6	81.7	71.6
Provision for bad and doubtful debts	(6.6)	(4.6)	(5.4)
Trade receivables	**80.0**	**77.1**	**66.2**

The tables below present an aging analysis of the RdM Group's trade receivables, net of the provision for bad and doubtful debts as at December 31, 2020, 2019 and 2018:

	As of December 31, 2020				
	Overdue receivables				
(in € thousand)	**More than 60 days**	**From 31 to 60 days**	**From 0 to 30 days**	**Non-overdue receivables**	**Total**
Italy	75	7	1,935	45,616	47,633
EU	3,077	1,336	1,525	5,369	11,307
Rest of the world	50	120	1,345	5,776	7,291
Trade receivables	**3,202**	**1,463**	**4,805**	**56,761**	**66,231**

	As of December 31, 2019				
	Overdue receivables				
(in € thousand)	**More than 60 days**	**From 31 to 60 days**	**From 0 to 30 days**	**Non-overdue receivables**	**Total**
Italy	461	105	2,775	45,858	49,199
EU	2,560	1,145	2,721	11,960	18,386
Rest of the world	119	234	1,074	8,117	9,544
Trade receivables	**3,140**	**1,484**	**6,570**	**65,935**	**77,129**

	As of December 31, 2018				
	Overdue receivables				
(in € thousand)	**More than 60 days**	**From 31 to 60 days**	**From 0 to 30 days**	**Non-overdue receivables**	**Total**
Italy	331	180	2,323	46,444	49,278
EU	495	214	4,811	17,010	22,530
Rest of the world	—	135	993	7,033	8,161
Trade receivables	**826**	**529**	**8,127**	**70,487**	**79,969**

Liquidity risk

Liquidity risk is defined as the risk of not managing to fulfil obligations associated with liabilities. Prudent management of liquidity risk entails maintaining adequate cash and cash equivalents and the ability to access the loans needed to support operations. To deal with this risk, the RdM Group's treasury unit ensures the flexibility of the supply of funds through access to diversified sources of credit. As at 31 December 2020, the adjusted net financial debt of the RdM Group was equal to €8.9 million, with wide margins to satisfy all reasonable financial requirements.

Use of Accounting Estimates

The preparation of the financial statements and the related notes in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on experience and other factors that are considered to be relevant. Actual results could differ from those estimates. Estimates are used to measure any provisions for doubtful receivables, inventory obsolescence, depreciation and amortization, write-downs, employee benefits, restructuring funds, taxes, other provisions, funds, and valuations of derivative instruments. Estimates and assumptions are reviewed periodically, and the effects of any changes are recognized in the income statement in the period in which the estimate is revised (if the revision affects only that period) or in the period of the revision and future periods (if the revision affects both current and future periods). In this respect, the situation caused by the present economic and financial crisis has led to the need to make assumptions regarding future performance which are characterized by significant uncertainty; as a consequence, therefore, actual future results may differ from the estimates. Although not foreseeable at present, this could have a significant effect on the carrying amounts of the items in question.

The valuation methods and the main assumptions used by management in applying accounting standards which relate to the future development of operations are described below. These methods and assumptions may have significant effects on the amounts recognized in the consolidated financial statements, meaning that adjustments may need to be made in future years, with similarly significant effects on these amounts.

Trade and other receivables

Trade and other receivables are initially measured at the fair value of the amount to be received. Subsequent adjustments are made to account for any write-downs. Non-current trade and other receivables are subsequently measured at amortized cost.

Fair value of derivative contracts and financial instruments

Derivative instruments consist of assets and liabilities measured at fair value. In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only if all of the following apply:

- the hedging relationship is formally designated and documented at its inception;
- the hedge is expected to be highly effective;
- effectiveness can be reliably measured;
- the hedge is highly effective throughout the financial reporting periods for which it is designated.

The fair value of financial instruments which are not listed on a regulated market is determined by employing various valuation techniques. In this respect, the RdM Group uses those techniques which it believes are the most reasonable in connection with the specific financial instruments that have to be valued, and it adopts assumptions and makes estimates based on market conditions at the reporting date.

Taxes

Current income taxes are based on an estimate of the taxable income for the year and on current legislation in the countries where the RdM Group operates. The expected liability, net of any payments in advance or withholding tax incurred, is recognized under *Current taxes*.

Deferred tax assets and liabilities reflect the temporary differences between the carrying amount of an asset or liability and its tax base. *Deferred tax liabilities* consist of deferred tax liabilities arising from temporary differences which will be taxed in future years in accordance with prevailing tax legislation. *Deferred tax liabilities* consist of taxes which, despite being recoverable in future years, refer to the current year and are recognized where it is probable that future taxable income will be sufficient to absorb their recovery. Deferred tax liabilities were offset by deferred tax assets where conditions specified in IAS 12 were met, notably where the two items relate to income taxes levied by the same tax authority and where there is a legally enforceable right to offset in this manner. Income taxes are recognized in the income statement unless they relate to items directly credited or charged to shareholders' equity, in which case the tax effect is recognized directly in that item. Deferred tax assets are recognized for the carryforward of unused tax losses where it is probable that future taxable income will be available against which the unused tax losses can be used. RdM and some of its Italian subsidiaries (R.D.M. Ovaro S.p.A. and R.D.M. Magenta S.r.l.) participated in the national tax consolidation scheme pursuant to Article 117 et seq. of the Consolidated Income Tax Act ("**TUIR**"). The Company acts as the consolidating company and becomes a single taxable base for the group of adhering companies, thereby enabling this group to offset taxable income against tax losses in a single tax return. Each company participating in the national tax consolidation agreement transfers its taxable income or tax loss to the consolidating company: as a consequence of this transfer, RdM recognizes a receivable or a payable corresponding to IRES (corporate income tax), net of any payments on account, from or to the participating company, depending on whether it contributes taxable income or a tax loss. The subsidiary RdM Blendecques S.A.S. is also part of the national tax consolidation agreement that includes the subsidiaries R.D.M. La Rochette S.A.S. and R.D.M. Marketing France S.A.S. on the basis of Article 223a of the French General Tax Code.

The overall determination of tax expense may require the use of estimates and valuations, including those relating to any specific tax liabilities which may not be determinable at the time the individual transactions are carried out. Additionally, in order to calculate deferred tax assets, the RdM Group employs estimates and valuations which also take into account expectations of future events.

Impairment test

At each reporting date, the RdM Group reviews the carrying amount of its tangible and intangible assets to assess whether there are any impairment indicators. If any such indicators exist, the recoverable amount of such assets is estimated through an impairment test to determine the write-down amount. The RdM Group has used the procedure described in IAS 36 to identify the cash-generating units representing the smallest identifiable groups of assets which generate cash flows that are largely independent within the consolidated financial statements. The lowest segregation of assets for cash generating units ("**CGU**") is represented by the individual mills. The recoverability of carrying amounts at this level of aggregation is tested by comparing the net carrying amount of the Net Invested Capital of the individual CGUs with the value in use represented by the current value of the estimated future cash flows from the continuing use of the assets making up the CGUs and that of their terminal value. The impairment test relating to the CGUs is carried out from the asset side perspective, estimating the operating value or the enterprise value of the CGUs. Note that the scope of the CGUs coincides with an entire legal entity, as in the case of the foreign companies R.D.M. Arnsberg GmbH, RdM Blendecques S.A.S., R.D.M. La Rochette S.A.S., Barcelona Cartonboard S.A.U. and the Italian companies R.D.M. Ovaro S.p.A. and PAC Service S.p.A., or with the production plants of Santa Giustina (BL) and Villa Santa Lucia (FR), belonging to the parent company RdM. It should be noted that as at December 31, 2020 no impairment indicators were identified and therefore the company did not prepare any impairment test. However, against the signing of an option contract for the sale of R.D.M. La Rochette S.A.S., held through the subsidiary RdM Blendecques S.A.S., wrote down some of tangible assets related to the subsidiary subject to options for a total of €3.7 million in order to align its carrying amount using the fair value method deduced from the sale costs. This value represents the best estimate of the directors on the basis of the data that was available on the date of the valuation, including the variable components of the sale price earn out) determined on the higher EBITDA realized in financial years 2021-2023, compared with the reference value. Additionally, an impairment test is conducted annually on the PAC Service S.p.A. CGU as a result of the goodwill of €4.4 million allocated to it at the time of acquisition. Based on the impairment test conducted, no need for any write-down was identified. The main assumptions used by the RdM Group in measuring the recoverable amount (value in use) are:

a) estimates of future operating cash flows;

b) the discount rate; and

c) the final growth rate.

In making these forecasts, the RdM Group used assumptions based on the following key variables: the estimate of future sales volumes, variable costs of energy and packaging, the trend in sales prices, margins, capital expenditure and macroeconomic variables.

The RdM Group has used a net rate of 6.04% when discounting cash flows, which reflects current market assessments and also takes into account the specific risks of the sector. During the development of the impairment test, the terminal value was determined by using a growth rate ("**g rate**") of 1.5%. The result of the impairment test, approved by the Board of Directors, is based on information currently available and estimates regarding changes in a series of variables. For this reason, based on the recommendations included in Joint Document no. 4 of the Bank of Italy, Consob and ISVAP of March 4, 2010, the RdM Group prepared sensitivity analyses on the results of the tests, basing these on changes in the underlying assumptions (use of the growth rate in calculating the terminal value and discount rate) that affect the value in use of the cash generating units. There has been no need for a write-down following these sensitivity analyses. Moreover, as indicated in the Directors' Report on Operations, following the spread of COVID-19, that has impacted the national and international scenario since January 2020, further sensitivity analyses on the forecasts of future economic financial flows and on the main scenarios used to test the capital assets have been made. Based on these analyses, any elements have not been identified that could constitute an impairment of cash generating units. Considering that recoverable amounts are calculated on the basis of estimates of future growth, the RdM Group cannot be certain that a revision of these estimates, and the resulting adjustment to values, will not be required. The RdM Group will continually monitor the changing situation in order to make any necessary revision to the assumptions underlying the estimates.

INDUSTRY

Introduction

We manufacture white-lined chipboard ("**WLC**"), a type of coated board used mainly for the production of folding cartonboard packaging. We are also active in the production of solidboard for packaging and other applications, such as luxury packaging, toys, books and stationary products. Both WLC and solidboard are manufactured from recovered paper ("**RCP**"). According to information provided by a leading industry consulting firm, we are the second largest European manufacturer of white lined chipboard by production capacity (with a capacity of 1.166 thousand tons per annum), the largest producer of coated recycled cartonboard in Italy, France and in the Iberian Peninsula by production capacity, and the leader by production capacity in Europe among non-integrated producers in the solidboard market (with a capcity of 376,000 tons).

Folding Cartonboard Market

Introduction

According to production capacity figures provided by a leading industry consulting firm, folding cartonboard manufacturing capacity was approximately 11 million tons per annum in Europe as of June 30, 2021. This total capacity is split between different paper grades including (i) WLC, which represents 48% of the total capacity, (ii) folding box boards ("**FBB**"), which represents 39% of the total capacity, (iii) solid bleached sulphate ("**SBS**"), which represents 10% of the total capacity and (iv) coated unbleached kraft ("**CUK**"), which represents 3% of the total capacity. WLC grades are manufactured from recycled papers and are referred to as recycled grades whereas FBB, SBS and CUK grades are manufactured from virgin fibers and are referred to as virgin grades.

Cartonboard is used in a variety of industrial and commercial applications across both food and non-food end-markets. Although cartonboard is widely used across industries, each of the types of paper grades has unique properties that make it particularly suitable for certain specific uses.

- WLC is used in a wide range of applications which includes cereals, dry foods, frozen and chilled foods, pharma and personal care, detergent powders, confectionery outers, toiletries, household goods, electrical, engineering products, car spares, do-it-yourself products, gardening, toys and games. In addition, WLC is available to provide fat resistance and other barrier properties when specially treated, which can make it suitable for use in fast food, pet food and soap packaging.

- FBB is used in applications such as cosmetics, chocolate and sugar confectionery, medical and healthcare, toiletries, dry foods, frozen and chilled foods, coffee and tea, biscuits and baked goods, clothing, toys, games and photographic products.

- SBS has excellent printing, structural design and embossing characteristics and is accordingly used in luxury products and for products where hygiene and preservation of a product's aroma or flavor is critical, such as packaging for perfumes, cosmetics, chocolates, pharmaceuticals, frozen foods and cigarettes.

- CUK is used in applications requiring either very high strength cartonboard or cartonboard that is relatively good at remaining strong when wet. It is also referred to as carrier board since in addition to folding cartons it is used for multipack applications in canning and bottling.

The graph below shows the 20 folding cartonboard producers with the greatest production capacity as of the end of the second quarter of 2021, which account for approximately 90% of the European production capacity at such time according to a leading industry consulting firm. The majority of this capacity is located in Central and Southern Europe.

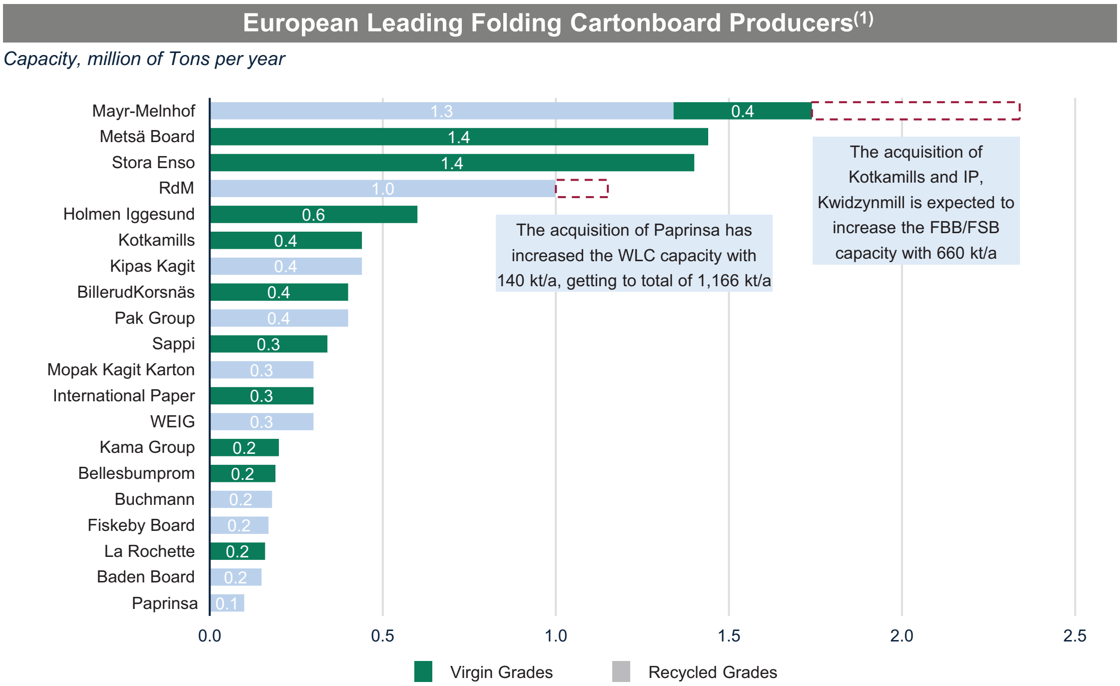


Figure 1 — Source: leading industry consulting firm.

End Markets

The graph below presents the total demand (including both virgin and recycled grades) for folding cartonboard in Europe by end use for 2019.

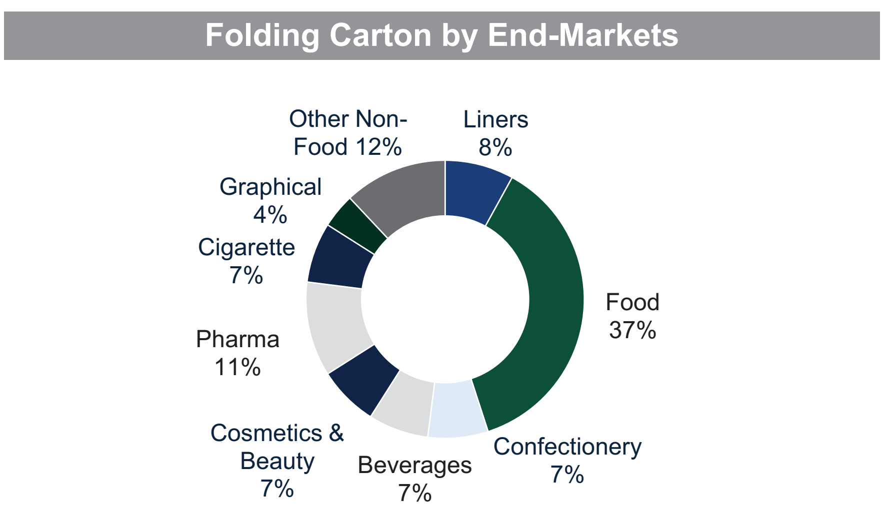


Figure 2 — Source: leading industry consulting firm, folding carton end uses 2019 in Europe.

As shown in the graph above, the food end market generated 37% of total folding carton demand in 2019, which corresponds to 2.7 million tons of folding carton board demand in 2019. Frozen and chilled food represents the largest segment within the food end-market, with consumption totaling above 1 million tons per annum.

Within the folding cartonboard industry, WLC is mainly used for food, accounting for 55% of European demand for WLC. The following chart presents the total demand for WLC by segment for 2019.

WLC Demand By End-use Markets

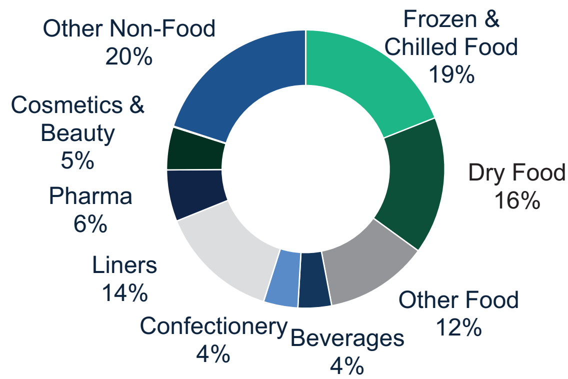


Figure 3 — Source: leading industry consulting firm. European WLC end use segments by demand.

As represented in the above chart, the frozen & chilled food (19%) and dry food (16%) segments were the segments with the greatest demand for WLC in 2019. Within these segments, WLC is used in a variety of applications including pasta boxes, crackers, ready meals and prepared food. Packaging liners comprise 14% of WLC demand and pharmaceuticals and cosmetics comprise 11% of WLC demand.

WLC Products Overview

WLC is comprised of multiple layers to enhance its rigidity, aesthetic qualities and other attributes. WLC's middle layers consist of recycled pulp made from mixed recovered papers or used cartonboard and containerboard between a top layer and a back layer. The top layer is typically either pulp made from selected white-grade recovered paper or bleached chemical pulp. Selected recovered paper can also be used for the back layer. The overall recycled content of WLC pulp typically varies from approximately 80% to 100%, as virgin pulp may be added to enhance structural integrity. The top surface of WLC will typically have two or three layers of white pigment coating to allow for brighter images and coloring when the cartonboard is printed on by customers, and the back layer may have a coating of white pigment or may be left unpigmented, resulting in a grey or brown hue depending on its exact recycled-fiber composition.

WLC is produced on board machines in several stages. Firstly, a dilute suspension of cellulose fiber (pulp) in water is formed into a thin layer of entangled fibers on a moving plastic mesh, known as the wire. Some of the water drains away and additional layers of pulp are added to achieve the desired grammage, thickness and composition of the cartonboard. The remaining water is extracted by pressing and drying the board; this process results in inter-fiber bonding that gives the recycled cartonboard its strength and rigidity. The board may then be coated if applicable to enhance the whiteness, smoothness and surface finish for printing, varnishing and general appearance. Finally, there are a number of finishing operations that take place such as slitting, reeling, sheeting, labelling, palletising and wrapping with moisture resistant material for storage and distribution.

WLC Industry Fundamentals

Macro drivers and industry trends

The push for sustainability from the market is greater than it has ever been before. Accordingly, the packaging industry is evolving and increasingly substituting single-use plastic products with recyclable fiber-based alternatives.

Industry sources suggest that the current macroeconomic outlook is constructive for the WLC market and support a strong relationship between demand for packaging, overall economic health and increasing gross domestic product, as growth of disposable income and consumer spending as well as industrial production result in increased consumption of packaging products.

The overall packaging landscape has been impacted by broad demographic and lifestyles trends, including a growing preference for sustainable packaging among consumers, increasing demand for convenience via take-away and home deliveries, and the growth in e-commerce. These trends support demand for cartonboard packaging, which we believe will also increasingly benefit from trends favoring lighter-weight and reduced packaging, reflecting the general focus on reducing packaging financial costs and negative environmental impacts.

For example, Coca-Cola has started replacing plastic film wrap with cartonboard multipack packaging and Garnier has relaunched its Ultra Doux line of shampoos in a solid bar format encased in recyclable cardboard packaging.

Despite the impact of these factors, we believe plastics and reusable transit packs will continue to compete with cartonboard packaging, especially in more established markets and for applications that involve direct contact with food. The future competitiveness of recycled fiber-based packaging will depend on innovation, product development, cost and the industry's ability in general to respond to changing market requirements.

Legislation

Directives regarding the packaging industry are an important factor driving plastic substitution trends and providing attractive market opportunities for new solutions.

The European Union is currently reviewing key legislation related to fiber-based industry. For instance, the single-use plastics directive ("**SUPD**"), which bans or enforces restrictions on several single-use plastic items, is currently under review and there is the possibility that its scope will be broadened, such that both polymer-coated cartons and dispersion-coated boards could fall under it. Another important directive is the packaging and packaging waste directive ("**PPWD**"), which sets recovery and recycling targets that EU countries must meet depending on the packaging material. Based on an industry research, we believe the scope of the PPWD could be expanded to include, among other things, restrictions on over-packaging and mandates concerning usage of recycled content except in materials that come in contact with food due to safety reasons.

Based on industry research, we believe the legislative and regulatory environment is likely to continue to drive the packaging industry towards more sustainable solutions, which should increase the use of recycled paper-based packaging.

Emerging Trends

Industry data suggests that there are notable differences in the way the end market segments served by the packaging industry are evolving:

- *Food segment*: Packaging demand remains stable within this segment, with evolution instead driven by demographic changes and trends, such as the trend toward increasing focus on convenience among consumers. The potential to replace plastic packaging represents a significant opportunity for us, which has been driven, in part, by restrictions on the use of plastic, retailers' sustainability targets and increasingly favorable consumer sentiment towards sustainability.
- *Pharma & Beauty segment*: Packaging demand is expected to grow steadily within this segment, with evolution driven by increased personal spending and an ageing population.
- *Food Service segment*: Growth driven by increasing personal spending on "to-go" and delivery food which also benefitted from COVID-19-imposed closures and contingency measures to limit social interaction.
- *Retail segment*: While demand generally mirrors the macroeconomic backdrop, retail has seen an increase in packaging demand driven by the expansion of e-commerce.
- *Graphical & Cigarette segment*: the segment is experiencing declines, particularly as the global smoking population declines due to increased awareness of the adverse health effects associated with smoking.

Customer Base

In Europe, the customer base for folding carton board is very fragmented; there are more than 500 converters and the largest five own only around 30% of regional capacity. Converters are located throughout Europe in order to be closer to brand owners — large global consumer goods or food companies — who buy finished or semi-finished packaging for their consumer goods and food products. Converters supply the final packaging products to the brand owners, who typically work with few to several suppliers and have strong power in the value chain. Key purchasing criteria for converters and ultimately brand owners depends on the end-use and on quality requirements. Typically, stiffness, smoothness and strength are the key quality properties for cartonboard. Brightness can also be a key quality parameter when printability is important. Sustainability is also playing an increasingly important role within key purchasing criteria. Local brands and smaller converters usually make their purchasing decisions based on availability, cost and suitability for their machinery, whereas higher-end brands tend to focus on quality over costs.

Historical Growth Trends

According to a leading industry consulting firm, the European folding cartonboard market has shown a stable average growth in demand of 1.1% per annum since 2002. FBB, followed by WLC, has significantly outperformed SBS and CUK grades in demand growth. The chart below presents demand in Europe for WLC, FBB, SBS and CUK as well as total demand in Europe for cartonboard for 2002 through 2020.

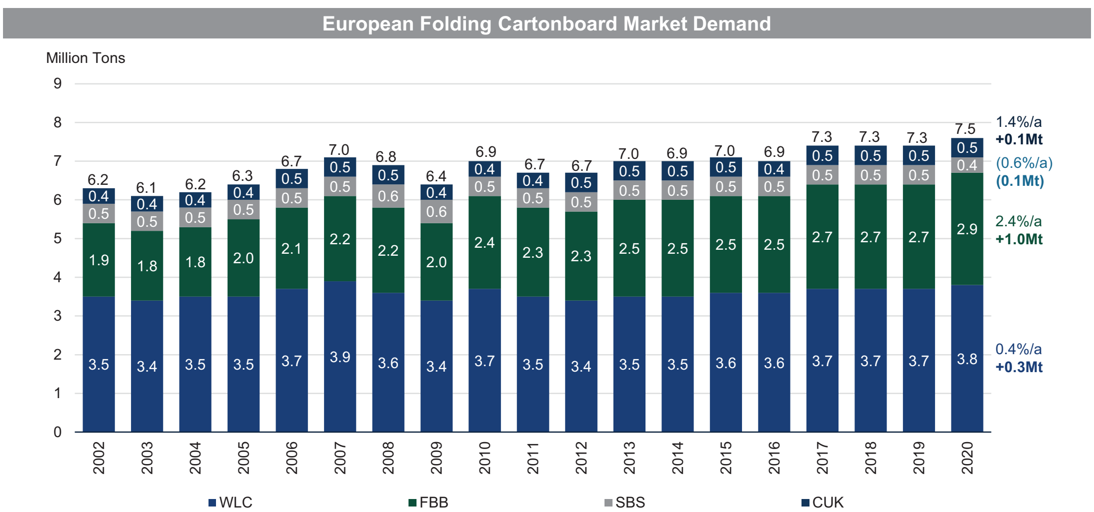


Figure 4 — Source: leading industry consulting firm, European Folding Cartonboard Market, million tons of demand.

The demand for the WLC segment has been growing at 0.6% per annum in the past 5 years driven by stable end-use market growth.

According to a leading industry consulting firm, the end-use segments that have mainly driven by the growth of WLC demand have been food, pharmaceuticals and beverages. These segments have grown at 1.4%, 3.2% and 1.2% per annum between 2015 and 2020, respectively.

According to a leading industry consulting firm, European WLC demand is expected to grow by 1.1% per annum, or over 420,000 tons by 2030, mainly due to two drivers:

- *End-use development*: positive market development across end uses (+1.4% per annum) led by Food end-use demand, especially from growth in frozen and chilled food.
- *Sustainability trends*: WLC is expected to gain popularity across end uses, benefiting from consumer sentiment, plastic bans and extended packaging responsibility ("**EPR**") fees.

Moreover, we mainly operate in the Southern European WLC market, in which growth is expected to outpace growth in the broader European market. Industry sources suggest that the Southern European WLC market could achieve growth of 1.4% per annum to 2030, which corresponds to more than 166,000 tons by 2030. According to industry sources, the accelerated growth in this market relative to the broader European market is due to the strong position of WLC in the Southern European market and a slightly higher growth in demand than the European average.

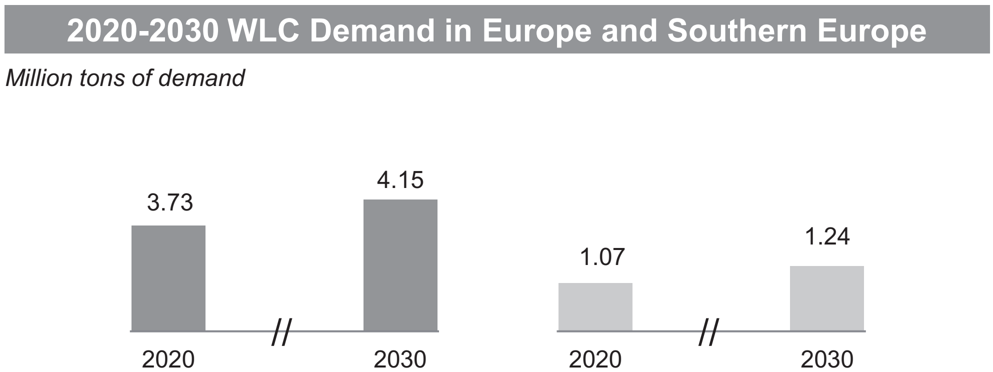


Figure 5 — Source: leading industry consulting firm.

Pricing Dynamics

According to a leading industry consulting firm, prices for WLC are expected to remain high throughout 2021 and into 2022 but then decline after such period as a result of two primary drivers. First, new capacity in Turkey may enter the market in 2022-2023, which would weaken the supply-demand balance. In addition, according to this leading industry consulting firm, the prevailing view in the market is that recycled-fiber prices are expected to decline relative to the current prices as collection disruptions normalize.

However, given the local nature of WLC business and the practical difficulties and expense of supplying WLC to distant customers, we believe Turkish capacity dynamics will mainly impact Turkey and the Middle East, and have significantly less impact in our core markets in Southern and Central Europe. Moreover, we believe that once the new capacity is absorbed by the market, prices will first stabilize at a new floor, and then we expect an upside push driven by improved supply-demand balance and recycled fiber prices.

The graph below shows how the global WLC order backlog during the third quarter of 2021 has reached almost three times the value of the backlog reported in the third quarter of the prior two years.

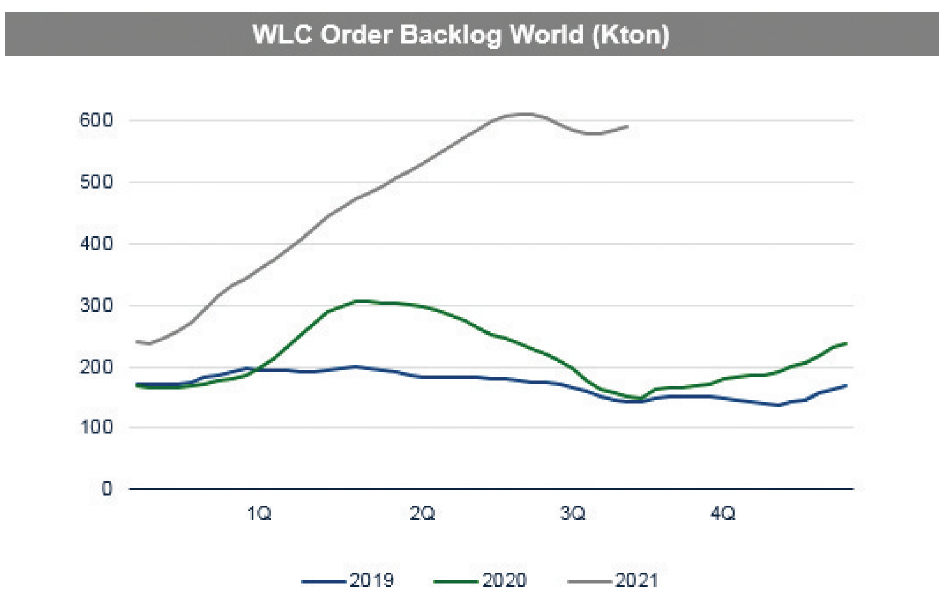


Figure 3 — Source: Company Information based on CEPI as of September 2021 (calculated based on a five-week moving average)

Since the outbreak of COVID-19, prices of recycled fiber have sharply increased, with several factors contributing to this unprecedented dynamic:

- As lockdowns and restrictions on "brick & mortar" retail activities were implemented all over the world, there has been an unprecedented surge in corrugated packaging demand driven by e-commerce;
- New corrugated capacity coming online during this period;
- Rates of recycled paper collection have fallen below their pre-pandemic levels, which has been particularly true of urban areas where labor shortages have contributed to this dynamic;
- There have been repeated coronavirus-sparked logistics disruptions, which has led to shortages; and
- Collection has been challenging as the amount of recycled fiber that ends up in mixed waste has been greater than usual, which results in lower-quality recycled paper grades.

However, according to an industry study, recycled fiber prices are expected to decline to normalized levels in 2022 owing to:

- "Return to normality" following successful vaccination campaigns;
- Increased recycled papers collection rates due to fewer logistic challenges and improved labor availability;
- Improvement in the quality of the PfR stock following the re-opening of "brick & mortar" shopping and greater numbers of workers returning to their offices, which is expected to reduce mixed waste contamination; and
- Further reduction in recycled paper exports from Europe, as other South East Asian countries, including Vietnam, Thailand and Indonesia implement waste import bans similar to that of China.

The graph below highlights the recycled fiber pricing dynamic expected over the next five years according to a leading industry consulting firm.

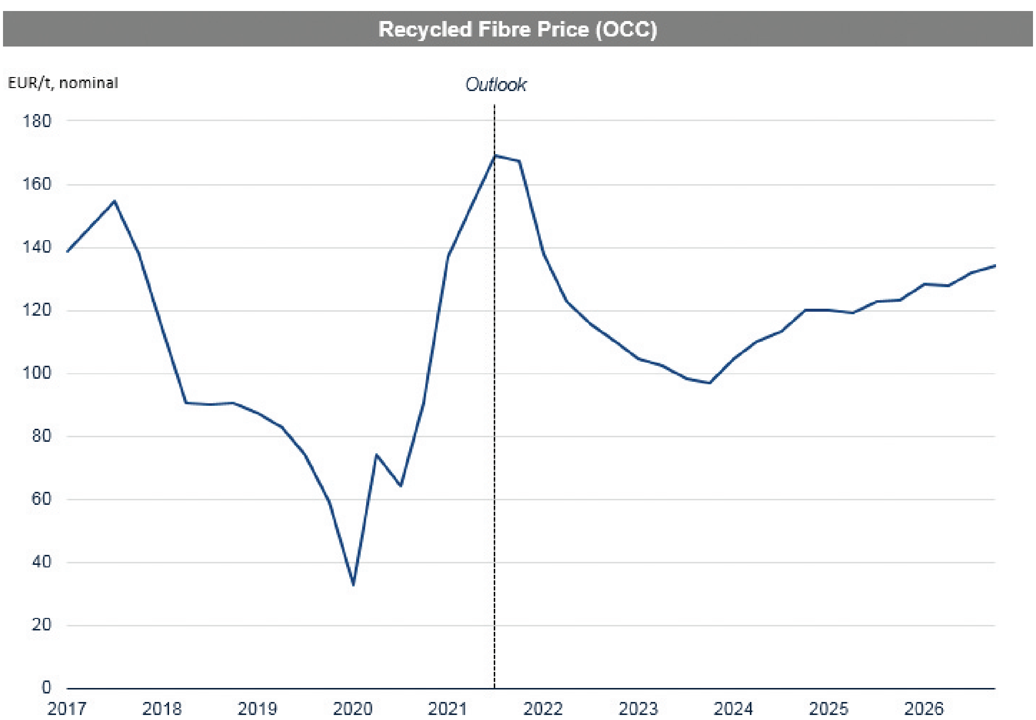


Figure 4 — Source: Leading industry consulting firm

WLC Historical Spread Development

Notwithstanding the evolution and volatility of recycled fiber prices described above, producers in the WLC industry have historically been able to pass through increases in input cost to customers and thereby preserve their spread (defined as difference between selling and input prices), even in periods of rapid and significant cost increases.

Moreover, as the graph below shows, while sale prices, old corrugated containers prices and spread have fluctuated across cycles — for example they experienced a strong rebound after the 2008 global financial crisis — there has been a general strong long-term trend toward increasing spreads over time.

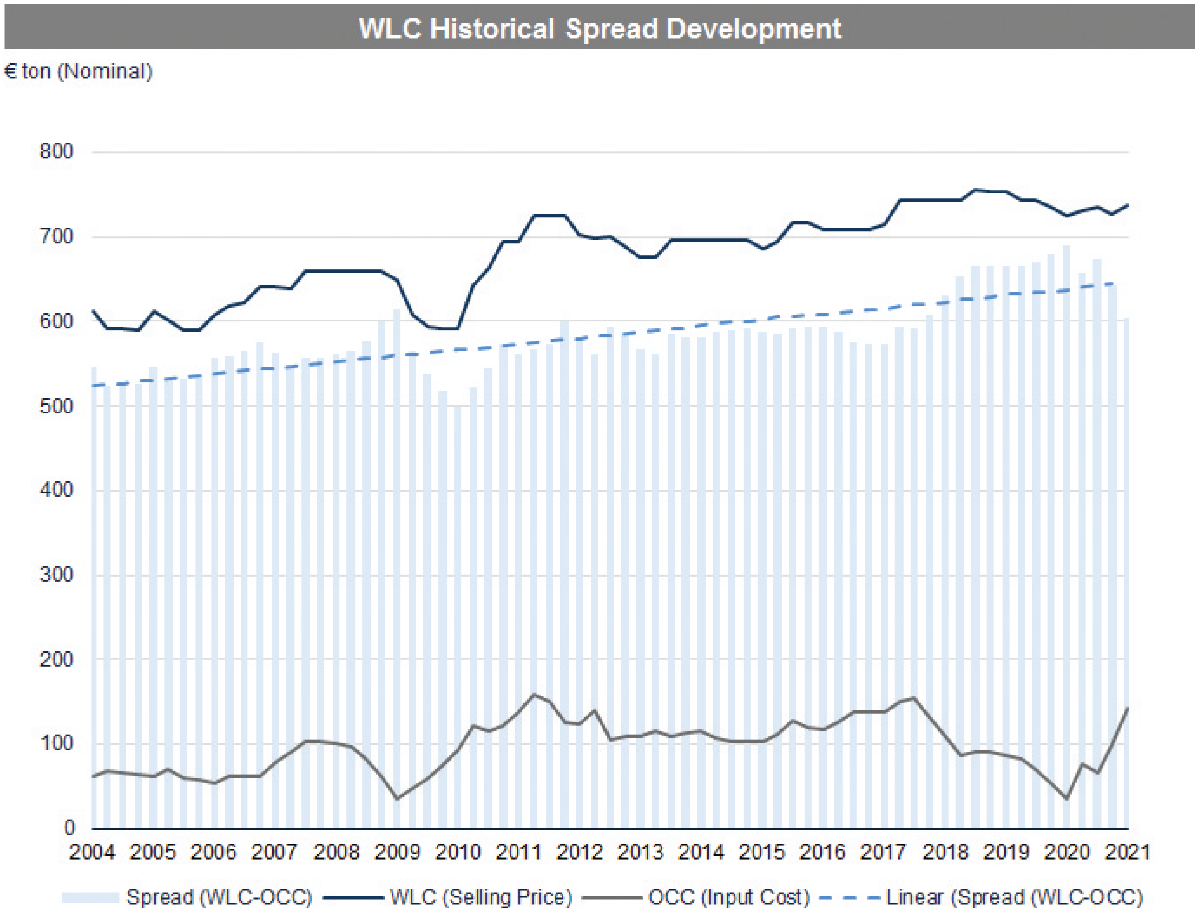


Figure 5 — Source: Leading industry consulting firm

There are several reasons behind this long-term historical spread upward trend, both related to structural features of the market and to the companies operating in the sector.

One of the structural features is that EU is a net exporter of recycled paper owing to its overcapacity, its increasing recycling rates and the EU directives on waste reduction and plastic packaging. In addition, there are also macroeconomic forces that may impact these dynamics. For instance, the Chinese import ban on the European waste announced in late 2017 preceded a decrease in observed prices in the following years. Moreover, the fact that larger paperboard producers are price setters and that the WLC is more cost-competitive compared to other grades have considerably contributed to the upward trend in margin.

Solidboard Market

Introduction

We are active in the production and supply of recycled solidboard with our mill located in Ovaro and through Eska, our wholly owned subsidiary. As a result, our overall solidboard production capacity amounts to approximately 359,000 tons per year, making us the largest producer of solidboard in Europe among non-integrated producers (i.e., producers who do not also operate as converters).

Solidboard is a niche paper grade, with a total global market estimated to be approximately 3,800,000 tons in 2019. It is expected to reach approximately 4,000,000 tons in 2023.

Currently, the demand for and the production of solidboard is mainly concentrated in Europe and North America, but it is increasing in Asia due to two main factors: (i) the push towards sustainable and recyclable products has created a substitution opportunity for solidboard at the expense of plastics, and (ii) the substitution risk from other materials and virgin boards is limited due to the unique technical capabilities of solidboard. Moreover, unlike the broader board market where several types of boards are becoming increasingly commoditized, solidboard occupies a high value-added market niche and is used primarily in high-complexity end-markets. The solidboard market has been primarily driven by developments in bookbinding and stationery — representing respectively 36% and 35% of the market volume, respectively — and by growth in luxury packaging (which represented 19%). The fourth main end market is puzzles & games (10%).

Solidboard Products Overview

Solidboard is a technically complex paper board grade with unique features, which is obtained through an integrated production process — made of six intermediate steps — in which three layers are laminated in line:

- *Pulp Preparation*: recycled paper is mixed with water and turned into pulp, with existing impurities extracted from the mix through multiple steps using several specific techniques.
- *Forming*: water from the pulp is drained out and the pulp is carried on metal wires forming a paper web. At the end of this process, almost 70% of the water is extracted.
- *Press*: up to 20% of the water is then extracted via a press system of nips made of rolls pressing against each other.
- *Drying*: the dryer section further desiccates the web through a series of internally steam heated cylinders that evaporate the moisture to reach the final moisture content of the board.
- *Laminating*: two layers of paper are laminated to the board to provide the required capabilities and then they are rolled on a reel.
- *Cutting*: the laminated solidboard is cut into sheets of the required size, packed and shipped to a printer or converter.

In addition to the three laminated layers, in accordance with each customer's request and the characteristics of the specific end market, it is possible to also add white offset paper lamination, barrier lamination and/or backside lamination. Customization is relevant in solidboard, as the board's quality is determined by the degree to which the customer's technical requirements are met.

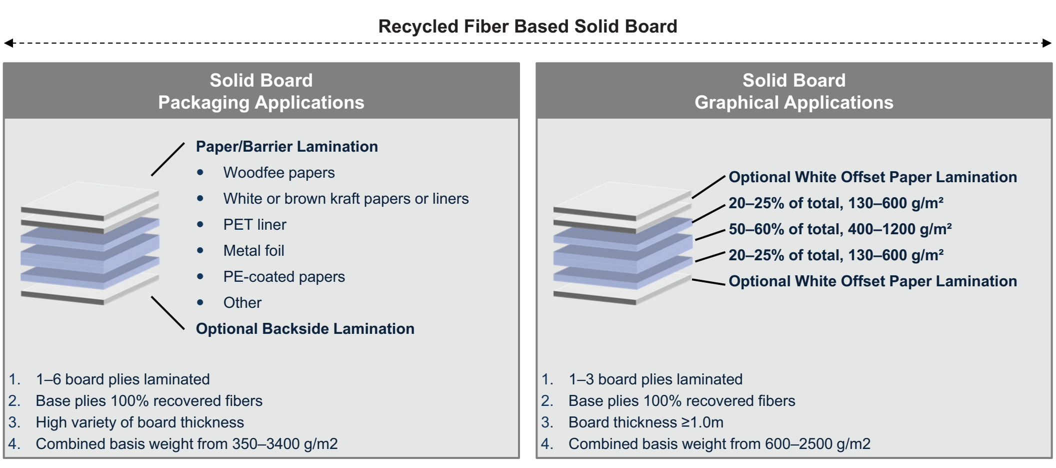


Figure 9 — Source: leading industry consulting firm. Solidboard typologies and applications

In general, the overall thickness of the three layers can range from 1.0 to 4.0mm, with the central thicker layer accounting for 50-60% and the two external layers equally to 20-25% each.

Solidboard Industry Fundamentals

Solidboard is a frontrunner in the megatrend towards 100% sustainable packaging products and operations, being sustainable is a key purchasing criterion for customers' choices, driving the demand for solidboard:

- Europe is leading the sustainability megatrend, but North America and Asia are also increasing their focus, creating new opportunities.
- The increased awareness of the hazards of plastics among consumers is pressuring luxury brands to use plastic-free and sustainable packaging. In the consumer and luxury business sector there are already >400 major companies that have declared their commitment towards the reduction of plastics usage.

In general, attention to and awareness of the benefits of recycling is increasing in media, politics and corporations and within society at large. Developing countries are shifting their attention towards introducing and improving their recycling and collection programs as opposition mounts against products with poor recycling rates (e.g., single-use plastics).

Sustainability is not the only fundamental that we believe supports the future success of the solidboard sector. For instance, we expect luxury packaging to grow substantially (5% 2019-2023 CAGR according to Management's estimates) on the back of demographic and economic developments, especially in Asia, contributing to increasing demand for solidboard. The grade is used in high-end packaging for several luxury products including jewelry, fashion, wine and spirits, perfumes and cosmetics, as well as consumer electronics and fine foods. These end markets also represent a major force in product innovation, as luxury brands constantly look to evolve and develop their packaging.

In addition, demand from traditional end-markets is expected to maintain a stable growth path over the coming years due to defensive characteristics as well as attractive niches that are rapidly developing. This is the case of bookbinding, whose demand has been stable over the past years and it is expected to slightly grow in the future, with some segments, such as hardcover books, coffee table books and children's books, expected to experience more robust growth. Also puzzles and games are expected to slightly grow in the coming years, benefitting from increasing popularity across all age groups and geographies.

Recycled Paper market

Introduction

The paper industry at large represents a circular business, as more than 55% of all paper-making fiber globally is sourced from recovered paper.

Paper can be produced using different types of fibers, either fresh virgin (wood) fibers or recycled paper. The majority of recycled paper is collected from households and from the commercial and industrial industries, where paper-based packaging accumulates. However, the amount of paper that can be recovered is largely dependent on legislation that regulates who is allowed to collect and how paper is separated at the source. This has an impact on production, as it is costly to sort mixed waste (paper) streams afterwards and comingling general waste and wastepaper deteriorates fiber quality.

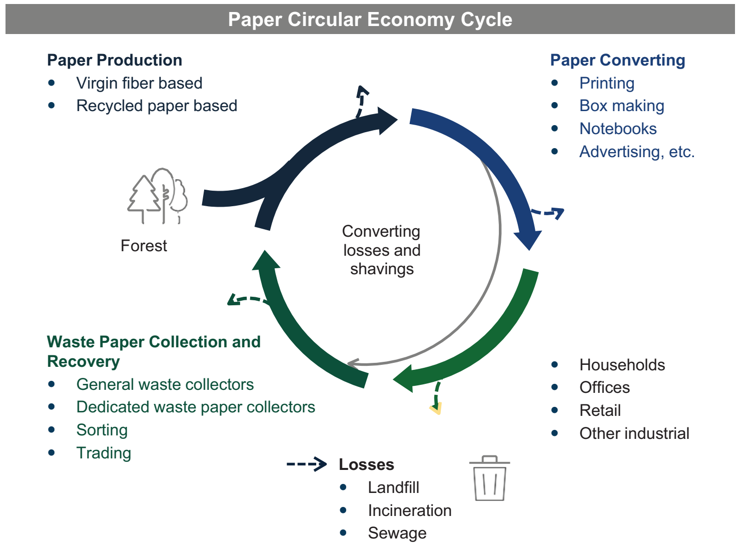


Figure 10 — Source: leading industry consulting firm.

Market trends

Focusing on Europe, domestic recovered paper demand is growing for brown grades, while overall demand for white grades is decreasing along with graphic paper market declines, although there is growing consumption of paper for packaging and tissue. In 2017, China, historically one of the largest importers of recovered paper from Europe, announced a ban on waste imports. Even though China has stopped importing from Europe, there is still an indirect demand for recovered paper via other regions and in general the outflow from the continent is expected to continue.

Moreover, demand for recovered paper is also driven by sustainably secular trends. With this regard, cartonboard and solidboard represent attractive solutions in several industries as they are made of recovered paper from municipal, commercial and industrial paper collection systems.

In 2020, within the European paper industry, the usage of paper for recycling was stable compared to 2019, at approximately 50 million tons, with an additional net volume of 6 million tons (11% of the total 56 million tons) bought by non-European countries. As discussed, China is no longer a main importer of European recycled paper. Within the EU, material differences exist among the major European economies, with Germany and Spain being net importers of both brown and white recycled paper grades, while Italy and France are net exporters.

Overall, in Europe, where paper collection is an advanced practice, collection rates for paper and boards are already high (especially in industrial and retail). According to EUROSTAT, the paper and cartonboard recycling rate is close to 85%.

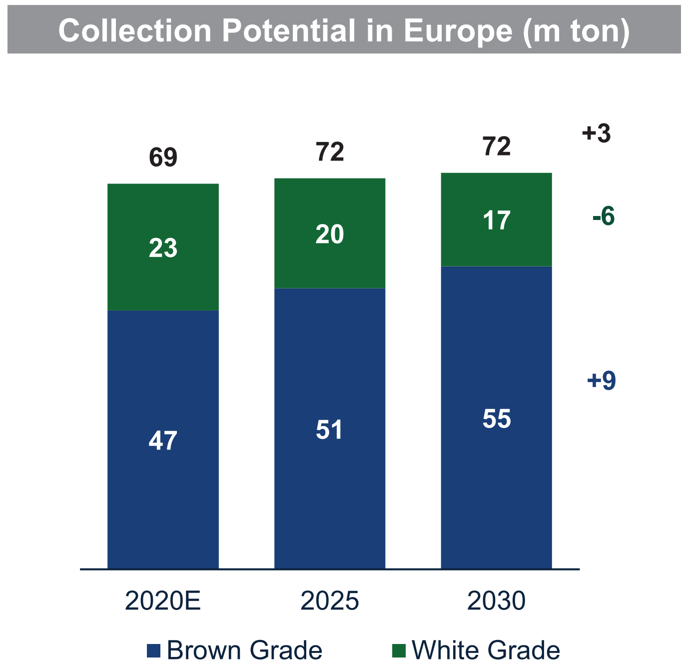


Figure 11 — Source: leading industry consulting firm.

A crucial element impacting recycled paper is regulation. Collection is regulated at the European, national and municipal levels. The "Green Deal" signed in 2019 and the "EU Waste Shipment Regulation Evaluation" represent an action plan to boost a clean circular economy, restore biodiversity and decrease pollution, which requires increasing waste collection and recycling. With this aim, different levels of restrictions for the import and export of waste are under consideration and countries are taking actions to introduce bans on waste imports and tighter regulation concerning waste quality and contamination.

More specifically, the "Waste Framework Directive" (Directive 2018/851), places a hierarchy of waste management solutions: (i) waste prevention, (ii) reuse, (iii) recycling and (iv) other forms of recovery and disposal, setting specific targets for the EU member states. According to the directive, the re-use and recycling of municipal waste shall be increased to a minimum of 55%, 60% and 65% by 2025, 2030 and 2035 respectively. Moreover, the "Packaging and Packaging Waste Directive" (Directive 2018/852/EC) sets out measures and requirements for the prevention, re-use and recovery of packaging waste within the Member States.

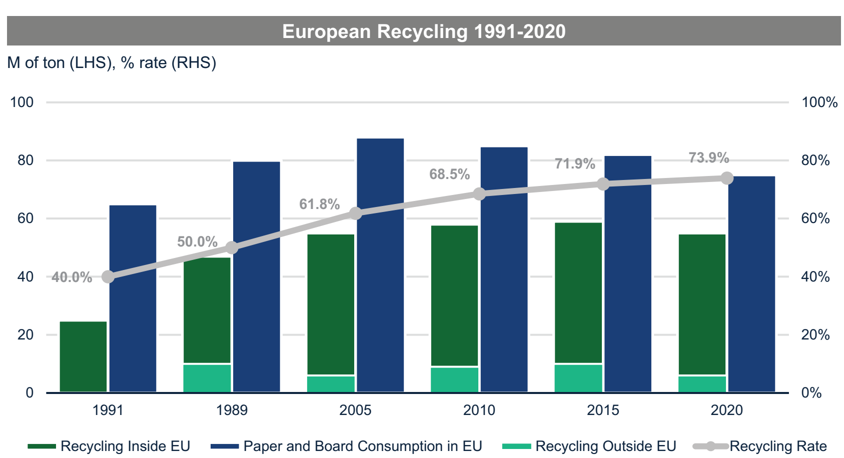


Figure 13 — Source: CEPI 2020. M of ton (LHS), % rate (RHS)

With respect to the industry outlook, recycled fiber prices have been projected to peak in 2H2021, as economies rebound from COVID-19 economic crises, followed by a sharp decline until 2024 before resuming growth. Overall recycled fiber prices increase in the long term, mainly driven by increases in collection costs among other drivers.

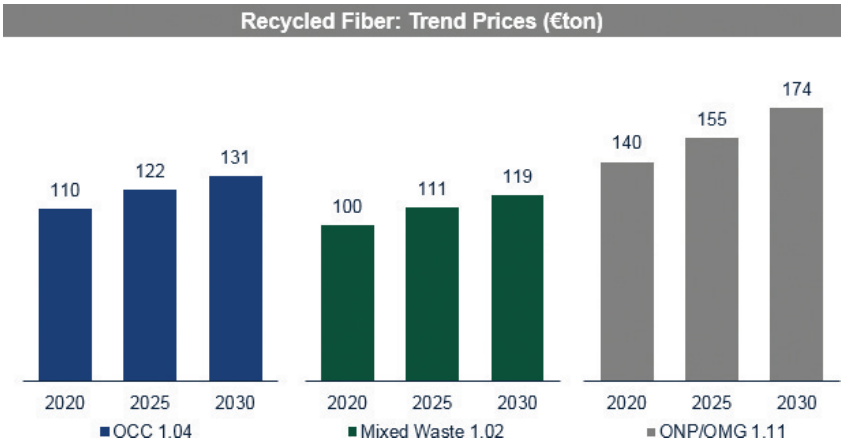


Figure 14 — Source: leading industry consulting firm. Prices in €ton

BUSINESS

Overview

We are a leading European producer and distributor of recycled cartonboard, active in the coated and uncoated recycled cartonboard industry. We operate in the white lined chipboard ("**WLC**") and solidboard ("**SB**") market segments, in each case with a demonstrated track record of making our operations more sustainable as both WLC and SB are manufactured from recovered paper. Our cartonboard can be used as both primary and secondary packaging, and applications of our packaging include, without limitation, food packaging, shoe boxes, trays, toys, furniture, displays, bookbindings, boxes and puzzles. Our identity is built on a clear vision centered on the circular economy that guides our activities as a manufacturer of WLC and SB from recycled materials, and that represents a balanced combination between our business and the expectations of our stakeholders; see also "*Business — Our Production Process — Circular Business Model*." Our ambition is to be the partner of choice of all key stakeholders with three strategic goals in mind: to offer excellent products and services, to optimize costs and to maximize the satisfaction of our customers, all while helping drive increased sustainability within the paper and packaging industry.

We serve our customers through a network of nine mills, five sheeting and distribution centres, and ten sales offices. As of December 31, 2020, we employed over 1,990 employees (after giving *pro forma* effect to the Eska Acquisition, the Paprinsa Acquisition and the La Rochette Disposal).

We believe that our geographical footprint across Europe and exposure to resilient end-markets (such as the food end-market) are key strengths of our business, which we have reinforced through the recent Eska Acquisition and Paprinsa Acquisition. Our position as a leader in the European WLC market is supported by our distributed network of mills, our "multi-mill" concept, whereby we seek to be able to offer the same cartonboard products at different mills, helping us provide highly localized delivery quickly and better meet our customers' demands. Our distributed mill network is integrated by our "One Company" operating model, which helps to ensure we have both a local presence near our customers and a platform with the scale and sophistication required to efficiently respond to our customers' needs across the continent.

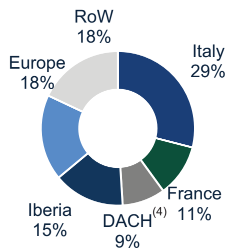
- ***WLC***. In our WLC market segment, we produce cartonboard from recycled fibers for folding carton and corrugated packaging applications. We are the second largest WLC producer (based on annual production capacity as of December 31, 2020), with a market share of approximately 25% for 2020 (after giving *pro forma* effect to the Paprinsa Acquisition), in a highly fragmented European market. We are also the largest WLC producer based on our annual production capacity as of December 31, 2020, in Italy, France and Spain. In terms of production capacity, WLC represents approximately 76% of our business as of December 31, 2020 (giving *pro forma* effect to the Paprinsa Acquisition, Eska Acquisition and the La Rochette Disposal).

  We had a total WLC production capacity of 1,166 thousand tons per year for the year ended December 31, 2020 (after giving *pro forma* effect to the Paprinsa Acquisition).

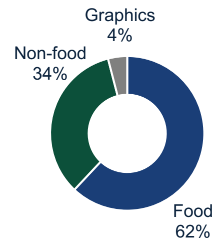
- ***SB***. In our SB market segment, we produce solidboard from recycled fibers for packaging and graphical applications. We had a total production capacity of 359 thousand tons per year for the year ended December 31, 2020 (after giving *pro forma* effect to the Eska Acquisition). In terms of production capacity, SB represents approximately 24% of our business as of December 31, 2020 (giving *pro forma* effect to the Paprinsa Acquisition, Eska Acquisition and the La Rochette Disposal). We are a leading solidboard producer with a global reach. Following the Eska Acquisition, we now have two industry-leading solidboard production facilities (in terms of production capacity) in The Netherlands with the largest SB production capacity among participants in the core market segments in which Eska operates (which include luxury packaging, bookbinding, puzzles and games) for the year ended December 31, 2020.

For the twelve months ended September 30, 2021 (after giving *pro forma* effect to the Eska Acquisition, the Paprinsa Acquisition and the La Rochette Disposal as if they had occurred on October 1, 2020), we generated *adjusted pro forma* consolidated revenues from sales of €853.9 million, Adjusted Pro Forma EBITDA of €119.2 million and an Adjusted Pro Forma EBITDA Margin of 14.0%, and we had Adjusted Pro Forma tons sold of 1,451 tons. The charts below present the breakdown of our tons sold by geography, by relevant end-market and by product, in each case for the year ended December 31, 2020.

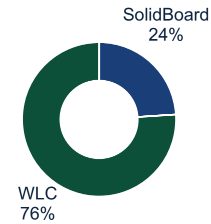
Portion of Sales in Tons by Geography(1)



Portion of Sales in Tons by End-use(2)



Capacity by Product(3)



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(1) Figures give *pro forma* effect to the Paprinsa Acquisition and the La Rochette Disposal.

(2) Figures give *pro forma* effect to the La Rochette Disposal.

(3) Figures give *pro forma* effect to the Eska Acquisition, Paprinsa Acquisition and the La Rochette Disposal.

(4) Includes Germany, Austria and Switzerland.

As of September 30, 2021 (after giving *pro forma* effect to the Eska Acquisition, the Paprinsa Acquisition and the La Rochette Disposal), we served over 2,500 customers across our WLC and SB market segments and sold our products, either directly or indirectly, in over 100 countries worldwide.

We remain united by our "One Company" culture and philosophy and believe that the size of our network and breadth of our geographical footprint give us significant competitive advantages, including greater operational flexibility to serve our customers and manufacture our products across our network of mills, as well as enhanced capacity to supply our products in a timely manner and the flexibility to produce our products at more than one mill. While our network of nine paper mills is strategically located to best serve our pan-European customer base, which requires localized service, our operations remain integrated. We centrally manage operations, and we are currently enhancing our ability to integrate operations across our network by implementing the same enterprise resource planning ("**ERP**") systems in all of our mills. Additionally, improvements to our information technology ("**IT**") resources have allowed, and we believe we will continue to allow, us to balance the availability of products across our network of mills, to optimize proximity to customers, to protect their security of supply and to mitigate the risks posed by market volatility arising from changes in the supply and demand dynamics in local markets.

Our products and customers

We manufacture different types of recycled paperboard, sold as sheets or rolls, mainly to packaging manufacturers. The majority of our sales derive from resilient and essential end-markets, such as the food end-market.

For the twelve months ended December 31, 2020 (after giving *pro forma* effect to the Paprinsa Acquisition and the La Rochette Disposal), more than 60% of the end-users of our WLC products operated within the resilient food market. Our solidboard products are purchased for use in applications such as producing packaging for the growing luxury packaging market, as well as bookbinding, stationary, and manufacturing puzzles and games.

We are committed to sustainability and believe that are well-placed to benefit from the ongoing shift away from plastic packaging and toward more sustainable alternatives. We believe that we have an attractive sustainability profile, and our commitment to sustainability has been historically supported by a track record of demonstrable achievements. For the year ended December 31, 2020 (after giving *pro forma effect* to the La Rochette Disposal), 94% of the fibrous material we used was recycled and over 83% of all materials used consisted of renewable materials. In addition, we have reduced each of our carbon emissions and water discharges per ton of cartonboard produced by approximately 13% since 2017.

As our business continues to evolve, we remain committed to strengthening our product portfolio and offerings by focusing on renewable, recyclable and actually-recycled solutions (solutions with high recycling rates). In line with the latest market trends, we are directing our development activities toward cartonboard and solidboard products that can replace plastic packaging. We are focusing our efforts toward the development of renewable and recyclable "barrier solutions" that are fully integrated with the fiber-based material structure of the cartonboard. Our consistent aim is to promote and preserve the integrity of the packaged product while ensuring recyclability of the coated and uncoated cartonboard after its use.

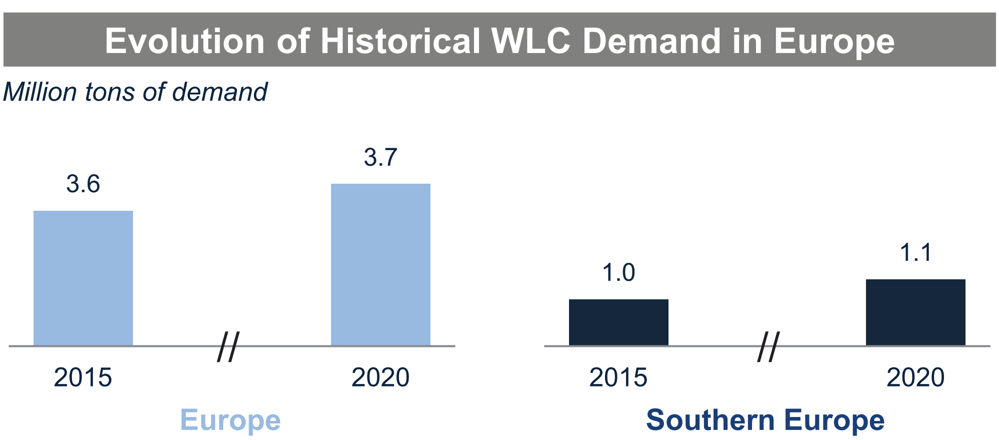
Key Strengths

We believe that we benefit from the following strengths.

We have a leading market position in the resilient and growing WLC industry and are well-positioned to benefit from further growth and stability.

With a total WLC production capacity of 1,166 thousand tons per year for the year ended December 31, 2020 (after giving *pro forma* effect to the Paprinsa Acquisition), we would have had the largest production capacity of WLC manufacturers in Italy, France and Spain and the second largest production capacity of WLC manufacturers in Europe in 2020. Our position as a leader in the European WLC market is supported by our distributed network of mills integrated by our "One Company" operating model, which helps to ensure we have both a local presence near our customers and a platform with the scale and sophistication required to efficiently respond to our customers' needs across the continent.

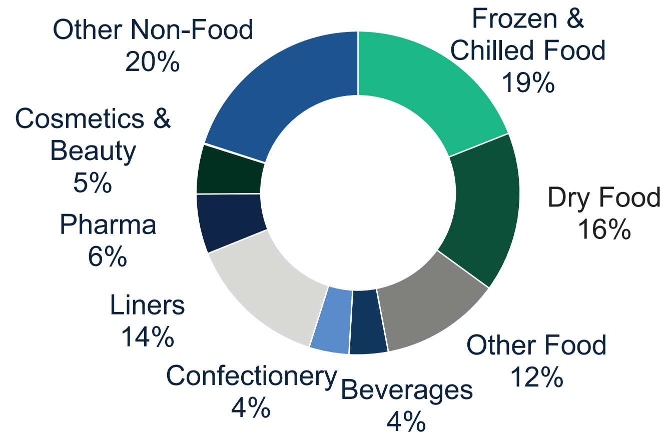
As a leading WLC manufacturer, we are poised to benefit from the growth and evolution of the WLC market. Industry sources indicate that the WLC market segment is resilient and diversified. Moreover, the demand for WLC in many of our key end-user markets (such as the food end-market) in Europe has grown at a rate exceeding that of the industry-wide average, according to analysis from an industry leading consulting firm. The chart below presents (based on analysis from an industry leading consulting firm) demand for WLC for 2015 and 2020 for each of Europe and Southern Europe (which includes Spain, Italy and France).



Just as the demand for WLC ultimately depends on the demand from the end-markets, the resilience of the WLC industry is also supported by the diversity and by the resilience of the industry's end-markets.

The chart below is based on analysis from an industry leading consulting firm and highlights how the WLC demand is driven by the stable and resilient food end-market. Food end-market demand is defined by different sub-segments, such as frozen and chilled food (19% of total demand), driven by demographic changes and convenience trends, dry food (16% of total demand) and other food sub-segments (12% of total demand). Overall the broad food end-market represents approximately 50% of the total demand for WLC.

WLC Demand By End-use Markets



We believe a number of market trends will continue to support WLC market development in Europe over the next several years — with Southern Europe expected to experience even stronger demand growth as a consequence of WLC's stronger position in the region — and we believe we are well-positioned to benefit from these trends.

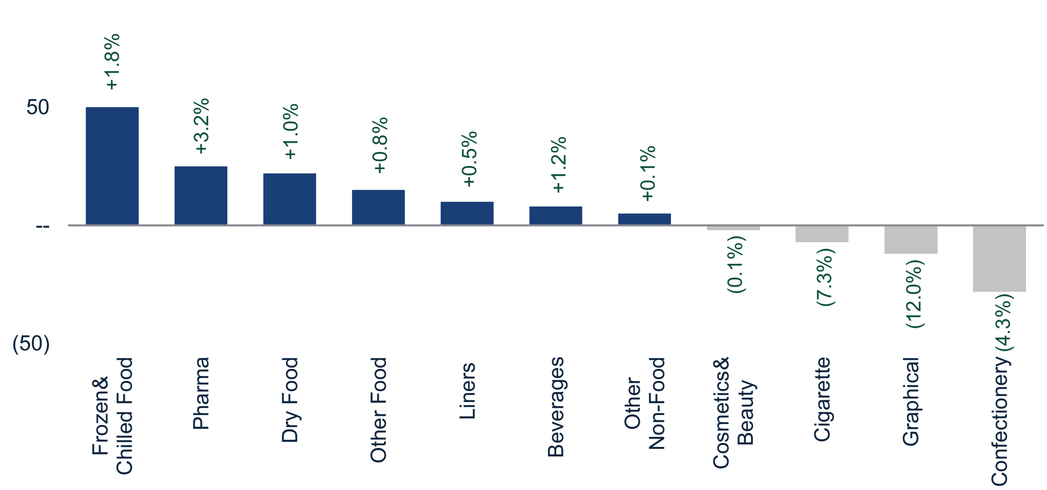
In particular, we believe that the growing preference for sustainable products, along with increasing regulatory actions against the use of plastics and plastic packaging will likely cause a growing number of manufacturers to switch from plastic packaging to more sustainable alternatives, such as WLC packaging made from recycled fibers by producers like us.

Additionally, we expect growth in e-commerce to drive demand for WLC liners used in packaging production. Also, we expect demand for frozen and convenience foods to increase due to demographic shifts and changes in consumer preferences favoring convenience, and these segments of the food end-market are especially heavy users of WLC packaging.

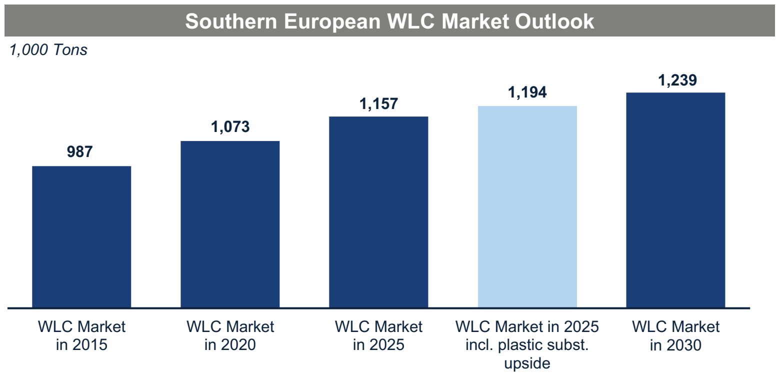
The chart below shows (based on analysis from an industry leading consulting firm) the development of WLC end-usage between 2015 and 2019 with 91% of the above mentioned WLC demand from growing end-markets, mainly the food end-market. Essential and highly resilient end segments such as broad food and pharmaceuticals have experienced the highest historical demand growth.

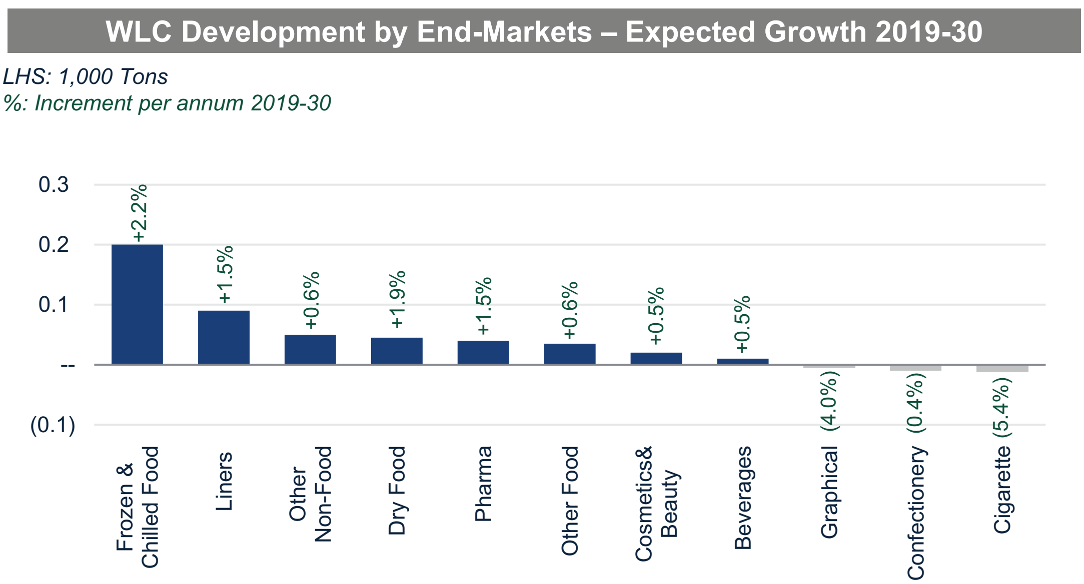
Historical WLC Development by End-Markets 2015-19

LHS: 1,000 Tons
%: Increment per annum 2015-19



In addition, the charts below illustrate (based on analysis from an industry leading consulting firm) the estimated growth in WLC usage in Southern Europe for the periods indicated, as well as the estimated growth (2019-2030) for the various WLC end segments. These changes are driven by, among others, a preference for fiber-based materials and sustainable products, increased popularity of frozen and chilled foods driven by geographic changes and convenience trends, and increased focus on replacement of plastic packaging by sustainable options in light of brand owners' and retailers' sustainability targets in response to increasing consumer sentiment favoring sustainability.





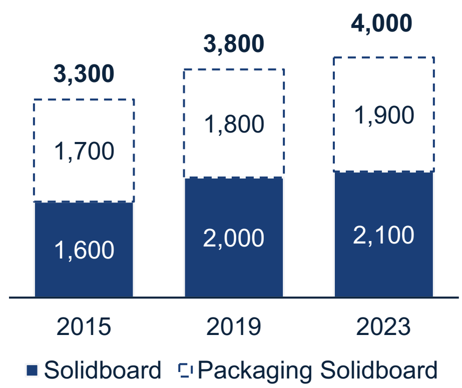
While these trends tend to support the WLC market as whole, we believe our focus on sustainability, our key role in the sustainable circular economy, as a manufacturer of WLC from recycled materials, and our strength in serving the food end-market make us particularly well-suited to benefit from growth in WLC demand driven by these factors. There is material industry growth upside associated with increased plastic substitution, as illustrated in the above Southern European WLC Market Outlook chart.

We also have a presence in the resilient and growing solidboard industry and are well-positioned to benefit from further growth.

The solidboard market segment is a stable and resilient market given the defensive characteristics of the main end-use markets, such as bookbinding and stationery. The graph below illustrates the estimated growth, according to management estimates, of the global solidboard market for the periods indicated in thousands of tons.

Global Solidboard Market Outlook

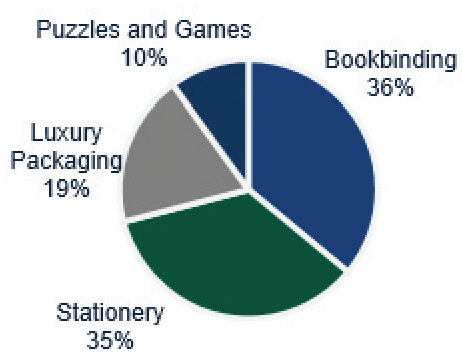
(Including packaging solidboard, Kton)



Industry sources expect that the global solidboard market to reach around 4 million tons by 2023. This growth is primarily driven by: (i) strong opportunities in luxury packaging, an end-market expected to grow at a CAGR of approximately 5% to 2023, as a result of increasing disposable incomes worldwide and increasing requests for innovative, aesthetically pleasing and high quality products; (ii) developments in bookbinding and stationery, driven by rising literacy rates in emerging markets and rising incomes in Asia; and (iii) increasing popularity in puzzles and games due to an increased desire to disconnect from the digital world and from the innovative development of puzzles and games. The graph below illustrates the solidboard market segmented by end-use for the year ended 2019 (expressed in percentages and excluding packaging solidboard).

Global Solidboard Market by End-Use

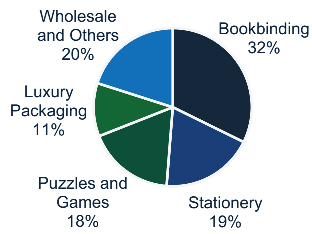
(Excluding packaging solidboard, Kton)



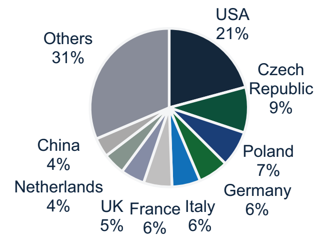
The trend towards sustainable and recyclable products further favors the use of solidboard, a material that is fully recyclable, instead of plastics, and we expect to have the opportunity to drive plastic substitution via the solidboard market as well, helping to further increase packaging sustainability while simultaneously increasing our company's financial performance and growth.

Through the Eska Acquisition we believe we are well-positioned to further expand our products and offerings in the solidboard market segment. Eska is a leading provider of high-quality solidboard, serving, and often operating as a long-term partner to, over 700 customers globally. For the year ended December 31, 2020, Eska sold 241 thousand tons and generated €149 million of revenues from sales. Moreover, the Eska Acquisition has added two well-invested and specialized paper mills in The Netherlands to our portfolio. The charts below illustrate Eska's volumes sold per end-market and per geography, in each case for the year ended December 31, 2020.

Volume Sold by End-market



Volume Sold by Geography



Our multi-mill concept and multi-country asset base provide us with significant competitive advantages.

We operate in accordance with our "multi-mill" and "multi-country" approach, which we believe provide us with significant competitive advantages in our sector, particularly given the highly-localized nature of our customers and the industry. Our multi-mill concept represents one of our core operating principles. We aim to produce our products in multiple mills whenever possible to ensure that our products are available to our customers in a flexible and punctual manner and in close proximity to their production sites. We believe that the multi-mill concept allows us to adopt efficiently to changes in market demand and the economic cycles of the individual countries in which we operate. We believe we have a well-invested asset base, in terms of capacity, technical age, speed and trim compared to our industry peers, which enhances our ability to effectively pursue our multi-mill concept. We currently serve our customers through a network of nine mills, five sheeting and distribution centers, and ten sales offices. Our mills are located in Italy, Spain, France, The Netherlands and Germany, giving us a pan-European and strategic asset base close to our customers.

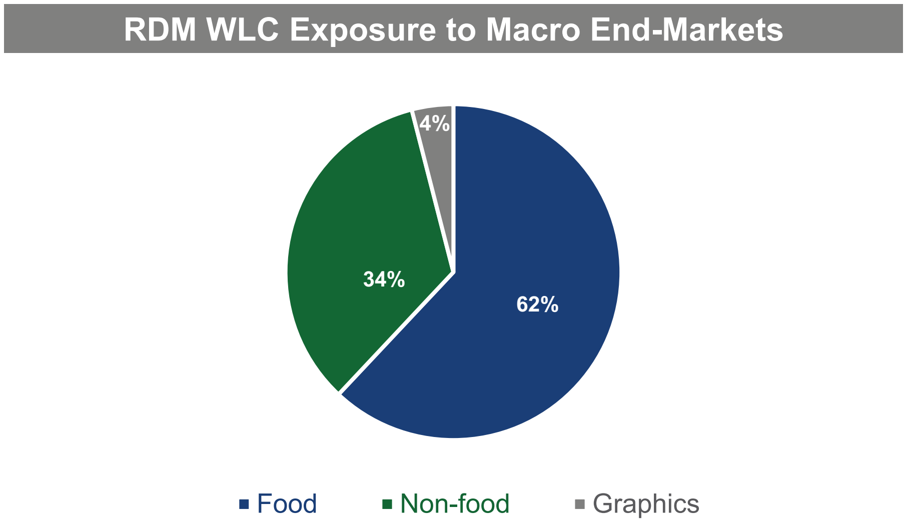
Rather than managing each single mill to produce a single product, our mills are designed, and operate, to manufacture multiple products whenever possible. As a result, we can shift production of many of our products across our network of mills, which gives us flexibility to balance the availability of products at individual plants and to integrate production planning across our mills. We also believe that our multi-mill concept reinforces the benefits that we believe we derive from our multi-country asset base. By increasing the interchangeability of our mills and the specific types of our cartonboard produced in multiple mills, we also increase our ability to meet our customers' needs at each local plant. This allows us to reduce the time and cost required for product delivery and to be more immediately responsive to customers' needs and changing demands, providing meaningful upside in a market characterized by localized preferences and requirements. Our focus on coordination within our multi-mill network also allows us to monitor and better respond to market volatility arising from rapid changes in local demand or changes in production at individual mills as well as from potential supply chain disruptions.

As part of the integration of the Eska business following the Eska Acquisition, we intend to also apply our multi-mill concept to our growing solidboard business. In particular, we plan to extend the multi-mill concept into our specialty product line using the two newly acquired Eska mills and our Ovaro mill. We believe that the multi-mill concept and post-acquisition integration will allow us to transfer production volumes to different locations to reduce delivery times for existing customers as well as to find new and more profitable markets and volumes.

We have a diversified customer base characterized by low customer concentration and the majority of our WLC products are ultimately used in resilient essential goods markets.

Our WLC business benefits from a diverse customer base and low customer concentration. For the year ended December 31, 2020, we had a WLC customer base of over 1,400 customers (giving *pro forma* effect to the Eska Acquisition, Paprinsa Acquisition and La Rochette Disposal), with no single client representing more than 5% of our sales volumes. For the year ended December 31, 2020, our ten largest WLC customers accounted for 26% of our total sales by volume, and our top 100 customers accounted for approximately 70% of our total sales by volume (in each case calculated giving *pro forma* effect to the Eska Acquisition, Paprinsa Acquisition and La Rochette Disposal).

Although our WLC customers serve participants in a number of end-markets, the majority of our WLC products are ultimately used in the uniquely attractive and resilient food end-market. In 2020, this end-market accounted for 62% of our total sales by volume. The chart below indicates, for the period ended December 31, 2020, the exposure of our WLC market segment to various end-use markets (after *pro forma* effect to the Eska Acquisition, Paprinsa Acquisition and La Rochette Disposal).



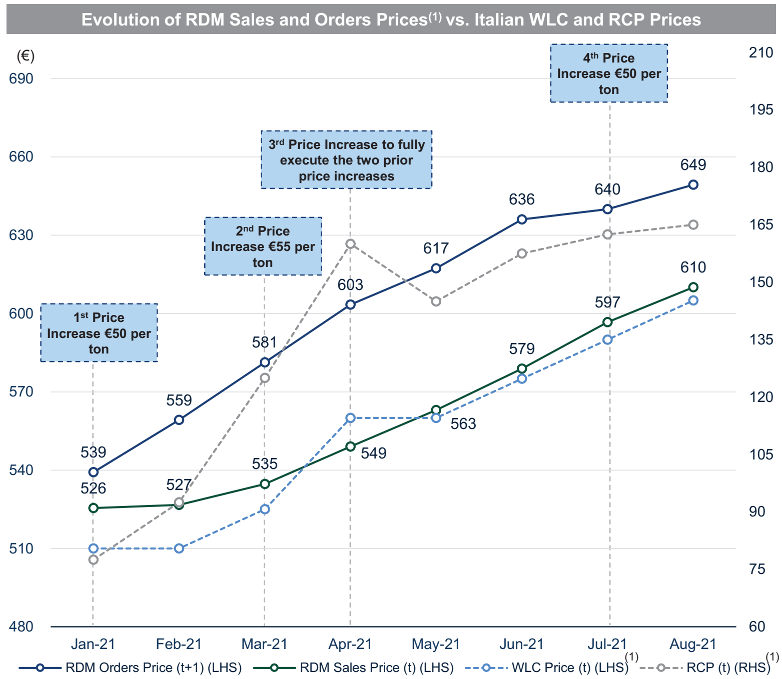
In addition, we expect the use of WLC packaging to increase in the food end-market, as well as in the pharmaceutical end-market, as consumer preferences for sustainability and increased regulation drive the demand for more sustainable alternatives to plastic packaging. Moreover, we believe that broad trends in the grocery industry will further support food as being an attractive end-market for our business. For example, we expect the continued increases in demand for packaged goods as a result of the COVID-19 pandemic and the ongoing proliferation of product lines as a result of emerging brands and sub-brand fragmentation to drive additional demand for WLC packaging.

We have historically been able to protect our margins by passing increases in input costs to customers.

Although we are exposed to some level of volatility in the costs of our inputs, including for raw materials and energy, we have historically been able to pass on increases in the costs of raw materials to our customers. Due to our leading position and size, and we have historically been able to maintain selling prices higher than industry averages and to consistently strengthen our margins. In addition, we are generally not bound by long-term sales contracts, but operate instead through purchase orders, which gives us flexibility to respond to market conditions. See also "*Business — Our Customers and Stakeholders*." Historically, we have generally demonstrated our ability to pass through increases in input cost pricing, particularly in fibers, to our clients. We have historically been able to unilaterally increase our selling prices without impacting our volume sold. We believe that our ability to successfully defend our margins arises from our strong leadership position in the market, our long-lasting relationships with customers, and low demand volatility. In addition, the cost of packaging is usually a small portion of the total cost of goods for brand owners.

In 2021, following increases in the cost of raw materials and energy costs, we successfully implemented or are implementing five price increases, and our customers have accepted those increases without a negative impact on our volumes of tons sold.Generally, price increases are communicated in advance to our customers (effective from a certain date in the future) and the resulting higher prices take effect only for the orders made by clients from that specific day. This creates a time lag between when the rise in input prices occurs, which is almost immediate, and the effectiveness of the selling prices increases, which might take up to three months, depending on the level of backlog (*i.e.*, the larger the backlog, the longer it takes for the new prices to manifest in new order prices and in our reported revenue). For this reason, in case of extraordinary situations, we have a clause in order contracts that allows us to apply price increases retroactively, thus to all the orders already booked.

The chart below illustrates the evolution of our sales and order prices (taking the average price across all our mills) in comparison to the Italian WLC and recycled paper prices for the period indicated, demonstrating our capability in adapting to raw material prices increases by passing through them to our customers.



(1) Average market prices.

In the first nine months of 2021, we successfully implemented four sale price increases, and implemented a fifth in November 2021. In particular, and as described above, in November leveraged the clauses in our purchase order agreements which provide for raising prices retroactively to orders already booked in extraordinary situations. These clauses enabled us to apply the increase to all orders already booked with a delivery date subsequent to November 1, 2021.

On a cumulative basis, including the last November price increase, we have increased prices by over €200 per ton in 2021. However, despite the magnitude of this cumulative increase, our high customer retention and strong market share have endured, and clients have accepted those increases as reflected by the absence of a negative impact on sales volumes, which in 2021 YTD have grown by comparison to the same period of 2020.

Because the first four announced price increases were applicable only to new orders received from the date of applications (*i.e.*, not retroactively), and given the high level of backlog, their effective impact on our financial performance has been delayed for a period of months as set by the backlog. The fifth price increase in November raised prices retroactively to address this, eliminating the lag time and more immediately positively impacting financial performance. The charts below reflect an adjustment to certain measures of our profitability (contribution margin and EBITDA) to normalize for the timing lag associated with the first four, non-retroactive price increases by applying the effect of the following month's actual order prices. By applying the following month's actual order prices to the price received for a given month's sales volumes, we lessen the timing lag and the associated profitability impact and better match the price we are able to command at a given time with the timing of realized increases in input costs.

RDM EBITDA Normalization – Calculation

	Unit	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	3Q21 YTD
Sales Price (t)(1)	€	526	527	535	549	563	579	597	610	617	566
Orders Price (t+1)(1)	€	539	559	581	603	617	636	640	649	649	607
Delta A	€	**14**	**33**	**47**	**54**	**54**	**57**	**43**	**39**	**32**	**42**
Volumes B	Kton	92.1	89.2	102.5	93.9	90.0	88.6	97.3	70.0	94.6	818.1
Delta A x B	€m	**1.3**	**2.9**	**4.8**	**5.1**	**4.9**	**5.1**	**4.2**	**2.8**	**3.1**	**34.0**

Eska EBITDA Normalization – Calculation

	Unit	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	3Q21 YTD
Sales Price (t)	€	608	620	637	679	678	729	762	757	766	694
Orders Price (t+1)	€	629	687	709	741	741	758	779	804	804	741
Delta A	€	**21**	**68**	**71**	**62**	**63**	**30**	**16**	**47**	**38**	**46**
Volumes B	Kton	21.7	20.3	25.4	22.3	22.5	22.5	23.1	21.5	26.3	205.6
Delta A x B	€m	**0.5**	**1.4**	**1.8**	**1.4**	**1.4**	**0.7**	**0.4**	**1.0**	**1.0**	**9.5**

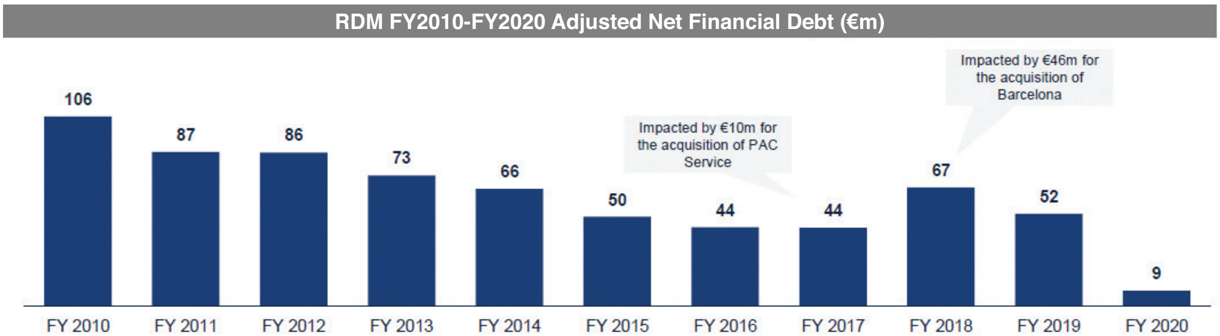
Figure 1 — Source: Company Information. RDM EBITDA Normalization calculation

Figure 2 — Source: Company Information. Eska EBITDA Normalization calculation

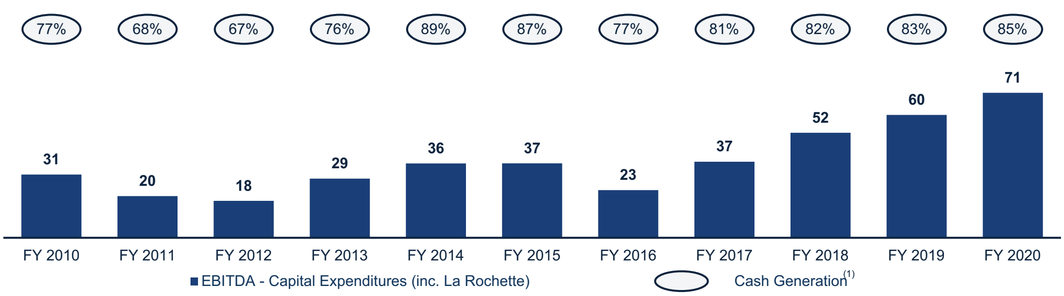
We believe that we are well-positioned within the market to implement price increases, as evidenced by our history of passing along our price increases without significant reductions in volumes sold or a significant impact on our customer relationships. We intend to implement further price increases retroactively (i.e., on dispatches instead of orders) in the near-term, which we believe will further bolster our margins. We believe this will continue to have a positive impact on our profitability.

We represent a highly cash generative business with a history of deleveraging.

Strong cash flow generation, driven by operational excellence and prudent capital investment, has been key area of focus over the past ten years, facilitating deleveraging over this period. The chart below illustrates our adjusted net financial debt position (see also "*Presentation of Financial and Other Information — Non-IFRS Measures and Other Data*") for the periods indicated.



The deleveraging as set out in the chart above was made possible via to our strong cash generation over time, which is illustrated in the chart below (expressed in € millions) for the periods indicated.



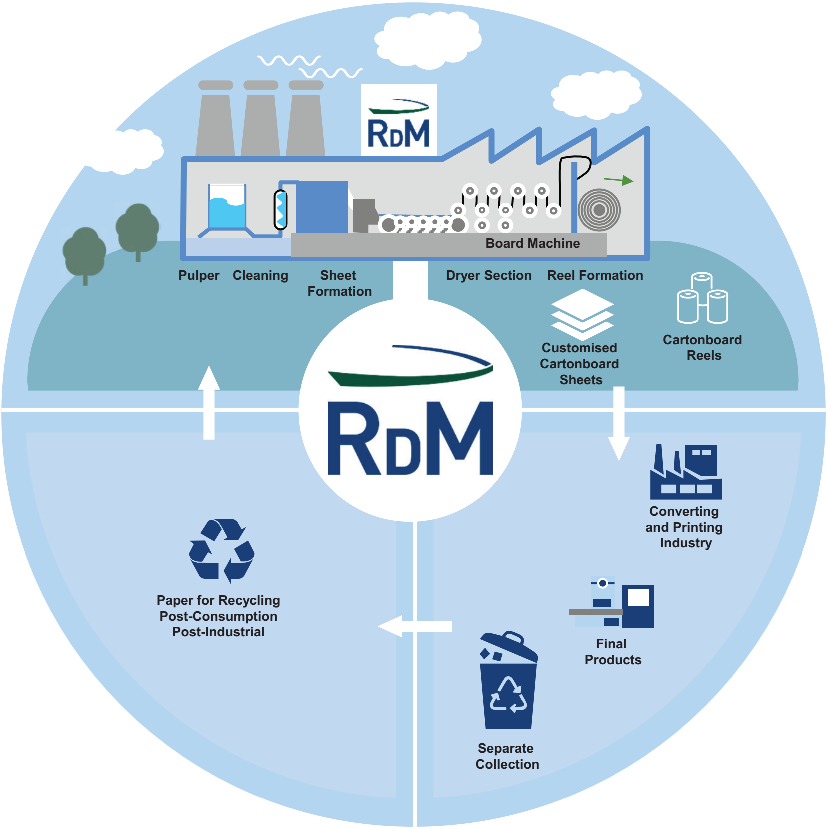
(1) Calculated as: (EBITDA less Maintenance Capital Expenditures) / EBITDA.

Our well-invested asset base generates strong with a significant free cash flow conversion (approximately 85% conversion on an EBITDA less Maintenance Capital Expenditures basis). Our operational efficiency initiatives, together with our rigor around capital allocation and free cash flow management have boosted margin and free cash flows.

We play a central role in a sustainable paper circular economy and have developed a record of successfully executing our sustainability initiatives. We aim to continue to be a leader in this field and achieve our well-identified long-term sustainability goals.

As a manufacturer of WLC and SB from recycled materials, we view ourselves as playing a key role in maintaining a sustainable circular economy. The primary raw material used in our manufacturing process is paper for recycling ("**PfR**") and paperboard obtained from municipal paper collection and commercial or industrial sources. We believe we are the keystone "link" in the circular economy: we dissolve, treat and form wastepaper into recycled cartonboard, giving it new life and use. Our WLC products are mainly sold to customers in the converting industry, who manufacture packaging using the WLC we provide, while our solidboard products are sold to customers in industries such as printing and bookbinding as well as to converters for use in packaging. After passing through the end-user, these materials can be recycled and resupplied to us as raw materials for use in the manufacturing of new WLC or solidboard.

The graph below depicts our contribution to the circular economy. For further detail, see also "*Business — Our Production Process — Circular Business Model*."



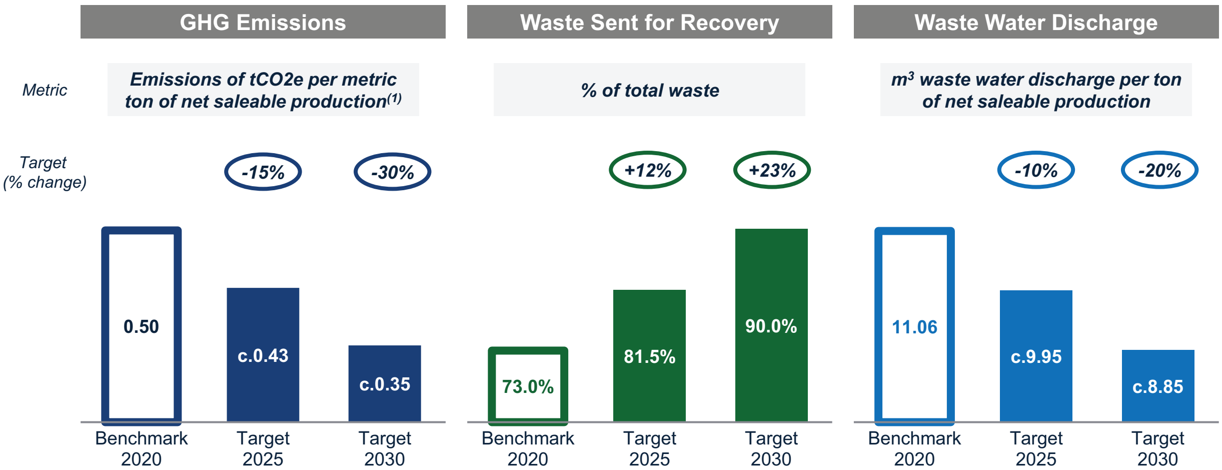
Guided by this clear, shared vision as well as by our core commitment to sustainability and the circular economy, we have established long-term sustainability goals and developed a track record of making our operations more sustainable.

Going forward, we intend to build on these successes to achieve our long-term sustainability goals with respect to promoting water efficiency, reducing the effects of climate change, waste reduction and increased recovery, employee safety and wellbeing, diversity and responsible sourcing of materials. See also *"Business — Environmental, Social and Governance (ESG) matters."*

We are led by an experienced and effective sustainability-focused management team.

We benefit from an experienced management team led by our Chief Executive Officer, Michele Bianchi, who has over 20 years of experience within the industry, having served as Managing Director at both DS Smith and SCA Packaging. In addition, we benefit from the experience and industry know-how of our Chief Financial Officer, Luca Rizzo, who has over 25 years of experience within the industry (previously CFO and Managing Director at DS Smith), and Andrea Bettinelli, our Head of Strategy, who has over 10 years of experience at RdM, among other businesses. Other individuals with an important impact on our operations are Pierre-Yves Corbiere (Chief Sales Officer), Gianluca Scaglioni (Head of Operations) and Ulf Tillman (Head of Innovation and Sustainability) with 18, 26 and 31 years, respectively, of relevant experience in the industry. For further information on our management team and their qualifications, see also *"Management."*

Our management team has demonstrated its ability to manage and to grow our business, to adapt to changing market conditions, to undertake strategic investments and to integrate innovative technology to our production processes. Our management team is committed to improving our positive environmental impact by focusing on reducing greenhouse gas ("**GHG**") emissions, waste sent for recovery and waste water discharge associated with production, as outlined in our Sustainability-Linked Financing Framework, as well as working to drive the adoption of recycled cartonboard in lieu of plastic and other less sustainable packaging. The charts below illustrates our long-term objectives with respect to GHG emissions, waste sent for recovery and waste water discharge.



(1) Calculated using the Science Based Targets initiative (SBTi) methodology.

Business Strategy

Further strengthen our positioning in the WLC market and expansion in the solidboard market.

Through the Eska Acquisition and Paprinsa Acquisition, we have acquired three additional production sites, expanded our solidboard product offerings solidified our market leadership on the Iberian Peninsula, and broadened the geographic footprint of our network of mills into the Netherlands and distribution centers into the United States. In order to fully realize the opportunities for growth these acquisitions provide, we intend to focus on integrating them into our multi-mill concept. More specifically, the Eska Acquisition allows us to broadly expand our presence in the solidboard market, and through the integration with the Ovaro mill, we believe we will be able to implement our successful multi-mill concept in solidboard, in addition to WLC.

The Paprinsa Acquisition provides the opportunity to consolidate our leadership in Spain, creating a real pole to serve the Iberian Peninsula as well as North Africa, given the strategic locations of the plants, and drive commercial and operational synergies between Paprinsa and our Barcelona Cartonboard mill. See also above *"— Key Strengths — Our multi-mill and multi- country concept provides us with significant competitive advantages."*

Actively integrate our recent acquisitions to extract commercial and cost synergies and operate with a culture of continuous improvement to perpetually strengthen our operating efficiencies and streamline our cost structure.

We have identified several synergy opportunities that we are actively pursuing as the process of integrating Eska and Paprinsa progresses. We have also identified various cost savings initiatives that we conservatively believe will provide us with potential annual gross cost savings of over €20 million in aggregate (noting that we have identified additional areas of upside for further cost savings). These initiatives include (but are not limited to):

- ***Plant initiatives:*** investment in new equipment and machinery upgrades at the plant level to reduce variable costs of production (which we believe could yield gross cost savings of approximately €4 million per year once fully implemented);
- ***Energy opportunities***: investment in new co-generation equipment to reduce energy costs, carbon dioxide generation and maintenance and labor costs (which we believe could yield gross cost savings of approximately €8 million per year once fully implemened);

- ***Paprinsa integration***: cost savings and integration initiatives undertaken at Paprinsa to optimize aspects of the manufacturing process, reduce procurement and labor costs, increase energy efficiency and increase utilization by adding a third shift (which we believe could yield gross cost savings of approximately €5 million per year once fully implemented); and
- ***Digitalization***: digitalization and analytic initiatives to enhance quality integration, procurement, pricing and supply chain savings (which we believe could yield gross cost savings of approximately €4 million per year once fully implemented).

Leverage Eska's attractive go-to-market and strong brand recognition to expand our product offerings.

We believe that the Eska Acquisition has been highly strategic and will provide us with the opportunity to leverage its strong brand and go-to-market approach. For instance, Eska is well-positioned in the high-margin, high-growth luxury packaging sector, which we already serve with our Ovaro mill, allowing us to further enhance our brand and product offerings. With Eska, we serve many of the leading global brands in the luxury goods market, a market that is particularly focused on enhancing packaging sustainability. Solidboard-based luxury packaging is expected to report solid underlying growth, driven by sustainability secular trends and the continuous need for product innovation. Because we play an important role in the sustainable packaging circular economy by producing grades based on recycled fibers, we believe that we are well positioned to benefit from this trend. For further detail, see also "*Business — Our Production Process — Circular Business Model*." We also believe we are well positioned to strongly grow through a proactive approach of delivering innovative and customized products to our customers.

Further expand our global reach by solidifying our positioning in North America and Northern Europe and extending our presence in Asia.

The Eska Acquisition allowed us to obtain a direct presence in North America, increasing our proximity to our North American customers. We believe that North America, a large, highly profitable market where Eska has already established a strong sales network and logistics hub, represents an attractive and sizeable commercial opportunity. In particular, we believe that through cross-selling and opportunistic actions we will be able to distribute our entire product portfolio in North America and significantly expand our customer base.

Moreover, by integrating Eska's mills in The Netherlands, we believe we will be able to better cover Northern Europe through our presence and proximity to our customers, which we believe to be an important strategic element in our highly localized industry. Finally, we believe that the Eska Acquisition will give us the opportunity to extend our presence in Asia by combining RdM's and Eska's customer base and product portfolio, as well as global workforce and distribution network.

Continue implementing our digitalization agenda to strengthen our "One Company" culture and multi-mill concept.

We believe our multi-mill concept and "One Company" culture provide us with tangible competitive advantages, and we plan to scale up the impact of these key strengths by further implementing our digitalization agenda. In addition, we believe our digitalization agenda will allow us to further develop and integrate our multi-mill concept in our SB sector following the Eska Acquisition in order to continuously improve and enhance our product offerings, competitive advantages and interchangeability with products produced in the various SB mills.

Our digitalization agenda is a comprehensive digital transformation program aimed at achieving efficiencies through all areas of the Group, including projects on operations, logistics, procurement, human resources, sales, planning and health and safety. As such, we strive to further expand and improve our product and service offerings, as well as our manufacturing and service processes. We view digital improvement as a key strategy to improve our efficiency, innovation and coordination across our operations.

Through sophisticated digital applications, we are focused on continuing to deliver high-quality and innovative products across the entire value chain and circular economy in which we operate, with a clear strategy of continuously strengthening our operational efficiency and excellence through lean manufacturing plans and initiatives.

Maintain our sustainability leadership and our focus on achieving our long-term sustainability goals.

Sustainability is central to our business model and our management team. We are proud of our role in the circular economy and our ability to grow the sustainability of our business alongside financial performance. To continue to drive this forward, we have identified clear, quantifiable long-term sustainability goals for 2025 and 2030. These goals include the following:

- *Climate Change*: By 2030, our goal is to have reduced scope 1 and scope 2 CO2 equivalent emissions by 30% (emissions in 2020 equaled 0.50 tCO2 emissions per ton);
- *Water:* By 2030, our goal is to have reduced waste water discharge per ton of net saleable product by 20% (waste water discharge per ton of net saleable product in 2020 was 11.06 cubic meters per ton);
- *Waste Reduction and Recovery:* By 2030, our goal is to have reduced the total amount of waste generated per ton of net saleable product by 20% (total waste per ton of net saleable product in 2020 was 181 kilograms per ton) and have increased the proportion of waste sent for recovery to 90% (proportion of waste recovered in 2020 was 73%);
- *Employee Safety and Wellbeing:* By 2023, our goal is to have implemented a behavior-based safety program in all production sites (in 2020, such a program was implemented in one of our sites), and by 2030, our goal is to have increased the employee advocacy rate to 4.5 (the employee advocacy rate in 2020 was 3.98);
- *Diversity:* By 2030, our goal is to have increased the percentage of female employees by 30% (in 2020, 9.5% of our employees were women); and
- *Responsible Sourcing of Materials:* By 2025, our goal is to have implemented a new program to assess and qualify all of our key suppliers for all relevant product categories according to ESG criteria.
- Additionally, this Offering is sustainability-linked, with a Sustainability-Linked Financing Framework. Our Sustainability-Linked Financing Framework includes Sustainability Performance Targets for the most material indicators for our business for 2025. These are:
  - *Climate Change*: By 2025, our goal is to have reduced scope 1 and scope 2 CO2 equivalent emissions by 15%;
  - *Water:* By 2025, our goal is to have reduced waste water discharge per ton of net saleable product by 10%; and
  - *Waste Reduction and Recovery:* By 2025, our goal is to have increased the proportion of waste sent for recovery to 81.5%.

Pursue disciplined investments in key focus areas.

We will continue to evaluate opportunities to optimize and to grow our asset base, with a focus on disciplined investments that we believe will strengthen our pan-European presence and support achievement of our strategic goals. In addition, we will also continue to explore means to strengthen and to extract greater value from our existing operations, which may include investments in other related sectors within the circular economy or along the circular economy value chain in which we operate. For further detail, see also "*Business — Our Production Process — Circular Business Model*." We believe we have a well-invested asset base today and have a history of investing our capital responsibly and with a strong return on investment, and have proven our ability to successfully integrate acquired assets.

Our History

Our history dates back to 1967, when Cartiere del Reno S.p.A. ("**Cartiere del Reno**") was founded in Italy, in Bologna. Cartiere del Reno subsequently followed a path of steady growth and expansion, through the acquisition of industrial plants (including the Ovaro production plant, in 1985) and corporate transactions (such as the acquisition of Cartiera Binda De Medici, in 1986). In 1986, Cartiere del Reno changed its name into Reno de Medici S.p.A. ("**RdM**"). In 1996, as a result of our initial public offering, our shares began trading on the Milan stock exchange. In the following years, our strategy further developed through the mergers with the Italian company Saffa in 1997 and the Spanish company Sarrio in 1998.

Concurrently, Casades Inc. had been founded in Canada in 1964, operating as a cartonboard manufacturer, and had been active in Europe since 1985, when they had acquired their first European production site at La Rochette, as well as additional European facilities in France, Sweden, Germany and the United Kingdom.

In 2008, RdM and Cascades Europe Group combined their manufacturing plants in a newly formed company which continued to operate under the name RdM and combined their sales activitites in another entity named Careo Group. In 2017, RdM, Cascades La Rochette and Careo Group merged into a single entity: the RdM Group.

In 2018, we have started implementing a three-year transformation plan (the "**Transformation Plan**") which we are now continuously improving. The goals of the Transformation Plan are the integration of our pan-European asset base under a "multi-mill concept" and the transformation of RdM into a truly unified "One Company", through a portfolio of value added initiatives. To achieve these goals, we are continuously working to meet certain targets that we have identified in specific areas, including: (i) increased resilience in operational performance and in consolidated EBITDA margin, (ii) increased speed in capturing signals and promptly turning them into better solutions for the clients and higher margins for us, (iii) more sophisticated demand/supply integration and optimization, (iv) further improvement on optimization of sourcing and procurement and management of operations, (v) reduction of costs per ton, (vi) exploitation of new receipes and energy efficiency solutions, (vii) optimization of price mix, (viii) acceleration in the innovation of sustainable products and (ix) digitalization of manufacturing and services processes.

In particular, in the context of the Transformation Plan, we acquired:

- in 2017: PAC Service S.p.A., an Italian company operating in the field of cutting and processing cardboard. This acquisition allowed us to (i) reinforce our supply chain integration strategy, (ii) smooth through-the-cycle raw material prices, and (iii) further expand our presence in Italy;
- in 2018: Barcelona Cartonboard SAU ("**Barcelona Cartonboard**"), a Spanish company operating in the coated cartonboard sector. This acquisition allowed us to (i) strengthen our recycled cartonboard presence, (ii) broaden our production capacity, and (iii) increase our proximity to key European converters (our customers);
- in 2020: Papelera del Principado S.A. ("**Paprinsa**"), a Spanish company operating in the recycled WLC business. This acquisition allowed us to (i) solidify our leading WLC position in Southern Europe, (ii) support our multi-mill approach, and (iii) increase our potential for production capacity; and
- in 2021: Fineska Group ("**Eska**"), a Dutch company leader in high-quality solid boards. This acquisition allowed us to (i) enlarge our recycled fiber-based production, (ii) expand our product offering through presence in the solidboard market, (iii) enhance RdM brand recognition in the high margin luxury packaging business and (iv) expand our global presence.

Also, in 2021, the full divestment of our interests in the French former subsidiary R.D.M. La Rochette S.A.S. ("**La Rochette**"), which used to be our only company operating in the market of Folding Box Board ("**FBB**") — consisting in cartonboard for folding boxboard based on virgin fibers — allowed us to focus on our two core market segments, being the WLC and the SB ones. See below "— *Investments and Divestments*" for further detail.

Market Segments and Products

We manufacture different types of recycled cartonboard, sold as sheets or rolls, primarily to packaging manufacturers. In particular, our products cover two market segments: (i) WLC, representing approximately 76% of our business as of December 31, 2020 (giving pro forma effect to the Paprinsa Acquisition, Eska Acquisition and the La Rochette Disposal) in terms of production capacity, and including both WLC and liner (coated board products), and (ii) the SB market segment, representing approximately 24% of our business as of December 31, 2020 (giving pro forma effect to the Paprinsa Acquisition, Eska Acquisition and the La Rochette Disposal) in terms of production capacity. Prior to the La Rochette Disposal, our business also included the FBB market segment. By focusing on these two types of products and market segments (WLC and SB), we are able to serve primarily essential and resilient end-markets (such as the food, beverage and pharmaceuticals end-markets) which are characterized by low customer concentration. See also "Industry."

All our products are derived from, and based on, recycled fibers, and we operate a circular economy business model. See also "— Our Production Process — Circular Economy" and "— Environmental, Social and Governance (ESG) matters."

For the year ended December 31, 2020 (giving pro forma effect to the Paprinsa Acquisition, Eska Acquisition and the La Rochette Disposal), we developed a production capacity of approximately 1,525 thousand tons of products, we produced approximately 1,394 thousand tons of products, we had €772 million revenue from sales and we generated €110 million EBITDA.

Our White Lined Chipboard ("WLC") Segment

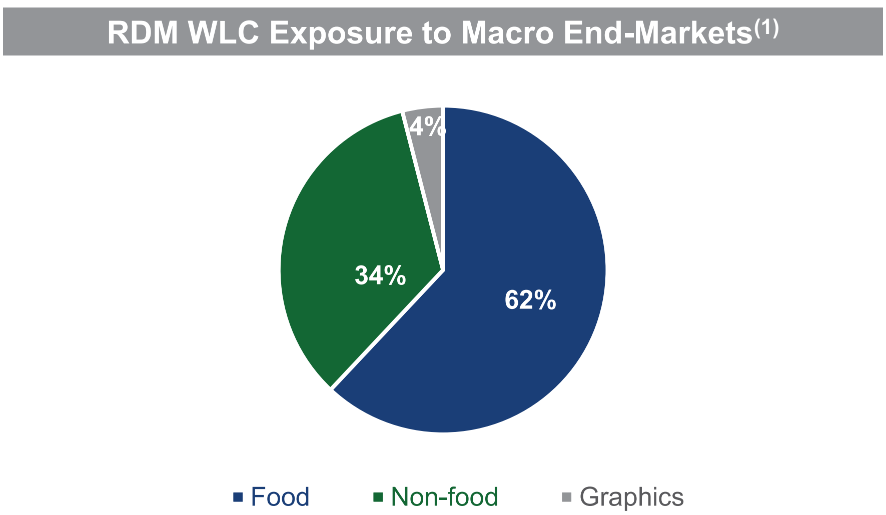
WLC is a type of coated cartonboard used for the production of folding cartonboard packaging and liner packaging from recycled fibers. Our main WLC output is used to produce cartonboard boxes for food packaging, detergent and pharmaceutically supported beauty products. Separately, our liner products are a specific WLC-based product category that is primarily used for general packaging and display purposes, and to produce corrugated packaging for shipping boxes.

The folding cartonboard products are made of: (i) coating layers, (ii) two to three internal layers, primarily produced from recycled fibers and (iii) pigmented coating layers. These products are predominantly used in the food, detergent, pharmaceuticals and toy industries. The liner products, which are used for corrugated packaging, are made of: (i) optional coating layers, (ii) one to three internal layers, primarily produced from recycled fibers and (iii) optional back coating layers. These products are predominantly used in the food, pharmaceuticals, hardware/software, display and microflute industries. The below chart gives an overview of these two sub-categories and their predominant use.

WLC is produced on board machines in several stages. Firstly, a dilute suspension of cellulose fiber (pulp) in water is formed into a thin layer of entangled fibers on a moving plastic mesh, known as the wire. Some of the water is extracted by drainage and further layers of pulp are added to enhance the grammage, thickness and composition of the cartonboard. The rest of the water is extracted by pressing and drying, a process during which inter-fiber bonding develops and the board is formed. The board is usually coated to improve the whiteness, smoothness and surface finish for printing, varnishing and the general appearance. Finally, there are a number of finishing operations such as slitting, reeling, sheeting, labelling, palletising and wrapping with moisture resistant material for storage and distribution. For further information on our production process, see also "— *Our Production Process.*"

Our production capacity in our WLC segment for the year ended December 31, 2020 (giving *pro forma effect* to the Paprinsa Acquisition, Eska Acquisition and the La Rochette Disposal) was approximately 1,166 thousand tons, representing approximately 76% of our total production capacity for that same year. We are the second largest manufacturer of WLC in a largely fragmented European market, with a market share of approximately 25% (after giving *pro forma* effect to the Paprinsa Acquisition) by production capacity.

Our WLC products are primarily sold to manufacturers of packaging, producing for a wide variety of end-markets. The below graph illustrates the end-markets for our WLC products for the year ended December 31, 2020 (giving *pro forma effect* to the Paprinsa Acquisition, Eska Acquisition and the La Rochette Disposal).



For the year ended December 31, 2020, we generated €564.3 million revenue from sales in our WLC segment (as compared to €591.3 million for the year ended December 31, 2019), which constituted 83.0% of our total revenue from sales for the year ended December 31, 2020 (as compared to 84.3% for the year ended December 31, 2019). Additionally, we generated for the year ended December 31, 2020, €42.1 million operating profit in our WLC segment (as compared to €35.6 million for the year ended December 31, 2019), which constituted 89.6% of our total operating profit for the year ended December 31, 2020 (as compared to 117.1% for the year ended December 31, 2019).

Our Solidboard ("SB") Sector

With the Eska Acquisition, the production capacity of our SB sector increased significantly, and SB products evolved from a minor part of our portfolio to representing a key component of our product offering. Since the Eska Acquisition was agreed upon in 2020 and was closed in 2021, we are able to provide for *pro forma* data and statistics starting from the year ended December 31, 2020.

Solidboard is primarily used for packaging applications in the luxury and publishing industry as well as for graphical applications, such as for puzzles and games. Our solidboard output can be divided in two categories, being "specialities products" and "Eska products:"

- The specialities products are made of: (i) one to six board plies (*i.e.*, thin layers) laminated, (ii) base plies coming 100% from recovered fibers, and (iii) a high variety of board thickness. The specialities products weigh typically from 350 to 3400 g/m^2 and are predominantly used in the food, textile and luxury packaging industries.
- The Eska products are currently manufactured by Eska for certain end-markets with stringent requirements and are made of: (i) one to three board plies laminated, and (ii) base plies coming 100% from recovered fibers. The Eska products are typically slightly more than 1.0mm thick, and their weight generally varies from 600 to 2500 g/m^2. They are predominantly used in the luxury packaging, bookbinding, stationery and puzzles & games industries.

The below chart gives an overview of solidboard and its four predominant end-uses.

Our production capacity in our SB sector for the year ended December 31, 2020 was approximately 359 thousand tons (giving *pro forma effect* to the Paprinsa Acquisition, the Eska Acquisition and the La Rochette Disposal), representing approximately 24% of our total production capacity for that same year. As such, we are the top European manufacturer by capacity of solidboard.

Our SB products are primarily sold to manufacturers of packaging operating for a wide variety of end-markets. The below graph illustrates the end-markets for our SB products for the year ended December 31, 2020.

For the year ended December 31, 2020 (giving *pro forma effect to* the Paprinsa Acquisition, Eska Acquisition and the La Rochette Disposal), we generated €199 million revenue from sales in our SB sector, which constituted approximately 25.7% of our total revenue from sales for the year ended December 31, 2020.

Our Production Process

Circular Business Model

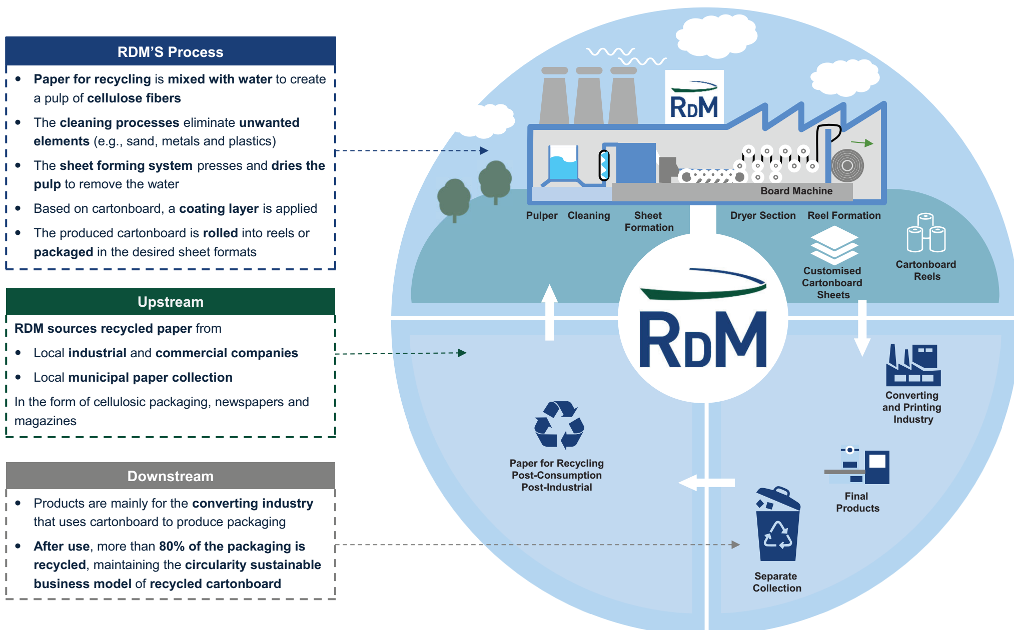
Our production plants operate in the context of the circular economy and we believe that our activities have a positive impact on the environment throughout the whole life cycle of cartonboard production. We believe that we are strong contributors to the circular economy, with which we have a symbiotic relationship. We are committed to upholding this continuous, virtuous and sustainable production cycle for the long term. All of our products are fully recyclable, enabling them to be converted to packaging at a later stage. Furthermore, approximately 94% of the fibrous materials we use comes from recycled materials (after *pro forma* effect to the La Rochette Disposal) and over 83% of all materials used consist of renewable materials, enabling us to foster the circular economy.

Operating in a circular economy is key to our business model, replacing the idea of "waste" with the concept of "resource." This regenerative system is based on the efficient use of raw materials, giving them a new lease on life. We believe that we are key to the circular economy itself, being the "link in the chain" between production of cartonboard and paper for recycling ("**PfR**"), because we transform PFR into cartonboard, which is then transformed into packaging by our clients and, in turn, more than 80% of the packaging produced by our clients is recycled on average after use. Adopting a circular approach means looking beyond the initial production cycle and embracing greater responsibilities to our society and environment. See also "— *Environmental, Social and Governance (ESG) matters.*" The main steps of our manufacturing process can be described as follows:

- We source PFR in the form of used fiber-based packaging, newspaper and magazines from local industrial and commercial companies and from local municipal paper collection. Our technology and production systems transform the PFR into cartonboard, giving the recycled fibers a new life.
- The fiber-based raw materials are mixed with water to create a cellulose fiber suspension (*i.e.*, a pulp of cellulose fibers), and the impurities (*e.g.*, sand, metals and plastics) present in the raw materials are eliminated through a complex purification system.
- The pulp suspension is formed in the wet section of the production process to a fiber web board and then further pressed and dried to remove the water and, depending on the type of cartonboard, a coating layer may be applied to it.

• Once produced, the cartonboard is rolled onto special reels for direct dispatch or cut into sheets and packaged onto pallets.

Our products are primarily intended for the converting and printing industry, using our cartonboard to make the packaging for the products placed on the market. Clipping and scraps resulting from the converting and printing processes are collected and delivered back to the mill, either directly or through sorting facilities as raw materials. As for the products that are delivered on the market, once the final consumers have used them, more than 80% of the packaging is eventually reintroduced into the virtous cycle of recycling, thereby feeding the sustainable business model of recycled cartonboard. The graph below illustrates how our circular economy operates and functions.



Raw Materials

For the production of products in our WLC and SB sectors, we rely on raw materials, the main ones being PFR and virgin market pulp. Our cartonboard is fully recyclable and designed to be reintroduced into the paper circular economy cycle after use, and it is biodegradable if it is not properly disposed of or recycled. To produce our products we rely on PFR (94%) and virgin market pulp (6%) (after giving *pro forma effect* to the La Rochette Disposal) and over 83% of all materials used consists of renewable materials.

In addition, all our plants are certified according to FSC® and/or PEFC standards, which are the two most widespread and globally recognized standards for ensuring that raw materials come from a chain-of-custody controlled supply chain. For our virgin market pulp supplies, we choose only certified and/or controlled raw materials from sustainable supply chains. In particular, 100% of all virgin market pulp that we use (after giving *pro forma effect* to the Paprinsa Acquisition, Eska Acquisition and the La Rochette Disposal) is FSC® or PEFC certified, or FSC® controlled wood.

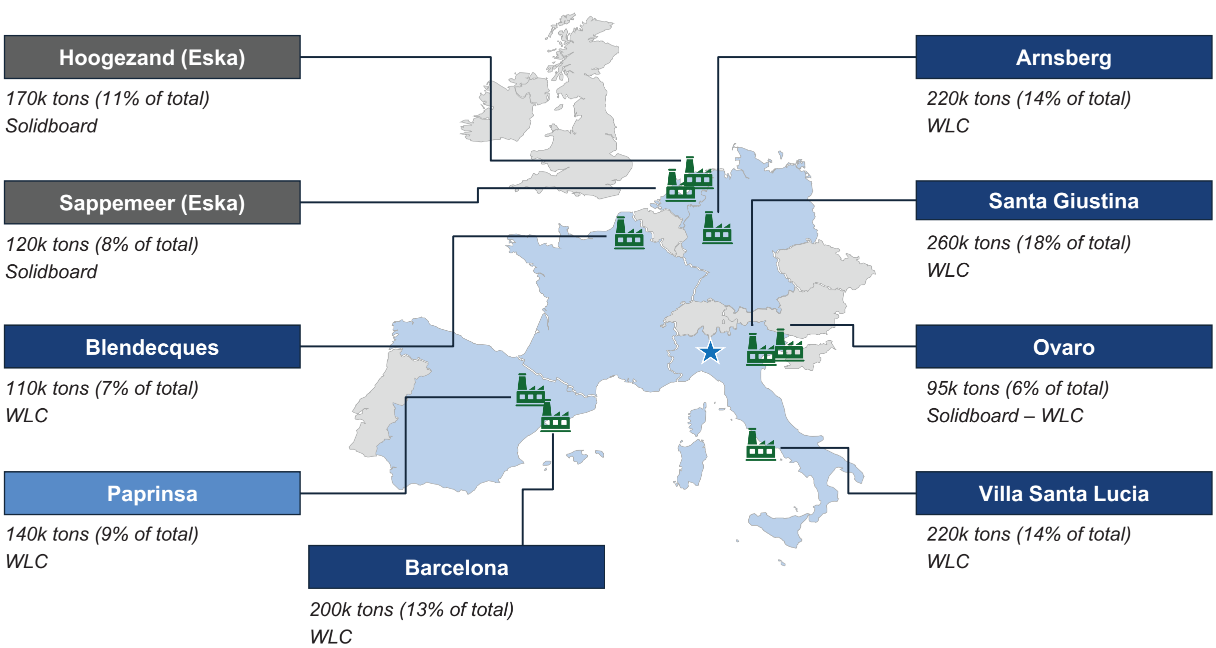
In order to have a consistent and adequate supply of raw materials, we typically enter into multi-year agreements, as customary in our industry. In certain countries, such as Germany, The Netherlands and United Kingdom, the supply for PFR is granted through certain procurement agreements. We are also part of a number of yearly purchase agreements, which are renegotiated on a yearly basis. In Italy, we are member of the National Consortium for the Recovery and Recycling of Cellulose-based Packaging ("**Comieco**") and such membership grants us certain guaranteed supply quantities at a fair market price.

Changes in raw material prices may impact our results of operations and while we generally do not have clauses for the pass-through of input costs predefined in our sales contracts, we have historically been able to pass through increases in these costs through the regular renegotiation of contracts with our customers. See "*Risk Factors — Our business depends on the continued and uninterrupted supply of raw materials used in our* *products. If we are unable to secure sufficient quantities of raw materials or if the price of raw materials rises, it could negatively affect our ability to meet our customers' demands and materially adversely affect our financial results.*" Conversely, our customers generally expect price reductions when our input costs decrease. Generally, the price adjustments do not occur simultaneously with commodity price fluctuations.

Production Facilities

Multi-Mill Concept

We have nine mills across five European countries: France, Germany, Italy, The Netherlands and Spain. We adopted, and operate under, our "multi-mill concept" which refers to one of our core operating principles, which is that we aim to produce similar products in multiple mills whenever possible so as to ensure that our products are available to our customers, regardless of their proximity to a specific production site, in a flexible and punctual manner notwithstanding any changes in market demand or the economic cycles of the individual countries in which we operate. We believe that the quality of our production assets is high, in terms of capacity, technical age, speed and trim, which enhances our ability to effectively pursue our multi-mill concept. Our multi-mill concept also facilitates our development of a consolidated multi-country asset base, providing a closer geographic proximity to a number of key clients which, among others, allow us to timely address their change in needs. Overall, we believe that this approach helps to increase customer satisfaction. See above "*Summary — Our multi-mill concept provides us with significant competitive advantages*." The following graph depicts a summary of our operating facilities as of September 30, 2021.



We are currently implementing the same multi-mill strategic approach to Eska, which we have recently acquired, in the solidboard market. See "*— Investments and Divestments*."

The Sheeting Centers

Each of our mills has the capacity to perform the cutting activity through which our products are made in the size and format requested by our clients. In addition, we have four sheeting centers that focus on cutting activities and serve as warehouses. Two sheeting centers are located in Italy, near Milan (R.D.M. Magenta S.r.l.) and near Padova (PAC Service S.p.A.), respectively. The activity performed in these two centers consists of cutting cartonboard sheets in the format required by clients from cartonboard reels. The activities conducted by R.D.M. Magenta S.r.l. and by PAC Service S.p.A. are slightly different. R.D.M. Magenta S.r.l. operates as a service provider of the Group, receiving reels of products from other RdM facilities, cutting them and then delivering them to the final customers. R.D.M. Magenta S.r.l. also provides this kind of service to a limited number of external customers. PAC Service S.p.A., instead, buys reels (half of which from other

RdM facilities, at arms-length), cut them in small, customized lots and is able to deliver them to clients within 48 hours. Customers generally pay more for the kind of service offered by PAC Service S.p.A. vis-à-vis the ordinary purchase of cartonboard. We also own an additional sheeting center in Spain (Eska Sheeting Center Barcelona), which is equipped to cut sheets to the required size and to repackage them for shipment to clients. Eska Sheeting Center Barcelona also has a stock of customer specific boards which can be cut to size and quickly delivered to clients when needed. Finally, we operate one sheeting center in the U.S. (Eska Sheeting Center Chesapeake) which, like Eska Sheeting Center Barcelona, has a warehouse where a broad range of top-selling and customer-specific board is kept in stock and this stock can then be cut and quickly delivered to clients when needed.

Finally, we also own a large warehouse facility in Milan (Eska Distribution Center Milan) which serves as a distribution hub for our Group. No cutting activities are performed at this location.

Our Sales Network

We have ten sales offices spread across nine European countries, some of which also sell products to neighbouring countries. Most of our sales are directly managed by our employees from the sales offices. In order to penetrate those geographic areas, which are not physically close to our sales offices, we employ certain agents that report to our relevant sales offices. We also have a sales back-office organization spread around Europe to support our sales organization. This allows us to coordinate our sales through our own sales network, which supports our main European and overseas country markets and addresses the multiple needs of our customers, ensuring widespread coverage and sales globally.

Sales Office	Country	Countries Covered
R.D.M. Marketing Czech Republic s.r.o. (Karlin)	Czech Republic	Czech Republic and Slovakia
R.D.M. Marketing Spain S.L.U. (Barcelona)	Spain	Spain
R.D.M. Marketing France S.A.S. (Saint-Denis)	France	France
R.D.M. Marketing UK Ltd (West Bromwich)	United Kingdom	United Kingdom and Ireland
R.D.M. Marketing Germany GmbH (Krefeld)	Germany	Germany, Austria, Switzerland and Scandinavia
R.D.M. Marketing Portugal, Unipessoal Lda	Portugal	Portugal
R.D.M. Marketing Hungaria Kft.	Hungary	Hungary, Bosnia Herzegovina, Bulgaria, Croatia, Macedonia, Romania, Serbia and Slovenia
Reno de Medici S.p.A. (Milan)	Italy	Overseas
R.D.M. Marketing Poland Sp.z.o.o.	Poland	Poland, Russia, Belarus, Estonia, Latvia, Lithuania and Ukraine

Transportation and Distribution

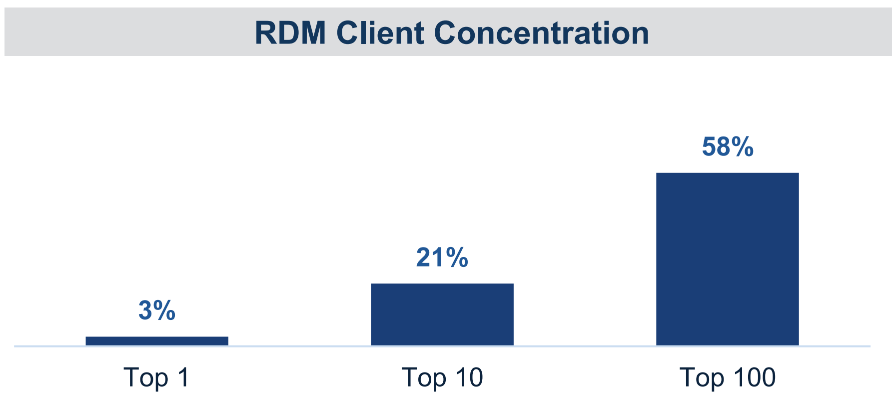
We plan our need for transportation services in advance. In particular, we keep track of and analyse the sales forcasts of the market and we hold internal integrated business planning meetings at a central level for the whole Group, in order to balance our production capacity based on the market needs. In addition, each of our facilities has a head of logistics who manages transportation at a local level.

We predominantly rely on external service providers to ship our products. The transport companies that we use are chosen at a local level from each local head of logistics and the terms that govern our relationships are customary for the industry. We usually enter into ex-works transportation contracts, pursuant to which ownership of the property is transferred when the purchaser takes the goods.

Our Customers and Stakeholders

Customers

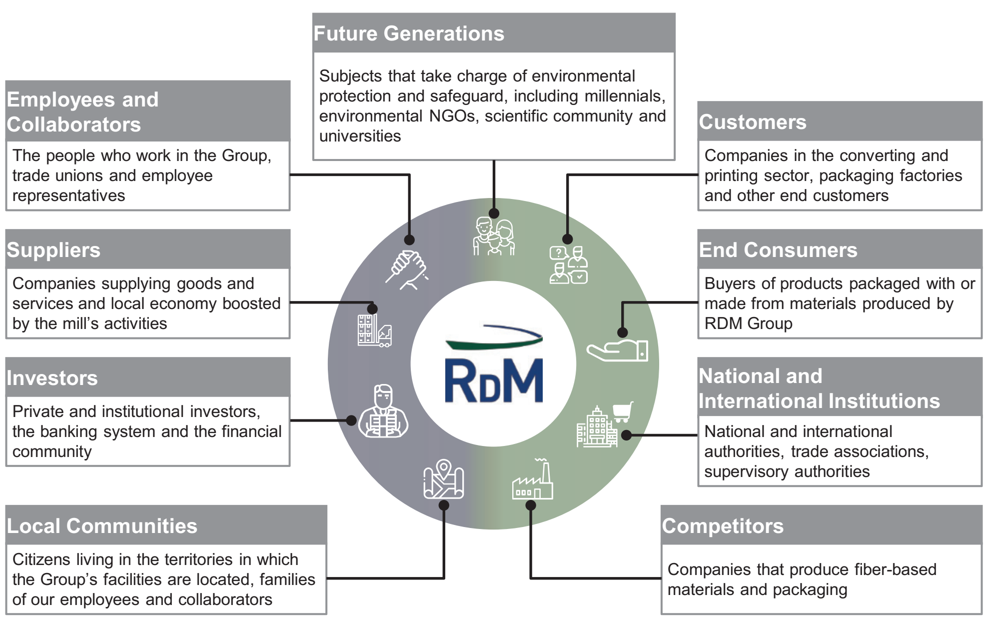
As of September 30, 2021, after the Paprinsa Acquisition, the Eska Acquisition and the La Rochette Disposal we had over 2,500 customers. The graph below illustrates that our business is characterized by a low customer concentration. As of December 31, 2020 (*pro forma* the Eska Acquisition, Paprinsa Acquisition and the La Rochette Disposal), our top customer represented 3% of our total revenue, with our top 10 and top 100 customers representing 21% and 58% of our total revenue, respectively, as shown in the below figures.



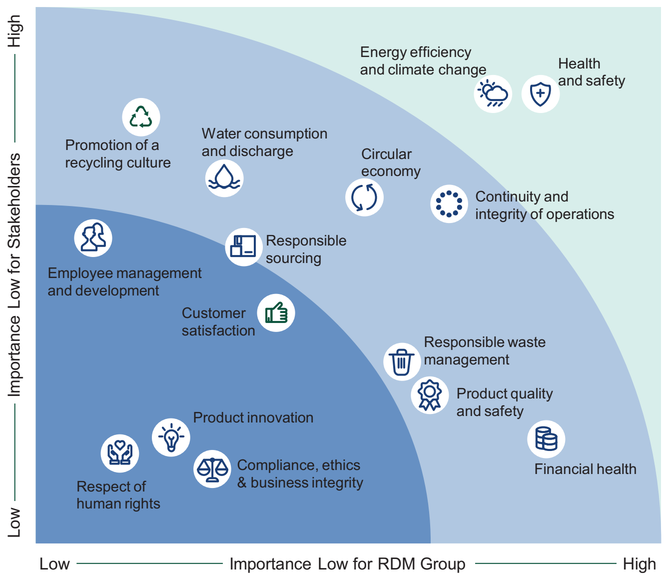
Our business relationships with our customers are generally based on budget agreements and purchase orders, rather than long-term contracts. Through the budget agreements, our clients set targets of products they expect to need each year, committing to buy certain volumes from us. These budget agreements allow us to forecast the production volume needed to satisfy most of our clients and allow these clients to place recurring orders whenever they need.

Stakeholders

We adopt a multi-stakeholder approach and are in constant dialogue with our internal and external stakeholders. This dialogue is a decisive tool for us and our operations, as it enables us to better address the challenges posed by the external context and make better decisions regarding business development and the management of our impact on the environment and the wider society. The chart below depicts the overview of our various stakeholders.



In addition, the below materiality matrix summarizes the results of a continuous engagement activity that analyzed the current and future expectations of our multiple stakeholders and resulted in the identification of fifteen material topics. The matrix is, further, the result of an assessment process that includes several factors, such as risks, opportunities, strategy and market trends, in order to build a balanced analysis able to reflect the topics of greatest relevance and priority to our business. The below depicted materiality matrix was also used as the baseline to establish our long-term sustainability goals for 2020 — 2030 (see also "— *Environmental, Social and Governance (ESG) matters*").



Strategic Initiatives

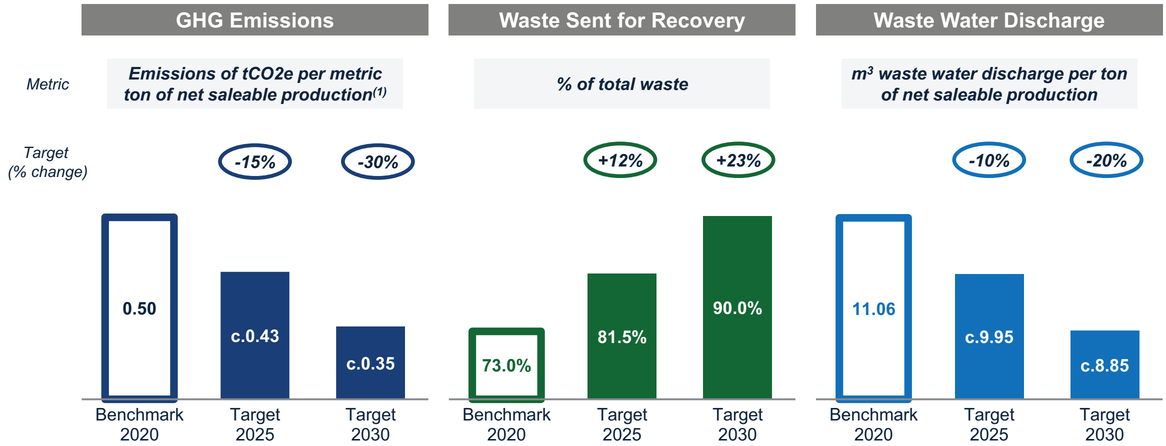
We identified various cost-saving and improvement initiatives that could booster our profitability in the coming years. These initiatives include:

- Investing and implementing operational excellence plans in our mills with the goal of improving efficiencies and reducing waste.
- Dedicating capital expenditures to energy use management, as the majority of our capital expenditures are spent on energy-related items and energy is a material driver of our cost structure.
- Developing commercial and cost synergies with the recently acquired Paprinsa and Eska businesses.
- Investing in digital tools, such as process analytics, maintenance, quality integration, procurement, pricing, and supply chain saving through digitalization.

Environmental, Social and Governance (ESG) Matters

Environmental responsibility is a critical pillar of our corporate identity. We believe that we are a sustainable development player with a circular economy vision (see also "— *Our Production Process — Circular Economy*") and we have already identified clear sustainability long-term goals for 2020-2030 (the "**Sustainability Plan 2020-2030 Goals**"). Our management team has demonstrated its ability to manage and grow our business, adapt to changing market conditions, undertake strategic investments and integrate innovative technology to our production processes. We look to grow our environmental positive impact by focusing on reducing greenhouse gas ("**GHG**") emissions, increasing our proportion of waste sent for recovery and reducing waste water discharge, as well as increasing the use of recycled cartonboard as an alternative to less sustainable packaging, such as plastic.

The charts below illustrate our long-term objectives with respect to GHG emissions, waste sent for recovery and waste water discharge.



In defining our long-term sustainability goals, we focus on precise objectives of great relevance to our business and society as a whole. We believe that the pursuit of these objectives can lead to achievement of other environmental, social, ethical and economic objectives.

We are committed to continuously upgrading our processes to ensure the efficient management of our energy resources, and to use cleaner fuels more efficiently to reduce greenhouse gas emissions.

We work to improve our production processes to optimize the use of water and to reduce the amount of waste generated per ton of production. The below outlines our Sustainability Plan 2020-2030 Goals.

	Goal	Baseline 2020	Target
	Reduce scope 1 and scope 2 CO_2 equivalent emissions per ton of net saleable production	0.50 tCO_2e/ton	-30% by 2030
	Increase the proportion of waste sent for recovery	73%	90% by 2030
	Reduce the total amount of waste generated per ton of net saleable production	181 kg/ton	-20% by 2030
	Reduce water discharges per ton of net saleable production	11.06 m^3/ton	-20% by 2030
	Key suppliers assessed and qualified according to ESG criteria for all relevant product categories	New assessment to be Started	100% by 2025
	Implement a behavior-based safety program in all production sites	1 site	all sites by 2023
	Increase the employee advocacy rate	3.98	4.50 by 2030
	Increase the percentage of women employed by RDM Group	9.5%	+30% by 2030

Furthermore, we believe that our production process and our facilities contribute to the achievement of the United Nations Sustainable Development Goals ("**SDGs**"). Namely, while in our daily activities we continuously aim at generally improving our ESG-related practices and specifically complying with and contributing to the entire group of SDGs, we have identified some practices and policies that we would believe contribute to their achievement, including:

(i) our "Zero Accident" policy and our continuos efforts aimed at reducing injury rates contribute to SDG 3, promoting occupational health and safety;

(ii) our investments in training, knowledge sharing enhancement and informal learning tools contribute to SDG 4, promoting learning and skills development;

(iii) our continuous efforts in implementing water withdrawal and discharge reduction programs and in monitoring the discharge quality contribute to SDG 6, protecting the water ecosystems;

(iv) our strategy to reduce energy consumption in the cartonboard production contributes to SDG 7, increasing the energy efficiency of operations;

(v) our employment opportunities for approximately 1,990 (*pro forma* the Paprinsa Acquisition, the Eska Acquisition and the La Rochette Disposal), adopting national collective agreements as possible, contributes to SDG 8, promoting full employment and decent work;

(vi) our significant investments (*i.e.*, more than €190 million throughout the last decade) in plan and technological modernization contribute to SDG 9, modernizing industrial processes to make them more sustainable;

(vii) our production system, which is based on a circular economy model with a massive focused of recycling waste as a raw material contributes to SDG 12, adopting sustainable patterns of production and consumption; and

(viii) the reductions that we achieved in terms of emissions of greenhouse gases and other pollutants per ton of production through energy efficiency programs, energy mix revisions and emission mitigation efforts contribute to SDG 13, taking action to combat climate change and its impacts.

In addition, we are also a member of various associations and working groups, locally and internationally, that support innovation and sustainable development of the fiber-based packaging industry and recycling sector. For example, we are an active member of 4evergreen, an alliance that brings together companies across the fiber-based packaging value chain who are committed to increasing circularity and sustainability, and Pro Carton, a European association of carton and cartonboard manuacturers whose goal is to promote the use of carton and cartonboard as an economically and ecologically-balanced packaging medium.

Finally, most of our production facilities are located in the European Union. Therefore, we are regulated under various EU, national and local laws relating to environmental regulation, occupational health and safety and other regulatory matters. Our operations are subject to comprehensive laws and regulations relating to water effluents, air emissions, discharge and disposal of materials into the environment; the generation, registration, storage, handling, use and transportation of chemicals; the protection of natural resources and endangered species, and the remediation of soil contaminated with hazardous chemicals released during the course of our operations.

Health and Safety

We have adopted a "Zero Accidents" policy and promote a safety culture at all levels, in order to prevent dangerous situations and reduce the likelihood of accidents in all our facilities. We want all employees to be satisfied and to work safely. To do so, we encourage collaboration between workers and management and empower our employees to promote everyone's wellbeing. In 2020, the mill of Villa Santa Lucia and the sheeting center PAC Service achieved a "Zero Accident" safety performance.

Health and safety are integral values of our business activities and we adhere to a health and safety policy that promotes the highest standards of safe facilities operation to prioritize the health of our employees and third parties. In order to ensure and monitor compliance with our health and safety policy we:

- measure our health and safety performance;
- assess our processes in order to reduce risks and to seek continuous improvement in health and safety practice and performance;
- maintain management systems that help to protect employees, visitors, contractors and the public from injury or ill-health; and
- take all reasonably practicable steps to develop a positive safety culture throughout our Group.

Research and Development

Our focus on innovation allows us to strengthen our product portfolio by focusing on renewable, recyclable and actually-recycled solutions. In line with the latest market trends, we are directing our development activities toward developing solutions that can replace products made of plastic materials. We focus our efforts on the development of renewable and recyclable barrier solutions that are fully integrated with the fiber-based material structure of the cartonboard. In doing this, we aim at promoting and preserving the integrity of the packaged product, while maintaining the recyclability of the coated cartonboard after its use.

We have consistently pursued research and development activities to ensure the constant improvement of production processes and product innovation. This is achieved through collaboration among our product innovation and development department, our production team, the most important European research centres in the industry and through partnerships with some of our customers.

Property, Plant and Equipment

Our manufacturing facilities are located across Europe. Our production mills and sheeting centers comprise the majority of our asset base (See also "— *Our Production Process — Production Facilities*").

We believe that our facilities are suitable and adequate for our business purposes for the foreseeable future. Ongoing productivity improvements and cost reduction efforts in recent years have focused on upgrading and modernizing facilities to reduce costs and improve efficiency and productivity. These actions reflect our continued commitment to realign manufacturing facilities to maintain our competitive position in the markets in which we operate. We continually review our operations and evaluate strategic opportunities.

The Group's headquarters are located at Viale Isonzo 25, 20135 Milan, Italy. We own the real estate of all our mills, the PAC Service sheeting center and our sales office in Spain, while we rent our headquarters, RDM Magenta sheeting center and all our sales offices except the one in Spain.

Investments and divestments

From time to time, we enter into material acquisitions and distribution insourcing transactions, which grow our business both vertically and horizontally, increasing our presence and capacity in our core segments. The following paragraphs describe our most significant acquisitions and distribution insourcing transactions finalized in the recent past.

Barcelona Cartonboard Acquisition (2018)

We acquired Barcelona Cartonboard in October 2018 for an enterprise value of €46.4 million. Founded in 1967, Barcelona Cartonboard operates in the WLC market segnment. The acquisition of Barcelona Cartoboard allowed the RDM Group to strengthen its presence in a well-known market, to optimize its product portfolio and to further improve the level of service to current customers and new ones by decreasing the time it takes to serve certain strategic customers. This acquisition also enhanced our product portfolio optimization, and contributed to leveraging our multi-mill concept. See "*Summary — Our multi-mill concept provides us with significant competitive advantages*."

Paprinsa Acquisition (2021)

We acquired Paprinsa in July 2021 for an enterprise value of €31 million. Paprinsa is one of the main European players in the WLC sector. It operates one of the mills with the lowest technical age (10-15 years) and the largest trim width (4.8 meters) on the market. Paprinsa is specialized in the production of cartonboard from recycled fibers (WLC), microflute and corrugated sheets, serving the packaging industry in Spain and abroad. It utilizes one of the most up-to-date technology mills in Europe due to significant investments in the last six years, including more than €30 million of capital expenditures. It is also one of the European mills with the largest trim width (4.8 meters), giving us the opportunity for future production growth. Overall, this acquisition allowed us to (i) consolidate our leading WLC position in Southern Europe, (ii) support our multi-mill approach, and (iii) increase our potential for capacity via an additional shift we will be able to add in the plant.

Eska Acquisition (2021)

We acquired Eska in July 2021 for an enterprise value of €155 million. Eska is a Dutch company and the world's leading pure-play provider of high-quality solidboard, operating as long-term partner to more than 700 customers globally. It operates two industry-leading production facilities in The Netherlands (the Hoogezand and Sappemeer mills). See "— *Our Mills*." The two Eska facilities have the largest combined production capacity in Eska's core market segment, solidboard. This acquisition allowed us to enlarge our recycled fiber-based solidboard production, to expand our product offerings and to leverage our multi-mill concept in the solidboard sector, in which we can now operate with three plants. The Eska Acquisition will also broaden our geographical presence, extending our coverage in the Asian and American markets and giving us further EU exposure in the key Nordic market.

La Rochette Disposal (2021)

In April 2021, we sold RDM La Rochette, the only company of our group operating in the FBB market, for an enterprise value of €28.8 million. The rationale of this divestment was to leave the FBB market in order to focus on WLC and solidboard. La Rochette did not represent a competitive asset in our portfolio in terms of quality, technology and capacity relative to best-in-class manufacturers of FBB. Investing in La Rochette would have been expensive and would not have yielded an attractive return on investment.

Employees

The following tables set forth the number of our employees per headcount, not including interim or provisionary employees, for the periods indicated

	As of December 31,		
	2020(1)	2019	2018
Full-time employees	1,699	1,739	1,711
Part-time employees	30	27	33
Total Employees	**1,729**	**1,766**	**1,744**

(1) The numbers and percentage included for the year ended December 31, 2020, are not *pro forma* the Eska Acquisition, Paprinsa Acquisition and La Rochette Disposal.

We believe that we have a qualified workforce with appropriate educational backgrounds. We invest in training, enhancing knowledge sharing and informal learning tools and we believe that the skills and knowledge of our employees are a strategic resource for us and one of our most important assets. As such, we consistently assess the technical, digital and soft skills of our employees and offer appropriate training to all professional categories. We have provided on average 20,000 hours of training annually, corresponding to 12 hours per capita and €2.2 million invested, over the last three years.

As part of our Sustainability Plan 2020-2030 Goals, we intend to increase the percentage of women employed by us by 30%. See also "— *Environmental, Social and Governance (ESG) Matters*." In addition, we stimulate teamwork, collaboration between different generations and cultures, and sharing of experiences and opinions. To facilitate this, we have created:

- our "Change Management Steering Committee" to promote positive change at all organizational levels and in any business area; and
- our "Youth & Restyling Committee" to put forward proposals on how to integrate the vision of millennials and younger generations into our management style and strategic goals.

As part of our training strategy, we also employ new graduates and prepare them within our institution for managerial positions. Our graduated interns represented 2% of our total employees as of December 31, 2020 (as compared to 1.75% as of December 31, 2019). Our workforce is characterized by modest fluctuation levels and the average job tenure of our employees is approximately 17 years.

We believe that we offer our employees competitive compensation packages and a dynamic work environment that encourages initiative and is based on merit. As a result, we have generally been able to attract and retain qualified personnel. We believe that we maintain a good working relationship with our employees, and we have not experienced any material labor disputes in the past.

Our employees, not including interim or provisionary employees, are spread across Italy, France, the Iberian Peninsula, Germany and the rest of Europe. The below table includes the geographical split for the periods indicated.

	For the year ended December 31,			
	2020[1]	2019	2020[1]	2019
	(%)			
Italy	652	671	38%	38%
France	499	497	29%	28%
Iberian Peninsula	239	253	14%	14%
Germany and rest of Europe	339	345	19%	20%
Total	**1,729**	**1,766**	**100%**	**100%**

(1) The numbers and percentage included for the year ended December 31, 2020, are not *pro forma* the Eska Acquisition, Paprinsa Acquisition and La Rochette Disposal.

Insurance

We carry insurance that we believe to be common in the industry and sufficient to cover the principal risks of damage to our business. We maintain insurance policies with respect to certain operating risks, including product liability, damage to property (including buildings, plants, machinery and stock, including as a result of catastrophic events such as fire, flood, storms and earthquakes), industrial accidents, third-party liability, directors' and officers' liability, and cyber-crime. We run a loss prevention program with the aim of assessing our operational risks and take action to prevent any potential business interruption event. This program is carried out consistently with our all-risk insurance policy and assesses whether our insurance is adequate for our business risks and whether the developments in our insurance policies reflect of the changing needs of our business. Moreover, managing operational risks though a group-wide loss prevention program enables us to reduce our risk exposure alongside mitigating our insurance costs.

Legal Proceedings

We are from time to time subject to legal proceedings of civil and administrative legal proceedings and we make special provisions to cover possible losses related to these legal proceedings. We do not currently have any pending material legal proceedings.

MANAGEMENT

The Issuer

The board of directors of the Issuer comprises three directors appointed by Apollo. The board will be responsible for managing the Issuer in accordance with applicable laws, constitutional documents and resolutions of the shareholders' meeting. The principal functions of the board will be to carry out the business of the Issuer and to legally represent the Issuer in its dealings with third parties.

The following table sets forth the names, ages and titles of the members of the board of directors of the Issuer.

Name	Age	Title
Andrea Moneta	56	Chairman
Michele Rabà	37	Director
Michela Cassano	34	Director

The business address of each member of the board of directors of the Issuer is Via Alessandro Manzoni 38, 20121 Milan, Italy.

Set out below are brief biographies of the members of the board of directors of the Issuer:

Andrea Moneta is a Senior Advisor, Italy to Apollo and has been an Operating Partner in Private Equity Financial Services for Apollo since 2015. In these capacities, he promotes and coordinates Apollo's businesses in the Italian market, and serves on the board of directors of the PE portfolio companies including Amissima Group (chair), Lottomatica (chair), and Nova Kreditna Banka Maribor (NKBM). Before joining Apollo, Mr. Moneta worked, among other positions, as CEO EMEA for Aviva, CEO CEE and Group CFO for UniCredit, and Head of Strategic Planning for the European Central Bank. Mr. Moneta has held executive and non-executive board positions in more than 35 listed and non-listed companies across several Western European countries, CEE, Ukraine, Russia, Turkey and the Middle East. He holds honors degrees in Politics and Economics (*magna cum laude*) and in Business Administration from University Federico II. Additionally, Mr. Moneta qualified as a chartered accountant (*Dottore Commercialista*) from the Italian Ministry of University and Research and accounting auditor (*Revisore Contabile*) from the Italian Ministry of Justice.

Michele Rabà is a Partner at Apollo, having joined in 2010. Since he joined Apollo, Michele Rabà had been involved in various private equity transactions, including Gala Coral, Braas Monier, Watches of Switzerland, NKBM, Oldenburgische Landesbank and Lottomatica. Mr. Rabà currently serves on the board of directors of Italian gaming company Lottomatica, as a supervisory board member of Slovenian bank NKBM, and leasing company Summit Leasing Slovenia. He is a former board member of Watches of Switzerland and KBS Banka. Prior to joining Apollo, Mr. Rabà was with Goldman Sachs International in the Financial Institutions Group within the Investment Banking Division, based in London. Mr. Rabà graduated from Bocconi University where he earned both his BA in Financial Institutions and Markets and his MSc in Finance. In 2019, Mr. Rabà was selected by Private Equity News and Financial News as one of the 25 rising stars of European private equity.

Michela Cassano is a tax and corporate consulting professional at Studio Vanzetta & Associati in Italy, having joined in 2014. Before joining Studio Vanzetta & Associati, she worked for the accounting firm PwC in Italy. Ms. Cassano graduated with a degree in Economics and Corporate Law from Università Commerciale Luigi Bocconi in 2011. Ms. Cassano is registered with the Order of Chartered Accountants of Milan and in the Register of Auditors. She currently serves as the chairman of the board of directors of Go Gold 2 S.r.l and Il Bramante S.r.l., director of Amapola S.p.A., Gamma BidCo S.p.A., Gamma MidCo S.p.A. and Posidonia S.r.l. and the sole director of Valeriana S.p.A. and Garda Tayton Licenceco S.r.l. Previously Ms. Cassano has served as a director of Go Gold 1 S.r.l. and Crown Serravalle S.r.l.

RdM Group

The following is a summary of certain information concerning the management of RdM and certain provisions of the by-laws (*statuto*) of RdM, and of Italian law, regarding corporate governance. This summary is qualified in its entirety by reference to such by-laws and Italian law. See "*Listing and General Information*" for information on how to obtain a copy of our by-laws.

RdM is a joint stock company (società per azioni) organized under the laws of Italy and managed by a board of directors (*Consiglio di Amministrazione*) (the "**Board of Directors**"). The Board of Directors, within the limits prescribed by Italian law, has the power to delegate its general authority to an executive committee or one or more managing directors. The Board of Directors determines the powers of the Chief Executive Officer. In addition, the Italian Civil Code requires us to have a board of statutory auditors (*Collegio Sindacale*) (the "**Board of Statutory Auditors**") which functions as a supervisory body.

Board of Directors

In accordance with Article 12 of the by-laws in force, RdM is managed by the Board of Directors currently composed of 7 members. Pursuant to RdM's by-laws, the members of the Board of Directors are appointed by the shareholders of RdM at ordinary shareholders' meetings up to a three-year term expiring on the date of the ordinary shareholders meeting called to approve the financial statements for the last financial year of their term. Eric Laflamme, Michele Bianchi, Laura Guazzoni and Giulio Antonello were appointed by the shareholders' meeting held on April 29, 2020 and will hold their office until the approval by the shareholders' meeting of the financial statements for the year ended on December 31, 2022. Marc Becker, Monta Ozolina and Jordan Lubkeman were appointed on October 26, 2021 pursuant to Article 2386 of the Italian Civil Code by the Board of Directors and will hold their office until the next shareholders' meeting pursuant to Article 2386, paragraph 1, of the Italian Civil Code, which has been convened on December 9, 2021 first call and December 10, 2021, second call.

The following table sets forth the names, ages and titles of the members of the Board of Directors:

Name	Age	Title
Eric Laflamme(*)(**)	57	Director and Chairman
Michele Bianchi	50	Director and Chief Executive Officer
Laura Guazzoni(*)	56	Director
Giulio Antonello(*)	53	Director
Marc Becker	49	Director
Monta Ozolina	30	Director
Jordan Lubkeman	27	Director

(*) Non-executive Director

(**) Has agreed to resign with effect as of the earlier of (x) 45 (forty-five) calendar days as of the closing of the Private Acquisition, and (y) the end of the day before the date of the next ordinary shareholders' meeting of the Company.

The business address of each member of the Board of Directors is RdM registered address at Viale Isonzo 25, 20135 Milan, Italy. Set out below are brief biographies of the members of RdM Board of Directors.

Eric Laflamme is Chairman (non-executive) of our Board of Directors. He is also President and owner of Gregso Packaging since 2013. Mr. Laflamme graduated with a Bachelor degree in Administration and IT from Sherbrooke University, QC, Canada.

Michele Bianchi is Chief Executive Officer of our Board of Directors. He is also CEO of R.D.M. Ovaro S.p.A. since 2016 and Chairman of the board of directors of PAC Service S.p.A. (from 2017). Additionally, Mr. Bianchi is Chairman of the board of directors of R.D.M. Blendecques S.A.S., R.D.M. Marketing Hungary KFT and R.D.M. Marketing France S.A.S. as well as managing director of R.D.M. Marketing Germany GmbH, R.D.M. Marketing U.K. Ltd. and R.D.M. Marketing Czech Republic S.R.O. Mr. Bianchi formerly worked as managing director at DS Smith (2015 – 2016) and SCA/DS Smith Packaging (2011 – 2014) as well as technology and marketing director at SCA Packaging Europe (2009 – 2011). Mr. Bianchi is president (from 2020) and advisory board member (from 2016) of CEPI Cartonboard (European Association of Cartonboard Manufacturers). He also holds advisory board member positions with Comieco (from 2012) (where he was also Vice President from 2018 – 2021), Assocarta (from 2011), Pro Carton (from 2016), WCO (from 2015) and Federazione Carte e Grafica (from 2017). Mr. Bianchi graduated with a Masters degree in Chemical Engineering from the University of Pisa.

Laura Guazzoni is a member (non-executive Director) of our Board of Directors. She is also a member of our Supervisory Board, the Control and Risks Committee and the Related Entities Committees. Additionally, Ms. Guazzoni is Chairman of board of directors of Be Cause Sicaf S.p.A. and BG Saxo Sim S.p.A (both from 2020) and independent director of RdM (from 2015), OpenJobMetis S.p.A. (from 2021) and Generfid S.p.A. (from 2018). She was independent director at Retelit S.p.A. between 2015 and 2018. Ms. Guazzoni holds the position of Chairman of Board of Statutory Auditor at Leonardo International S.p.A. (from 2018), Campus Bio Medico S.p.A. (from 2018), AgustaWestland S.p.A. (from 2014), Milanofiori Energia S.p.A. (from 2013) and Gas Plus S.p.A. (from 2021) and is a statutory auditor at Alfiere S.p.A. (from 2021), Bracco Imaging Italia S.r.l. (from 2018), Cemital S.p.A. (from 2019), Centro Diagnostico Italiano S.p.A. (from 2015), Accademia S.p.A. (from 2019), SC Sviluppo Chimica S.p.A. (from 2019), Centro Reach S.r.l. (from 2007), Certiquality S.r.l. (from 2020), Lauro Dodici S.p.A. (from 2007), Sace BT S.p.A. (from 2017), Bionics S.r.l. (from 2015) and F&P Group S.r.l. in liquidazione (from 2019) as well as court liquidator at Lavinia S.r.l. in liquidazione. Since 1991, Ms. Guazzoni has been enrolled in the Register of Chartered Accountants of Milan, since 1996 in the Register of Auditors and since 1997 in the Register of Consultants of the Judge of the Court of Milan, where she collaborates as Technical Consultant in financial, valuation and administrative matters. Ms. Guazzoni holds a degree in Economics and Management from Bocconi University in Milan.

Giulio Antonello is a member (non-executive Director) of our Board of Directors. He is also a member of our Remuneration, Related Entities, Appointments and Control and Risks Committees. Mr. Antonello holds a position of president at Riserva San Massimo since 2005, a director at Financiere Phone 1690 SA since 2014 and investment advisor at Auriga Partners SA since 2019. In the past, he was also a director at Eurotech S.p.A. and Go Internet S.p.A. Mr. Antonello graduated with a BSc degree from the University of Pennsylvania's Wharton School of Business and a Masters degree in International Affairs from Columbia University.

Marc Becker is a Senior Partner at Apollo, based in New York, having joined in 1996. Prior to joining Apollo in 1996, Mr. Becker was employed by Smith Barney Inc. within its Investment Banking division. Mr. Becker is Chairman of the board of directors of ADT Inc. Mr. Becker is actively involved in a number of non-profit organizations and serves as a board member of the TEAK Fellowship and Park Avenue Synagogue. Previously, Mr. Becker has also served on the board of directors of OneMain Holdings Inc., Sun Country Airlines Holdings, Inc., CEVA Holdings LLC, Pinnacle Agriculture Holdings, LLC, Realogy Holdings Corp., Mount Sinai Children's Center Foundation, and Vantium Management L.P. Mr. Becker graduated cum laude with a BSc degree in Economics from the University of Pennsylvania's Wharton School of Business.

Monta Ozolina is a Principal at Apollo, having joined in 2016 in Private Equity. Since 2020, Ms Ozolina is a director and member of the management board of New VAC Ultimate Holdings B.V. From July 2014 to July 2016, Ms. Ozolina was an investment banking analyst in the Financial Institutions Group at Goldman Sachs. Monta Ozolina graduated summa cum laude from the University of Pennsylvania's Wharton School of Business with a BSc degree in Economics, with concentrations in Finance and Accounting.

Jordan Lubkeman is a Senior Associate on the Impact Investing team at Apollo. Ms. Lubkeman joined Apollo in 2018 as an Associate in the Private Equity group. She also co-chairs MOSAIC at Apollo, the firm's ethnic diversity employee affinity network and resource group. Prior to Apollo, Ms. Lubkeman was an analyst in the Financial Sponsors Group at Credit Suisse. She graduated magna cum laude from Princeton University with a Bachelor of Arts degree in Ecology & Evolutionary Biology and was elected to Phi Beta Kappa.

Powers and Responsibilities

Pursuant to RdM by-laws, the management of RdM's business is the exclusive responsibility of the directors, who may perform all acts that they consider necessary for the achievement of RdM's corporate purpose, except for those actions reserved by law or the by-laws for the shareholders' meeting. In particular, the Board of Directors has the ability to take all actions it deems appropriate to achieve the objectives of RdM. Subject to the limitations of applicable Italian law, the Board of Directors may delegate its powers to an executive committee or one or more directors. Pursuant to RdM by-laws, meetings of the Board of Directors require a quorum of the majority of directors. Resolutions are generally adopted by a simple majority of directors present at the meeting.

The chairman of the Board of Directors and, within the limit of the powers granted to them, the executive directors, have the power to bind RdM in dealings with third parties and to represent it in court proceedings.

Board Committees

Within the RdM Board of Directors the following four committees have been established: Appointments Committee, Remuneration Committee, Control and Risks Committee, and Related Entities Committee.

The Appointments Committee is currently formed by Giulio Antonello (Chairman), Laura Guazzoni and Marc Becker. It has the following duties and responsibilities: (i) advising and submitting proposals to the Board of Directors with respect to size and composition of the same; (ii) making recommendations on the professional individuals whose presence on the board is considered appropriate, as well as on any issue concerning maximum number of appointments of directors in other companies and on exemptions from the non-competition clause pursuant to Art. 2390 of the Italian Civil Code; and (iii) proposing to the Board of Directors candidates for the office of director in cases of co-optation, where it is necessary to replace independent directors.

The Remuneration Committee is currently formed by Giulio Antonello (Chairman), Gloria Marino and Marc Becker. It has the following duties and responsibilities: (i) advising and submitting proposals to the Board of Directors with respect to the definition of the remuneration policies for directors and managers with strategic responsibilities; (ii) periodically checking, in coordination with the personnel department, the adequacy, overall consistency and concrete application of the principles defined within the policies, reporting to the Board of Directors; (iii) advising and submitting proposals to the Board of Directors regarding the remuneration of executive directors and other directors vested with special duties, as well as establishing performance targets related to the variable amount of this remuneration, monitoring of the decisions adopted by the board and verification of the actual achievement of the performance objectives; and (iv) advising and submitting proposals to the Board of Directors regarding the implementation of the stock grant plan established by the shareholders' meeting pursuant to Art. 114-bis of the Financial Services Act, with particular reference to the determination of the performance objectives underlying the plan itself.

The Control and Risks Committee is currently formed by Laura Guazzoni (Chairman) and Giulio Antonello. It has the following duties and responsibilities: (i) supporting, through adequate preliminary activities, the assessments and decisions of the Board of Directors regarding the adequacy of the internal control and risks management system and definition of the guidelines, as well as those relating to the approval of periodic financial reports; (ii) coordinating with the Board of Statutory Auditors, the Audit Firm, the Internal Audit Manager, as well as the Director in charge of the internal control and risks management system, and the Manager in charge of drafting accounting and corporate documents.

The Related Entities Committee, which is currently formed by Laura Guazzoni (Chairman) and Giulio Antonello, and satisfies the requirements established for such committee by Consob's resolution no. 17221 of March 12, 2010, is responsible for ensuring the transparency, and substantial and procedural correctness of transactions between RdM Group and related parties.

Senior Management

The following table sets forth the names, ages and titles of the members of the senior managers of RdM.

Name	Age	Title
Michele Bianchi	50	Chief Executive Officer
Luca Rizzo	56	Chief Financial Officer
Andrea Bettinelli	47	Head of Strategy
Ulf Tillman	56	Head of Innovation and Sustainability
Pierre-Yves Corbiere	55	Chief Sales Officer
Gianluca Scaglioni	52	Head of Operations

The following is biographical information for the senior management of our Group.

Michele Bianchi, see "*— RdM — Board of Directors.*"

Luca Rizzo is Chief Financial Officer at RdM since 2016. Mr Rizzo previously worked as managing director (2013 – 2017) and CFO (2012 – 2013) at DS Smith and CFO (1998 – 2012), group controller (1996 – 1998) and plant controller (1994 – 1996) at SCA Packaging. Mr Rizzo graduated with a degree in economics from Bocconi University.

Andrea Bettinelli is Head of Strategy at RdM since 2018. Mr. Bettinelli previously was group controlling and reporting director at RdM (2009 – 2018). Prior to joining RdM, Mr. Bettinelli was controlling manager at Controls (2007 – 2009), financial controller at IGP Decaux — RCS Mediagroup and auditor at Grant Thornton (2000 – 2003). Mr. Bettinelli graduated with a degree in Managerial Economics from Liuc University.

Ulf Tillman is Head of Innovation and Sustainability at RdM. Mr. Tillman previously worked as Sustainability, Energy, Environment, Health & Safety and Risk Management director (2002 – 2012) at Ikea and research engineer and senior R&D advisor (1990 – 2001) at SCA Packaging. Mr.Tillman completed his education in Chemical Engineering at Lunds Tekniska Hogskola University.

Pierre-Yves Corbière is Chief Sales Officer at RdM. Mr. Corbière previously worked as sales director (2019 – 2020) and managing director (2013 – 2019) at Smurfit Kappa, managing director at CHEP Europe (2007 – 2010) and in varous sales/manamgent roles at Kappa Packaging (1999 – 2007). Mr. Corbière graduated with a degree in Physics from Rouen University.

Gianluca Scaglioni is Head of Operation at RdM. He previously worked as mill manager at Cham Paper (2012 – 2016) and in various roles in operations and supply chain at CPG, Cartiera di Carmignano and Cartiera Villa Lagarina. Mr. Scaglioni graduated with a degree in Mechanical Engineering from Brescia University.

Compensation

The aggregate compensation to the members of the Board of Directors and senior management amounted to €1,458,634 for the twelve months ended on December 31, 2020 (2019: €1,416,090; 2018: €960,210).

Management Equity Plan

It is expected, as is customary in similar transactions, that a management equity plan will be adopted at the level of Rimini TopCo S.p.A.

The ordinary meeting of RdM on April 29, 2020 approved, among other things, a medium / long-term incentive plan reserved to the managing director and to executives with strategic responsibilities concerning the assignment, free of charge, up to a maximum of 2,070,000 ordinary shares of RdM (the "**Stock Grant Plan**"). In particular, the regulation of the Stock Grant Plan provides for a three-year duration for the financial years 2020-2021-2022 and the allocation of ordinary shares of RdM subject to: (i) verification by

RdM's Board of Directors of the achievement of specific performance objectives for each financial year included in the three-year period of reference, as well as (ii) the fact that the beneficiaries of the Stock Grant Plan maintain their respective offices / employment relationships in RdM.

Pursuant to the regulation of the Stock Grant Plan, in the event of a change of control, direct or indirect, of RdM or in the event that RdM's shares cease to be traded on a regulated market (delisting), at the sole discretion of the Board of Directors of RdM and with the abstention of the managing director, the shares may be attributed to the beneficiaries, in advance of the terms set out in the Stock Grant Plan. In this case, RdM's Board of Directors is responsible for defining the terms and conditions for the allocation of these shares.

Board of Statutory Auditors

Pursuant to applicable Italian law, RdM has appointed a board of statutory auditors (the "**Board of Statutory Auditors**") whose objective is to oversee RdM's compliance with applicable law and with its by-laws, monitor the implementation of best practices, and assess the adequacy of the internal controls and accounting reporting systems at RdM, as well as the adequacy of the supply of information to its subsidiaries.

In accordance with Article 19 of the by-laws in force, the Board of Statutory Auditors comprises three statutory auditors and two alternate auditors. Members of the Board of Statutory Auditors are appointed by the shareholders of RdM 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. At least one of the statutory auditors and one of the alternate auditors must be selected among legal auditors registered with the relevant special registry. Members of the Board of Statutory Auditors may be removed only for a valid reason and with the approval of an Italian court. All members of the Board of Statutory Auditors were appointed by the shareholders' meeting held on April 29, 2021 and will hold their office until the approval by the shareholders' meeting of the financial statements for the year ended on December 31, 2023.

The following table sets forth the names, ages and titles of the members of the Board of Statutory Auditors.

Name	Age	Title
Diana Rizzo	62	Chairperson – Statutory Auditor
Giancarlo Russo Corvace	68	Statutory Auditor
Tiziana Masolini	47	Statutory Auditor
Domenico Maisano	52	Alternate Auditor
Alessandra Pederzoli	47	Alternate Auditor

PRINCIPAL SHAREHOLDER

Issuer

The Issuer is a joint stock company (*società per azioni*) incorporated under laws of Italy, with registered office in Via Alessandro Manzoni 38, 20121 Milan, Italy, under registration number and fiscal code with the Companies' Register of Milan (*Milano-Monza-Brianza-Lodi*) 11853400965, whose share capital amounts to €50,000.00 and is divided into 50,000 ordinary shares each with a nominal value of €1.00. As of November 29, 2021, the Issuer holds directly 295,761,812 ordinary shares in the share capital of RdM, representing 78.285% of the issued share capital of RdM.

RdM

The share capital of RdM is €140,000,000.00, divided into 377,800,994 shares (of which 377,568,824 are ordinary shares and 232,170 are convertible savings shares), all with no nominal value and fully paid-up. As of November 29, 2021, RdM is 78.285% owned by the Issuer.

Our Principal Shareholder

The Issuer was formed on behalf of funds (the "**Apollo Funds**") managed by Apollo Impact Mission Management, L.P. (together with Apollo Global Management, Inc. and its subsidiaries and affiliates, "**Apollo**"). Apollo is a publicly listed (NYSE: APO) high-growth, global alternative asset manager with offices around the world and with a focus on three business strategies: yield, hybrid and equity. As of September 30, 2021, Apollo had approximately $481 billion of assets under management.

RELATED PARTY TRANSACTIONS

The Issuer is a holding company formed for the purpose of facilitating the Transactions and is not expected to engage in any activities other than those related to the Share Acquisitions, the Refinancing and the Merger. The Issuer's only material assets and liabilities are currently, and are expected in the future to be up until the Merger, cash and cash equivalents, its interest in the issued and outstanding shares of its subsidiaries and its outstanding indebtedness and intercompany balances incurred in connection with the Acquisition and the Refinancing and the other transactions described in the Offering Memorandum. We do not present in this Offering Memorandum any financial information or financial statements of the Issuer, except for certain limited "as adjusted" financial information presented on a consolidated basis to reflect certain effects of the Transactions.

Overview

The Issuer did not have any related party transactions for the periods presented in this Offering Memorandum.

In the future, transactions with related parties identified in accordance with the criteria defined in *IAS 24 — Related Party Disclosures* are expected to be mainly of a commercial and financial nature and to be performed under normal market conditions in the relevant markets.

Although related party transactions will be performed under normal market conditions, there is no guarantee that, if they were concluded between or with third parties, such third parties would have negotiated and entered into such contracts, or performed the operations provided for therein, under the same conditions and using the same methods.

Related Parties

We currently have relationships with the following related parties:

- Shareholders — companies holding the Issuer's share capital; and
- Key Management Personnel — executives and managers with strategic responsibilities.

For information related to the remuneration of members of our corporate bodies and senior management, see *"— Management."*

Subsequent to September 30, 2021 and to the date of this Offering Memorandum, we have not entered into any related party transactions other than as set out in this section.

For information related to the related parties and related party transactions of the RdM Group, see the related party transactions notes in the RdM Group Audited Consolidated Financial Statements and the RdM Group Unaudited Interim Condensed Consolidated Financial Statements included elsewhere in this Offering Memorandum.

Affiliate Transactions after the Issue Date

On and after the Issue Date, our transactions with our affiliates will be subject to the affiliate transactions covenant under the Indenture and the Revolving Credit Facility Agreement. See "*Description of the Notes — Certain Covenants — Transactions with Affiliates.*"

The Indenture will include a provision to, among others, allow for the payment of Apollo management, consulting, monitoring or advisory fees in an aggregate amount not to exceed the greater of €2.5 million and 2% of EBITDA of the Issuer and its restricted subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation, plus among others all reasonable out-of-pocket costs and expenses. Apollo may enter into management or advisory agreements with us. See for further information "*Description of the Notes.*"

Transaction Fee Agreements

In connection with the Transactions, an affiliate of Apollo or any of its affiliates may, from time to time, enter into customary transaction fee agreements with the Issuer or any of its affiliates relating to the provision of certain preparation services in furtherance of the Transactions and/or future acquisitions or similar transactions following the Transactions.

DESCRIPTION OF CERTAIN FINANCING AND GUARANTEE ARRANGEMENTS

The following summary of our significant indebtedness after giving effect to the Refinancing does not purport to be complete and is subject to, and qualified by, the underlying documents. Unless otherwise defined in this Offering Memorandum or unless the context requires otherwise, terms defined in the Revolving Credit Facility Agreement and the Intercreditor Agreement will have the same meanings when used in this section.

Revolving Credit Facility Agreement

Agreement Overview and Structure

On or about the Issue Date, the Issuer as original borrower and original guarantor, the lenders party thereto, Barclays Bank PLC as agent and The Law Debenture Trust Corporation p.l.c. as security agent will enter into the super senior revolving facilities agreement (the "**Revolving Credit Facility Agreement**").

The Revolving Credit Facility Agreement provides for borrowings up to an aggregate principal amount of €75 million on a committed basis. The Revolving Credit Facility may be utilized by any current or future borrower under the Revolving Credit Facility in euro or certain other currencies by the drawing of cash advances, the issue of bank guarantees and similar instruments (including letters of credit and performance bonds) and/or by way of ancillary facilities. Subject to certain exceptions, loans may be borrowed, repaid and re-borrowed at any time. The borrowings will be available to be used (i) to finance certain fees, costs and expenses related to or incurred or charged in connection with the Refinancing and/or (ii) for general corporate and working capital purposes.

All borrowings under the Revolving Credit Facility will be subject to closing of the Offering and other customary conditions.

Additional Facilities

The Revolving Credit Facility Agreement contemplates the incurrence of additional uncommitted revolving facilities in a maximum amount not to exceed (together with the initial revolving commitments) the greater of €100 million and 100% of EBITDA whether as a new commitment or facility or as an additional tranche of any existing facility or by increasing the commitments under an existing facility. Such additional facilities may rank pari passu with or junior (but not senior) in right of payment to the Revolving Credit Facility. The lenders of any such additional facilities shall not have the benefit of (x) guarantees from any member of the Group which is not an Obligor (as defined in the Revolving Credit Facility Agreement) or (y) security over assets other than the Transaction Security (as defined in the Revolving Credit Facility Agreement), except where the same security (to the extent permitted by law) is granted in respect of the other facilities under the Revolving Credit Facility. The all-in-yield for additional facilities incurred in the 12-month period after the Completion Date is subject to certain "**most-favored nation**" protections for the lenders of the Revolving Credit Facility.

The availability, maturity, pricing and other terms of any additional facility will be those agreed between the Issuer and the relevant lenders of that additional facility, provided that no additional facility may have a maturity date that is earlier than the maturity date of the Revolving Credit Facility.

Availability

The Revolving Credit Facility may, subject to satisfaction of customary conditions precedent, be utilized from the Completion Date (as defined in the Revolving Credit Facility Agreement) until the date falling one month prior to the maturity date of the Revolving Credit Facility.

Borrowers and Guarantors

The Issuer is the original borrower and original guarantor under the Revolving Credit Facility. A mechanism is included in the Revolving Credit Facility Agreement to enable certain of the Issuer's subsidiaries to accede as a borrower and/or a guarantor under the Revolving Credit Facility subject to certain conditions. The Revolving Credit Facility Agreement requires that RdM accede as an additional borrower and a guarantor a certain period after the Completion Date (subject to agreed security principles). The Revolving Credit Facility Agreement also requires that each company in the Group as is necessary to ensure that the Guarantor Coverage Test (as defined below) is met becomes a guarantor within a certain period after the Completion Date (subject to agreed security principles) and in the future certain other entities as needed for the Guarantor Coverage Test to be met will also need to become guarantors (subject to agreed security principles).

Maturity and Repayment Requirements

The Revolving Credit Facility matures on the earlier of (1) the date that is 4.5 years after the Completion Date and (2) the date falling six months prior to the maturity of the Notes. Each advance will be repaid on the last day of the interest period relating thereto, subject to a customary netting mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility must be repaid in full on the maturity date for the Revolving Credit Facility.

Amounts repaid by the borrowers on loans made under the Revolving Credit Facility may be re-borrowed during the availability period for that facility, subject to certain exceptions.

Interest Rate and Fees

The interest rate on cash advances under the Revolving Credit Facility will be the rate per annum equal to the aggregate of the applicable margin and EURIBOR, or in relation to cash advances in sterling, SONIA, or in relation to cash advances in U.S. dollars, SOFR (as each term is defined in the Revolving Credit Facility Agreement). The initial margin under the Revolving Credit Facility will be 3.50%. Beginning from delivery of compliance certificate with respect to the third full financial quarter after the Completion Date, provided no Event of Default (as defined in the Revolving Credit Facility Agreement) in respect of non-payment, insolvency or breach of the financial covenant has occurred and is continuing, the margin on the loans may be reduced if the Consolidated Senior Secured Debt Ratio (as defined in the Revolving Credit Facility Agreement) is within a certain range.

A commitment fee will be payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from (and including) the Completion Date (as defined in the Revolving Credit Facility Agreement) to (and including) the last day of the availability period for the Revolving Credit Facility at a rate equal to 30% of the applicable interest rate margin. The commitment fee will be payable quarterly in arrears, on the last day of the availability period of the Revolving Credit Facility and on the date the Revolving Credit Facility is cancelled in full or on the date on which a lender cancels its commitment. No commitment fee shall be payable unless the Completion Date occurs.

Default interest will be calculated as an additional 1% on the overdue amount.

The Issuer is also required to pay the agreed agency fees to the agents in connection with the Revolving Credit Facility and will pay any separately agreed upfront fees or underwriting fees to the mandated lead arrangers in connection with the Revolving Credit Facility.

Guarantees

Subject to Agreed Security Principles and certain significant limitations under applicable laws, the Issuer and the other Obligors that accede to the Revolving Credit Facility Agreement from time to time will provide senior guarantees of all amounts payable to (x) the Finance Parties (as defined in the Revolving Credit Facility Agreement) by the Issuer as original borrower and original guarantor, or as applicable, any of the Issuer's Subsidiaries (including RdM) which accede to the Revolving Credit Facility Agreement as an additional borrower or an additional guarantor and (y) the hedging banks under certain secured hedging agreements (pursuant to the Intercreditor Agreement).

The Revolving Credit Facility Agreement requires that (subject to agreed security principles), within a certain period after the Completion Date, such subsidiaries of the Issuer as is necessary to ensure that the guarantors represent not less than 80% of the Consolidated EBITDA (as defined in the Revolving Credit Facility Agreement), any Material Company (as defined in the Revolving Credit Facility Agreement) incorporated in a Security Jurisdiction (which will comprise Italy, Germany and the Nether lands) and any direct holding company (provided that it is a member of the Group) of such subsidiaries incorporate in a Security Jurisdiction (subject to certain exceptions) (the "**Guarantor Coverage Test**") will be required to become guarantors under the Revolving Credit Facility Agreement. For the avoidance of doubt, the foregoing initial Guarantor Coverage Test will be satisfied by the Accession Date Additional Guarantors becoming guarantors under the Revolving Credit Facility.

Furthermore, if on the last day of each financial year of the Issuer, the Guarantor Coverage Test is not met, within 90 days of delivery of the annual financial statements for the relevant financial year, other subsidiaries of the Issuer (subject to agreed security principles and certain other exceptions) are required to become guarantors until the Guarantor Coverage Test is satisfied (to be calculated as if such additional guarantors had been guarantors on the last day of the relevant financial year).

Security

It is expected that from and after the Completion Date, the Notes (subject to agreed security principles) will be secured by the same collateral that secures the Revolving Credit Facility (other than the Escrow Account Charge), as further described in the section entitled "*Description of the Notes — Security; the Collateral*."

Under the terms of the Intercreditor Agreement, proceeds from the enforcement of the collateral (whether or not shared with the holders of the Notes) will be required to be applied to repay indebtedness outstanding under the Revolving Credit Facility in priority to the Notes.

Representations and Warranties

The Revolving Credit Facility Agreement contains certain customary representations and warranties (with certain representations and warranties being repeated), subject to certain customary materiality, knowledge and other qualifications, exceptions and baskets, including: (i) status; (ii) binding obligations; (iii) non-conflict with constitutional documents, laws or other obligations; (iv) power and authority; (v) validity and admissibility in evidence/authorizations; (vi) governing law and enforcement; (vii) insolvency; (viii) no default; (ix) accuracy of information in the Offering Memorandum and good faith forecasts and projections in the base case model; (x) financial statements; (xi) no proceedings pending or threatened; (xii) no breach of laws; (xiii) compliance with environmental laws; (xiv) taxation; (xv) group structure chart; (xvi) good title to assets; (xvii) intellectual property; (xviii) shares and ownership interests; (xix) sanctions and anti-corruption; (xx) no filing or stamp taxes; (xxi) centre of main interests; (xxii) structure memorandum; (xxiii) pari passu ranking; (xxiv) holding companies; and (xxv) anti-terrorism.

Covenants

The Revolving Credit Facility Agreement contains certain of the same incurrence covenants and related definitions (with certain customary adjustments) that apply to the Notes. In addition, the Revolving Credit Facility also contains certain affirmative and negative covenants customary for transactions of this type. Set forth below is a brief description of such covenants, all of which are subject to customary materiality, knowledge or other qualifications, exceptions and baskets.

Affirmative Covenants

The affirmative covenants include, among others: (i) providing certain financial information, including annual audited and quarterly financial statements (in a manner consistent with the reporting to be provided to the holders of the Notes) and compliance certificates; (ii) authorizations, (iii) compliance with laws; (iv) payment of taxes; (v) preservation of material assets; (vi) maintenance of pari passu and priority and payment ranking of the Revolving Credit Facility; (vii) maintenance of Guarantor Coverage Test; (viii) further assurance provisions; (ix) segregation of assets; and (x) notes purchase condition.

Negative Covenants

The negative covenants include restrictions, among others, with respect to: (i) changing the centre of main interest of a borrower or guarantor; (ii) sanctions and anti-corruption; (iii) holding companies; and (iv) no change in tax residency. Otherwise, the negative covenants in the Revolving Credit Facility are substantially the same as the negative covenants in the Indenture.

Mandatory Prepayment Requirements upon a Change of Control

The Issuer is required to notify the agent under the Revolving Credit Facility Agreement of a Change of Control (as defined in the Revolving Credit Facility Agreement), including the sale of all or substantially all of the assets of the Group whether in a single transaction or a series of related transactions, following which each lender under the Revolving Credit Facility Agreement is entitled to notify the Issuer requiring repayment of all outstanding amounts owed to that lender and the cancellation of that lender's commitments.

Financial Covenant

The Revolving Credit Facility contains a financial covenant providing that the Issuer shall ensure that the Consolidated Senior Secured Debt Ratio (as defined in the Revolving Credit Facility Agreement) in respect of each testing period (beginning after three full financial quarters have elapsed after the Completion Date) shall not exceed 8.0:1, which shall not be tested unless the aggregate outstanding amount of all loans under the Revolving Credit Facility Agreement (subject to certain exceptions as set out in the Revolving Credit Facility Agreement) exceeds 40% of the greater of (x) the Total Revolving Facility Commitments (as defined in the Revolving Credit Facility Agreement) at the date of the Revolving Credit Facility Agreement and (y) the Total Revolving Facility Commitments outstanding on such a financial quarter end date.

Events of Default

The Revolving Credit Facility Agreement provides for some of the same events of default, with certain customary adjustments, as under the Notes. In addition, the Revolving Credit Facility provides for certain customary events of default, all of which are subject to customary materiality and other qualifications, exceptions, baskets and/or grace periods. The events of default include: (i) failure to pay amounts when due subject to grace periods; (ii) failure to comply with the financial covenant, subject to equity cure rights; (iii) failure to comply with any other provision of the Revolving Credit Facility Agreement and/or any other Finance Document subject to a 30 business day grace period; (iv) representations or warranties are found to be untrue or misleading when made or deemed repeated subject to a 30 business day grace period; (v) (a) cross-payment default to other debt if in excess of €30.0 million and (b) cross-acceleration to such other debt; (vi) unlawfulness and invalidity subject to a 30 business day grace period; (vii) failure to comply with a material term of, or breach of representation or warranty by certain parties under, the Intercreditor Agreement subject to a 30 business day grace period; (viii) expropriation; and (ix) repudiation and rescission.

Governing Law

The Revolving Credit Facility Agreement is governed by English law provided that the information undertakings, negative covenants, events of default and New York law definitions listed in the relevant schedules to the Revolving Credit Facility Agreement are interpreted in accordance with the law of the State of New York.

Intercreditor Agreement

To establish the relative rights of the Senior Secured Parties (as defined below), the Future Second Lien Creditors (as defined below), the Future Unsecured Creditors (as defined below), the Issuer, TopCo, the Guarantors and any future guarantors in respect of the Notes (redefined in this description as the "**Senior Secured Notes**") and any obligor in respect of the Revolving Credit Facility or other Super Senior Lender Liabilities (as defined below), Future Pari Passu Debt (as defined below), Future Second Lien Debt (as defined below) and Future Unsecured Debt (as defined below) (collectively, the "**Debtors**"), the Intragroup Lenders (as defined below), Third Party Security Providers (as defined below) and the Shareholder Subordinated Lenders (as defined below), the relevant parties will enter into an intercreditor agreement (the "**Intercreditor Agreement**") dated on or about the Issue Date. By accepting a Note, the relevant holder thereof shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement and shall be deemed to have authorized the Trustee (the "**Senior Secured Notes Trustee**") to enter into the Intercreditor Agreement on its behalf.

The following description is a summary of certain provisions, among others, that will be contained in the Intercreditor Agreement and which relate to the rights and obligations of the holders of the Senior Secured Notes. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the description that follows, defines certain rights of the holders of the Notes. Unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of the Revolving Credit Facility Agreement, the Intercreditor Agreement, and/or the Indenture (the "**Senior Secured Notes Indenture**"), the provisions of the Intercreditor Agreement will prevail.

Capitalized terms used and not defined herein shall have the meaning given to them in the Intercreditor Agreement.

Overview

The Intercreditor Agreement sets out, among other things:

- the relative ranking of certain debt (including guarantee obligations) of the Issuer and certain of its subsidiaries in respect of Revolving Credit Facility Liabilities and certain other Super Senior Lender Liabilities, the Senior Secured Note Liabilities, Future Pari Passu Liabilities, the Priority Arranger Liabilities, the Priority Creditor Representative Liabilities, the Super Senior Hedging Liabilities, the Pari Passu Hedging Liabilities, Future Second Lien Liabilities, Future Unsecured Liabilities, the Future Senior Subordinated Liabilities, the Non-Priority Arranger Liabilities, the Non-Priority Creditor Representative Liabilities, the Intra-Group Liabilities and the Shareholder Liabilities (each of the foregoing as defined below);
- the relative ranking of certain security granted by certain members of the Group (as defined below);
- when payments can be made in respect of certain indebtedness of the Group;
- when enforcement action (including acceleration and/or demand for payment and certain similar actions) ("**Enforcement Action**") can be taken, including in respect of the Transaction Security (as defined below);
- provisions relating to the making of any acceleration or demand for payment in respect of the Notes;
- the terms pursuant to which certain indebtedness will be subordinated upon the occurrence of certain insolvency events;
- the requirement to turnover amounts received from enforcement of the Transaction Security and certain guarantees, and the equalization of certain losses;
- when the Transaction Security and any guarantee(s) issued by certain Debtors or Third Party Security Providers will be released to permit an enforcement sale;
- the circumstances in which creditors' claims (including noteholders' claims against the Issuer) might be required to be transferred to third parties or released to assist in enforcement; and
- the order for applying proceeds from the enforcement of the Transaction Security, certain guarantees and other amounts received by the Security Agent.

Parties

The initial senior secured parties (together the "**Senior Secured Parties**") will include, among others, the agent under the Revolving Credit Facility (the "**Senior Agent**"), the Security Agent, the lenders, issuing banks and ancillary lenders under the Revolving Credit Facility (the "**RCF Lenders**"), the arrangers of the Revolving Credit Facility, and the Senior Secured Notes Trustee for the holders of the Senior Secured Notes.

The Intercreditor Agreement will also allow for accession by (1) creditors of future loan or bond indebtedness (that are not subordinated in right of payment to any Super Senior Liabilities (as defined below) or Senior Secured Notes Liabilities) incurred by the Issuer and/or the Debtors which is permitted, under the terms of the Revolving Credit Facility documents, the documentation governing any other Super Senior Lender Liabilities and the Senior Secured Notes documents, to share in the Transaction Security shared by the Senior Secured Parties (the "**Future Pari Passu Debt**") and (2) (A) hedge counterparties party to certain interest rate or foreign exchange hedging agreements that are secured on a super senior basis (the "**Super Senior Hedging Agreements**") (the "**Super Senior Hedging Banks**") by virtue of being designated as such and (B) hedge counterparties party to hedging exposure with respect to any Super Senior Lender Liabilities, any Senior Secured Note Liabilities or any Future Pari Passu Debt, other than the Super Senior Hedging Agreements (the "**Pari Passu Hedging Agreements**") (the "**Pari Passu Hedging Banks**" and, together with the Super Senior Hedging Banks, the "**Hedging Banks**"). Holders of Future Pari Passu Debt and such Hedging Banks are also Senior Secured Parties.

The Intercreditor Agreement will also allow for accession by creditors of future loan or bond indebtedness incurred by the Issuer and/or the Debtors which is permitted under the terms of the Revolving Credit Facility documents, the documentation governing any other Super Senior Lender Liabilities and the Senior Secured Notes documents, to share in the Transaction Security shared by the Senior Secured Parties on a junior ranking basis, and provided further that such future indebtedness complies with agreed parameters for the relevant class of such future indebtedness set out in the finance documents relating to the Revolving Credit Facility. Any such future indebtedness that is:

(1) subordinated to the debt owing to the Senior Secured Parties (the "**Senior Secured Debt**") and

complies with agreed parameters for second lien debt set out in the finance documents relating to the Revolving Credit Facility shall be "**Future Second Lien Debt**" for the purposes of the Intercreditor Agreement. Holders of Future Second Lien Debt are "**Future Second Lien Creditors**;"

(2) subordinated to the Senior Secured Debt, ranked after the Future Second Lien Debt in terms of any recoveries from Transaction Security which such future indebtedness is permitted to share and complies with agreed parameters for unsecured debt set out in the finance documents relating to the Revolving Credit Facility shall be "**Future Unsecured Debt**" for the purposes of the Intercreditor Agreement. Holders of Future Unsecured Debt are "**Future Unsecured Creditors**;" and

(3) subordinated to the Senior Secured Debt, ranked after the Future Second Lien Debt in terms of any recoveries from Transaction Security which such future indebtedness is permitted to share and complies with agreed parameters for senior subordinated debt set out in the finance documents relating to the Revolving Credit Facility shall be "**Future Senior Subordinated Debt**" for the purposes of the Intercreditor Agreement. Holders of Future Senior Subordinated Debt are "**Future Senior Subordinated Creditors**."

There will be a single Security Agent appointed to act at all times on behalf of all Senior Secured Parties, Future Second Lien Creditors, Future Senior Subordinated Creditors and Future Unsecured Creditors.

Neither the Issuer nor any of its Restricted Subsidiaries (each a member of the "**Group**") nor any shareholder of a member of the Group which is not otherwise party to (1) a document creating security in favor of the Senior Secured Parties, Future Second Lien Creditors, Future Senior Subordinated Creditors or the Future Unsecured Creditors or (2) the debt documents thereby secured, will be party to the Intercreditor Agreement save for:

(i) any shareholder of the Issuer in respect of any existing or future loan made to the Issuer (each a "**Shareholder Subordinated Lender**") (and the Intercreditor Agreement will contain subordination provisions and restrictions relating to the receivables owing from the Issuer to any Shareholder Subordinated Lender (the "**Shareholder Liabilities**")), and

(ii) certain members of the Group that lend to a Debtor (each an "**Intragroup Lender**") that will in certain circumstances accede to the Intercreditor Agreement with respect to the loans or indebtedness owing from such Debtor to such member of the Group in respect of intra- group loans (the "**Intra-Group Liabilities**"). The Intercreditor Agreement will contain subordination provisions relating to any Intra-Group Liabilities. However, Debtors will not be prohibited from incurring, amending or making payments in respect of any Intra-Group Liabilities until an acceleration event under the Revolving Credit Facility or the Senior Secured Notes Indenture (or other relevant debt) is continuing.

Ranking and Priority

Priority of Indebtedness

The Intercreditor Agreement will provide that the present and future moneys, debt, liabilities and obligations ("**Liabilities**"), as the case may be, in respect of the Revolving Credit Facility (the "**Revolving Credit Facility Liabilities**") and other Super Senior Lender Liabilities, the Senior Secured Notes (the "**Senior Secured Notes Liabilities**"), the Future Pari Passu Debt (the "**Future Pari Passu Liabilities**"), the amounts owing to the Super Senior Hedging Banks under the Super Senior Hedging Agreements (the "**Super Senior Hedging Liabilities**") and the amounts owing to the Pari Passu Hedging Banks under the Pari Passu Hedging Agreements (the "**Pari Passu Hedging Liabilities**") and certain costs and expenses of the Senior Secured Notes Trustee (the "**Senior Secured Trustee Liabilities**"), the arrangers of Senior Secured Debt that accede to the Intercreditor Agreement (the "**Priority Arranger Liabilities**") and the creditor representatives of Senior Secured Debt that accede to the Intercreditor Agreement (the "**Priority Creditor Representative Liabilities**") will rank equally (without preference among them) in right and priority of payment and in priority to the liabilities of the Debtors, as the case may be, in respect of the Future Second Lien Debt (the "**Future Second Lien Liabilities**"), Future Senior Subordinated Debt (the "**Future Senior Subordinated Liabilities**"), Future Unsecured Debt (the "**Future Unsecured Liabilities**"), the arrangers other than Priority Arranger Liabilities (the "**Non-Priority Arranger Liabilities**") and the creditor representatives other than the Priority Creditor Representative Liabilities (the "**Non-Priority Creditor Representative Liabilities**"), the Intra-Group Liabilities and the Shareholder Liabilities.

The Future Second Lien Liabilities, the Future Unsecured Liabilities, the Future Senior Subordinated Liabilities, the Non-Priority Arranger Liabilities and the Non-Priority Creditor Representative Liabilities will rank equally (without preference among them) in right and priority of payment, and in priority to the liabilities of the Debtors, as the case may be, in respect of the Intra-Group Liabilities and the Shareholder Liabilities. The Intra-Group Liabilities will rank in right and priority of payment senior to the Shareholder Liabilities.

Priority of Security

The Intercreditor Agreement shall provide that the Transaction Security shall rank and secure the following liabilities in the following order (and subject to the proceeds of such security being distributed in accordance with the Payments Waterfall, as defined below):

- **first**, the Revolving Credit Facility Liabilities and other Super Senior Lender Liabilities, the Super Senior Hedging Liabilities, the Pari Passu Hedging Liabilities, the Senior Secured Notes Liabilities, the Future Pari Passu Liabilities, the Priority Arranger Liabilities, the Priority Creditor Representative Liabilities and the Senior Secured Trustee Liabilities; and
- **second**, the Future Second Lien Liabilities, the Future Unsecured Liabilities, the Future Senior Subordinated Liabilities, the Non-Priority Arranger Liabilities and the Non-Priority Creditor Representative Liabilities, in each case to the extent that the Transaction Security is stated to secure such Liabilities.

If security is to be granted for Future Pari Passu Debt then, to the extent such Future Pari Passu Debt cannot be secured on a pari passu basis with the Senior Secured Debt without existing security first being released, the parties to the Intercreditor Agreement (the "**Parties**") agree that such Future Pari Passu Debt will (to the extent permitted by applicable law) be secured pursuant to the execution of additional security documents securing the same assets subject to the relevant security on a second-or lesser- ranking basis and such Future Pari Passu Debt will nonetheless be deemed and treated for the purposes of the Intercreditor Agreement to be secured by such security pari passu with Senior Secured Debt which would otherwise have the same ranking as contemplated above and any amounts to be applied towards such Future Pari Passu Debt shall be applied accordingly. In the event that it is not possible to permit the recreation of additional security documents as referred to above, no amendments or release of security under the existing security documents shall be permitted unless permitted under the documents thereby secured (including, for the avoidance of doubt, the retaking of any such security as required by the relevant secured document), or if not so permitted under a specific document, without the consent of the required creditors under that document.

If security is to be granted for Future Second Lien Debt then, to the extent such Future Second Lien Debt cannot be secured on a second ranking basis behind the Senior Secured Debt and/or on a pari passu basis with other Future Second Lien Debt without existing security first being released, the Parties agree that such Future Second Lien Debt will (to the extent permitted by applicable law) be secured pursuant to the execution of additional security documents securing the same assets subject to the relevant security on a lesser-ranking basis and such Future Second Lien Debt will nonetheless be deemed and treated for the purposes of the Intercreditor Agreement to be secured by such security as contemplated above and any amounts to be applied towards such Future Second Lien Debt shall be applied accordingly. In the event that it is not possible to permit the recreation of additional security documents as referred to above, no amendments or release of security under the existing security documents shall be permitted unless permitted under the documents thereby secured (including, for the avoidance of doubt, the retaking of any such security as required by the relevant secured document), or if not so permitted under a specific document, without the consent of the required creditors under that document.

If security is to be granted for Future Unsecured Debt then, to the extent such Future Unsecured Debt cannot be secured on a subordinated basis to the Senior Secured Debt and/or on a pari passu basis with other Future Unsecured Debt without existing security first being released, the Parties agree that such Future Unsecured Debt will (to the extent permitted by applicable law) be secured pursuant to the execution of additional security documents securing the same assets subject to the relevant security on a lesser-ranking basis and such Future Unsecured Debt will nonetheless be deemed and treated for the purposes of the Intercreditor Agreement to be secured by such security as contemplated above and any amounts to be applied towards such Future Unsecured Debt shall be applied accordingly. In the event that it is not possible to permit the recreation of additional security documents as referred to above, no amendments or release of security under the existing security documents shall be permitted unless permitted under the documents thereby secured (including, for the avoidance of doubt, the retaking of any such security as required by the relevant secured document), or if not so permitted under a specific document, without the consent of the required creditors under that document provided that in no event shall any security be granted to secure the Future Unsecured Liabilities unless such security is not prohibited by the Senior Secured Debt documents, the Future Pari Passu Debt documents or any Future Second Lien Debt documents to be granted in favor of the Future Unsecured Liabilities.

If security is to be granted for Future Senior Subordinated Debt then, to the extent such Future Senior Subordinated Debt cannot be secured on a subordinated basis to the Senior Secured Debt and/or on a pari passu basis with other Future Senior Subordinated Debt without existing security first being released, the Parties agree that such Future Senior Subordinated Debt will (to the extent permitted by applicable law) be secured pursuant to the execution of additional security documents securing the same assets subject to the relevant security on a lesser-ranking basis and such Future Senior Subordinated Debt will nonetheless be deemed and treated for the purposes of the Intercreditor Agreement to be secured by such security as contemplated above and any amounts to be applied towards such Future Senior Subordinated Debt shall be applied accordingly. In the event that it is not possible to permit the recreation of additional security documents as referred to above, no amendments or release of security under the existing security documents shall be permitted unless permitted under the documents thereby secured (including, for the avoidance of doubt, the retaking of any such security as required by the relevant secured document), or if not so permitted under a specific document, without the consent of the required creditors under that document provided that in no event shall any security be granted to secure the Future Senior Subordinated Liabilities unless such security is not prohibited by the Senior Secured Debt documents, the Future Pari Passu Debt documents or any Future Second Lien Debt documents to be granted in favor of the Future Senior Subordinated Liabilities.

Equivalent provisions to the three paragraphs above are included in the Intercreditor Agreement in respect of additional credit facilities that are to benefit from a similar position under the terms of the Intercreditor Agreement to that of the Revolving Credit Facility. See the section entitled "General" below.

Payments and Prepayments; Senior Secured Debt

The Debtors and Third Party Security Providers may make payments and prepayments in respect of the Revolving Credit Facility and other Super Senior Lender Liabilities, the Senior Secured Notes Liabilities and the Future Pari Passu Liabilities at any time in accordance with their terms, subject in certain circumstances to compliance with any conditions relating thereto described in the Revolving Credit Facility Agreement provided that following an acceleration event under the Revolving Credit Facility, other Super Senior Lender Liabilities debt document, the Senior Secured Notes Liabilities or the Future Pari Passu Debt Liabilities, payment in respect of such liabilities may only be made by members of the Group (and received by the creditors) in accordance with the Payments Waterfall.

Payments and Prepayments; Subordination of the Future Second Lien Debt

Prior to the discharge of all Senior Secured Debt, no Debtor or Third Party Security Provider may make payments in respect of the Future Second Lien Liabilities without the consent of the Majority Super Senior Creditors (as defined below) and, if following a Distress Event (as defined below) or when an event of default under the Senior Secured Notes Indenture or an event of default under the Future Pari Passu Debt documents is continuing, the Majority Senior Secured Parties (as defined below) except for, among others, the following:

(1) if:

(a) the payment is of:

(i) any of the principal or interest (including capitalized interest) amount of the Future Second Lien Liabilities which (1) is not prohibited from being paid by a Revolving Credit Facility or other Super Senior Lender Liabilities finance document, the Senior Secured Notes Indenture or any Future Pari Passu Debt finance document or (2) is paid on or after the final maturity date of the Future Second Lien Liabilities in the form of notes; or

(ii) any other amount (which is not an amount of principal or capitalized interest and default interest) on the Future Second Lien Liabilities accrued due and payable in cash in accordance with the terms of the relevant debt documents for the Future Second Lien Debt, including all additional amounts payable as a result of the tax gross up provisions relating to the Future Second Lien Liabilities and amounts in respect of currency indemnities in the relevant debt documents for the Future Second Lien Debt;

(b) no notice delivered pursuant to the terms of the Intercreditor Agreement blocking payments in respect of the Future Second Lien Liabilities (a "**Second Lien Payment Blockage Notice**") is outstanding; and

(c) no payment event of default under the Revolving Credit Facility or other Super Senior Lender Liabilities debt documents, and no payment event of default of €200,000 (or its equivalent in other currencies) or more in respect of the Senior Secured Notes Liabilities or Future Pari Passu Debt Liabilities, has occurred and is continuing (a "**Senior Payment Default**");

(2) the payment is in accordance with a provision in a Future Second Lien Debt document which is substantially equivalent to the illegality provisions, or provisions related to the right to repay individual creditors in certain circumstances, in each case, set out in the Revolving Credit Facility Agreement, and no acceleration event under the Revolving Credit Facility, other Super Senior Lender Liabilities debt documents, the Senior Secured Notes Liabilities or Future Pari Passu Debt Liabilities has occurred;

(3) costs, commissions, taxes, premiums, amendment, consent and/or waiver fees and expenses incurred in respect of (or reasonably incidental to) the Future Second Lien Liabilities (including in relation to reporting or listing requirements or any refinancing) in compliance with the Intercreditor Agreement, the Revolving Credit Facility or other Super Senior Lender Liabilities debt documents, the Senior Secured Notes documents and any Future Pari Passu Debt documents; provided that the aggregate of the foregoing in respect of amendment, consent and/or waiver fees and expenses does not exceed, as a percentage of the principal amount of the Future Second Lien Liabilities (or affected principal amount), the aggregate of any amendment, consent and/or waiver fees and expenses paid in relation to the Super Senior Liabilities and/or the Senior Secured Liabilities (calculated as a percentage of the principal amount of Super Senior Liabilities and/or the Senior Secured Liabilities (or affected principal amount));

(4) for so long as an event of default under the finance documents in respect of the Senior Secured Debt (a "**Senior Default**") is continuing, all or part of the Future Second Lien Liabilities being released or otherwise discharged solely in consideration for the issue of shares in any holding company of the Issuer (each a "**Future Second Lien Debt for Equity Swap**"), provided that (A) no cash or cash equivalent payment is made in respect of the Future Second Lien Liabilities by a member of the Group in consideration of such issuance (other than as would be otherwise permitted by another of the paragraphs in this section) and (B) any liabilities owed by a member of the Group to another member of the Group, the Shareholder Subordinated Lenders, the Intragroup Lenders or any other holding company of the Issuer that arise as a result of any such Future Second Lien Debt for Equity Swap are subordinated to the Super Senior Liabilities and Senior Secured Liabilities pursuant to the Intercreditor Agreement, and the Senior Secured Parties are granted Transaction Security in respect of those liabilities;

(5) amounts due under the Future Second Lien Debt documents to the Future Second Lien Debt Representative (as defined below); or

(6) commercially reasonable work fees and professional fees, costs and expenses for restructuring advice and valuations incurred by the Future Second Lien Debt Representative not covered in (5) above subject to an aggregate cap of €1,000,000 until the discharge of all the Senior Secured Debt.

Prior to the discharge of all the Senior Secured Debt, if a Senior Payment Default has occurred and is continuing, payments in respect of the Future Second Lien Liabilities (other than those consented to by the Majority Super Senior Creditors and, if following a Distress Event (as defined below) or when an event of default under the Senior Secured Notes Indenture or an event of default under the Future Pari Passu Debt documents is continuing, the Majority Senior Secured Parties (as defined below) and certain specified exceptions) are suspended.

Prior to the discharge of all the Senior Secured Debt, if a Senior Default (other than a Senior Payment Default) has occurred and is continuing, and the creditor representative of the Future Second Lien Creditors (the "**Future Second Lien Debt Representative**") has received a Second Lien Payment Blockage Notice from either the Senior Agent (or the creditor representative of other Super Senior Lender Liabilities) or the Senior Secured Notes Trustee or the representative of the Future Pari Passu Debt (as the case may be) (the "**Relevant Representative**"), from the date such Relevant Representative delivers a notice specifying the relevant Senior Default, payments in respect of the Future Second Lien liabilities (other than those consented to by the Majority Super Senior Creditors and, if following a Distress Event (as defined below) or when an event of default under the Senior Secured Notes Indenture or an event of default under the Future Pari Passu Debt documents is continuing, the Majority Senior Secured Parties (as defined below) and certain specified exceptions) are suspended until the earliest of:

(i) the date on which there is a waiver, remedy or cure of such Senior Default;

(ii) the date falling 120 days after the receipt by the Future Second Lien Debt Representative of the Second Lien Payment Blockage Notice;

(iii) the repayment and discharge of all obligations in respect of the Senior Secured Debt;

(iv) the date on which the Relevant Representative which issued the Second Lien Payment Blockage Notice (and, if at such time an event of default is continuing in relation to the Senior Secured Debt (other than the Senior Secured Debt in respect of which the notice was given), the Relevant Representative(s) in respect of that other Senior Secured Debt) notify/ies (amongst others) the Future Second Lien Debt Representative that the Second Lien Payment Blockage Notice is cancelled;

(v) the date on which the Security Agent or Future Second Lien Debt Representative takes any Enforcement Action against a member of the Group which it is permitted to take in accordance with the Intercreditor Agreement;

(vi) if a Future Second Lien Standstill Period (as defined below) is in effect at any time after delivery of a Second Lien Payment Blockage Notice, the date on which the Future Second Lien Standstill Period expires;

(vii) provided no Senior Payment Default is continuing, the originally scheduled maturity date of the Future Second Lien Debt issued in the form of notes; or

(viii) the date on which the relevant event of default is no longer continuing and, if the relevant Senior Secured Liabilities have been accelerated, such acceleration has been rescinded.

Unless the Future Second Lien Debt Representative waives this requirement, (i) no Second Lien Payment Blockage Notice may be served by a Relevant Representative unless 360 days have elapsed since the immediately prior Second Lien Payment Blockage Notice and (ii) no Second Lien Payment Blockage Notice may be served in respect of a Senior Default more than 60 days after the date that the Relevant Representative received notice of that Senior Default.

Only one Second Lien Payment Blockage Notice may be served with respect to the same event or set of circumstances and no such notice may be served by a Relevant Representative in respect of a Senior Default which had been notified to it at the time an earlier such notice was issued.

If a Second Lien Payment Blockage Notice ceases to be outstanding and/or the Senior Payment Default ceases to be continuing, the relevant debtor may then make those payments it would have otherwise been entitled to pay under the Future Second Lien Debt, and if it does so promptly, any event of default under the Future Second Lien Debt caused by such delayed payment shall be waived and any notice commencing a Future Second Lien Standstill Period which may have been issued as a result of such non-payment shall be waived. A Senior Payment Default is remedied by the payment of all amounts then due.

Payments and Prepayments; Subordination of the Future Unsecured Debt

Prior to the discharge of all Senior Secured Debt and all Future Second Lien Debt, no Debtor or Third Party Security Provider may make payments in respect of the Future Unsecured Liabilities without the consent of the Majority Super Senior Parties (as defined below) and, if following a Distress Event (as defined below) or when an event of default under the Senior Secured Notes Indenture or an event of default under the Future Pari Passu Debt documents is continuing, the Majority Senior Secured Parties (as defined below) and the Majority Future Second Lien Creditors (as defined below) except for, among others, the following:

(1) if:

(a) the payment is of:

(i) any of the principal or interest (including capitalized interest) amount of the Future Unsecured Liabilities which (1) is not prohibited from being paid by a Revolving Credit Facility or other Super Senior Lender Liabilities finance document, the Senior Secured Notes Indenture, any Future Pari Passu Debt finance document or any Future Second

Lien Debt finance document or (2) is paid on or after the final maturity date of the Future Unsecured Liabilities in the form of notes; or

(ii) any other amount (which is not an amount of principal or capitalized interest and default interest) on the Future Unsecured Liabilities accrued due and payable in cash in accordance with the terms of the relevant debt documents for the Future Unsecured Debt, including all additional amounts payable as a result of the tax gross up provisions relating to the Future Unsecured Liabilities and amounts in respect of currency indemnities in the relevant debt documents for the Future Unsecured Debt;

(b) no notice delivered pursuant to the terms of the Intercreditor Agreement blocking payments in respect of the Future Unsecured Liabilities (an "**Unsecured Payment Blockage Notice**") is outstanding; and

(c) no Senior Payment Default or no payment event of default of €200,000 (or its equivalent in other currencies) or more in respect of the Future Second Lien Debt Liabilities, is continuing (a "**Future Second Lien Payment Default**"), has occurred and is continuing;

(2) the payment is in accordance with a provision in a Future Unsecured Debt document which is substantially equivalent to the illegality provisions, or provisions related to the right to repay individual creditors in certain circumstances, in each case, set out in the Revolving Credit Facility Agreement, and no acceleration event under the Revolving Credit Facility, other Super Senior Lender Liabilities debt documents, the Senior Secured Notes Liabilities, the Future Pari Passu Debt Liabilities or the Future Second Lien Debt Liabilities has occurred;

(3) costs, commissions, taxes, premiums, amendment, consent and/or waiver fees and expenses incurred in respect of (or reasonably incidental to) the Future Unsecured Liabilities (including in relation to reporting or listing requirements or any refinancing) in compliance with the Intercreditor Agreement, the Revolving Credit Facility or other Super Senior Lender Liabilities debt documents, the Senior Secured Notes documents, the Future Pari Passu Debt documents and the Future Second Lien Debt documents; provided that the aggregate of the foregoing in respect of amendment, consent and/or waiver fees and expenses does not exceed, as a percentage of the principal amount of the Future Unsecured Liabilities (or affected principal amount), the aggregate of any amendment, consent and/or waiver fees and expenses paid in relation to the Super Senior Liabilities and/ or the Senior Secured Liabilities and/or the Future Second Lien Liabilities (calculated as a percentage of the principal amount of the Super Senior Liabilities and/or the Senior Secured Liabilities and/or the Future Second Lien Liabilities (or affected principal amount));

(4) for so long as a Senior Default is continuing, all or part of the Future Unsecured Liabilities being released or otherwise discharged solely in consideration for the issue of shares in any holding company of the Issuer (each a "**Future Unsecured Debt for Equity Swap**"), provided that (A) no cash or cash equivalent payment is made in respect of the Future Unsecured Liabilities by a member of the Group in consideration of such issuance (other than as would be otherwise permitted by another of the paragraphs in this section) and (B) any liabilities owed by a member of the Group to another member of the Group, the Shareholder Subordinated Lenders, the Intragroup Lenders or any other holding company of the Issuer that arise as a result of any such Future Unsecured Debt for Equity Swap are subordinated to the Super Senior Lender Liabilities, the Senior Secured Liabilities and the Future Second Lien Liabilities pursuant to the Intercreditor Agreement, and the Senior Secured Parties and the Future Second Lien Creditors are granted Transaction Security in respect of those liabilities;

(5) amounts due under the Future Unsecured Debt documents to the Future Unsecured Debt Representative (as defined below); or

(6) commercially reasonable work fees and professional fees, costs and expenses for restructuring advice and valuations incurred by the Future Unsecured Debt Representative not covered in (5) above subject to an aggregate cap of €1,000,000 until the discharge of all the Senior Secured Debt and all the Future Second Lien Debt.

Prior to the discharge of all the Senior Secured Debt and all the Future Second Lien Debt, if a Senior Payment Default or a Future Second Lien Payment Default has occurred and is continuing, payments in respect of the Future Unsecured Liabilities (other than those consented to by the Majority Super Senior Creditors, if following a Distress Event (as defined below) or when an event of default under the Senior Secured Notes Indenture or an event of default under the Future Pari Passu Debt documents is continuing, the Majority Senior Secured Parties and the Majority Future Second Lien Creditors and certain specified exceptions) are suspended.

Prior to the discharge of all the Senior Secured Debt and all the Future Second Lien Debt, if either (x) a Senior Default (other than a Senior Payment Default) or (y) an event of default under the finance documents in respect of the Future Second Lien Debt (a "**Future Second Lien Default**") (other than a Future Second Lien Payment Default) has occurred and is continuing, and the creditor representative of the Future Unsecured Creditors (the "**Future Unsecured Debt Representative**") has received an Unsecured Payment Blockage Notice from the Relevant Representative, from the date such Relevant Representative delivers a notice specifying the relevant Senior Default or Future Second Lien Default (as applicable), payments in respect of the Future Unsecured Liabilities (other than those consented to by the Majority Super Senior Creditors, if following a Distress Event (as defined below) or when an event of default under the Senior Secured Notes Indenture or an event of default under the Future Pari Passu Debt documents is continuing, the Majority Senior Secured Parties and the Majority Future Second Lien Creditors and certain specified exceptions) are suspended until the earliest of:

(i) the date on which there is a waiver, remedy or cure of such Senior Default or Future Second Lien Default (as applicable);

(ii) the date falling 179 days after the receipt by the Future Unsecured Debt Representative of the Unsecured Payment Blockage Notice;

(iii) the repayment and discharge of all obligations in respect of the Senior Secured Debt and the Future Second Lien Debt;

(iv) the date on which the Relevant Representative which issued the Unsecured Payment Blockage Notice (and, if at such time an event of default is continuing in relation to the Senior Secured Debt (other than the Senior Secured Debt in respect of which the notice was given) or in relation to the Future Second Lien Debt (other than the Future Second Lien Debt in respect of which the notice was given) (as applicable), the Relevant Representative(s) in respect of that other Senior Secured Debt or Future Second Lien Debt (as applicable)) notify/ies (amongst others) the Future Unsecured Debt Representative that the Unsecured Payment Blockage Notice is cancelled;

(v) the date on which the Security Agent or Future Unsecured Debt Representative takes any Enforcement Action against a member of the Group which it is permitted to take in accordance with the Intercreditor Agreement;

(vi) if a Future Unsecured Standstill Period (as defined below) is in effect at any time after delivery of a Unsecured Payment Blockage Notice, the date on which the Future Unsecured Standstill Period expires;

(vii) provided no Senior Payment Default or Future Second Lien Payment Default is continuing, the originally scheduled maturity date of the Future Unsecured Debt issued in the form of notes; or

(viii) the date on which the relevant event of default is no longer continuing and, if the relevant Senior Secured Liabilities or Future Second Lien Liabilities (as applicable) have been accelerated, such acceleration has been rescinded.

Unless the Future Unsecured Debt Representative waives this requirement, (i) no Unsecured Payment Blockage Notice may be served by a Relevant Representative unless 360 days have elapsed since the immediately prior Unsecured Payment Blockage Notice, (ii) no Unsecured Payment Blockage Notice may be served in respect of a Senior Default more than 60 days after the date that the Relevant Representative received notice of that Senior Default, and (iii) no Unsecured Payment Blockage Notice may be served in respect of a Future Second Lien Default more than 60 days after the date that the Relevant Representative received notice of that Future Second Lien Default.

Only one Unsecured Payment Blockage Notice may be served with respect to the same event or set of circumstances and no such notice may be served by a Relevant Representative in respect of a Senior Default or a Future Second Lien Default (as applicable) which had been notified to it at the time an earlier such notice was issued.

If an Unsecured Payment Blockage Notice ceases to be outstanding and/or the Senior Payment Default and/or the Future Second Lien Payment Default has ceased to be continuing (by being waived by the relevant creditors/ creditor's representative or remedied), the relevant debtor may then make those payments it would have otherwise been entitled to pay under the Future Unsecured Debt, and if it does so promptly, any event of default under the Future Unsecured Debt caused by such delayed payment shall be waived and any notice commencing a Future Unsecured Standstill Period which may have been issued as a result of such non-payment shall be waived.

Payments and Prepayments; Subordination of the Future Senior Subordinated Debt

Prior to the discharge of all Senior Secured Debt and all Future Second Lien Debt, no Debtor or Third Party Security Provider may make payments in respect of the Future Senior Subordinated Liabilities without the consent of the Majority Super Senior Parties (as defined below) and, if following a Distress Event (as defined below) or when an event of default under the Senior Secured Notes Indenture or an event of default under the Future Pari Passu Debt documents is continuing, the Majority Senior Secured Parties (as defined below) and the Majority Future Second Lien Creditors (as defined below) except for, among others, the following:

(1) if:

(a) the payment is of:

(i) any of the principal or interest (including capitalized interest) amount of the Future Senior Subordinated Liabilities which (1) is not prohibited from being paid by a Revolving Credit Facility or other Super Senior Lender Liabilities finance document, the Senior Secured Notes Indenture, any Future Pari Passu Debt finance document or any Future Second Lien Debt finance document or (2) is paid on or after the final maturity date of the Future Senior Subordinated Liabilities in the form of notes; or

(ii) any other amount (which is not an amount of principal or capitalized interest and default interest) on the Future Senior Subordinated Liabilities accrued due and payable in cash in accordance with the terms of the relevant debt documents for the Future Unsecure Senior Subordinated Debt, including all additional amounts payable as a result of the tax gross up provisions relating to the Future Senior Subordinated Liabilities and amounts in respect of currency indemnities in the relevant debt documents for the Future Senior Subordinated Debt;

(b) no notice delivered pursuant to the terms of the Intercreditor Agreement blocking payments in respect of the Future Senior Subordinated Liabilities (an "**Senior Subordinated Payment Blockage Notice**") is outstanding; and

(c) no Senior Payment Default or Future Second Lien Payment Default has occurred and is continuing; or

(2) the payment is in accordance with a provision in a Future Senior Subordinated Debt document which is substantially equivalent to the illegality provisions, or provisions related to the right to repay individual creditors in certain circumstances, in each case, set out in the Revolving Credit Facility Agreement, and no acceleration event under the Revolving Credit Facility, other Super Senior Lender Liabilities debt documents, the Senior Secured Notes Liabilities, the Future Pari Passu Debt Liabilities or the Future Second Lien Debt Liabilities has occurred;

(3) costs, commissions, taxes, premiums, amendment, consent and/or waiver fees and expenses incurred in respect of (or reasonably incidental to) the Future Senior Subordinated Liabilities (including in relation to reporting or listing requirements or any refinancing) in compliance with the Intercreditor Agreement, the Revolving Credit Facility or other Super Senior Lender Liabilities debt documents, the Senior Secured Notes documents, the Future Pari Passu Debt documents and the Future Second Lien Debt documents; provided that the aggregate of the foregoing in respect of amendment, consent and/or waiver fees and expenses does not exceed, as a percentage of the principal amount of the Future Senior Subordinated Liabilities (or affected principal amount), the aggregate of any amendment, consent and/or waiver fees and expenses paid in relation to the Super Senior Liabilities and/ or the Senior Secured Liabilities and/or the Future Second Lien Liabilities (calculated as a percentage of the principal amount of the Super Senior Liabilities and/or the Senior Secured Liabilities and/or the Future Second Lien Liabilities (or affected principal amount));

(4) for so long as a Senior Default is continuing, all or part of the Future Senior Subordinated Liabilities being released or otherwise discharged solely in consideration for the issue of shares in any holding company of the Issuer (each a "**Future Senior Subordinated Debt for Equity Swap**"), provided that (A) no cash or cash equivalent payment is made in respect of the Future Senior Subordinated Liabilities by a member of the Group in consideration of such issuance (other than as would be otherwise permitted by another of the paragraphs in this section) and (B) any liabilities owed by a member of the Group to another member of the Group, the Shareholder Subordinated Lenders, the Intragroup Lenders or any other holding company of the Issuer that arise as a result of any such Future Senior Subordinated Debt for Equity Swap are subordinated to the Super Senior Lender Liabilities, the Senior Secured Liabilities and the Future Second Lien Liabilities pursuant to the Intercreditor Agreement, and the Senior Secured Parties and the Future Second Lien Creditors are granted Transaction Security in respect of those liabilities;

(5) amounts due under the Future Senior Subordinated Debt documents to the Future Senior Subordinated Debt Representative (as defined below); or

(6) commercially reasonable work fees and professional fees, costs and expenses for restructuring advice and valuations incurred by the Future Senior Subordinated Debt Representative not covered in (5) above subject to an aggregate cap of €1,000,000 until the discharge of all the Senior Secured Debt and all the Future Second Lien Debt.

Prior to the discharge of all the Senior Secured Debt and all the Future Second Lien Debt, if a Senior Payment Default or a Future Second Lien Payment Default has occurred and is continuing, payments in respect of the Future Senior Subordinated Liabilities (other than those consented to by the Majority Super Senior Creditors, if following a Distress Event (as defined below) or when an event of default under the Senior Secured Notes Indenture or an event of default under the Future Pari Passu Debt documents is continuing, the Majority Senior Secured Parties and the Majority Future Second Lien Creditors and certain specified exceptions) are suspended.

Prior to the discharge of all the Senior Secured Debt and all the Future Second Lien Debt, if either (x) a Senior Default (other than a Senior Payment Default) or (y) an event of default under the finance documents in respect of the Future Second Lien Debt (a "**Future Second Lien Default**") (other than a Future Second Lien Payment Default) has occurred and is continuing, and the creditor representative of the Future Senior Subordinated Creditors (the "**Future Senior Subordinated Debt Representative**") has received an Senior Subordinated Payment Blockage Notice from the Relevant Representative, from the date such Relevant Representative delivers a notice specifying the relevant Senior Default or Future Second Lien Default (as applicable), payments in respect of the Future Senior Subordinated Liabilities (other than those consented to by the Majority Super Senior Creditors, if following a Distress Event (as defined below) or when an event of default under the Senior Secured Notes Indenture or an event of default under the Future Pari Passu Debt documents is continuing, the Majority Senior Secured Parties and the Majority Future Second Lien Creditors and certain specified exceptions) are suspended until the earliest of:

(i) the date on which there is a waiver, remedy or cure of such Senior Default or Future Second Lien Default (as applicable);

(ii) the date falling 179 days after the receipt by the Future Senior Subordinated Debt Representative of the Senior Subordinated Payment Blockage Notice;

(iii) the repayment and discharge of all obligations in respect of the Senior Secured Debt and the Future Second Lien Debt;

(iv) the date on which the Relevant Representative which issued the Senior Subordinated Payment Blockage Notice (and, if at such time an event of default is continuing in relation to the Senior Secured Debt (other than the Senior Secured Debt in respect of which the notice was given) or in relation to the Future Second Lien Debt (other than the Future Second Lien Debt in respect of which the notice was given) (as applicable), the Relevant Representative(s) in respect of that other Senior Secured Debt or Future Second Lien Debt (as applicable)) notify/ies (amongst others) the Future Senior Subordinated Debt Representative that the Senior Subordinated Payment Blockage Notice is cancelled;

(v) the date on which the Security Agent or Future Senior Subordinated Debt Representative takes any Enforcement Action against a member of the Group which it is permitted to take in accordance with the Intercreditor Agreement;

(vi) if a Future Senior Subordinated Standstill Period (as defined below) is in effect at any time after delivery of a Senior Subordinated Payment Blockage Notice, the date on which the Future Senior Subordinated Standstill Period expires;

(vii) provided no Senior Payment Default or Future Second Lien Payment Default is continuing, the originally scheduled maturity date of the Future Senior Subordinated Debt issued in the form of notes; or

(viii) the date on which the relevant event of default is no longer continuing and, if the relevant Senior Secured Liabilities or Future Second Lien Liabilities (as applicable) have been accelerated, such acceleration has been rescinded.

Unless the Future Senior Subordinated Debt Representative waives this requirement, (i) no Senior Subordinated Payment Blockage Notice may be served by a Relevant Representative unless 360 days have elapsed since the immediately prior Senior Subordinated Payment Blockage Notice, (ii) no Senior Subordinated Payment Blockage Notice may be served in respect of a Senior Default more than 60 days after the date that the Relevant Representative received notice of that Senior Default, and (iii) no Senior Subordinated Payment Blockage Notice may be served in respect of a Future Second Lien Default more than 60 days after the date that the Relevant Representative received notice of that Future Second Lien Default.

Only one Senior Subordinated secured Payment Blockage Notice may be served with respect to the same event or set of circumstances and no such notice may be served by a Relevant Representative in respect of a Senior Default or a Future Second Lien Default (as applicable) which had been notified to it at the time an earlier such notice was issued.

If an Senior Subordinated Payment Blockage Notice ceases to be outstanding and/or the Senior Payment Default and/or the Future Second Lien Payment Default has ceased to be continuing (by being waived by the relevant creditors/ creditor's representative or remedied), the relevant debtor may then make those payments it would have otherwise been entitled to pay under the Future Senior Subordinated Debt, and if it does so promptly, any event of default under the Future Senior Subordinated Debt caused by such delayed payment shall be waived and any notice commencing a Future Senior Subordinated Standstill Period which may have been issued as a result of such non-payment shall be waived.

Restrictions on Enforcement by the Future Second Lien Debt; Standstill

Prior to the discharge of all the Senior Secured Debt, neither the Future Second Lien Debt Representative nor the holders of the Future Second Lien Debt may take Enforcement Action with respect to the Future Second Lien Debt without the prior consent of or as required by an Instructing Group (as defined below), except if:

(a) an event of default under the debt documents for the Future Second Lien Debt is continuing;

(b) the Senior Agent and the other representatives of the Senior Secured Debt have received notice of the specified event of default from the Future Second Lien Debt Representative;

(c) a Future Second Lien Standstill Period (as defined below) has expired; and

(d) the relevant event of default is continuing at the end of the Future Second Lien Standstill Period,

provided that no such Enforcement Action may be taken if the Security Agent is taking Enforcement Action or acting in accordance with the instructions of an Instructing Group to take steps for Enforcement and such proposed Enforcement Action in relation to the Future Second Lien Debt Documents might reasonably be likely to adversely affect such Enforcement Action or Enforcement by the Security Agent.

A "**Future Second Lien Standstill Period**" shall mean the period starting on the date that the Future Second Lien Debt Representative serves an enforcement notice on the Senior Agent, the Senior Secured Notes Trustee and the representative of any other Super Senior Lender Liabilities or Future Pari Passu Debt until the earliest of:

(a) in the case of:

(i) a non-payment of principal, fees or interest representing the Future Second Lien Liabilities, 90 days after such date;

(ii) a non-payment of any other amount representing the Future Second Lien Liabilities, 120 days after such date; and

(iii) any other event of default under the debt documents for the Future Second Lien Debt, 150 days after such date;

(b) the date on which the Security Agent takes Enforcement Action, provided that (i) the Future Second Lien Debt Representative and holders of Future Second Lien Debt may only take the same Enforcement Action against the same entity as is taken by the Security Agent and may not take any other Enforcement Action against any other member of the Group or Third Party Security Provider and (ii) Enforcement Action for purposes of this paragraph (b) shall not include action taken to preserve or protect any security as opposed to realize it;

(c) the date on which an insolvency event occurs in respect of a particular Debtor or Third Party Security Provider owing any Future Second Lien Debt against whom Enforcement Action is to be taken;

(d) the date on which a default under the Future Second Lien Debt in the form of notes occurs for failure to pay principal at the original scheduled maturity of the Future Second Lien Debt; and

(e) the expiration of any other Future Second Lien Standstill Period which was outstanding at the date that the current Future Second Lien Standstill Period commenced (other than as a result of a cure, waiver or permitted remedy thereof).

If an event of default ceases to be continuing then (provided the relevant parties are made aware of such fact) any relevant enforcement process (including any requirement of consultation relating to enforcement) relying solely on that event of default shall cease to continue.

Restrictions on Enforcement by the Future Unsecured Debt; Standstill

Prior to the discharge of all the Senior Secured Debt and all the Future Second Lien Debt, neither the Future Unsecured Debt Representative nor the holders of the Future Unsecured Debt may take Enforcement Action with respect to the Future Unsecured Debt without the prior consent of or as required by an Instructing Group (as defined below), except if:

(a) an event of default under the debt documents for the Future Unsecured Debt is continuing;

(b) the Senior Agent and the other representatives of the Senior Secured Debt and the Future Second Lien Debt have received notice of the specified event of default from the Future Unsecured Debt Representative;

(c) a Future Unsecured Standstill Period (as defined below) has expired or is otherwise terminated; and

(d) the relevant event of default is continuing at the end of the Future Unsecured Standstill Period,

provided that no such Enforcement Action may be taken if the Security Agent is taking Enforcement Action or acting in accordance with the instructions of an Instructing Group to take steps for Enforcement and such proposed Enforcement Action in relation to the Future Unsecured Debt documents might reasonably be likely to adversely affect such Enforcement Action or Enforcement by the Security Agent.

A "**Future Unsecured Standstill Period**" shall mean the period starting on the date that the Future Unsecured Debt Representative serves an enforcement notice on the Senior Agent and the other representatives of the Senior Secured Debt and the representative of any Future Second Lien Debt until the earliest of:

(a) 179 days after such date;

(b) the date on which the Security Agent takes Enforcement Action, provided that (i) the Future Unsecured Debt Representative and holders of Future Unsecured Debt may only take the same Enforcement Action against the same entity as is taken by the Security Agent and may not take any other Enforcement Action against any other member of the Group or Third Party Security Provider and (ii) Enforcement Action for purposes of this paragraph (b) shall not include action taken to preserve or protect any security as opposed to realize it;

(c) the date on which an insolvency event occurs in respect of a particular Debtor or Third Party Security Provider owing any Future Unsecured Debt against whom Enforcement Action is to be taken;

(d) the date on which a default under the Future Unsecured Debt in the form of notes occurs for failure to pay principal at the original scheduled maturity of the Future Unsecured Debt; and

(e) the expiration of any other Future Unsecured Standstill Period which was outstanding at the date that the current Future Unsecured Standstill Period commenced (other than as a result of a cure, waiver or permitted remedy thereof).

If an event of default ceases to be continuing then (provided the relevant parties are made aware of such fact) any relevant enforcement process (including any requirement of consultation relating to enforcement) relying solely on that event of default shall cease to continue.

Restrictions on Enforcement by the Future Senior Subordinated Debt; Standstill

Prior to the discharge of all the Senior Secured Debt and all the Future Second Lien Debt, neither the Future Senior Subordinated Debt Representative nor the holders of the Future Senior Subordinated Debt may take Enforcement Action with respect to the Future Senior Subordinated Debt without the prior consent of or as required by an Instructing Group (as defined below), except if:

(a) an event of default under the debt documents for the Future Senior Subordinated Debt is continuing;

(b) the Senior Agent and the other representatives of the Senior Secured Debt and the Future Second Lien Debt have received notice of the specified event of default from the Future Senior Subordinated Debt Representative;

(c) a Future Senior Subordinated Standstill Period (as defined below) has expired or is otherwise terminated; and

(d) the relevant event of default is continuing at the end of the Future Senior Subordinated Standstill Period,

provided that no such Enforcement Action may be taken if the Security Agent is taking Enforcement Action or acting in accordance with the instructions of an Instructing Group to take steps for Enforcement and such proposed Enforcement Action in relation to the Future Senior Subordinated Debt documents might reasonably be likely to adversely affect such Enforcement Action or Enforcement by the Security Agent.

A "**Future Senior Subordinated Standstill Period**" shall mean the period starting on the date that the Future Senior Subordinated Debt Representative serves an enforcement notice on the Senior Agent and the other representatives of the Senior Secured Debt and the representative of any Future Second Lien Debt until the earliest of:

(a) 179 days after such date;

(b) the date on which the Security Agent takes Enforcement Action, provided that (i) the Future Senior Subordinated Debt Representative and holders of Future Senior Subordinated Debt may only take the same Enforcement Action against the same entity as is taken by the Security Agent and may not take any other Enforcement Action against any other member of the Group or Third Party Security Provider and (ii) Enforcement Action for purposes of this paragraph (b) shall not include action taken to preserve or protect any security as opposed to realize it;

(c) the date on which an insolvency event occurs in respect of a particular Debtor or Third Party Security Provider owing any Future Senior Subordinated Debt against whom Enforcement Action is to be taken;

(d) the date on which a default under the Future Senior Subordinated Debt in the form of notes occurs for failure to pay principal at the original scheduled maturity of the Future Senior Subordinated Debt; and

(e) the expiration of any other Future Senior Subordinated Standstill Period which was outstanding at the date that the current Future Senior Subordinated Standstill Period commenced (other than as a result of a cure, waiver or permitted remedy thereof).

If an event of default ceases to be continuing then (provided the relevant parties are made aware of such fact) any relevant enforcement process (including any requirement of consultation relating to enforcement) relying solely on that event of default shall cease to continue.

Enforcement by Holders of Senior Secured Debt

Prior to the date upon which all amounts (actual or contingent) owing under the Revolving Credit Facility and other credit facilities that are Super Senior Lender Liabilities are fully discharged and paid in full and all commitments thereunder are irrevocably cancelled (the "**Credit Facility Lender Discharge Date**"), the Security Agent will (subject as further set out below and other than in certain limited circumstances specified in the Intercreditor Agreement where the Security Agent will act on the instructions of the Majority Future Second Lien Creditors (as defined below) or the Majority Future Unsecured Creditors (as defined below)) act on the instructions of (i) the RCF Lenders, the lenders of such other Super Senior Lender Liabilities and the Super Senior Hedging Banks whose super senior credit participations represent more than 66 ⅔% of the aggregate super senior credit participations of all such persons and their relevant representatives (the "**Majority Super Senior Creditors**") and (ii) to the extent the relevant matter is prohibited under the Senior Secured Notes documents or the Future Pari Passu Debt documents, the holders of the Senior Secured Notes, the holders of Future Pari Passu Debt and the Pari Passu Hedging Banks whose aggregate senior secured credit participations represent more than 50% of the aggregate senior secured credit participations of all such creditors (the "**Majority Senior Secured Parties**"), in each case subject to the consultation period referred to below and provided that such instructions are consistent with the security enforcement principles set forth below.

Following the Credit Facility Lender Discharge Date but prior to the date upon which all Senior Secured Debt is discharged and paid in full and all commitments thereunder are irrevocably cancelled (the "**Senior Secured Debt Discharge Date**"), the Security Agent will act on the instructions of the Majority Senior Secured Parties (other than in certain limited circumstances specified in the Intercreditor Agreement where the Security Agent will act on the instructions of the Majority Future Second Lien Creditors (as defined below) or the Majority Future Unsecured Creditors (as defined below)).

Following the Senior Secured Debt Discharge Date but prior to the date upon which all Future Second Lien Debt is discharged and paid in full and all commitments thereunder are irrevocably cancelled (the "**Future Second Lien Discharge Date**"), the Security Agent will act on the instructions of the Majority Future Second Lien Creditors (as defined below). Following the Future Second Lien Debt Discharge Date but prior to the Future Senior Subordinated Debt Discharge Date, the Security Agent will act on the instructions of the Majority Future Senior Subordinated Creditors and following the Future Senior Subordinated Debt Discharge Date, the Security Agent will act on the instructions of the Majority Future Unsecured Creditors (as defined below). In each of the scenarios outlined in the above two paragraphs, the relevant parties giving instructions to the Security Agent shall be the "**Instructing Group**." Each Primary Creditor (other than certain creditor representatives), Shareholder Subordinated Lender and Intragroup Lender will agree in the Intercreditor Agreement that it will cast its vote in any proposal put to the vote by or under the supervision of any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any member of the Group or Third Party Security Provider as instructed by the Security Agent (acting as directed by an Instructing Group provided that such instructions have been given in accordance with the restrictions in the Intercreditor Agreement).

Consultation

Prior to the Credit Facility Lender Discharge Date and prior to giving any instructions to the Security Agent, to commence enforcement of all or part of the Transaction Security and/or the requesting of a distressed disposal and/or the release or disposal of claims or Transaction Security on a distressed disposal, and the taking of any other actions consequential on (or necessary to effect) the enforcement of the Transaction Security ("**Enforcement**"), the relevant representative of the Senior Secured Debt (or, to the extent that the Future Second Lien Creditors are permitted to do so, the Future Second Lien Debt Representative or, to the extent that the Future Unsecured Creditors are permitted to do so, the Future Unsecured Debt Representative or, to the extent that the Future Senior Subordinated Creditors are permitted to do so, the Future Senior Subordinated Debt Representative) shall notify the Security Agent, and the Senior Secured Debt representatives that the applicable Transaction Security has become enforceable. As soon as reasonably practicable after receipt of such a notice instructing the Security Agent to solicit instructions to enforce Transaction Security or take other Enforcement Action given by the Majority Super Senior Creditors and/or the Majority Senior Secured Parties and/or Majority Future Second Lien Creditors (as defined below) and/ or Majority Future Unsecured Creditors (as defined below) and/or Majority Future Senior Subordinated Creditors (as defined below) (as applicable), the Security Agent shall distribute such notice to the relevant addressees promptly upon receipt, following which, the Senior Agent or creditor representative of other Super Senior Lender Liabilities (acting on the instructions of the Majority Super Senior Creditors), the Senior Secured Notes Trustee (acting on instructions of the holders of the Senior Secured Notes in accordance with the provisions of the Indenture and the Intercreditor Agreement) and the representative of the holders of Future Pari Passu Debt will consult in good faith with each other and the Security Agent for a period of 15 days from the date such notice is received by such persons (or such shorter period as the relevant parties may agree) with a view to coordinating the instructions to be given by an Instructing Group and agreeing an enforcement strategy (the "**Consultation Period**").

No such consultation shall be required (and an Instructing Group shall be entitled to give any instructions to the Security Agent to enforce the Transaction Security or take any other Enforcement Action prior to the end of the Consultation Period, in each case provided such instructions comply with the Security Enforcement Principles set forth below ("**Qualifying Instructions**")) where:

(a) any of the Transaction Security has become enforceable as a result of an insolvency event affecting the Issuer, any Third Party Security Provider, any Debtor or (prior to the discharge of the Revolving Credit Facility) any subsidiary that is a "**Material Company**" under the Revolving Credit Facility (as applicable) (each a "**Relevant Company**"); or

(b) the Instructing Group or, as applicable, the Majority Super Senior Creditors or the Majority Senior Secured Parties determine in good faith (and notifies each other representative agent of the other Senior Secured Parties and the Security Agent) that any delay caused by such consultation could reasonably be expected (A) to reduce the amount likely to be realized to a level such that (following application thereof in accordance with the Payment Waterfall described below) the payments then due and payable under the Revolving Credit Facility to the RCF Lenders, and the lenders, ancillary lenders and issuing banks under any other credit facility that ranks on a consistent basis with the Revolving Credit Facility (together, the "**Super Senior Lender Liabilities**") and to the Super Senior Hedging Banks in respect of the Super Senior Hedging Liabilities (together, the "**Super Senior Liabilities**") would not be discharged in full or (B) to have a material adverse effect on the ability to effect an Enforcement or a Distressed Disposal and, in each case any instructions will be limited to those necessary to protect or preserve the interests of the Senior Secured Parties, or Super Senior Creditors, on behalf of which the relevant Instructing Group is acting and the Security Agent shall act in accordance with the instructions first received.

If following the Consultation Period, the Majority Super Senior Creditors and/or the Majority Senior Secured Parties have agreed on an enforcement strategy, the Security Agent shall be instructed to implement the same.

Subject to the paragraph below, in the event that conflicting instructions (and for these purposes silence is deemed to be a conflicting instruction) are received from either Instructing Group by the end of the Consultation Period (which have not be resolved), the Security Agent shall enforce the Transaction Security and/or refrain from enforcing the Transaction Security and/or take the relevant other Enforcement Action in accordance with the instructions provided by the Majority Senior Secured Parties, in each case provided such instructions are Qualifying Instructions and the terms of all instructions received by the Majority Super Senior Creditors during the Consultation Period shall be deemed revoked.

If prior to the Credit Facility Lender Discharge Date:

(a) the Super Senior Liabilities have not been repaid in full in cash within six months of the end of the Consultation Period (or within six months of the event of default giving rise to the right to commence an Enforcement if no such Consultation Period is required);

(b) the Security Agent has not commenced any Enforcement (or any transaction in lieu) or other Enforcement Action within three months of the end of the Consultation Period (or within three months of the event of default giving rise to the right to commence an Enforcement if no such Consultation Period is required); or

(c) an insolvency event has occurred with respect to a Relevant Company and the Security Agent has not commenced any Enforcement (or any transaction in lieu) or other Enforcement Action at that time with respect to such Relevant Company or a Third Party Security Provider, then the Security Agent shall thereafter follow any instructions that are subsequently given by the Majority Super Senior Creditors (in each case provided the same are Qualifying Instructions and the Security Agent shall be entitled to assume that any instructions for enforcement given to it are Qualifying Instructions) to the exclusion of those given by the Majority Senior Secured Parties (to the extent conflicting with any instructions previously given by the Majority Senior Secured Parties).

Security Enforcement Principles

Unless otherwise provided in the Intercreditor Agreement, enforcement of the Transaction Security must be conducted in accordance with the "Security Enforcement Principles," which are summarized as follows:

(a) It shall be the priority and over-riding aim of any enforcement of the Transaction Security to maximize, so far as is consistent with a prompt and expeditious realization of value from enforcement of the Transaction Security, and in a manner consistent with the Intercreditor Agreement, the recovery by the RCF Lenders and the lenders of other Super Senior Lender Liabilities, the Hedging Banks, the holders of the Senior Secured Notes, the holders of the Future Pari Passu Debt, the holders of the Future Second Lien Debt (to the extent the Transaction Security is expressed to secure such debt) and the holders of the Future Unsecured Debt (to the extent the Transaction Security is expressed to secure such debt) (the "**Security Enforcement Objective**") subject to applicable law.

(b) The Security Enforcement Principles may be amended, varied or waived with the prior written consent of the Majority Super Senior Creditors, the Senior Secured Notes Required Holders (as defined below), the Future Pari Passu Debt Required Holders (as defined below) and (to the extent relating to the definition of Security Enforcement Objective or paragraph (a) above) the Majority Future Second Lien Creditors.

(c) Without prejudice to the Security Enforcement Objective, the Transaction Security will, subject to applicable law, be enforced and other action as to Enforcement will be taken such that either (1) all proceeds of Enforcement are received by the Security Agent in cash (or substantially all cash) for distribution in accordance with the Payments Waterfall; or (2) sufficient proceeds of Enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the Payments Waterfall, the Super Senior Liabilities are repaid and discharged in full (unless the Majority Super Senior Creditors agree otherwise).

(d) On (i) a proposed Enforcement of any of the Transaction Security over assets other than shares in a member of the Group, where the aggregate book value of such assets exceeds a threshold (or its equivalent); or (ii) a proposed Enforcement of any of the Transaction Security over some or all of the shares in a member of the Group over which Transaction Security exists, the Security Agent shall (unless such enforcement or sale is made pursuant to a public auction, a public offering or process supervised by a court of law which makes a determination as to value) obtain an opinion from a reputable internationally recognized investment bank or international accounting firm or other reputable, third-party professional firm that is regularly engaged in providing valuations of businesses or assets similar or comparable to those charged under the Transaction Security to be enforced (a "**Financial Advisor**") to opine as expert (A) on the optimal method of enforcing the Transaction Security so as to achieve the Security Enforcement Objective and maximize recovery, (B) that the proceeds received from enforcement is fair from a financial point of view after taking into account all relevant circumstances, and (C) that such sale is otherwise in accordance with the Security Enforcement Principles, provided that the provider of such opinion may limit its liability in respect of such opinion to the amount of its fees in respect of such engagement.

(e) The Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by the Intercreditor Agreement.

Turnover

The Intercreditor Agreement will also provide that if any Primary Creditor (as defined below) receives or recovers the proceeds of any enforcement of any Transaction Security except in accordance with the "*Application of Proceeds/Waterfall*" described below, that it will (subject to certain prior actual knowledge qualifications in the case of the Senior Secured Notes Trustee):

- in relation to receipts or recoveries not received or recovered by way of set-off, (i) hold an amount of that receipt or recovery equal to the relevant liabilities owed to such creditor (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and
- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

In addition, the Intercreditor Agreement will also provide that if any creditor under the Revolving Credit Facility or other Super Senior Lender Liabilities, Senior Secured Notes creditor, Future Pari Passu Debt creditor, Future Second Lien Creditor or Future Unsecured Creditor receives or recovers the proceeds of any guarantee of the Revolving Credit Facility or other Super Senior Lender Liabilities, Senior Secured Notes, Future Pari Passu Debt, Future Second Lien Debt and/or Future Unsecured Debt (the "**Senior Guarantee Liabilities**") except in accordance with the "Application of Guarantee Proceeds/Waterfall" described below, that it will (subject to certain prior actual knowledge qualifications in the case of the Senior Secured Notes Trustee):

- in relation to receipts or recoveries not received or recovered by way of set-off, (i) hold an amount of that receipt or recovery equal to the relevant liabilities owed to such creditor (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and
- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

In addition, the Intercreditor Agreement will also provide that if any Future Second Lien Creditor, Future Unsecured Creditor, Shareholder Subordinated Lender or Intragroup Lender receives or recovers any payment or distribution not permitted under the Intercreditor Agreement or applied other than in accordance with the "*Application of Proceeds/Waterfall*" described below, that it will (subject to certain prior actual knowledge qualifications in the case of the Senior Secured Notes Trustee):

- in relation to receipts or recoveries not received or recovered by way of set-off, (i) hold an amount of that receipt or recovery equal to the relevant liabilities owed to such creditor (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and
- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Application of Proceeds/Waterfall

All amounts received or recovered by the Security Agent in connection with the realization or Enforcement of all or any part of the Transaction Security or otherwise paid to the Security Agent in accordance with the Intercreditor Agreement for application in accordance with the following payments waterfall (the "**Payments Waterfall**"):

(i) **first**, in payment of the following amounts in the following order: (A) *pari passu* and pro rata any sums owing to the Security Agent, any Receiver or any Delegate and the Senior Secured Notes Trustee Amounts payable to the Senior Secured Notes Trustee, as the case may be; and then (B) *pari passu* and pro rata to each Creditor Representative (to the extent not included in (A) above and excluding any Hedge Counterparty as its own Creditor Representative) for application towards the costs and expenses of each such Creditor Representative and any receiver, attorney or agent appointed by such Creditor Representative under any Transaction Security Document or this Agreement;

(ii) **second**, *pari passu* and pro rata, in or towards payment of all costs and expenses incurred by the Super Senior Creditors in connection with the realisation or enforcement of Transaction Security taken in accordance with the terms of this Agreement or any action taken at the request of the Security Agent;

(iii) **third**, *pari passu* and pro rata, in or towards payment to:

(A) each Creditor Representative(s) in respect of a Credit Facility (on its own behalf and on behalf of the Arrangers and Credit Facility Lenders under that Credit Facility); and

(B) the Priority Hedge Counterparties,

for application towards the discharge of:

(I) the Creditor Representative Liabilities owed to the Creditor Representatives in respect of each Credit Facility, the Credit Facility Lender Liabilities and the related Arranger Liabilities in accordance with the terms of the Credit Facility Documents; and

(II) the Priority Hedging Liabilities (in proportion to each Priority Hedge Counterparty's Priority Hedge Proportion),

on a pro rata basis as between paragraphs (I) and (II) above;

(iv) **fourth**, *pari passu* and pro rata in or towards payment to the Senior Secured Notes Trustee on behalf of the Senior Secured Noteholders and to the relevant Future Pari Passu Debt Representative on behalf of the Future Pari Passu Creditors it represents for application towards any unpaid costs and expenses incurred by or on behalf of any Senior Secured Noteholders and Future Pari Passu Creditors in connection with any realisation or enforcement of the Transaction Security taken in accordance with the terms of the Transaction Security Documents and this Agreement or any action taken at the request of the Security Agent;

(v) **fifth**, in or towards payment to:

(A) the Senior Secured Notes Trustee on behalf of the Senior Secured Noteholders;

(B) each Future Pari Passu Debt Representative on behalf of the Future Pari Passu Creditors it represents; and

(C) the Non-Priority Hedge Counterparties;

for application towards the discharge of, respectively:

(I) the Senior Secured Notes Liabilities (in accordance with the Senior Secured Notes Indenture);

(II) the Future Pari Passu Liabilities (in accordance with the Future Pari Passu Debt Documents); and

(III) the Non-Priority Hedging Liabilities (in proportion to each Non-Priority Hedge Counterparty's Non-Priority Hedge Proportion),

on a *pari passu* and pro rata basis as between paragraphs (I), (II), and (III) above;

(vi) **sixth**, (if such Transaction Security is expressed to secure the Future Second Lien Liabilities) *pari passu* and pro rata in or towards payment to each Future Second Lien Debt Representative on behalf of the Future Second Lien Creditors it represents for application towards any unpaid costs and expenses incurred by or on behalf of any Future Second Lien Creditors in connection with any realisation or enforcement of the Transaction Security taken in accordance with the terms of the Transaction Security Documents and this Agreement or any action taken at the request of the Security Agent;

(vii) **seventh**, (if such Transaction Security is expressed to secure the Future Second Lien Liabilities) to each Future Second Lien Debt Representative on behalf of the Future Second Lien Creditors it represents for application towards the discharge of the Future Second Lien Liabilities (in accordance with the Future Second Lien Debt Documents) on a *pari passu* and pro rata basis;

(viii) **eigth**, (if such Transaction Security is expressed to secure the Future Senior Subordinated Liabilities) *pari passu* and pro rata in or towards payment to each Future Senior Subordinated Debt Representative on behalf of the Future Senior Subordinated Creditors it represents for application towards any unpaid costs and expenses incurred by or on behalf of any Future Senior Subordinated Creditors in connection with any realisation or enforcement of the Transaction Security taken in accordance with the terms of the Transaction Security Documents and this Agreement or any action taken at the request of the Security Agent;

(ix) **ninth**, (if such Transaction Security is expressed to secure the Future Senior Subordinated Liabilities) to each Future Senior Subordinated Debt Representative on behalf of the Future Senior Subordinated Creditors it represents for application towards the discharge of the Future Senior Subordinated Liabilities (in accordance with the Future Senior Subordinated Debt Documents) on a *pari passu* and pro rata basis;

(x) **tenth**, (if such Transaction Security is expressed to secure the Future Unsecured Liabilities) *pari passu* and pro rata in or towards payment to each Future Unsecured Debt Representative on behalf of the Future Unsecured Creditors it represents for application towards any unpaid costs and expenses incurred by or on behalf of any Future Unsecured Creditors in connection with any realisation or enforcement of the Transaction Security taken in accordance with the terms of the Transaction Security Documents and this Agreement or any action taken at the request of the Security Agent;

(xi) **eleventh**, (if such Transaction Security is expressed to secure the Future Unsecured Liabilities) to each Future Unsecured Debt Representative on behalf of the Future Unsecured Creditors it represents for application towards the discharge of the Future Unsecured Liabilities (in accordance with the Future Unsecured Debt Documents) on a *pari passu* and pro rata basis; and

(xii) **twelfth**, after the Final Discharge Date, in payment of the surplus (if any) to the relevant Debtor, Third Party Security Provider or other person entitled to it.

Application of Guarantee Proceeds/Waterfall

All amounts from time to time received or recovered by the Security Agent in respect of Senior Guarantee Liabilities will be paid to the Security Agent for application in accordance with the following guarantee payments waterfall:

(i) **first**, in payment of the following amounts in the following order: (A) *pari passu* and pro rata any sums owing to the Security Agent, any Receiver or any Delegate and the Senior Secured Notes Trustee Amounts payable to the Senior Secured Notes Trustee, as the case may be; and then (B) *pari passu* and pro rata to each other Creditor Representative of the Super Senior Creditors, the Senior Secured Notes Creditors, the Future Pari Passu Creditors and/or the Future Second Lien Creditors (to the extent not included in (A) above) (excluding any Hedge Counterparty as its own Creditor Representative) for application towards the costs and expenses of each such Creditor Representative;

(ii) **second**, *pari passu* and pro rata, in or towards payment to:

  (A) each Creditor Representative(s) in respect of a Credit Facility (on its own behalf and on behalf of the Arrangers and Credit Facility Lenders under that Credit Facility);

  (B) the Hedge Counterparties;

  (C) the Senior Secured Notes Trustee on behalf of the Senior Secured Noteholders; and

  (D) each Future Pari Passu Debt Representative on behalf of the Future Pari Passu Creditors it represents,

for application towards the discharge of, respectively:

  (I) the Creditor Representative Liabilities owed to the Creditor Representatives in respect of each Credit Facility, the Credit Facility Lender Liabilities and the related Arranger Liabilities in accordance with the terms of the Credit Facility Documents;

  (II) the Hedging Liabilities;

  (III) the Senior Secured Notes Liabilities (in accordance with the Senior Secured Notes Indenture); and

  (IV) the Future Pari Passu Liabilities (in accordance with the Future Pari Passu Debt Documents),

on a *pari passu* and pro rata basis as between paragraphs (I) to (IV) above;

(iii) **third**, to each Future Second Lien Debt Representative on behalf of the Future Second Lien Creditors it represents for application towards the discharge of the Future Second Lien Liabilities (in accordance with the Future Second Lien Debt Documents) on a *pari passu* and pro rata basis;

(iv) **fourth**, to each Senior Subordinated Debt Representative on behalf of the Senior Subordinated Creditors it represents for application towards the discharge of the Senior Subordinated Liabilities (in accordance with the Senior Subordinated Debt Documents) on a *pari passu* and pro rata basis;

(v) **fifth**, to each Future Unsecured Debt Representative on behalf of the Future Unsecured Creditors it represents for application towards the discharge of the Future Unsecured Liabilities (in accordance with the Future Unsecured Debt Documents) on a *pari passu* and pro rata basis;

(vi) **sixth**, after the Final Discharge Date, in payment of the surplus (if any) to the relevant Debtor, the Third Party Security Provider or other person entitled to it; and

Payments made in breach of any of the above sections will be held in trust by the relevant recipient and turned over to the Security Agent for application in accordance with the "— *Turnover*" paragraph above.

Acceleration

If an event of default occurs under the Revolving Credit Facility or other Super Senior Lender Liabilities, the Senior Secured Notes, Future Pari Passu Debt, Future Second Lien Debt, Future Senior Subordinated Debt or Future Unsecured Debt, then any decision to accelerate the Revolving Credit Facility or other Super

Senior Lender Liabilities or Senior Secured Notes or Future Pari Passu Debt or Future Second Lien Debt or Future Unsecured Debt or Future Senior Subordinated Debt and, subject as provided below, to take any other Enforcement Action will be determined in accordance with the provisions of the Revolving Credit Facility or other Super Senior Lender Liabilities documents or the Senior Secured Notes Indenture or in accordance with the terms of the Future Pari Passu Debt or Future Second Lien Debt or Future Unsecured Debt or Future Senior Subordinated Debt (as applicable). The Intercreditor Agreement will contain provisions requiring each representative of any Future Pari Passu Debt Creditors, Future Second Lien Creditors, Future Senior Subordinated Creditors or Future Unsecured Creditors, the Senior Agent or agent with respect to other Super Senior Lender Liabilities, the Senior Secured Notes Trustee and the Hedging Banks to notify the other representatives of the Senior Secured Parties, the Future Second Lien Creditors, the Future Senior Subordinated Creditors, the Future Unsecured Creditors and the Hedging Banks of any event of default or any instructions to accelerate the Revolving Credit Facility or other Super Senior Lender Liabilities, liabilities under the Hedging Agreements, Senior Secured Notes, Future Pari Passu Debt, Future Second Lien Debt, Future Senior Subordinated Debt or Future Unsecured Debt (as applicable).

Non-Distressed Disposal

In circumstances where a disposal or certain other specified transactions are not being effected pursuant to a Distress Event (as defined below) (a disposal effected pursuant to a Distress Event being a "**Distressed Disposal**") and are otherwise permitted by the terms of the Senior Secured Notes Indenture and the debt documents for the Future Pari Passu Debt, the Future Second Lien Debt, the Future Senior Subordinated Debt and the Future Unsecured Debt and the finance documents for the Revolving Credit Facility and other Super Senior Lender Liabilities, the Intercreditor Agreement will provide that the Security Agent is authorized to release the Transaction Security (and in connection with such release, execute any related documents); and (ii) if the relevant asset consists of shares in the capital of a Debtor, to release the Transaction Security or any other claim in respect of the liabilities secured by the Transaction Security over the assets of that Debtor and the shares in and assets of any of its subsidiaries.

Distressed Disposal

Where a Distressed Disposal of an asset is being effected or an appropriation (or similar process) of the shares in the capital of a member of the Group by the Security Agent (or any Receiver or Delegate) which is effected (to the extent permitted under the relevant Transaction Security Document and applicable law) by enforcement of the Transaction Security (an "**Appropriation**"), the Intercreditor Agreement will provide that the Security Agent is authorized: (i) to release the Transaction Security, or any other claim over that asset; (i) if the asset subject to a Distressed Disposal or Appropriation consists of shares in the capital of a Debtor, to release (a) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities or guarantee liabilities to the Senior Secured Parties, Future Second Lien Creditors, Future Senior Subordinated Creditors or Future Unsecured Creditors or others or otherwise in connection with the Transactions ("**Primary Liabilities**") or other liabilities it may have to any Agent or Arranger (as those terms are defined in the Intercreditor Agreement) under the debt instruments, Shareholder Subordinated Lenders, Intragroup Lenders, Third Party Security Provider or Debtors ("**Other Liabilities**"); (b) any Transaction Security granted by that Debtor or any subsidiary of that Debtor over any of its assets, and any holding company of that Debtor over any shares, loans, claims or other rights in or against that Debtor; and (c) any other claim of a Shareholder Subordinated Lender, Intragroup Lender, or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor; (iii) if the asset subject to a Distressed Disposal or Appropriation 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 Primary Liabilities and Other Liabilities; (b) any Transaction Security granted by any subsidiary of that holding company over any of its assets and any holding company of that holding company over any shares, loans, claims or other rights in or against that holding company; and (c) any other claim of a Shareholder Subordinated Lender, Intragroup Lender or another Debtor over the assets of any subsidiary of that holding company; and (iv) if the asset subject to a Distressed Disposal or Appropriation consists of shares in the capital of a Debtor or a holding company of a Debtor, to provide, for (1) the transfer of liabilities to another Debtor and/or (2) the disposal, to third parties, of creditor's claims against that Debtor or holding company (which may include claims against the Issuer).

If the Instructing Group is constituted by the Majority Senior Secured Parties (or a Distressed Disposal is conducted pursuant to their instructions), Super Senior Liabilities may not be released or disposed of unless sufficient cash proceeds are received from the relevant Distressed Disposal and applied towards the irrevocable discharge in full of all Super Senior Liabilities.

If before the Future Second Lien Debt Discharge Date, and provided that the Issuer or any guarantor of Future Second Lien Debt has outstanding Future Second Lien Liabilities, a Distressed Disposal is being effected such that Future Second Lien Liabilities owed by such guarantors and the Transaction Security over the shares in or assets of the Issuer or any such guarantor will be released, it is a further condition to the release that either:

(i) the Future Second Lien Debt Representative has approved the release on the instructions of the Majority Future Second Lien Creditors; or

(ii) each of the following conditions are satisfied:

(A) the proceeds of such sale or disposal are in cash (or substantially in cash);

(B) all present and future obligations owed to the Senior Secured Parties under the Senior Secured Debt Documents by a member of the Group all of whose shares that are pledged in favor of the Senior Secured Parties are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of or transferred concurrently with such sale or disposal (and such obligations are not assumed by the purchaser or one of its affiliates), and all Transaction Security granted by a member of the Group in respect of the liability owed to the Senior Secured Parties under the Senior Secured Debt documents in respect of the assets that are so sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale; and

(C) such sale or disposal is made:

(I) pursuant to a public auction or public offering in which the Future Second Lien Creditors have a right to participate (including as part of a consortium and as prospective buyers and/or financiers); or

(II) in circumstances where (x) the Security Agent considers that a sale or disposal pursuant to a public auction is not reasonably practicable taking into account all relevant circumstances or (y) following an attempted sale or disposal pursuant to a public auction, the highest final bid or offer received by the Security Agent pursuant to the public auction is less than par value of the outstanding Senior Secured Liabilities, where an internationally recognized investment bank or an internationally recognized firm of accountants selected by the Security Agent has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances, including the method of enforcement and the circumstances giving rise to such sale, provided that the liability of such investment bank or internationally recognized firm of accountants in giving such opinion may be limited to the amount of its fees in respect of such engagement.

If before the discharge date of all Future Senior Subordinated Debt, and provided that the Issuer or any guarantor of Future Senior Subordinated Debt has outstanding Future Senior Subordinated Liabilities, a Distressed Disposal is being effected such that Future Senior Subordinated Liabilities owed by such guarantors will be released, it is a further condition to the release that either:

(i) the Future Senior Subordinated Debt Representative has approved the release on the instructions of the Majority Future Senior Subordinated Creditors; or

(ii) each of the following conditions are satisfied:

(A) the proceeds of such sale or disposal are in cash (or substantially in cash);

(B) all present and future obligations owed to the Senior Secured Parties under the Senior Secured Debt documents and to any Future Second Lien Creditors under the Future Second Lien Debt documents, in each case by a member of the Group all of whose shares that are pledged in favor of the Senior Secured Parties are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of or transferred concurrently with such sale or disposal (and such obligations are not assumed by the purchaser or one of its affiliates), and all Transaction Security granted by a member of the Group in respect of the liability owed to the Senior Secured Parties under the Senior Secured Debt documents and to any Future Second Lien Creditors under the Future Second Lien Debt documents, in each case in respect of the assets that are so sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale; and

(C) such sale or disposal is made:

(I) pursuant to a public auction or public offering in which the Future Senior Subordinated Creditors have a right to participate (including as part of a consortium and as prospective buyers and/or financiers); or

(II) in circumstances where (x) the Security Agent considers that a sale or disposal pursuant to a public auction is not reasonably practicable taking into account all relevant circumstances or (y) following an attempted sale or disposal pursuant to a public auction, the highest final bid or offer received by the Security Agent pursuant to the public auction is less than par value of the outstanding Senior Secured Liabilities and the Future Second Lien Liabilities, where an internationally recognized investment bank or an internationally recognized firm of accountants selected by the Security Agent has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances including the method of enforcement and the circumstances giving rise to such sale, provided that the liability of such investment bank or internationally recognized firm of accountants in giving such opinion may be limited to the amount of its fees in respect of such engagement.

The Intercreditor Agreement may also provide for a mechanism whereby, in circumstances where such liabilities would otherwise be released, such liabilities may instead, upon notice, be transferred to another Debtor.

If before the discharge date of all Future Unsecured Debt, and provided that the Issuer or any guarantor of Future Unsecured Debt has outstanding Future Unsecured Liabilities, a Distressed Disposal is being effected such that Future Unsecured Liabilities owed by such guarantors will be released, it is a further condition to the release that either:

(i) the Future Unsecured Debt Representative has approved the release on the instructions of the Majority Future Unsecured Creditors; or

(ii) each of the following conditions are satisfied:

(A) the proceeds of such sale or disposal are in cash (or substantially in cash);

(B) all present and future obligations owed to the Senior Secured Parties under the Senior Secured Debt documents and to any Future Second Lien Creditors under the Future Second Lien Debt documents, in each case by a member of the Group all of whose shares that are pledged in favor of the Senior Secured Parties are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of or transferred concurrently with such sale or disposal (and such obligations are not assumed by the purchaser or one of its affiliates), and all Transaction Security granted by a member of the Group in respect of the liability owed to the Senior Secured Parties under the Senior Secured Debt documents and to any Future Second Lien Creditors under the Future Second Lien Debt documents, in each case in respect of the assets that are so sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale; and

(C) such sale or disposal is made:

(I) pursuant to a public auction or public offering in which the Future Unsecured Creditors have a right to participate (including as part of a consortium and as prospective buyers and/or financiers); or

(II) in circumstances where (x) the Security Agent considers that a sale or disposal pursuant to a public auction is not reasonably practicable taking into account all relevant circumstances or (y) following an attempted sale or disposal pursuant to a public auction, the highest final bid or offer received by the Security Agent pursuant to the public auction is less than par value of the outstanding Senior Secured Liabilities and the Future Second Lien Liabilities, where an internationally recognized investment bank or an internationally recognized firm of accountants selected by the Security Agent has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances including the method of enforcement and the circumstances giving rise to such sale, provided that the liability of such investment bank or internationally recognized firm of accountants in giving such opinion may be limited to the amount of its fees in respect of such engagement.

The Intercreditor Agreement may also provide for a mechanism whereby, in circumstances where such liabilities would otherwise be released, such liabilities may instead, upon notice, be transferred to another Debtor.

Application of Proceeds of a Distressed Disposal

The net proceeds of a Distressed Disposal (and the net proceeds of any disposal of liabilities) shall be paid to the Security Agent (as the case may be) for application in accordance with the provisions set forth under "— *Application of Proceeds/Waterfall*" as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of liabilities or Appropriation has occurred, as if the disposal of liabilities, or any reduction in the secured obligations resulting from that Appropriation, had not occurred.

Voting and Amendments

Voting in respect of the Revolving Credit Facility and other Super Senior Lender Liabilities, the Senior Secured Notes, Future Pari Passu Debt, Future Second Lien Debt and/or Future Unsecured Debt and/or Future Senior Subordinated Debt will be in accordance with the relevant documents.

Except for amendments of a minor, technical or administrative nature which may be effected by the Security Agent and the Issuer and subject to the paragraph below, amendments to or waivers and consents under the Intercreditor Agreement shall require the written agreement of:

(a) the Majority Super Senior Creditors;

(b) the Senior Secured Notes Required Holders and the Future Pari Passu Debt Required Holders;

(c) the Future Second Lien Creditors whose aggregate second lien credit participations represent more than 66 ⅔% (or if there is at any time there is any Future Second Lien Debt not in the form of loans outstanding, 50%) of the aggregate second lien credit participations of all such creditors (the "**Majority Future Second Lien Creditors**");

(d) the Future Unsecured Creditors whose aggregate unsecured credit participations represent more than 66 ⅔% (or if there is at any time there is any Future Unsecured Debt not in the form of loans outstanding, 50%) of the aggregate unsecured credit participations of all such creditors (the "**Majority Future Unsecured Creditors**");

(e) the Future Senior Subordinated Creditors whose aggregate unsecured credit participations represent more than 66 2/3% (or if there is at any time there is any Future Senior Subordinated Debt not in the form of loans outstanding, 50%) of the aggregate unsecured credit participations of all such creditors (the "**Majority Future Senior Subordinated Creditors**");

(f) the Security Agent; and

(g) the Issuer,

provided that to the extent an amendment, waiver or consent only affects certain classes of secured party, and such amendment, waiver or consent could not reasonably be expected to materially and adversely affect the interests of the other classes of secured party, only written agreement from the affected class or classes shall be required.

Notwithstanding the paragraph immediately above, an amendment or waiver relating to provisions dealing with (i) ranking and priority, (ii) turnover of receipts, (iii) redistribution, (iv) enforcement of Transaction Security, (v) disposal proceeds, (vi) application of proceeds, (vii) amendments, (viii) certain provisions relating to the instructions to and exercise of discretion by the Security Agent, (ix) the order of priority or subordination under the Intercreditor Agreement, and (x) the definition of "Instructing Group" shall not be made without the written consent of:

(a) the RCF Lenders and the lenders of any other Super Senior Lender Liabilities;

(b) the Senior Secured Notes Trustee (in accordance with the terms of the Senior Secured Notes Indenture);

(c) the Future Pari Passu Debt Representative;

(d) each Hedging Bank (to the extent that the amendment or waiver would adversely affect such Hedging Bank);

(e) the Future Second Lien Debt Representative (to the extent that the amendment or waiver would adversely affect such Future Second Lien Creditors);

(f) the Future Unsecured Debt Representative (to the extent that the amendment or waiver would adversely affect such Future Unsecured Creditors);

(g) the Future Senior Subordinated Debt Representative (to the extent that the amendment or waiver would adversely affect such Future Senior Subordinated Creditors); and

(h) the Issuer.

Definitions

The Intercreditor Agreement shall provide that:

(a) "**Future Pari Passu Debt Required Holders**" means, in respect of any direction, approval, consent or waiver, the Future Pari Passu Creditors holding in aggregate a principal amount of Future Pari Passu Debt which is not less than the principal amount of Future Pari Passu Debt required to vote in favor of such direction, consent or waiver under the terms of the relevant documents or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Future Pari Passu Debt, in accordance with the relevant Future Pari Passu Debt documents;

(b) "**Primary Creditors**" means the Super Senior Creditors, the Senior Secured Notes Creditors, the Future Pari Passu Creditors, the Hedging Banks, the Future Second Lien Creditors, the Future Senior Subordinated Creditors and the Future Unsecured Creditors;

(c) "**Senior Secured Notes Required Holders**" means, in respect of any direction, approval, consent or waiver, the holders of the Senior Secured Notes holding in aggregate a principal amount of Senior Secured Notes which is not less than the principal amount of Senior Secured Notes required to vote in favor of such direction, consent or waiver under the terms of the Senior Secured Notes Indenture or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Senior Secured Notes (as applicable);

(d) "**Transaction Security**" means the security created or expressed to be created under or pursuant to the Transaction Security Documents; and

(e) "**Transaction Security Documents**" means: (i) as defined (or equivalent term) in the Revolving Credit Facility, any other document governing any other credit facility that are Super Senior Lender Liabilities and/or a document governing any Future Pari Passu Debt; (ii) any other document entered into at any time by any member of the Group creating any security in favor of the secured parties as security for any of the secured obligations; and (iii) any security granted under any covenant for further assurance in any of the documents set out in paragraphs (i) and (ii) above, which in each case, to the extent legally possible is created in favor of (A) the Security Agent as trustee for the secured parties 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 trustee for the secured parties, the secured parties in respect of their liabilities or the Security Agent under a parallel debt structure for the benefit of the secured parties.

Option to Purchase

Following:

(a) any notice that the Transaction Security has become enforceable; or

(b) either (i) an acceleration of the Revolving Credit Facility or other Super Senior Lender Liabilities, the Senior Secured Notes, the Future Pari Passu Debt, the Future Second Lien Debt, the Future Senior Subordinated Debt, or the Future Unsecured Debt, or (ii) the enforcement of any Transaction Security (a "**Distress Event**"),

(c) then the holders of the Senior Secured Notes and Future Pari Passu Debt shall have an option (subject to certain terms and conditions set out in the Intercreditor Agreement) to purchase all (but not part) of the relevant lenders' (or their affiliates) commitments under the Revolving Credit Facility and other Super Senior Lender Liabilities and all the Super Senior Hedging Liabilities at par plus accrued interest and all other amounts owing under the Revolving Credit Facility and other Super Senior Lender Liabilities and Hedging Agreements, with such purchase to occur all at the same time.

Following any notice that the Transaction Security has become enforceable or a Distress Event, each of the holders of the Future Second Lien Debt shall have an option (subject to certain terms and conditions set out in the Intercreditor Agreement) to purchase all (but not part) of the Senior Secured Debt at par plus accrued interest and all other amounts owing in respect of such Senior Secured Debt, with such purchase to occur all at the same time.

Following any notice that the Transaction Security has become enforceable or a Distress Event, each of the holders of the Future Unsecured Debt shall have an option (subject to certain terms and conditions set out in the Intercreditor Agreement) to purchase all (but not part) of the Senior Secured Debt and the Future Second Lien Debt at par plus accrued interest and all other amounts owing in respect of such Senior Secured Debt and Future Second Lien Debt, with such purchase to occur all at the same time.

Following any notice that the Transaction Security has become enforceable or a Distress Event, each of the holders of the Future Senior Subordinated Debt shall have an option (subject to certain terms and conditions set out in the Intercreditor Agreement) to purchase all (but not part) of the Senior Secured Debt and the Future Second Lien Debt at par plus accrued interest and all other amounts owing in respect of such Senior Secured Debt and Future Second Lien Debt, with such purchase to occur all at the same time.

Hedging

All scheduled and certain other payments permitted under a Hedging Agreement (other than close out payments (or payments when a scheduled payment from the hedging counterparty is due and unpaid)) are permitted payments for the purposes of the Intercreditor Agreement.

The Intercreditor Agreement will contain provisions in relation to the circumstances in which a Hedging Bank may take Enforcement Action in relation to its hedging, together with other customary rights and obligations.

General

The Intercreditor Agreement will contain provisions dealing with:

(a) close-out rights for the Hedging Liabilities;

(b) permitted payments (including without limitation, the repayment of Intragroup Liabilities and Shareholder Liabilities and the payment of permitted distributions in each case to the extent permitted under the terms of the finance documents relating to the Senior Secured Debt, the Future Second Lien Debt, the Senior Subordinated Debt and the Future Unsecured Debt);

(c) incurrence of Future Pari Passu Debt, Future Second Lien Debt, Future Senior Subordinated Debt or Future Unsecured Debt that will allow certain creditors and agents with respect to such Future Pari Passu Debt, Future Second Lien Debt, Future Senior Subordinated Debt or Future Unsecured Debt, as the case may be, to accede to the Intercreditor Agreement and benefit from, and be subject to, the provisions of the Intercreditor Agreement (including, without limitation, protections and permissions associated with the payment of amounts to the Senior Secured Notes Trustee) so long as not prohibited under the Revolving Credit Facility or other Super Senior Lender Liabilities documents or the Senior Secured Notes Indenture and in compliance with the agreed parameters for such class of debt (if any) and the Future Second Lien Debt and Future Senior Subordinated Debt and Future Unsecured Debt shall be subject to the relevant subordination provisions under the Intercreditor Agreement;

(d) the ability to incur additional credit facilities benefiting from the equivalent position under the terms of the Intercreditor Agreement as the Revolving Credit Facility (to the extent such additional credit facilities are allowed under the terms of the Revolving Credit Facility to share in the Transaction Security with the rights and obligations equivalent to that of the RCF Lenders and which is permitted by the terms of the finance documents relating to Senior Secured Notes to rank senior to the Senior Secured Notes Liabilities with respect to the proceeds of any Enforcement of the Transaction Security);

(e) payments received by creditors which are not permitted by the Intercreditor Agreement shall be required to be held on trust for the Security Agent and provided to the Security Agent for application in accordance with the Payments Waterfall;

(f) the appointment of the Security Agent and its related rights and obligations, together with the rights and obligations of any notes trustee of debt which is the subject of the Intercreditor Agreement; and

(g) certain rights and obligations of ancillary lenders and issuing banks under the Revolving Credit Facility documents and other Super Senior Lender Liabilities documents.

Governing Law

The Intercreditor Agreement will be governed by and construed in accordance with English law.

Proceeds Loan

On or about the Completion Date, the Issuer, as lender, and RdM, as borrower, will enter into an intercompany loan (the "**Proceeds Loan**") with the proceeds under Tranche A (as defined under "*Use of Proceeds*") under the Notes in an aggregate principal amount of approximately €172 million. The amount received pursuant to such Proceeds Loan will be used by RdM to, among other things, repay and cancel the Existing Debt. The Proceeds Loan bears interest at a rate not lower than the interest rate applicable to the Notes.

The receivables in respect of the Proceeds Loan will be assigned by way of security by the Issuer to secure the Notes and the Revolving Credit Facility. The Proceeds Loan does not provide for any undertakings or representations by either the Issuer or RdM. The Proceeds Loan will be governed by Italian law. As a consequence of the Merger, the Proceeds Loan will be extinguished and the security interests over the Issuer's interest in the receivables in respect of the Proceeds Loan will be automatically terminated.

Other Indebtedness

RdM and its subsidiaries are party to several medium- and long-term credit facilities that are expected to remain outstanding after the Refinancing in an aggregate principal amount outstanding of approximately €6.0 million as of September 30, 2021, of which approximately €4.0 million was owed by non-Guarantors as of such date. In addition, RdM and its subsidiaries are party to finance leases in an aggregate principal amount outstanding of €14.8 million as of September 30, 2021. All or any portion of such debt may also be repaid or terminated in connection with the Refinaning, or prior thereto, and/or certain other local facilities or borrowings may remain outstanding after giving effect to the Refinancing, in each depending on certain conditions and the circumstances existing as of the Completion Date.

DESCRIPTION OF THE NOTES

General

In this description, the term "Issuer" refers only to Rimini BidCo S.p.A. prior to the Merger and to MergerCo subsequent thereto and, in each case, not to any of its Subsidiaries, and the terms "we," "our," "us" and "the Company" each refer collectively to the Issuer and its consolidated Subsidiaries. The Issuer will issue €445.0 million in aggregate principal amount of its Floating Rate Sustainability-Linked Senior Secured Notes due 2026 (the "**notes**") pursuant to a notes indenture (the "**Indenture**"), to be dated as of the Issue Date, among, *inter alios*, the Issuer, The Law Debenture Trust Corporation p.l.c., as trustee (the "**Trustee**") under the Indenture and common representative (*rappresentante comune*) of the holders of the notes pursuant to Articles 2417 and 2418 of the Italian Civil Code, Deutsche Bank AG, London Branch, as principal paying agent and transfer agent, Deutsche Bank Luxembourg S.A., as registrar and Luxembourg listing agent for the notes, and The Law Debenture Trust Corporation p.l.c., as the security agent (the "**Security Agent**") and legal representative (*mandatario con rappresentanza*) under the Indenture and as representative (*rappresentante*) of the holders of the notes pursuant to and for the purposes set forth under Article 2414-*bis*, 3rd para. of the Italian Civil Code (in such capacity, the "**Security Representative**"). Copies of the Indenture (and any supplemental indentures) may be obtained from the Issuer upon request after the Issue Date. The notes will be issued in private transactions that are exempt from, or not subject to, the registration requirements of the Securities Act, and the Indenture will not be qualified under or subject to and will not incorporate (by reference or otherwise) any of the provisions of, the U.S. Trust Indenture Act of 1939, as amended. Application has been made for the notes to be listed on the Official List of the Luxembourg Stock Exchange and for the notes to be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange (the "**Euro MTF Market**"). There can be no assurance that this application will be accepted.

The following summary of certain provisions of the Indenture, the Escrow Agreement, the Account Charge, the Intercreditor Agreement, the Security Documents and the notes does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the Indenture, the Escrow Agreement, the Account Charge, the Intercreditor Agreement, the Security Documents and the notes, including the definitions of certain terms therein. Capitalized terms used in this "*Description of the Notes*" section and not otherwise defined herein have the meanings set forth in the Indenture.

The Issuer will issue the notes with an initial aggregate principal amount of €445.0 million. Following the Issue Date, the Issuer may issue additional notes from time to time as described below under "— *Additional Notes*."

Brief Description of the Notes and the Guarantees

The notes will be, upon issuance:

- general senior obligations of the Issuer;
- secured as set forth under "— *Security; the Collateral*;"
- equal in right of payment to all of the Issuer's existing and future Indebtedness and other obligations that are not, by their terms, expressly subordinated in right of payment to the notes, including the obligations under the Credit Agreement;
- effectively subordinated to any existing and future Indebtedness of the Issuer that will receive proceeds from any enforcement action over the Collateral on a priority basis, including the obligations under the Credit Agreement;
- effectively subordinated to all existing and future secured Indebtedness of the Issuer that is secured by assets that do not secure the notes, to the extent of the value of the assets securing such Indebtedness;
- structurally subordinated to all indebtedness and other liabilities of the Issuer's existing and future Subsidiaries that do not Guarantee the notes as set forth under "— *Guarantees*", including the Existing Debt prior to its repayment; and
- senior in right of payment to any of the Issuer's future Subordinated Indebtedness.

The Guarantees of each Guarantor in respect of the notes will be:

- a general senior obligation of such Guarantor;
- secured as set forth under "— *Security; the Collateral*;"
- equal in right of payment to all of such Guarantor's existing and future Indebtedness and other obligations that are not, by their terms, expressly subordinated in right of payment to the notes, including that Guarantor's obligations under the Credit Agreement;
- effectively subordinated to any existing and future Indebtedness of the Issuer that will receive proceeds from any enforcement action over the Collateral on a priority basis, including its guarantee under the Credit Agreement;
- effectively subordinated to all existing and future secured Indebtedness of such Guarantor that is secured by assets that do not secure its Guarantee, to the extent of the value of the assets securing such Indebtedness; and
- senior in right of payment to any of such Guarantor's future Subordinated Indebtedness.

Although the Indenture will limit the Incurrence of Indebtedness and the issuance of Disqualified Stock by the Issuer and its Restricted Subsidiaries and the issuance of Preferred Stock by the Issuer's Restricted Subsidiaries, such limitation is subject to a number of significant qualifications and exceptions. Under certain circumstances, the Issuer and its Restricted Subsidiaries may be able to incur substantial amounts of Indebtedness, and such Indebtedness may be secured Indebtedness. The Indenture will not limit the amount of Indebtedness that any direct or indirect parent company of the Issuer may incur or the incurrence of liabilities that do not constitute Indebtedness. See "*Risk Factors — Risks Related to Our Indebtedness — We may incur additional indebtedness, including at the level of our non-Guarantor subsidiaries, which could increase our risk exposure from debt and could decrease your share in any proceeds distributed in connection with any insolvency or other winding-up of such subsidiaries*," "*— Certain Covenants — Liens*" and "*— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*."

Proceeds Loans

On or as soon as practicable after the Closing Date, the Issuer, as lender, will enter into the Proceeds Loan with Reno de Medici S.p.A. ("**RdM**"), as borrower, pursuant to which the Issuer will lend to RdM the proceeds under Tranche A (as defined in "*Use of Proceeds*") under the notes. Interest on the Proceeds Loan is expected to accrue at a rate that is not lower than the interest rate applicable to the notes. The Proceeds Loan will be terminated, and the indebtedness thereunder discharged, by operation of law upon the completion of the Merger. The Proceeds Loan will be governed by Italian law.

Escrow of Proceeds; Special Mandatory Redemption

Concurrently with 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 the gross proceeds of the notes less certain professional fees and expenses related to the Offering into an escrow account (the "**Escrow Account**") in the name of the Issuer. The Escrow Account will be pledged on a first-priority basis in favor of the Trustee for the benefit of the Holders pursuant to the Account Charge dated the Issue Date between the Issuer and the Trustee. 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**." See "*Risk Factors — Risks Related to the notes, the Guarantees and the Collateral — If the conditions to the release of proceeds from the Escrow Account are not satisfied, the Issuer will be required to redeem the notes, which means that you may not obtain the return you expect on the notes*."

In order to cause the Escrow Agent to release the Escrowed Property (the "**Escrow Release**"), the Escrow Agent and the Trustee shall have received from the Issuer prior to July 4, 2022 (the "**Escrow Longstop Date**"), an Officer's Certificate, upon which both the Escrow Agent and the Trustee shall be able to conclusively rely without further investigation, to the effect that the following conditions have been met or will be satisfied as of the date of the Escrow Release:

(i) the MTO Completion has occurred;

(ii) the refinancing of (a) the Bidco Loan and (b) any Indebtedness of RdM that is intended to be refinanced with the proceeds of the notes as described under the section "*Use of Proceeds*" will be consummated promptly (and in any event, no later than ten Business Days) after release of the Escrowed Property; and

(iii) there is no Event of Default with respect to the Issuer under clause (6) of the first paragraph under the heading titled "— *Defaults*" below.

The Escrow Release shall occur promptly following receipt of such Officer's Certificate and any documentation required to be delivered under the Escrow Agreement. Upon the Escrow 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 condition set forth in clause (i) above does not occur on or prior to the Escrow Longstop Date, (b) the Issuer notifies the Trustee and the Escrow Agent that in its reasonable judgment the condition set forth in clause (i) above will not be satisfied by the Escrow Longstop Date, or (c) a bankruptcy or insolvency event arises in respect of the Issuer under the Indenture on or prior to the Escrow Longstop Date (each a "**Special Mandatory Redemption Event**" and the date of any such Special Mandatory Redemption Event being the "**Special Termination Date**"), the Issuer will redeem the entire aggregate principal amount of the notes then outstanding (the "**Special Mandatory Redemption**") at a price (the "**Special Mandatory Redemption Price**") equal to 100% of the aggregate issue price of the notes, plus accrued but unpaid interest and Additional Amounts, if any, from, and including, the notes Issue Date to, but excluding, the Special Mandatory Redemption Date (as defined below). To the extent that the Escrowed Property is insufficient to pay the Special Mandatory Redemption Price, the Issuer will fund any shortfall in such amounts due (the "**Shortfall Amount**").

Written 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 earlier than the fifth Business Day and no later than the tenth Business Day after such notice is given by the Issuer in accordance with the terms of the Indenture and the Escrow Agreement (the "**Special Mandatory Redemption Date**"). Such notice shall include the Special Mandatory Redemption Price (specifying also the amount of the Escrowed Property and the Shortfall Amount, if any, to be paid by the Issuer) and the Special Mandatory Redemption Date and shall also contain the following certifications of the Issuer:

(i) that a Special Mandatory Redemption Event has occurred and the Issuer is effecting the Special Mandatory Redemption; and

(ii) that, promptly after receiving the Escrowed Property and the Shortfall Amount, if any, the Paying Agent is directed to pay the Special Mandatory Redemption Price to the holders of the notes on the Special Mandatory Redemption Date.

If a Special Mandatory Redemption Date Occurs, the Escrow Agent will pay to the Paying Agent for payment to each holder the Special Mandatory Redemption Price (or, in the event the Escrowed Property is insufficient to fund a Special Mandatory redemption, such lesser amount as provided in the Escrow Agreement) on the Special Mandatory Redemption Date in accordance with the Escrow Agreement and subject to receipt of any further documentation required by the Escrow Agent thereunder. If a Shortfall Amount is payable by the Issuer in respect of a Special Mandatory Redemption, the Issuer shall pay such amount to the Paying Agent on the Special Mandatory Redemption Date to fund, in part, the payment of the Special Mandatory Redemption Price to each holder for such holder's Notes.

Receipt by the Trustee from the Issuer of either an Officer's Certificate for the Escrow Release or a notice of Special Mandatory Redemption shall constitute deemed consent by the Trustee for the release (in the case of a notice of Special Mandatory Redemption, following the completion of such Special Mandatory Redemption) of the Escrowed Property from the Account Charge.

If at the time of such Special Mandatory Redemption, the notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, and if and to the extent that the rules of the Luxembourg Stock Exchange so require, the Issuer will notify the Luxembourg Stock Exchange that the Special Mandatory Redemption has occurred and any relevant details relating to such Special Mandatory Redemption. In addition, to the extent and in the manner permitted by such rules, the Issuer will publish the relevant notices in a leading newspaper having general circulation in Luxembourg (currently expected to be the *Luxemburger Wort*) or the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

No provisions of the Escrow Agreement or the Account Charge and, to the extent such provisions relate to the Issuer's obligation to redeem the notes in a Special Mandatory Redemption, the Indenture, may be waived or modified in any manner materially adverse to the holders without the consent of holders of a majority of the outstanding notes. By accepting a note, each holder will be deemed to have agreed to be bound by the terms of the Escrow Agreement and have irrevocably authorized the Trustee to take all the actions set forth in the Escrow Agreement without the need for further direction from them under the Indenture.

Security; the Collateral

On the Issue Date, the notes will solely be secured by the Account Charge. The Escrowed Property that is deposited in the Escrow Account will not be charged to secure any obligations other than the Issuer's obligations under the notes. Upon the definitive release of the Escrowed Property in accordance with the Escrow Agreement and the Account Charge, the first-priority security over such Escrowed Property will be released.

Pursuant to the Security Documents to be entered into on or shortly after the Closing Date, subject to the Agreed Security Principles, certain significant limitations under Italian law and certain perfection requirements, the notes will be secured by security over the following property, rights and assets (collectively, the "**Closing Date Collateral**"):

(i) the shares in the Issuer held by Rimini TopCo S.p.A. (together with its successors and assigns, "**TopCo**");

(ii) the shares in RdM held by the Issuer;

(iii) receivables in respect of certain material intercompany loans, including the Proceeds Loan, in respect of which the Issuer or RdM is a creditor; and

(iv) material operating bank accounts of the Issuer and RdM.

Following the Closing Date (and, with respect to the Closing Date Additional Guarantors, no later than 60 days following the Closing Date),the notes will be secured by security over (collectively, the "**Additional Collateral**" and, together with the Account Charge and the Closing Date Collateral, the "**Collateral**"), in each case subject to the Agreed Security Principles, certain significant limitations under applicable laws, certain perfection requirements and any other terms and conditions of the Indenture, including the release provisions contained therein:

(i) all of the issued share capital of each Guarantor held by the Issuer or any of its subsidiaries;

(ii) receivables in respect of certain material intercompany loans, including any proceeds loans, in respect of which any Guarantor is a creditor (if any); and

(iii) material operating bank accounts of each Guarantor.

Following the Closing Date, we intend to merge Rimini BidCo S.p.A. and RdM (the "**Merger**"). Following the Merger, MergerCo, as the surviving entity of the Merger, will assume the obligations of the Issuer under the notes. We cannot assure you that we will be able to complete the Merger. See "*Risk Factors — Risks Related to our Structure — We may be unable to complete the Merger within the anticipated time frame, or at all*." As a result of the consummation of the Merger, the Proceeds Loan will be extinguished, and the security interests over the intercompany receivables owed by the Initial Guarantor to the Issuer will be automatically terminated, and (i) in the event that Rimini Bidco S.p.A. is the surviving company of the Merger, the pledge over the share capital of RdM will be extinguished by operation of law, and (ii) in the event that RdM is the surviving company of the Merger, the pledge over the share capital of Rimini Bidco S.p.A. will be extinguished by operation of law (and the pledge over the share capital of RdM will continue over the shares in the MergerCo received by Topco upon the Merger), and in each case Topco will grant (or re-confirm, as applicable) a first-priority security interest over the issued share capital of MergerCo held by it. Subsequent to the Merger, the Issuer shall take such necessary actions and shall cause its Restricted Subsidiaries to take such necessary actions so that the relevant Collateral shall be, subject to, and on terms consistent with the Agreed Security Principles and to the extent necessary to ensure that such Collateral is conferred on the Holders (or to the Security Agent, as applicable) to the fullest extent permitted by applicable law, granted and/or confirmed and/or extended, as applicable and, for the avoidance of doubt, no opinion or certificate will be required pursuant to the section "— *Impairment of Security Interest*" below.

Any other security interests that may in the future be granted to secure obligations under the notes, any Guarantee and the Indenture would also constitute Collateral. All Collateral shall be subject to the operation of the Agreed Security Principles and any Permitted Collateral Liens. See also "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral*" and "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

Notwithstanding the foregoing, guarantees and security may be limited or capped and certain assets will not be pledged in relation to the notes (or the Liens not perfected), in accordance with the Agreed Security Principles, including (without limitation):

- if providing such security or guarantee would be prohibited or limited by general legal or statutory limitations, regulatory restrictions, financial assistance (including under Article 2358 and/or 2374 of the Italian Civil Code), corporate benefit, fraudulent preference, foreign exchange laws or regulations (or analogous restrictions), transfer pricing, earnings stripping, controlled foreign corporation, thin capitalization, exchange control and capital maintenance rules, tax restrictions, retention of title claims, employee consultation or approval requirements and similar matters or providing such guarantee or security would be outside the applicable pledgor's capacity or conflict with fiduciary duties of directors or contravene any applicable legal, regulatory or contractual prohibition or restriction or have the potential to result in material risk of personal or criminal liability of any director or officer of the Issuer or any of its Subsidiaries after the use of reasonable endeavors (but without incurring material cost and without adverse impact on relationships with third parties) to overcome such prohibitions or obstacles (if possible);
- if the time and cost of providing the guarantee or security is not proportionate to the benefit accruing to the holders of the notes. In particular, it is acknowledged that the Issuer and/or Guarantor will not opt (where possible) for the *Imposta Sostitutiva* regime pursuant to Article 15 and subsequent of Italian Presidential Decree no. 601/1973, as amended and supplemented from time to time. Accordingly, Italian security that requires payment of an *ad valorem* registration tax on the amount of the secured obligations will not be taken unless it can be executed by way of exchange of correspondence or minimized upon execution (including by converting quotas of Italian limited companies into shares or through a cap to the secured obligations agreed between the Security Agent and the Issuer, each acting reasonably). Non-Italian security that requires payment of an *ad valorem* registration tax on the amount of the secured obligation will not be taken if tax duty cannot be minimized upon execution (including through a cap to the secured obligations agreed between the Security Agent and the Issuer, each acting reasonably);
- if a class of assets includes material and immaterial assets and the cost involved in creating security over the immaterial assets is not proportionate to the benefit, only the material assets in that category will be subject to security;
- if in certain jurisdictions it may be either impossible or impractical or disproportionately costly or would unduly disrupt the business of the Group to grant a guarantee or create security over certain categories of assets, guarantee will not be granted and/or security will not be taken over such assets; *provided*, this principle shall not apply with respect to the creation of security if any other Indebtedness for borrowed money of the Issuer or its Restricted Subsidiaries is secured by such assets;
- if any assets are subject to legal requirements, contracts, leases, licenses or any other third party arrangements which may prevent those assets from being charged or subject to the applicable guarantee provided that the relevant member of the Group will use commercially reasonable endeavours (for a

specified period of time) to obtain any necessary consent to charging any such assets or provide such guarantee to the extent that a relevant asset or guarantee is material and the Issuer is satisfied that such endeavours will not involve placing relationships with third parties in jeopardy, or otherwise, will be excluded from any relevant security;

- if providing such security or granting such guarantee requires consent before such assets may be secured or where providing such security would give a third party the right to terminate or otherwise amend any rights, benefits and/or obligations of the Issuer or any of its Subsidiaries in respect of those assets or require any of them to take any action materially adverse to their interests and where (subject to certain conditions being met) such consent cannot be obtained after the use of reasonable endeavors (but without adverse impact on relationships with third parties);
- if providing such security or granting such guarantee would have a material adverse effect (as determined in good faith by the Issuer) on the ability of the Issuer or any Subsidiary to conduct its operations and business in the ordinary course as otherwise not prohibited by the Indenture, or materially adversely affects the tax arrangements of the Issuer or such Subsidiary or any direct or indirect equityholder of the Issuer, and any requirement under the Agreed Security Principles to seek consent of any person or take or not take any other action shall be subject to this principle provided that the relevant member of the Group shall use reasonable endeavours (but without incurring material cost and without adverse impact on relationships with third parties) to overcome any such obstacle;
- if security over such assets or guarantee from such person is required to support acquired indebtedness to the extent such indebtedness is not restricted by the Indenture, or if the terms of the documentation governing such acquired indebtedness prevents the granting of such security or guarantee;
- if the time and cost (including material adverse tax consequences or adverse effects on interest deductibility and stamp duty, registration taxes, notarisation and registration fees) of providing a guarantee or security (and the terms or perfection of such security) is disproportionate to the benefit of obtaining such guarantee or security;
- no member of the Group will be required to grant security or guarantees if it is not a Wholly Owned Subsidiary of RdM (or MergerCo subsequent to the Merger) or to the extent that to do so is not within their legal capacity or where to do so would conflict with the fiduciary duties of directors or contravene any legal prohibition, contractual restriction or regulatory condition or would result in (or in a risk of) personal or criminal liability on the part of any director or officer, provided that the relevant entity shall use commercially reasonable endeavours to overcome any such obstacle;
- the Group will not be liable for any fees, costs, taxes, expenses or other amounts payable in connection with any re-taking, re-registration, re-notarization or other requirement for perfection, presentation, novation or protection of security or guarantees on transfers or assignments by the holders of the notes;
- if the maximum guaranteed or secured amount may be restricted or limited to minimise fees and duties where the benefit of increasing the guarantee or secured amount is disproportionate to the level of such fees and duties;
- any Security Document shall only be required to be notarized or notarially certified if required by law in order for the relevant security to become effective or admissible in evidence or for the document to bear a "certified date" as a matter of Italian law and where possible, the transaction security documents governed by Italian law will be executed by way of exchange of correspondence (*scambio di corrispondenza commerciale*), or outside Italy, in order to minimise any documentary tax cost connected with their execution;
- if the assets are located outside a jurisdiction in which the Issuer or a Guarantor is incorporated (the "**Security Jurisdictions**");
- (i) all security interests (other than as set forth in subclauses (ii) and (iii) below) shall be governed by the law of, and secure only assets located in, the jurisdiction of incorporation of the applicable grantor of the security interest; and no action in relation to security interests (including any perfection step, further assurance step, filing or registration) will be required in jurisdictions where the grantor of the security interest is not incorporated; (ii) security interests over shares shall be governed by the jurisdiction of

incorporation of the issuer of those shares to the extent such jurisdiction is a Security Jurisdiction; and (iii) security interests over an intercompany loan shall be governed by the law governing such intercompany loan to the extent it is a Security Jurisdiction;

- in the case of security from or guarantees over, or over assets of, any joint venture, non-wholly owned subsidiary or similar arrangement, any minority interest or any entity that is not wholly-owned, including, in the case and for so long RdM is not wholly-owned, certain general limitations and restrictions may delay or impair the ability of the Issuer to cause RdM to provide a guarantee and the granting of security, such as any necessary approvals by independent directors, the requirement for any transactions to be on arm's length terms, corporate benefit requirements and directors' duties to act in the best interest of RdM, as well as potential challenges imposed by the presence of minority shareholders and, for as long as RdM remains listed, certain the requirement for additional corporate actions and approvals in accordance with applicable regulations, including pursuant to the requirements of Article 2391-bis of the Italian Civil Code and CONSOB Regulation No. 17221 dated 12 March 2010 (and subsequent updates) concerning transactions with related parties;
- if certain supervisory board, works council, regulator or regulatory board (or another external body's) consent may be required to enable the provision of a guarantee or security;
- certain notifications, deliverables and other notices will only be provided at the request of the Security Agent after the notes are accelerated (subject to certain exceptions) and no notices shall be required to be sent to insurers, third party debtors or other contractual third parties prior to an acceleration that is continuing;
- in the case of assets subject to security which is a Permitted Lien; and
- no control agreements or control, lockbox or similar arrangements will be required with respect to any deposit accounts, securities accounts and commodities accounts or other assets.

Unless contrary to applicable law, each Security Document will contain a clause which records that: (i) if there is a conflict between the Security Document and the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement then (to the extent permitted by law and to the extent it would not prejudice the creation, priority, perfection, validity or enforceability of the Security created under the transaction security documents) the provisions of the Indenture, the Intercreditor Agreement or Additional Intercreditor Agreement, as applicable, shall take priority over the provisions of the Security Document; and (ii) notwithstanding any provision of a Security Document, but without prejudice to the creation or perfection of the relevant security and to the undertakings of TopCo under the Security Documents to ensure that security is at all times granted over the entire percentage of the shares in the Issuer held by TopCo (except as otherwise permitted by the Indenture), the terms of the Security Documents shall not operate or be construed so as to prohibit or restrict something which would otherwise be permitted or not prohibited under the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement.

The Collateral will also, to the extent legally possible, secure liabilities under the Credit Agreement, and may secure any future hedging agreements, any additional notes and certain other future indebtedness on a *pari passu* basis with the notes; *provided* that certain obligations (including (i) certain priority Hedging Obligations and Bank Products and (ii) Obligations in respect of the Credit Agreement) are designated under the Intercreditor Agreement as having super senior priority and will receive proceeds from the enforcement of the Collateral and certain distressed disposals in priority to holders of the notes pursuant to the Intercreditor Agreement. See "*Description of Certain Financing and Guarantee Agreements — Intercreditor Agreement*."

Subject to certain conditions, including compliance with the covenant described under "*Impairment of Security Interest*," the Collateral may also secure other Indebtedness, including on a basis junior to, *pari passu* with or senior to the notes, and the Issuer and its Restricted Subsidiaries are permitted to grant security over the Collateral in connection with future issuances of their Indebtedness or Indebtedness of the Issuer and its Restricted Subsidiaries, including any additional notes, in each case, as permitted under the Indenture and the Intercreditor Agreement. Any proceeds received upon the enforcement over any Collateral, after the liabilities in respect of Indebtedness designated as super senior have been discharged from such recoveries, will be applied *pro rata* in payment of all liabilities in respect of obligations under the Indenture and the notes and any other

Pari Passu Indebtedness incurred and secured by the Collateral on a *pari passu* basis. See "*Description of Certain Financing and Guarantee Agreements — Intercreditor Agreement*" and *"— Certain Covenants — Liens*" below.

The Liens over the property and the other assets constituting the Collateral securing the notes and Guarantees will be released automatically in any of the circumstances contemplated by the release provisions contained in the Indenture, the Intercreditor Agreement or the Security Documents, and the Security Agent shall take any necessary action reasonably requested in writing by the Issuer to the extent necessary to effectuate any such release of the Collateral subject to customary protections and indemnifications. Upon request of the Issuer and upon receipt of an Officer's Certificate and Opinion of Counsel stating that all conditions precedent in respect of such release have been satisfied, the Security Agent shall execute, deliver or acknowledge any necessary or proper instruments of termination, satisfaction or release to evidence the release of the Collateral permitted to be released pursuant to the Indenture, the Intercreditor Agreement and the Security Documents. At the request and expense of the Issuer, the Security Agent shall execute and deliver an appropriate instrument evidencing such release (in the form provided by the Issuer and agreed by the Security Agent). Each of the following releases shall occur automatically without the consent of the holders, and without any action on the part of the Security Agent, unless action is required by it to effectuate the release in accordance with the terms of the preceding sentence:

- if a Guarantor is released from its Guarantee pursuant to the Indenture;
- if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary following release of the property and assets and Capital Stock of such Restricted Subsidiary;
- in connection with any Permitted Combination under the covenant described under "*— Merger, Consolidation or Sale of All or Substantially All Assets*" or, other than with respect to the pledge of shares of the Issuer (and, subsequent to the Merger, the share capital of MergerCo) and Opco in a Permitted Combination, upon a disposition not prohibited by the provisions described under "*— Certain Covenants — Asset Sales*" or pursuant to an IPO Pushdown permitted by the Indenture;
- other than with respect to the pledge of shares of the Issuer (and, subsequent to the Merger, the share capital of MergerCo), upon the release of the security interest securing such Collateral under the Credit Agreement (other than in connection with discharge of the obligations thereunder) or in accordance with the covenant described under "*— Certain Covenants — Liens*" if the Indebtedness that gave rise to the obligation to grant the Lien over such Collateral in favor of the notes is released;
- other than with respect to the pledge of shares of the Issuer (and, subsequent to the Merger, the share capital of MergerCo), in connection with a reorganization otherwise permitted by the Indenture;
- in relation to the Account Charge, upon release of the Escrowed Property in accordance with the terms of the Escrow Agreement and the Account Charge;
- upon the defeasance or discharge of the notes as provided in "*— Defeasance*" or "*— Satisfaction and Discharge*," in each case, in accordance with the terms of the Indenture;
- as described under "*— Amendment, Supplement and Waiver*;"
- as described under "*— Impairment of Security Interest*;"
- as provided for in the Intercreditor Agreement or any Additional Intercreditor Agreement;
- upon the full and final payment and performance of all financial obligations of the Issuer under the Indenture and the notes;
- in connection with a Permitted Parent Reorganization and in connection with the Merger with respect to Security Interests over the Collateral that are extinguished by operation of law (provided that Topco will grant (or re-confirm, as applicable) a first-priority security interest over the issued share capital of MergerCo held by it as described above); and
- as otherwise permitted in accordance with the Indenture.

The Liens on the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. For a brief description of such limitations, see "*— Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*" and "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral — The Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*."

Security Documents

Under the Security Documents, security will be granted over the Collateral to secure, *inter alia*, the payment when due of the Issuer's payment obligations under the notes and the Indenture. The Security Documents will be entered into among, *inter alios*, the relevant security provider, the Security Agent for itself and as agent for the secured parties (and with respect to the Security Documents governed by Italian law, also as Security Representative (as defined below) and legal representative (*mandatario con rappresentanza*)), and, with respect to the Security Documents governed by Italian law, the Trustee acting for itself and in its capacity as the Trustee, under the Indenture and also as Noteholders' Representative (as defined below). 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 and the Intercreditor Agreement will provide that, to the extent permitted by the applicable laws, only the Security Agent (including in its role as Security Representative) will have the right to enforce the Security Documents on behalf of the Trustee (including in its role as Noteholders' Representative) and the Holders. As a consequence of such contractual provisions and since the Holders are not a party to the Security Documents, the Holders will not, individually or collectively, be entitled to take enforcement action in respect of the Collateral securing the notes, except through the Trustee under the Indenture (including in its role as Noteholders' Representative), who will (subject to the provisions of the Indenture and the Intercreditor Agreement) provide to the Security Agent (including in its role as Security Representative) instructions received from the Holders pursuant to the Indenture in respect of the Collateral.

The Indenture will provide that, subject to the terms thereof and of the Intercreditor Agreement, the notes and the Indenture, as applicable, will be secured by Security Interests in the Collateral until all obligations under the notes and the Indenture have been discharged. However, please see the section entitled "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral*". The validity and enforceability of the Security Interests will be subject to, *inter alia*, the limitations described in "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral*" and "*Limitations on Validity and Enforceability of any Future Guarantees and the Notes Collateral and Certain Insolvency Law Considerations*."

The Security Documents will provide that the rights under the Security Documents and the Indenture must be exercised by the Security Agent. The Holders may only act through the Trustee (including in its role as Noteholders' Representative), who will (subject to the provisions of the Indenture and the Intercreditor Agreement) provide to the Security Agent (including in its role as Security Representative) instructions received from the Holders pursuant to the Indenture in respect of the Collateral.

In the event that the Issuer or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the security interest created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the security interest or the terms of the Intercreditor Agreement was successful, the Holders may not be able to recover any amounts under the Security Documents. See "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral*."

Enforcement of Security Interests

The Indenture and the Intercreditor Agreement restrict the ability of the Holders or the Trustee to enforce the security interests. These limitations are described under "*Description of Certain Financing Arrangements — Intercreditor Agreement*" and "*Limitations on Validity and Enforceability of any Future Guarantees and the Security Interests and Certain Insolvency Law Considerations.*" The ability to enforce may also be restricted by similar arrangements in relation to future indebtedness that is secured on the Collateral in compliance with the Indenture and the Intercreditor Agreement.

The creditors under the Credit Agreement, the Holders, the counterparties to Hedging Obligations secured by the Collateral and the Trustee (including in its role as Noteholders' Representative) have, and by accepting a note, each Holder will be deemed to have, appointed the Security Agent to act as its agent under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents. Furthermore, each Holder by accepting a note will have deemed to have appointed the Security Agent as *mandatario con rappresentanza* pursuant to Article 1704 of the Italian Civil Code and as security representative (*rappresentante per le garanzie*) pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code to act on its behalf. The creditors under the Credit Agreement, the Holders, the counterparties to Hedging Obligations secured by the Collateral and the Trustee have, and by accepting a note, each Holder will be deemed to have, authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents, together with any other incidental rights, power and discretions; and (ii) execute each Security Document, waiver, modification, amendment, confirmation, extension, renewal, replacement, release or discharge expressed to be executed by the Security Agent in its name and on its behalf.

Impairment of Security Interest

The Issuer shall not, and shall not permit any Restricted Subsidiary to, take any action that would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the Holders of the notes, and the Issuer shall not, and shall not permit the Issuer or any Guarantor to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders of the notes and the other beneficiaries described in the Security Documents, any Lien over any of the Collateral that is prohibited by the covenant entitled "*— Certain Covenants — Liens*;" *provided*, that the Issuer and any Guarantor may Incur any Lien over any of the Collateral that is not prohibited by the covenant entitled "*— Certain Covenants — Liens*," including Permitted Collateral Liens, and the Collateral may be discharged, transferred or released in any circumstances not prohibited by the Indenture, the Intercreditor Agreement or the applicable Security Document.

Notwithstanding the foregoing, nothing in this covenant shall restrict the discharge and release of any Lien in accordance with the Indenture, the Escrow Agreement or the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable, or pursuant to the incurrence of Permitted Collateral Liens or any action expressly permitted by the Indenture, the Escrow Agreement, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable. Subject to the foregoing, the Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets) to (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) provide for Permitted Collateral Liens; (iii) add to the Collateral; (iv) effect a Permitted Parent Reorganization; or (v) make any other change thereto that does not adversely affect the holders of the notes in any material respect as determined by the Issuer in good faith and evidenced by an Officer's Certificate delivered to the Trustee and the Security Agent; *provided*, *however*, that (except where permitted by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement or to effect or facilitate the creation of Permitted Collateral Liens for the benefit of the Security Agent and holders of other Indebtedness Incurred in accordance with the Indenture), no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by a substantially concurrent retaking of a lien of at least equivalent ranking over the same assets), unless contemporaneously with such amendment, extension, renewal, restatement, supplement or modification or release (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets), the Issuer delivers to the Security Agent and the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee and the Security Agent, from an Independent Financial Advisor or investment bank of international standing which confirms 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, modification or release (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets), (2) a certificate from the principal financial or accounting officer of the Issuer or the Board of Directors which confirms 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, modification, replacement, or release, or (3) an Opinion of Counsel (subject to any qualifications customary for this type of opinion of counsel), in form and substance reasonably satisfactory to the Trustee and the Security Agent, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets), the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, modified or released and replaced are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement and to which the new Indebtedness secured by the Permitted Collateral Lien is not subject.

In the event that the Issuer and its Restricted Subsidiaries comply with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections or indemnifications) consent to such actions without the need for instructions from the holders of the notes.

Amendments to the Intercreditor Agreement and Additional Intercreditor Agreements

In connection with the Incurrence of any Indebtedness by the Issuer or any of its Restricted Subsidiaries (i) that is not prohibited by the Indenture to be Incurred pursuant to the covenant described under the caption "*— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" and either to share in the Collateral or any Lien or to rank *pari passu* or junior in right of payment to the notes and *pari passu* or junior in right of payment to any Guarantee (or, in the case of Indebtedness which ranks super senior with respect to the proceeds from enforcement over the Collateral and certain distressed disposals in accordance with the definition of "Permitted Collateral Liens," to provide for such super senior status with respect to enforcement recoveries and certain distressed disposals), or (ii) the proceeds of which are used, in whole or in part, to refinance the notes or Indebtedness referred to in the foregoing clause (i), the Trustee and the Security Agent shall, at the request and cost of the Issuer and without the consent of the holders of the notes, enter into one or more intercreditor agreements or deeds with the Issuer, the relevant Restricted Subsidiaries and the holders of such Indebtedness (or their representatives) (including a restatement, replacement, amendment or other modification of the Intercreditor Agreement) (an "**Additional Intercreditor Agreement**"), on substantially similar terms as the Intercreditor Agreement (or terms that are not materially less favorable to the holders of the notes), including substantially similar terms as applies to sharing of the proceeds of security and enforcement of security, priority and release of security and guarantees; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or adversely affect the rights, duties, liabilities, indemnifications or immunities of the Trustee or the Security Agent under the Indenture or the Intercreditor Agreement. As used herein, a reference to the Intercreditor Agreement will also include any Additional Intercreditor Agreement.

In relation to the Intercreditor Agreement, the Trustee (and the Security Agent, if applicable) shall consent on behalf of the holders of the notes to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the notes thereby; *provided, however,* that the Trustee and the Security Agent (if applicable) have received an Officer's Certificate from the Issuer certifying that such transaction would comply with the covenant described herein under "*— Certain Covenants — Limitation on Restricted Payments*."

The Indenture will also provide that, at the written direction of the Issuer and without the consent of holders of the notes, the Trustee and the Security Agent shall from time to time enter into one or more amendments to the Intercreditor Agreement or any Additional Intercreditor Agreement: (1) to cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) to increase the amount or types of Indebtedness covered by any such Intercreditor Agreement that may be Incurred by the Issuer or its Restricted Subsidiaries that is subject to any such Intercreditor Agreement (*provided* that such Indebtedness is Incurred not in violation of the Indenture), (3) to add Guarantors or other Restricted Subsidiaries to the Intercreditor Agreement, (4) to further secure the notes (including additional notes permitted to be Incurred in compliance with the Indenture), (5) to make provision for pledges of the Collateral to secure additional notes or to implement any Permitted Collateral Liens, (6) to facilitate a reorganization otherwise permitted by the

Indenture, (7) as permitted by the terms of the Intercreditor Agreement or (8) to make any other change to any such agreement that does not adversely affect the holders of notes in any material respect. The Issuer shall not otherwise direct the Trustee or Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the holders of a majority in aggregate principal amount of the notes then outstanding, except as otherwise permitted below under "— *Amendment, Supplement and Waiver*" or as permitted by the terms of such Intercreditor Agreement, and the Issuer may only direct the Trustee or Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities, indemnifications or immunities under the Indenture or any Intercreditor Agreement.

The Indenture will also provide that each Holder, by accepting a note, shall be deemed (i) to have agreed to and accepted the terms and conditions of the Intercreditor Agreement and any Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein), (ii) to have appointed, authorized and instructed the Trustee and the Security Agent as applicable to enter into, and give effect to the provisions of, the Intercreditor Agreement and any Additional Intercreditor Agreement (and any amendment, restatement or modification thereto as contemplated above), on each Holder's behalf and to be bound thereby and to perform their respective obligations and exercise their respective rights thereunder in accordance therewith, (iii) to have agreed to, and accepted, the appointment of the Trustee also as common representative (*rappresentante comune*) of the Holders pursuant to Articles 2417 and 2418 of the Italian Civil Code; (iv) to have agreed to, and accepted, the appointment of the Security Agent as security representative (*rappresentante per le garanzie*) of the Holders for the purposes of Article 2414-bis, paragraph 3, of the Italian Civil Code, (v) authorized the Security Agent and the Trustee, as applicable, to act in its name and on its behalf to enter into the Security Documents and to be bound thereby and to perform their respective obligations and exercise their respective rights thereunder in accordance therewith and (vi) agreed and acknowledged that the Security Agent will administer the Collateral in accordance with the Intercreditor Agreement, the Indenture and the Security Documents.

Please see the sections entitled "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral — Holders of the Notes will not receive proceeds from enforcement of the Collateral until after certain super senior creditors are repaid and may not control certain decisions regarding the Collateral*" and "*Description of Certain Financing Arrangements — Intercreditor Agreement*".

A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available to the holders of the notes upon request and will be made available for inspection during normal business hours on any Business Day upon prior written request at the office of the Issuer.

Methods of Receiving Payments on the Notes

Principal, interest and premium, if any, and Additional Amounts, if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to the notes represented by one or more Global Notes registered in the name of or held by a nominee of Euroclear or Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the holder or holders thereof (being the common depositary or its nominee for Euroclear and Clearstream). For so long as the notes are Global Notes, the Issuer will make each interest payment to holders of record in the notes at the close of business (in the relevant clearing system) on the Business Day immediately before the due date for such payment. If the due date for any payment in respect of any notes is not a Business Day, the holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day, and will not be entitled to any further interest or other payment as a result of any such delay.

Principal, interest and premium, if any, and Additional Amounts, if any, on any certificated securities ("**Definitive Registered Notes**") will be payable at the specified office or agency of a Paying Agent in London, United Kingdom as specified in the Indenture. In addition, interest payments on the Definitive Registered Notes may be paid by bank transfer to the persons entitled thereto as shown on the register for the Definitive Registered Notes. To the extent Definitive Registered Notes have been issued, the Issuer will make each interest payment to the holders of record of such notes on the Business Day immediately preceding March 15, June 15, September 15 and December 15.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each, a "**Paying Agent**" and, collectively, the "**Paying Agents**") for the notes in London, United Kingdom. The Principal Paying Agent will be Deutsche Bank AG, London Branch (the "**Principal Paying Agent**").

The Issuer will also maintain one or more registrars (each, a "**Registrar**" and, collectively, the "**Registrars**") for the notes. The Registrar for the notes will be Deutsche Bank Luxembourg S.A., and such Registrar shall have offices in Luxembourg so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and its rules so require. The Registrar will maintain a register on behalf of the Issuer for so long as the notes remain outstanding reflecting ownership of the notes outstanding from time to time (the "**Register**"). The Registrar will send a copy of the Register to the Issuer on the Issue Date. The Issuer will also maintain a transfer agent (the "**Transfer Agent**"). The Transfer Agent for the notes will be Deutsche Bank AG, London Branch. The Paying Agent will make payment on, and the Transfer Agent will facilitate transfers of, notes on behalf of the Issuer.

The Issuer may change the Principal Paying Agent, Registrar or Transfer Agent without prior notice to the holders of the notes. For so long as the notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or Transfer Agent in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*). The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the notes.

Issuance, Transfer and Exchange

The notes will initially be issued in the form of registered notes in global form without interest coupons, in denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes in denominations of less than €100,000 will not be available. The notes will be issued 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 "**Rule 144A Global Notes**"). The Rule 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.
- 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**"). 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.

The Rule 144A Global Notes and the Regulation S Global Notes are collectively referred to as the "**Global Notes**." Ownership of interests in the Global Notes ("**Book-Entry Interests**") will be limited to Persons that have accounts with Euroclear or Clearstream or Persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "— *Notices*." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants.

A holder of the notes may transfer or exchange the notes in accordance with the Indenture. Upon any transfer or exchange, the Registrar may require a holder of the notes, among other things, to furnish appropriate endorsements and transfer documents and the Issuer may require a noteholder to pay any Taxes required by law or permitted by the Indenture. The Issuer is not required to transfer or exchange any note

(i) selected for redemption, (ii) for a period of 15 days prior to the sending of a notice of redemption or (iii) to be redeemed or tendered and not withdrawn in connection with a Change of Control Offer or an Asset Sale Offer.

Book-Entry Interests in the Rule 144A Global Note of a given series may be transferred to a Person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Note of the same series only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act. Book-Entry Interests in the Regulation S Global Note of a given series may be transferred to a Person who takes delivery in the form of Book-Entry Interests in the Rule 144A Global Note of the same series only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a Person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such transfer is in compliance with any applicable blue sky securities laws of any state of the United States.

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 aggregate principal amount and integral multiples of €1,000 in excess thereof upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer 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 "— *Notices*."

Subject to the restrictions on transfer referred to above, notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in aggregate principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, 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 is not required to register the transfer or exchange of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of such Definitive Registered Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of such Definitive Registered 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 applicable to such Definitive Registered Notes; or

(4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

The Issuer, the Trustee, the Registrar, the Transfer Agent and the Paying Agent will be entitled to treat the registered holder of a note as the owner of it for all purposes.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under the Indenture or under applicable law with respect to any transfer of any interest in any note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, the Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Terms of the Notes

The notes will be senior secured obligations of the Issuer and will mature on December 14, 2026.

Interest on the notes

Each note will bear interest at a rate per annum (the "**Applicable Rate**") of (i) three-month EURIBOR (subject to a 0% floor) plus (ii) 5.25%, as determined by the Calculation Agent, from the Issue Date or from the most recent date to which interest has been paid or provided for payable quarterly to holders of record at the close of business on the Business Day immediately preceding each interest payment date on March 15, June 15, September 15 and December 15 of each year, commencing on March 15, 2022. Interest will be computed on the basis of the actual number of days in the Interest Period concerned divided by 360.

Calculation of Interest

From and including June 15, 2026 (the "**Step-up Date**"), the interest rate on each note shall increase by either (i) 0.500% (if one (1) Sustainability Performance Target is not achieved), (ii) 1.000% (if two (2) Sustainability Performance Targets are not achieved) or (iii) 1.500% (if three (3) Sustainability Performance Targets are not achieved), to the extent the Issuer has failed to certify on or prior to the Certification Date to the Trustee (with a copy to the Paying Agent) in an Officer's Certificate, which shall also include the Assurance Letter, that it has achieved the Sustainability Performance Target(s) by the Testing Date. The Trustee and Paying Agent shall be entitled to conclusively rely on the Officer's Certificate and the Assurance Letter, shall have no duty to inquire as to or investigate the accuracy of any Assurance Letter or related Officer's Certificate, verify the attainment of the Sustainability Performance Target(s), or make calculations, investigations or determinations with respect to the attainment of the Sustainability Performance Target(s). Neither the Trustee nor the Paying Agent shall be required to make any onward notifications (to noteholders or any other Person) relating to the interest rate or the Issuer having achieved (or not achieved) its Sustainability Performance Targets. The Trustee and Paying Agent shall have no liability to the Issuer, any noteholder or any other Person acting in good faith on any Assurance Letter and related Officer's Certificate.

Set forth below is a summary of certain of the provisions from the Indenture relating to the calculation of interest on the notes.

1. "**Assurance Letter**" means an assurance letter from an External Reviewer confirming whether the Sustainability Performance Target(s) has (or have) been met.

2. "**Calculation Agent**" means any Person designated by the Issuer to calculate the interest rate in respect of the notes. The initial Calculation Agent will be Deutsche Bank AG, London Branch.

3. "**Certification Date**" means April 30, 2026.

4. "**Determination Date**" with respect to an Interest Period, means the day that is two TARGET Settlement Days preceding the first day of such Interest Period.

5. "**EURIBOR**" with respect to an Interest Period, means the rate (expressed as a percentage per annum) for deposits in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date that appears on Reuters Page EURIBOR01 as of 11:00 a.m. Brussels time, on the Determination Date; provided that, EURIBOR shall never be less than 0%. If Reuters Page EURIBOR01 does not include such a rate or is unavailable on a Determination Date, the Issuer will request the principal euro-zone office of each of four major banks in the euro-zone inter-bank market, as selected by the Issuer, to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., Brussels time, on such Determination Date, to prime banks in the euro-zone inter-bank market for deposits in a Representative Amount in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such offered quotations are so provided, EURIBOR for the Interest Period will be the arithmetic mean of such quotations. If fewer

than two such quotations are so provided, the Issuer will request each of three major banks in London, as selected by the Issuer in consultation with the Issuer, to provide such bank's rate (expressed as a percentage per annum), as of approximately 11:00 a.m., London time, on such Determination Date, for loans in a Representative Amount in euro to leading European banks for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such rates are so provided, EURIBOR for the Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided then EURIBOR for the Interest Period will be the EURIBOR in effect with respect to the immediately preceding Interest Period.

If the Issuer determines, prior to any Determination Date, that:

(i) there has been a material disruption to EURIBOR;

(ii) EURIBOR is not available for use temporarily, indefinitely or permanently;

(iii) there are restrictions or prohibitions on the use of EURIBOR;

(iv) an alternative rate has replaced EURIBOR in customary market practice in the international capital markets applicable generally to floating rate notes; or

(v) it has become unlawful for the Calculation Agent, the Issuer or a third party agent of the Issuer to calculate any payments due to holders of the notes using EURIBOR (each a "**Benchmark Event**"),

the Issuer shall promptly notify the Trustee, the Calculation Agent and the Paying Agent of such Benchmark Event and the Issuer shall appoint a Rate Determination Agent and such Rate Determination Agent, acting in good faith and in a commercially reasonable manner, shall select a successor rate to EURIBOR that is substantially comparable to EURIBOR or that has been recommended or selected by the relevant monetary authority or similar authority (or working group thereof) or by a widely recognized industry association or body or that is expected to develop as an industry accepted rate for debt market instruments such as or comparable to the notes, as more fully set forth in the Indenture (and any applicable adjustment spread required to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to holders of the notes as a result of the replacement of EURIBOR (the "**Adjustment Spread**")) for use in calculating the Applicable Rate (the "**Successor Rate**"). The Issuer and the Rate Determination Agent shall notify the Trustee, the Calculation Agent and Paying Agent in writing at least 10 business days prior to any Determination Date of such Successor Rate in order that the Calculation Agent and Paying Agent can confirm that they will be able to calculate the interest in respect of the notes with such Successor Rate and, once confirmed, the Issuer shall certify (by way of an Officer's Certificate) to each of the Trustee, the Calculation Agent and the Paying Agent at least 5 Business Days prior to any Determination Date, such Successor Rate (and the Adjustment Spread) (upon which each of the Trustee, the Calculation Agent and Paying Agent shall be entitled to rely conclusively and absolutely without further enquiry, investigation, verification or liability of any kind whatsoever), which shall be used by the Calculation Agent to calculate the Applicable Rate. Nothing in the Indenture will require or oblige the Trustee, Paying Agent or Calculation Agent to agree to any amendment or modification in connection with the Successor Rate which may, in its opinion, expose the Trustee, Paying Agent or Calculation Agent to any additional liabilities or increase in its obligations or decrease in its rights or protections. Holders of the notes shall be bound by any such Successor Rate (and Adjustment Spread) without any further action or consent by the holders of the notes or the Trustee. For the avoidance of doubt, the sum of the Successor Rate and the Adjustment Spread shall, in all cases, not be less than 0%. The Issuer shall promptly notify the holders of the notes of the adoption of any Successor Rate (and Adjustment Spread). Following the adoption of any Successor Rate and Adjustment Spread, all references to "EURIBOR" in the Indenture shall be deemed to refer to such Successor Rate (and such Adjustment Spread).

6. "**euro-zone**" means the region comprised of member states of the European Union that at the relevant time have adopted the euro.

7. "**External Reviewer**" means a qualified provider of third-party assurance or attestation services (*e.g.,* auditing or similar firm) appointed by the Issuer to review the Issuer's performance with respect to the Sustainability Performance Target(s).

8. "**Interest Period**" means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date.

9. "**Representative Amount**" means the greater of (i) €1.0 million and (ii) an amount that is representative for a single transaction in the relevant market at the relevant time.

10. "**Rate Determination Agent**" means (a) an independent financial institution of international standing or an independent financial adviser of recognized standing (that is not an Affiliate of the Issuer) as appointed by the Issuer at the expense of the Issuer, or, (b) if it is not reasonably practicable to appoint a party as referred to under (a), the Issuer.

11. "**Reuters Page EURIBOR01**" means the display page or screen so designated on Reuters (or such other page or screen as may replace that page on that service, or such other service as may be nominated as the information vendor).

12. "**Sustainability Performance Target**" means each of the following targets: (i) the Issuer's target to reduce the group's greenhouse gas (GHG) emissions (as per GRI methodology) amount by 15% (from the 2020 baseline of 0.50 tCO2e/ton), (ii) the Issuer's target to increase the group's proportion of waste sent for recovery to 81.5% (from the 2020 baseline of 73%) and (iii) the Issuer's target to reduce the group's waste water discharges per ton by 10% of net saleable production (from the 2020 baseline of 11.06 m3/ton) (together the "**Sustainability Performance Targets**").

13. "**TARGET Settlement Day**" means any day on which the Trans European Automated Real Time Gross Settlement Express Transfer (TARGET) System is open for the settlement of payments in euro.

14. "**Testing Date**" means December 31, 2025.

The Calculation Agent shall, as soon as practicable after 11:00 a.m., Brussels time, on each Determination Date, determine the Applicable Rate and calculate the aggregate amount of interest payable on the notes in respect of the following Interest Period (the "**Interest Amount**"). The Interest Amount shall be calculated by applying the Applicable Rate to the principal amount of the notes outstanding at the commencement of the Interest Period, multiplying each such amount by the actual number of days in the Interest Period concerned divided by 360. All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one millionths of a percentage point being rounded upwards (*e.g.*, 4.876545% (or .04876545) being rounded to 4.87655% (or .0487655)). All euro amounts used in or resulting from such calculations will be rounded to the nearest euro cent (with one half euro cent being rounded upwards). The determination of the Applicable Rate and the Interest Amount by the Calculation Agent shall, in the absence of willful default, fraud or manifest error, be final and binding on all parties. In no event will the rate of interest on the notes be higher than the maximum rate permitted by applicable law; *provided, however*, that the Calculation Agent shall not be responsible for verifying that the rate of interest on the notes is permitted under any applicable law.

Additional Notes

From time to time, subject to compliance with the covenants described under the headings "*— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" and "*— Certain Covenants — Liens*," the Issuer is permitted to issue additional notes, which shall have terms substantially identical to the notes except in respect of any of the following terms which shall be set forth in an Officer's Certificate delivered by the Issuer to the Trustee with a copy to the Paying Agent ("**additional notes**"):

(1) the title of such additional notes;

(2) the aggregate principal amount of such additional notes;

(3) the date or dates on which such additional notes will be issued;

(4) the rate or rates (which may be fixed or floating) at which such additional notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such additional notes shall be denominated and the currency in which cash or government obligations in connection with such series of additional notes may be payable;

(6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such additional notes may be redeemed, in whole or in part;

(7) if other than in denominations of €100,000 and in integral multiples of €1,000 in excess thereof, the denominations in which such additional notes shall be issued and redeemed; and

(8) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such additional notes.

At the Issuer's election, additional notes may be established in one or more supplemental indentures to the Indenture in lieu of an Officer's Certificate.

Such additional notes may, at our election, be treated, along with all other notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for such series. Unless the context otherwise requires, for all purposes of the Indenture and this "*Description of the Notes*," references to "notes" shall be deemed to include references to the notes initially issued on the Issue Date as well as any additional notes. Additional notes may also be designated to be 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. However, in order for any additional notes to have the same ISIN, CUSIP or Common Code, as applicable, as the notes initially issued on the Issue Date, such additional notes must be issued with no more than de minimis original issue discount or be fungible, to the extended possible under the relevant law, with the initial notes for Italian income tax purposes and U.S. federal income tax purposes.

Optional Redemption

On and after December 14, 2022, the Issuer may redeem the notes, at its option, in whole at any time or in part from time to time, upon not less than 10 nor more than 60 days' prior notice sent electronically or mailed by first-class mail to each holder's registered address or provided otherwise in accordance with the procedures of Euroclear or Clearstream, as the case may be, at the following redemption prices (expressed as a percentage of the principal amount), plus accrued and unpaid interest, if any, plus Additional Amounts, if any, to but excluding the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on December 14 of the years set forth below:

Period	Redemption Price
2022	101.0000%
2023 and thereafter	100.0000%

In addition, at any time prior to December 14, 2022, the Issuer may redeem the notes at its option, in whole at any time or in part from time to time, upon not less than 10 nor more than 60 days' prior notice sent electronically or mailed by first-class mail to each holder's registered address or provided otherwise in accordance with the procedures of Euroclear or Clearstream at a redemption price equal to 100% of the principal amount of the notes redeemed plus the Applicable Premium and accrued and unpaid interest, if any, to but excluding the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

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.

At any time prior to December 14, 2022, upon not less than 10 nor more than 60 days' prior notice sent electronically or mailed by first-class mail to each holder's registered address or provided otherwise in accordance with the procedures of Euroclear or Clearstream, the Issuer may at its option from time to time redeem during each twelve-month period commencing with the Issue Date up to 10% of the original aggregate principal amount of the notes (calculated after giving effect to any issuance of any additional notes) at a redemption price equal to 103% of the principal amount of the notes redeemed plus the Additional Amounts, if any, and accrued and unpaid interest, if any, to but excluding the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

General

In connection with any redemption of notes (including with funds in an aggregate amount not exceeding the amount of the net cash proceeds of an Equity Offering, Incurrence of Indebtedness, Change of Control or other transaction), any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent, including the completion of any related Equity Offering or other transaction. In addition, if such redemption or notice is subject to the satisfaction of one or more conditions precedent, such notice shall state that, in the Issuer's discretion, the redemption date may be delayed (without the need for a new redemption notice) until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the redemption date, or by the redemption date so delayed and/or that such notice may be rescinded at any time by the Issuer if the Issuer determines in its sole discretion that any or all of such conditions will not be satisfied (or waived). For the avoidance of doubt, if any redemption date shall be delayed as contemplated by this paragraph and the terms of the applicable notice of redemption, such redemption date as so delayed may occur, subject to the applicable procedures of Euroclear or Clearstream, at any time after the original redemption date set forth in the applicable notice of redemption and after the satisfaction (or waiver) of any applicable conditions precedent, including, without limitation, on a date that is less than 10 days after the original redemption date or more than 60 days after the applicable notice of redemption. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

Notwithstanding the foregoing, in connection with any tender offer for the notes (including any Change of Control Offer (as defined below)), if holders of not less than 90% in aggregate principal amount of the outstanding notes validly tender and do not withdraw such notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right upon not less than 10 days nor more than 60 days' prior notice; provided that such notice is given not more than 30 days following such tender offer expiration date, to redeem the notes that remain outstanding in whole, but not in part, following such purchase at a redemption price in cash equal to the price offered to each other holder in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, to, but excluding, the date of redemption.

Subject to applicable federal and state securities laws, the Issuer or its affiliates may at any time and from time to time purchase notes or our other indebtedness. Any such purchases may be made through open market or privately negotiated transactions with third parties or pursuant to one or more tender or exchange offers or otherwise, upon such terms and at such prices as well as with such consideration as the Issuer or any such affiliates may determine, which may be more or less than the consideration for which the notes offered hereby are being sold.

If the Issuer effects an optional redemption of the notes, it will, for so long as the notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the notes that will remain outstanding immediately after such redemption.

None of the Trustee, any Paying Agent, the Registrar, the Transfer Agent, or any of their respective agents shall have any responsibility or liability for any actions taken or not taken by Euroclear or Clearstream.

Additional Amounts

All payments made under or with respect to the notes or any Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Issuer or any Guarantor is then incorporated, established or resident for tax purposes, or any political subdivision or governmental authority thereof or therein having power to tax or (2) any jurisdiction from or through which payment is or may be made by or on behalf of the Issuer or any Guarantor (including, without limitation, the jurisdiction of any Paying Agent for the notes) or any political subdivision or governmental authority thereof or therein (each, a "**Tax Jurisdiction**"), is required to be made from any payments made by or on behalf of the Issuer under or with respect to the notes or by or on behalf of the Guarantors under or with respect to any Guarantee, including, without limitation, payments of principal, redemption price, purchase price, interest or premium, the Issuer or the relevant Guarantor, as applicable, will, subject to Optional Redemption for Tax Reasons, pay or indemnify, as applicable, such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received in respect of such payments by each holder of the notes after such withholding or deduction (including any withholding or deduction from such Additional Amounts), or after the payment of the relevant indemnity, will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided*, *however*, that no Additional Amounts will be payable for or on the account of:

(1) any Taxes that would not have been imposed or withheld but for the existence of any present or former connection between the holder of the relevant notes (or between a fiduciary, settlor, beneficiary, partner, member or shareholder of, or possessor of power over, the relevant holder, if the relevant holder is an estate, trust, nominee, partnership, limited liability company or corporation) or the beneficial owner of the relevant notes and the relevant Tax Jurisdiction (including, without limitation, being or having been a citizen, resident or national thereof or being or having been incorporated therein, present or engaged in a trade or business or maintaining a permanent establishment therein), other than any connection arising solely from the acquisition, ownership or holding of any note or the enforcement of right or receipt of payment under or in respect of any note, the Indenture or any Guarantee;

(2) any Taxes imposed or withheld as a result of the failure of a holder or beneficial owner of the relevant notes to comply with any written request, made to that holder or the holder on behalf of that beneficial owner in writing at least 30 days before any such withholding or deduction would be payable, by the Issuer or any of the Guarantors: (a) to provide timely or accurate information or evidence concerning the nationality, domicile, establishment, residence or identity of such holder or beneficial owner, or (b) to make any valid or timely declaration or similar claim or satisfy any certification information or other reporting requirements, which, in each case sub (a) and (b), is required or imposed by a statute, treaty, regulation or officially published administrative practice of the relevant Tax Jurisdiction as a precondition to exemption from, or reduction in the rate of deduction or withholding of, such Taxes, but, in each case, only to the extent that the holder or beneficial owner is legally eligible to provide such declaration, certification or other information; or

(3) any Taxes, to the extent such Taxes are imposed or withheld as a result of the presentation of any note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder or beneficial owner of the notes (except to the extent that such holder or beneficial owner would have been entitled to Additional Amounts on account of such Taxes had the note been presented on the last day of such 30 day period);

(4) any estate, inheritance, gift, sale, transfer, excise, wealth, net worth, personal property or similar Tax;

(5) any Taxes to the extent such Taxes are on account of *imposta sostitutiva* (pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time ("**Legislative Decree No. 239**") and any related implementing regulations, and pursuant to Italian Legislative Decree No. 461 of November 21, 1997 ("**Legislative Decree No. 461**") and any related implementing regulations) and any related implementing regulations; provided that:

(i) Additional Amounts shall be payable in circumstances where the procedures required under Legislative Decree No. 239 or Legislative Decree No. 461 in order to benefit from an exemption from *imposta sostitutiva* have not been complied with due solely to the actions or omissions of the payor or their agents; and

(ii) for the avoidance of doubt, no Additional Amounts shall be payable with respect to Taxes to the extent such Taxes are on account of *imposta sostitutiva* if the Holder becomes subject to *imposta sostitutiva* after the Issue Date by reason of amendments to the list of countries which allow for a satisfactory exchange of information with Italy, currently provided for by Italian Ministerial Decree dated September 4, 1996, as subsequently amended, or by reason of the approval of the ministerial Decree to be issued under Art. 11 par .4 let c) of Legislative Decree No. 239, as subsequently amended or superseded, providing for a new list of countries which allow for a satisfactory exchange of information with Italy, whereby such Holders country of residence does not appear on the aforesaid amended or new list (the "**White List**");

(6) 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 an entity or individual resident in a country which does not appear on the White List;

(7) any Tax which is payable otherwise than by deduction or withholding from a payment made under or with respect to the notes or any Guarantee;

(8) any Tax imposed or withheld on or with respect to any payment if such holder of the notes is not the beneficial owner of such payment, to the extent that the beneficial owner of the payment would not have been entitled to Additional Amounts with respect to such payment had such beneficial owner been the holder of such note;

(9) any Taxes that are imposed or withheld in connection with the presentation of any note for payment by or on behalf of a holder or beneficial owner of such notes who would have been able to avoid such Taxes by presenting the relevant note to, or accepting payment from, another reasonably available Paying Agent in the United Kingdom;

(10) any Taxes that are imposed or withheld pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), any regulations promulgated thereunder, any official interpretations thereof, any fiscal or regulatory legislation, rules or official practices adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing sections of the Code or any agreements entered into pursuant to Section 1471(b)(1) of the Code; or

(11) any combination of items (1) through (10) above.

In addition to the foregoing, the Issuer and the Guarantors will pay (and indemnify the holder of the notes for) any present or future stamp, issue, registration, court or documentary Taxes, or any other excise or property Taxes, charges or similar levies imposed by a Tax Jurisdiction (including any related interest, penalties and any other reasonable expenses with respect thereto) on the execution, issuance, delivery, registration or enforcement of any of the notes, the Indenture or any Guarantee (other than, in each case, in connection with a transfer of the notes after the Issue Date) or any other document or instrument referred to therein or the receipt of any payment with respect thereto (limited, solely in the case of Taxes attributable to the receipt of any payment with respect thereto, to any such Taxes imposed or withheld in a relevant Tax Jurisdiction that are not excluded under clauses (1) through (3) and (5) through (6) and (8) through (11) or any combination thereof) excluding, for the avoidance of doubt, any registration, stamp duty, documentary or other similar tax, charge or levy arising from the execution of any formality made directly by, or on behalf of the holder and not necessary to maintain, preserve, establish, or enforce the rights of such holder under the notes, any Guarantee, any Security Document, the Indenture, or any other document or instrument in relation thereto.

If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the notes or any Guarantee, the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee and the Paying Agent on a date at least 30 days prior to the date of payment (unless the obligation to pay Additional Amounts arises after the 30th day prior to that payment date, in which case the Issuer or the relevant Guarantor shall deliver such Officer's Certificate to the Trustee and the Paying Agent promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate must also set forth any other information reasonably necessary to enable the Paying Agent to pay Additional Amounts on the relevant payment date. The Trustee and the Paying Agent shall be entitled to rely solely and without liability or further inquiry on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor or any other applicable withholding tax agent will make all withholdings and deductions in the amount required by law to be made by them and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will furnish to the Trustee, within a reasonable time after the date that the payment of any Taxes so deducted or withheld is made, an Officer's Certificate attaching copies of Tax receipts evidencing payment by the Issuer or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments by such entity. The Trustee will accept such Officer's Certificate as conclusive evidence, without further inquiry, of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders of the notes. Such copies or such other evidence of payment shall be made available to the holders of the notes upon reasonable written request.

Whenever the Indenture or this "*Description of the Notes*" mentions the payment of amounts based on the principal amount, interest or any other amount payable under, or with respect to, any of the notes or any Guarantee, such mention shall be deemed to include, without duplication, the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligation will survive any termination, defeasance or discharge of the Indenture, any transfer by a holder or beneficial owner of its notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is then incorporated, organized, engaged in business or resident for tax purposes or any jurisdiction from or through which payment is made by or on behalf of such person on the notes (or any Guarantee) and any political subdivision or governmental authority thereof or therein.

Redemption at Maturity

On December 14, 2026, the Issuer will redeem the notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount plus accrued and unpaid interest thereon and Additional Amounts, if any, to, but excluding, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Optional Redemption for Tax Reasons

The Issuer may redeem the notes, in whole but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' prior notice to the holders of the notes (which notice will be irrevocable and distributed to holders in the same manner as described in "*— Optional Redemption*"), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "**Tax Redemption Date**") and all Additional Amounts (if any) then due and that will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the notes on the relevant record date to receive interest due on an interest payment date that is prior to the Tax Redemption Date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the notes or any Guarantee, the Issuer or any

Guarantor is or would be required to pay Additional Amounts (but, in the case of the relevant Guarantor, only if such amount payable cannot be paid by the Issuer or another Guarantor who can pay such amount without the obligation to pay Additional Amounts), and the Issuer or the relevant Guarantor cannot avoid any such payment obligation by taking reasonable measures available to it, including the appointment of a different paying agent (*provided* that changing the jurisdiction of the Issuer or Guarantor is not a reasonable measure for purposes of this section), as a result of:

(1) any change in, or amendment to, the laws or treaties (or any regulations, protocols or rulings promulgated thereunder) of a Tax Jurisdiction affecting taxation which change or amendment is announced and becomes effective on or after the date of this Offering Memorandum (or, if the relevant Tax Jurisdiction was not a Tax Jurisdiction on the date of this Offering Memorandum, the date on which such Tax Jurisdiction became a Tax Jurisdiction under the Indenture); or

(2) any change in, or amendment to, the existing official position or the introduction of an official position regarding the application, administration or interpretation of such laws, treaties, regulations, protocols or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published practice), which change, amendment, application or interpretation is announced and becomes effective on or after the date of this Offering Memorandum (or, if the relevant Tax Jurisdiction was not a Tax Jurisdiction on the date of this Offering Memorandum, the date on which such Tax Jurisdiction became a Tax Jurisdiction under the Indenture) (each of the foregoing clauses (1) and (2), a "**Change in Tax Law**").

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer or the relevant Guarantor would be obligated to make such payment or withholding if a payment in respect of the notes or Guarantees were then due, and unless at the time such notice is given, the obligation to pay Additional Amounts remains in effect.

Prior to the publication or, where relevant, sending of any notice of redemption of the notes pursuant to the foregoing, the Issuer will deliver to the Trustee an Opinion of Counsel stating that there has been such Change in Tax Law which would entitle the Issuer to redeem the notes hereunder. In addition, before the Issuer publishes or sends notice of redemption of the notes as described above, it will deliver to the Trustee an Officer's Certificate to the effect that the obligation to pay Additional Amounts cannot be avoided by the Issuer or the relevant Guarantor taking reasonable measures available to it.

The Trustee will accept such Officer's Certificate and Opinion of Counsel as conclusive evidence, without liability or further inquiry, of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders of the notes.

Mandatory Redemption

Except as set forth above and under the caption "— *Escrow of Proceeds; Special Mandatory Redemption,*" the Issuer will not be required to make any other mandatory redemption or sinking fund payments with respect to the notes.

Selection and Notice

In the case of any partial redemption, selection of the notes for redemption will be made by the Paying Agent or the Registrar in accordance with the procedures of Euroclear or Clearstream, as applicable; *provided* that no such selection shall result in a holder of notes with a principal amount of notes less than the minimum denomination for the notes as set forth in "— *Issuance, Transfer and Exchange*." If any note is to be redeemed in part only, the notice of redemption relating to such note shall state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note. On and after the redemption date, interest will cease to accrue on notes or portions thereof called for redemption so long as the Issuer has deposited with the Paying Agent funds sufficient to pay the principal of, plus accrued and unpaid interest (if any) on, the notes to be redeemed. None of the Trustee, the Transfer Agent, Paying Agent or the Registrar will be liable for any selections made in accordance with this paragraph.

So long as any notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, any such notice to the holders of the relevant notes shall to the extent and in the manner permitted by such rules be posted on the official website of the Luxembourg Stock Exchange *(www.bourse.lu)*.

Guarantees

Subject to the terms of the Intercreditor Agreement and Agreed Security Principles and to certain significant limitations under Italian law, the due and punctual payment of amounts due and payable in respect of the notes will be guaranteed on a senior secured basis (the "**Guarantee**") on or about the Closing Date by RdM (the "**Initial Guarantor**"). Following the Closing Date, we intend to consummate the Merger, which will result in Rimini Bidco S.p.A. combining with RdM. Once the Merger is complete, the entity that survives will be the "Issuer" for all purposes under the Indenture, the Guarantee provided by the Initial Guarantor will be released, and the rights and obligations of the Initial Guarantor under such Guarantee will be supplanted and replaced by rights and obligations of the Issuer under the notes. There can be no assurance we will be able to complete the Merger as expected. See "*Risk Factors — Risks Related to Our Structure — We may be unable to complete the Merger within the anticipated time frame, or at all*."

Subject to the terms of the Intercreditor Agreement and the Agreed Security Principles and to certain significant limitations under applicable laws (including, among others, limitations arising due to corporate benefit rules) (i) no later than 60 days after the Closing Date, the following subsidiaries of the Issuer: Fineska B.V., Eska B.V., Eska International B.V., Eska USA B.V. and R.D.M. Arnsberg GmbH (the "**Closing Date Additional Guarantors**" and, together with the Initial Guarantor until such time as its Guarantee is released in connection with the Merger, the "**Closing Date Guarantors**") and (ii) from time to time, each of the Issuer's other Restricted Subsidiaries that becomes a Borrower or a Guarantor (each as defined in the Credit Agreement) under the Credit Agreement, in each case, are expected to, subject to the limitations described under "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral*" and "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*," provide a guarantee in relation to the notes or to the benefit of holders of the notes on a senior secured basis for the performance and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of the obligations of the Issuer under the Indenture and the notes, whether for payment of principal of, premium, if any, or interest on, the notes, expenses, indemnification or otherwise (all such obligations guaranteed by such Guarantors being herein called the "**Guaranteed Obligations**").

Each Guarantee will be subject to the Agreed Security Principles and contractually limited as it relates to its Guarantor, to reflect limitations under the Agreed Security Principles and applicable law with respect to, among other things, maintenance of share capital, legal or corporate benefit, thin capitalization, tax issues, fraudulent conveyance, financial assistance and other legal restrictions applicable to such Guarantor and its shareholders, directors and general partners which, among other things, might limit the amount that can be guaranteed by each relevant Guarantor. See "*— Security; the Collateral*." By virtue of these limitations, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the notes or could even be equal to or reduced to zero. See "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral*," "*Risk Factors — The Issuer, and RdM are incorporated in Italy, and Italian insolvency laws may not be as favorable to holders of the Notes as insolvency laws in other jurisdictions with which they may be familiar*"and "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

Each Guarantee will be a continuing guarantee and, subject to the next succeeding paragraph, shall:

(1) remain in full force and effect until payment in full of all the Guaranteed Obligations;

(2) subject to the next succeeding paragraph, be binding upon each such Guarantor and its successors; and

(3) inure to the benefit of and be enforceable by the Trustee, the holders of the notes and their successors, transferees and assigns.

A Guarantee of a Guarantor will be automatically and unconditionally released and discharged upon:

(a) the sale, disposition, exchange or other transfer (including through merger, consolidation, amalgamation, dividend, distribution or otherwise) of the Capital Stock of such Guarantor if after such sale, disposition or other transfer, such Guarantor is no longer a Restricted Subsidiary, or the sale, disposition or other transfer of all or substantially all the assets of such Guarantor, in each case if such sale, disposition, exchange or other transfer is made in a manner not in violation of the Indenture;

(b) (i) the Issuer designating such Guarantor to be an Unrestricted Subsidiary in accordance with the provisions set forth under "— *Certain Covenants — Limitation on Restricted Payments*" and the definition of "Unrestricted Subsidiary" or (ii) such Guarantor becoming an Excluded Subsidiary in accordance with the definition of "Excluded Subsidiary" (unless such subsidiary continues to provide a guarantee under the Credit Agreement);

(c) the release or discharge of the guarantee by such Guarantor under the Credit Agreement;

(d) in the case of any Restricted Subsidiary that is required to guarantee the notes pursuant to the covenant described under " — *Certain Covenants — Future Guarantors*," the release or discharge of any Indebtedness that triggered such Guarantor's obligation to guarantee the notes, *provided* that no other Indebtedness is at the time guaranteed by the Guarantor that would result in the requirement that the Guarantor provide a Guarantee pursuant to the same covenant;

(e) the Issuer's exercise of its legal defeasance option or covenant defeasance option as described under "— *Defeasance*," or if the Issuer's obligations under the Indenture are discharged in accordance with the terms of the Indenture, including as described under *"— Satisfaction and Discharge*;"

(f) the merger or consolidation of such Guarantor with and into the Issuer or another Guarantor that is the surviving Person in such merger or consolidation, or upon the liquidation or dissolution of such Guarantor following the transfer of all or substantially all of its assets to the Issuer or another Guarantor;

(g) as described under "— *Amendment, Supplement and Waiver*;"

(h) as provided for in the Intercreditor Agreement and/or any Additional Intercreditor Agreement;

(i) pursuant to or as contemplated by "*Merger, Consolidation or Sale of All or Substantially All Assets*" or "— *Certain Covenants — IPO Pushdown*;"

(j) upon the release or discharge of all other Guarantees by such Guarantor of Indebtedness of the Issuer or any other Guarantor;

(k) upon the full and final payment and performance of all obligations of the Issuer under the Indenture and the notes; or

(l) the occurrence of a Covenant Suspension Event; provided that following a Reversion Date, if any, each Guarantor shall be reinstated to the extent and within the timeframe required under "— *Certain Covenants — Future Guarantors*".

Unless a Subsidiary is a Guarantor, claims of creditors of such Subsidiary, including trade creditors, and claims of preferred stockholders (if any) of such Subsidiary, generally will have priority with respect to the assets and earnings of such Subsidiary over the claims of creditors of the Issuer, including the holders of the notes. The notes, therefore, will be structurally subordinated to holders of indebtedness and other creditors (including trade creditors) and preferred stockholders (if any) of any Subsidiary of the Issuer that is not a Guarantor.

Upon any occurrence giving rise to a release as specified above and upon request of the Issuer, the Security Agent and, to the extent reasonably requested, the Trustee shall take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Guarantee in accordance with these provisions and will, at the cost and expense of the Issuer, execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Guarantee, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected without the consent of the holders of the notes or any other action or consent on the part of the Trustee. Neither the Issuer nor any Guarantor will be required to make a notation on the notes to reflect any such release, termination or discharge.

The Issuer is a holding company established in connection with the Transactions with no revenue generating operations of its own. Substantially all of the operations of the Issuer are conducted through its Subsidiaries. As a result, prior to the Merger, the Issuer will be dependent upon dividends and other payments from its Subsidiaries to generate the funds necessary to service its outstanding indebtedness (including under the notes) and other obligations, and such dividends and other payments may be restricted by law or the instruments governing our indebtedness, including any financing agreements of our Subsidiaries. Our Subsidiaries may not generate sufficient cash from operations to enable us to make principal and interest payments on our indebtedness, including the notes. See "*Risk Factors — We operate primarily as a holding company and have no revenue-generating operations of our own.*"

Change of Control

Upon the occurrence of any of the following events after the Issue Date (each, a "**Change of Control**"), each holder will have the right to require the Issuer to repurchase all or any part of such holder's notes at a purchase price in cash equal to 101% of the principal amount thereof (the "**Change of Control Payment**"), plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), except to the extent the Issuer has previously or concurrently elected to redeem the notes as described under "*— Optional Redemption*":

(1) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all the assets of the Issuer and its Subsidiaries, taken as a whole, to a Person other than any of the Permitted Holders, a Restricted Subsidiary or an IPO Entity, provided that a Change of Control under this clause (1) shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event;

(2) the Issuer becomes aware (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) of the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than any of the Permitted Holders, in a single transaction or in a related series of transactions, by way of merger, consolidation, amalgamation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision), of more than 50% of the total voting power of the Voting Stock of the Issuer, or any direct or indirect parent of the Issuer that holds directly or indirectly an amount of Voting Stock of the Issuer such that the Issuer is a Subsidiary of such holding company unless the Permitted Holders have, at such time, the right or the ability by voting power, contract or otherwise to elect or designate at least a majority of the members of the Board of Directors of the Issuer (provided that, for purposes of this determination, to the extent any Person or group includes both Permitted Holders and non-Permitted Holders (any such Person or group, the "*Subject Group*"), and the Subject Group does not itself constitute a Permitted Holder, then the Voting Stock of the Issuer directly or indirectly beneficially owned by such Permitted Holders in such Subject Group shall not be treated as being beneficially owned by such Subject Group), *provided*, *further*, that (i) no Change of Control shall be deemed to occur by reason of the Issuer becoming a Subsidiary of an IPO Entity and (ii) a Change of Control shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event; or

(3) (i) prior to the Merger, TopCo (or New Holdco in a transaction constituting a Permitted Parent Reorganization) ceases to directly own 100% of the total issued share capital of the Issuer (or a Successor Company), (ii) prior to the Merger, the Issuer (or a Successor Company) ceases to directly or indirectly own 66.7% of the total issued share capital of RdM (without giving effect to the exercise of any stock options under employee benefit plans in existence on the Issue Date) or (iii) after the Merger, TopCo (or New Holdco in a transaction constituting a Permitted Parent Reorganization)

ceases to directly own the percentage of the total issued share capital of RdM or Rimini BidCo S.p.A., as the case may be, owned immediately after to the Merger.

Notwithstanding the foregoing: (A) the transfer of assets between or among the Issuer and its Restricted Subsidiaries shall not itself constitute a Change of Control and (B) a Person or group shall not be deemed to have beneficial ownership of securities subject to a stock purchase agreement, merger agreement or similar agreement (or voting or option agreement related thereto) prior to the consummation of the transactions contemplated by such agreement.

In addition, notwithstanding the foregoing, a transaction in which the Issuer or a parent entity of the Issuer becomes a subsidiary of another Person (such Person, the "**New Parent**") shall not constitute a Change of Control if (a) the equityholders of the Issuer or such parent entity immediately prior to such transaction beneficially own, directly or indirectly through one or more intermediaries, at least a majority of the total voting power of the Voting Stock of the Issuer or such New Parent immediately following the consummation of such transaction, substantially in proportion to their holdings of the equity of the Issuer or such parent entity prior to such transaction or (b) immediately following the consummation of such transaction, no Person, other than a Permitted Holder, the New Parent or any subsidiary of the New Parent, beneficially owns, directly or indirectly through one or more intermediaries, more than 50% of the voting power of the Voting Stock of the Issuer or the New Parent.

Within 30 days following any Change of Control, except to the extent that the Issuer has exercised its right to redeem the notes as described under "— *Optional Redemption*," the Issuer shall send electronically, mail by first-class mail or otherwise provide in accordance with the procedures of Euroclear or Clearstream, as applicable, a notice (a "**Change of Control Offer**") to each holder with a copy to the Trustee describing:

(1) that a Change of Control has occurred and that such holder has the right to require the Issuer to purchase such holder's notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to but excluding the date of purchase (subject to the right of holders of record on a record date to receive interest on the relevant interest payment date);

(2) the transaction or transactions constitute a Change of Control;

(3) the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is sent, except that if a Change of Control Offer is made in advance of a Change of Control and conditioned upon such Change of Control as stated below, the expected repurchase date will be stated and may be based on a date relative to the closing of the transaction that is expected to result in the Change of Control and may be tolled until the closing of such transaction) (the "**Change of Control Payment Date**") and the record date; and

(4) the instructions determined by the Issuer that a holder must follow in order to have its notes purchased.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all notes so tendered plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest if any, to, but excluding, the date of repurchase;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of notes or portions thereof being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Paying Agent the Global Notes in order to reflect thereon the portion of such notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

Holders electing to have any notes purchased shall be required to surrender the notes, with an appropriate form duly completed, to the Issuer at the address specified in the notice at least three Business Days prior to the purchase date. The holders shall be entitled to withdraw their election if the Issuer receives not later than two Business Days prior to the purchase date a facsimile transmission or letter setting forth the name of the holder, the principal amount of the notes which was delivered for purchase by the holder and a statement that such holder is withdrawing his election to have such notes purchased. Holders whose notes are purchased only in part shall be issued new notes equal in principal amount to the unpurchased portion of the notes surrendered.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all notes validly tendered and not withdrawn under such Change of Control Offer or (2) notice of redemption has been given pursuant to the Indenture as described under the caption *"— Optional Redemption*," unless and until there is a default in payment of the applicable redemption price.

A Change of Control Offer may be made in advance of a Change of Control, and conditioned upon such Change of Control, with a purchase date to occur upon, or within a specified period of time not to exceed 15 days after, the consummation of such Change of Control.

The Issuer will comply, to the extent applicable, with the requirements of Rule 14(e)-1 of the Exchange Act and any other securities laws or regulations in connection with the repurchase of notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of such covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this paragraph by virtue of such compliance.

Debt agreements to which the Issuer or a Restricted Subsidiary is or becomes a party may prohibit the Issuer from purchasing any notes as a result of a Change of Control. In the event a Change of Control occurs at a time when the Issuer is prohibited from purchasing any notes, the Issuer could seek the consent of its lenders to permit the purchase of such notes or could attempt to refinance the borrowings that contain such prohibition. If the Issuer does not obtain such consent or repay such borrowings, the Issuer will remain prohibited from purchasing the notes. In such case, the Issuer's failure to purchase tendered notes would constitute an Event of Default under the Indenture.

The Credit Agreement will, and future credit agreements or other debt agreements to which the Issuer or a Restricted Subsidiary becomes a party may, provide that certain change of control events with respect to the Issuer would constitute a default thereunder (including a Change of Control under the Indenture). If we experience a change of control that triggers a default under our Credit Agreement or such other Indebtedness, we could seek a waiver of such defaults or seek to refinance our Credit Agreement or any other Indebtedness. In the event we do not obtain such a waiver or refinance the Credit Agreement and such other Indebtedness, such defaults could result in amounts outstanding under our Credit Agreement and such other Indebtedness being declared due and payable.

Our ability to pay cash to the holders of notes following the occurrence of a Change of Control may be limited by our then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases. See "*Risk Factors — Risks Related to Our Indebtedness — Future liquidity and cash flow difficulties could prevent us from repaying the Notes when due or repurchasing the Notes when we are required to do so pursuant to certain events constituting a change of control or otherwise, and the change of control provision that will be contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including an event deemed not to be a change of control when, at the time of such event, our consolidated net leverage ratio is less than certain specified levels.*"

The Change of Control purchase feature of the notes may in certain circumstances make it more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. The Change of Control purchase feature is a result of negotiations between the Initial Purchasers and us. We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we could decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings, securitizations or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. See "*Risk Factors — Risks Related to Our Indebtedness — Future liquidity and cash flow difficulties could prevent us from repaying the Notes when due or repurchasing the Notes when we are required to do so pursuant to certain events constituting a change of control or otherwise, and the change of control provision that will be contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including an event deemed not to be a change of control when, at the time of such event, our consolidated net leverage ratio is less than certain specified levels.*"

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" under New York law, which governs the Indenture, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the 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 with respect to the notes has occurred and whether a holder of the notes 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 may be waived or modified with the written consent of the holders of a majority in principal amount of the notes.

If and for so long as the notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notices relating to the Change of Control Offer as soon as reasonably practicable after the Change of Control Payment Date in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange *(www.bourse.lu)*.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Suspension of Covenants on Achievement of Investment Grade Status.

If on any date following the Issue Date (i) the notes have Investment Grade Ratings from two Rating Agencies and (ii) no Default has occurred and is continuing under the Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "**Covenant Suspension Event**"), the Issuer and its Restricted Subsidiaries will not be subject to the following covenants or provisions (collectively, the "**Suspended Covenants**"):

(1) "*— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*;"

(2) "*— Limitation on Restricted Payments*;"

(3) "*— Dividend and Other Payment Restrictions Affecting Subsidiaries*;"

(4) "*— Asset Sales*;"

(5) "*— Transactions with Affiliates*;"

(6) "*— Merger, Consolidation or Sale of All or Substantially All Assets*;" and

(7) "*— Future Guarantors*."

In the event that the Issuer and its Restricted Subsidiaries are not subject to the Suspended Covenants under the Indenture for any period of time as a result of the foregoing, and on any subsequent date (the

"**Reversion Date**") one or both of the relevant Rating Agencies withdraw their Investment Grade Rating or downgrade the rating assigned to the notes below an Investment Grade Rating, then the Issuer and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants under the Indenture with respect to future events.

The period of time between the occurrence of a Covenant Suspension Event and the Reversion Date is referred to in this description as the "**Suspension Period**." Additionally, upon the occurrence of a Covenant Suspension Event, the amount of Excess Proceeds from Net Cash Proceeds shall be reset at zero. In the event of any such reinstatement on a Reversion Date, no action taken or omitted to be taken by the Issuer or any of its Restricted Subsidiaries prior to such Reversion Date (and no action taken or omitted to be taken following a Reversion Date in connection with honoring, complying with or otherwise performing or consummating any contractual commitments or obligations entered into during a Suspension Period) will give rise to a Default or Event of Default under the Indenture with respect to the notes; *provided* that (1) with respect to Restricted Payments made after any such reinstatement, the amount of Restricted Payments made will be calculated as though the covenant described under the caption "— *Limitation on Restricted Payments*" had been in effect prior to, but not during, the Suspension Period (accordingly, Restricted Payments made during the Suspension Period will not reduce the amount available to be made as Restricted Payments under the first paragraph of "— *Limitation on Restricted Payments*") and (2) all Indebtedness Incurred, or Disqualified Stock or Preferred Stock issued, during the Suspension Period will be classified to have been Incurred or issued pursuant to clause (c) of the second paragraph of "— *Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*."

In addition, for purposes of the covenant described under "— *Transactions with Affiliates*," all agreements and arrangements entered into by the Issuer and any of its Restricted Subsidiaries with an Affiliate of the Issuer during the Suspension Period prior to such Reversion Date will be deemed to have been entered into on or prior to the Issue Date, and for purposes of the covenant described under "— *Dividend and Other Payment Restrictions Affecting Subsidiaries*," all contracts entered into during the Suspension Period prior to such Reversion Date that contain any of the restrictions contemplated by such covenant will be deemed to have been existing on the Issue Date.

The Issuer shall provide an Officer's Certificate to the Trustee indicating the occurrence of any Covenant Suspension Event or Reversion Date. The Trustee will have no obligation to (i) independently determine or verify if such events have occurred, (ii) make any determination regarding the impact of actions taken during the Suspension Period on the Issuer's and its Subsidiaries' future compliance with their covenants or (iii) notify the holders of the notes of any Covenant Suspension Event or Reversion Date.

Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock.

The Indenture will provide that:

(1) the Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness) or issue any shares of Disqualified Stock; and

(2) the Issuer will not permit any of its Restricted Subsidiaries (other than a Subsidiary Guarantor) to issue any shares of Preferred Stock,

provided, *however*, that the Issuer and any of its Restricted Subsidiaries may Incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock and any of the Issuer's Restricted Subsidiaries may issue shares of Preferred Stock (any such Indebtedness or Disqualified Stock Incurred or issued pursuant to this proviso, the "**Ratio Debt**"), in each case if (a) other than in the case of Senior Secured Debt, either (x) the Fixed Charge Coverage Ratio of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred or such Disqualified Stock or Preferred Stock is issued would have been at least 2.00 to 1.00 or (y) the Consolidated Total Debt Ratio of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred or such Disqualified Stock or Preferred Stock is issued would have been no greater than 4.15 to 1.00 or (b) in the case of Senior Secured Debt, the Consolidated Senior Secured Debt Ratio of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred or such Disqualified Stock or Preferred Stock is issued would have been no greater than 3.75 to 1.00, in each case, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been Incurred, or the Disqualified Stock or Preferred Stock had been issued, as the case may be, and the application of proceeds therefrom had occurred, at the beginning of such four-quarter period.

The foregoing limitations will not apply to (collectively, "**Permitted Debt**"):

(a) the Incurrence by the Issuer or its Restricted Subsidiaries of Indebtedness under any Credit Agreement (and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof)) in an aggregate principal amount not to exceed the greater of (A) €100 million and (B) 100% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of Incurrence, in each case, at the time of Incurrence; *provided*, that any Indebtedness Incurred pursuant to this clause (a) may be refinanced at any time if such refinancing does not exceed the greater of (I) the aggregate principal amount of Indebtedness permitted to be Incurred pursuant to this clause (a) on the date of such refinancing and (II) the aggregate principal amount of the Indebtedness being refinanced at such time (together with an amount necessary to pay accrued and unpaid interest and fees, underwriting discounts and other fees and expenses, including any premium and defeasance costs, associated with such refinancing);

(b) the Incurrence by the Issuer and the Guarantors of Indebtedness represented by the notes (not including any additional notes) and the Guarantees (including any future Guarantees), and any proceeds loans related thereto (including the Proceeds Loan);

(c) Indebtedness existing on the Issue Date (other than (i) Indebtedness described in clauses (a) and (b) of this paragraph and (ii) only until the Closing Date in respect of the Bidco Loan and any Indebtedness of RdM and its Subsidiaries that is intended to be refinanced with the proceeds of the notes as described under the section "*Use of Proceeds*");

(d) (1) Indebtedness, Capitalized Lease Obligations, finance lease obligations, mortgage financings or purchase money obligations, in each case, Incurred by the Issuer or any of its Restricted Subsidiaries, Disqualified Stock issued by the Issuer or any of its Restricted Subsidiaries and Preferred Stock issued by any Restricted Subsidiaries to finance, all or any part of the acquisition, purchase, lease, construction, rental payments, design, installation, repair, replacement or improvement of property (real or personal), vehicles, plant or equipment or other fixed or capital assets (whether through the direct purchase of assets or the Capital Stock of any Person owning such assets) in an aggregate principal amount, including all Indebtedness Incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness Incurred pursuant to this clause (d)(1), not to exceed the greater of (x) 35% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of Incurrence and (y) €42 million, outstanding at the time of Incurrence (minus (without double counting) amounts Incurred and outstanding under clause (m) in respect of Indebtedness originally Incurred under this clause (d)(1), but after deducting any additional Indebtedness, Disqualified Stock or Preferred Stock incurred or issued to pay accrued and unpaid interest and fees, underwriting discounts and other fees and expenses, including any premium and defeasance costs, in connection therewith as permitted by such clause (m)), and (2) Indebtedness, Capitalized Lease Obligations, finance lease obligations, mortgage financings or purchase money obligations, in each case, Incurred by the Issuer or any of its Restricted Subsidiaries, Disqualified Stock issued by the Issuer or any of its Restricted Subsidiaries and Preferred Stock issued by any Restricted Subsidiaries to finance, all or any part of the acquisition, purchase, lease, construction, rental payments, design, installation, repair, replacement or improvement of property (real or personal), vehicles, plant or equipment and related assets used or useful in the business of the Issuer and its Subsidiaries (whether through the direct purchase of assets or the Capital Stock of any Person owning such assets);

(e) Indebtedness (x) in respect of any letters of credit, bankers' acceptance, bank guarantees, discounted bill of exchange or similar instruments supporting trade payables or the discounting or factoring of receivables, warehouse receipt or similar facilities, and reinvestment and reimbursement obligations related thereto, entered into in the ordinary course of business and (y) constituting reimbursement obligations with respect to letters of credit and bank guarantees issued in the ordinary course of business, including letters of credit in respect of workers' compensation claims, health, disability or other benefits to employees or former employees or their families or property, casualty or liability insurance or self-insurance, and letters of credit in connection with the maintenance of, or pursuant to the requirements of, environmental or other permits or licenses from governmental authorities, or other Indebtedness with respect to reimbursement type obligations regarding worker's compensation claims or similar obligations incurred in the ordinary course of business or any governmental requirements; *provided* that (in the case of (x) and (y)) upon the drawing of such letters of credit or the Incurrence of such Indebtedness, such obligations are discharged or reimbursed within 30 days following such drawing;

(f) Indebtedness incurred or arising from or in respect of agreements of the Issuer or a Restricted Subsidiary providing for indemnification, adjustment of purchase price, deferred purchase price, earnout or similar arrangements or obligations, in each case, entered into or Incurred or assumed in connection with any Investments, any New Projects or the acquisition or disposition of any business, assets or a Subsidiary of the Issuer not prohibited by the Indenture, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets, or Subsidiary for the purpose of financing such acquisition;

(g) shares of Preferred Stock of a Restricted Subsidiary issued to the Issuer or a Restricted Subsidiary; *provided* that any subsequent issuance or transfer of any Capital Stock or any other event that results in any Restricted Subsidiary that holds such shares of Preferred Stock of a Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such shares of Preferred Stock (except to the Issuer or a Restricted Subsidiary) shall be deemed, in each case, to be an issuance of shares of Preferred Stock;

(h) Indebtedness or Disqualified Stock of (a) a Restricted Subsidiary to the Issuer or (b) the Issuer or any Restricted Subsidiary to any Restricted Subsidiary; *provided* that if the Issuer or a Guarantor Incurs such Indebtedness or issues such Disqualified Stock to a Restricted Subsidiary that is not the Issuer or a Guarantor such Indebtedness or Disqualified Stock, as applicable (except in respect of intercompany current liabilities incurred in the ordinary course of business or in connection with the cash management, cash pooling, tax and accounting operations of the Issuer and its Subsidiaries), is subordinated under the Intercreditor Agreement or Additional Intercreditor Agreement or by its terms is expressly subordinated in right of payment to the notes or the Guarantee of such Guarantor, as the case may be; *provided*, *further,* that any subsequent issuance or transfer of any Capital Stock or any other event that results in any Restricted Subsidiary lending such Indebtedness or Disqualified Stock, as applicable, ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness or Disqualified Stock, as applicable (except to the Issuer or a Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien but not the transfer thereof upon foreclosure), shall be deemed, in each case, to be an Incurrence of such Indebtedness or Disqualified Stock, as applicable;

(i) Hedging Obligations that are not Incurred for speculative purposes or in connection with the Transactions;

(j) obligations (including reimbursement obligations with respect to letters of credit, bank guarantees, warehouse receipts and similar instruments) in respect of performance, bid, appeal, completion and surety bonds, performance and completion guarantees and similar obligations, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments provided by the Issuer or any of its Restricted Subsidiaries and liabilities incurred in the ordinary course of business or in connection with the cash management, cash pooling, tax and accounting operations of the Issuer and its Subsidiaries;

(k) Indebtedness, Disqualified Stock or Preferred Stock in an aggregate principal amount or liquidation preference that, when aggregated with the principal amount or liquidation preference of all other Indebtedness, Disqualified Stock and Preferred Stock then outstanding and Incurred pursuant to this clause (k), does not exceed the greater of (x) 50% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation and (y) €60 million (minus amounts Incurred and outstanding under clause (m) in respect of Indebtedness originally Incurred under this clause (k), but after deducting any additional Indebtedness, Disqualified Stock or Preferred Stock incurred or issued to pay accrued and unpaid interest and fees, underwriting discounts and other fees and expenses, including any premium and defeasance costs, in connection therewith as permitted by such clause (m));

(l) any guarantee by the Issuer or any of its Restricted Subsidiaries of Indebtedness or other obligations of the Issuer or any of its Restricted Subsidiaries so long as the Incurrence of such Indebtedness or other obligations by the Issuer or such Restricted Subsidiary is permitted under the terms of the Indenture; *provided* that if such Indebtedness is by its express terms subordinated in right of payment to the notes or the Guarantee of such Restricted Subsidiary, as applicable, any such guarantee of such Guarantor with respect to such Indebtedness shall be subordinated in right of payment to such Guarantor's Guarantee with respect to the notes substantially to the same extent as such Indebtedness is subordinated to the notes or the Guarantee of such Restricted Subsidiary, as applicable;

(m) the Incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness or Disqualified Stock or Preferred Stock of a Restricted Subsidiary or the Issuer that serves to refund, refinance, replace, exchange, renew, repay, extend or defease any Indebtedness (or unutilized commitments in respect of Indebtedness, only to the extent the committed amount (i) could have been Incurred on the date of initial Incurrence and was deemed Incurred at such time for the purposes of this covenant or (ii) could have been Incurred other than as Refinancing Indebtedness on the date of such replacement, refunding or refinancing), Disqualified Stock or Preferred Stock Incurred as permitted under the first paragraph of this covenant and clauses (b), (c) (excluding any Indebtedness of RdM and its Subsidiaries that is intended to be refinanced with the proceeds of the notes as described in the section "Use of Proceeds" of this Offering Memorandum), (d), (k), this clause (m), (p), (r), (s) and (x) of this paragraph or any Indebtedness, Disqualified Stock or Preferred Stock Incurred to so refund, refinance, replace, exchange, renew, repay, extend or defease such Indebtedness, Disqualified Stock or Preferred Stock, including any additional Indebtedness, Disqualified Stock or Preferred Stock Incurred to pay accrued and unpaid interest and fees, underwriting discounts and other fees (including original issue discount) and expenses, including any premium (including tender premiums) and defeasance costs, in connection therewith (subject to the following proviso, "**Refinancing Indebtedness**"); *provided*, *however,* that such Refinancing Indebtedness:

    (1) has a Stated Maturity which is no earlier than the earlier of the Stated Maturity of (i) the Indebtedness refunded, refinanced, replaced or defeased or (ii) the notes;

    (2) to the extent such Refinancing Indebtedness refinances (x) Subordinated Indebtedness, such Refinancing Indebtedness is Subordinated Indebtedness, or (y) Disqualified Stock or Preferred Stock, such Refinancing Indebtedness is Disqualified Stock or Preferred Stock;

    (3) is Incurred in an aggregate principal amount (or if issued with original issue discount an aggregate issue price) that is equal to or less than the sum of (x) the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness refunded, refinanced, replaced, exchanged, renewed, repaid, extended or defeased plus (y) the amount necessary to pay accrued and unpaid interest and fees, underwriting discounts and other fees and expenses, including any premium and defeasance costs Incurred in connection with such transaction; and

    (4) shall not include (x) Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of the

Issuer; (y) Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of a Guarantor; or (z) 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;

(n) Indebtedness arising from (i) Bank Products and (ii) the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that in the case of this subclause (ii) such Indebtedness is extinguished within ten Business Days of its Incurrence;

(o) Indebtedness of the Issuer or any Restricted Subsidiary supported by a letter of credit or bank guarantee or similar, in a principal amount not in excess of the stated amount of such letter of credit or bank guarantee;

(p) Contribution Indebtedness;

(q) Indebtedness of the Issuer or any Restricted Subsidiary consisting of (i) the financing of insurance premiums, (ii) take-or-pay obligations contained in supply arrangements, (iii) manufacturer, vendor financing, customer and supply arrangements in the ordinary course of business, (iv) obligations to reacquire assets or inventory in connection with customer financing arrangements in the ordinary course of business or consistent with past practice or industry norm; or (v) obligations under deferred compensation or other similar arrangements incurred by such Person in connection with the Transactions, New Projects or any other Investment or acquisition permitted under the indenture;

(r) Indebtedness Incurred pursuant to factoring, securitizations, receivables financings or similar arrangements, including by a Special Purpose Securitization Subsidiary in a Permitted Securitization Financing, either (i) with respect to which recourse to the Issuer or any Restricted Subsidiary (other than the Special Purpose Securitization Subsidiaries) in connection with such transactions is limited to the extent customary (as determined by the Issuer in good faith) for similar transactions in the applicable jurisdictions (including Standard Securitization Undertakings and, to the extent applicable, in a manner consistent with the delivery of a "true sale"/"absolute transfer" opinion with respect to any transfer by the Issuer or any Restricted Subsidiary (other than a Special Purpose Securitization Subsidiary)), or (ii) does not exceed the greater of (x) €30 million and (y) 25% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation;

(s) (x) Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any of its Restricted Subsidiaries Incurred to finance an acquisition (including a merger, consolidation or amalgamation) or other Investment permitted by the Indenture or (y) Acquired Indebtedness of the Issuer or any of its Restricted Subsidiaries, in the case of clause (x) only, in an aggregate principal amount not to exceed the sum of: (i) the greater of (A) €30 million and (B) 25% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of Incurrence, in each case, at the time of Incurrence, plus (ii) an additional aggregate principal amount or liquidation preference so long as, at the time of Incurrence or issuance, after giving effect to the transactions that result in such Incurrence or issuance, on a *pro forma* basis, either (a) the Issuer or a Restricted Subsidiary would be permitted to Incur at least €1.00 of additional Indebtedness pursuant to the applicable Ratio Debt test set forth in the first paragraph of this covenant or (b) (I) other than in the case of Senior Secured Debt, either (1) the Fixed Charge Coverage Ratio of the Issuer and its Restricted Subsidiaries would not be less than immediately prior to such transactions or (2) the Consolidated Total Debt Ratio of the Issuer and its Restricted Subsidiaries would not be greater than immediately prior to such transactions or (II) in the case of Senior Secured Debt, the Consolidated Senior Secured Debt Ratio of the Issuer and its Restricted Subsidiaries would not be greater than immediately prior to such transactions (with any Indebtedness Incurred under subclause (i) hereof or under any other clause of Permitted Debt (except to the extent Incurred in reliance of the Consolidated Senior Secured

Debt Ratio, the Consolidated Total Debt Ratio or the Fixed Charge Coverage Ratio pursuant to the terms of such other clause) on the date of determination of the Consolidated Total Debt Ratio, the Consolidated Senior Secured Debt Ratio or the Fixed Charge Coverage Ratio not being included in the calculation of such ratio under this subclause (ii), but not, for the avoidance of doubt, excluded from any such calculation made on any subsequent date and with the Issuer's ability to Incur Indebtedness under subclause (ii) before utilizing subclause (i));

(t) Indebtedness Incurred by the Issuer or any Restricted Subsidiary to the extent that the net proceeds thereof are promptly deposited to defease or to satisfy and discharge the notes;

(u) guarantees (a) Incurred in the ordinary course of business in respect of obligations of (or to) suppliers, customers, franchisees, lessors and licensees that, in each case, are non-Affiliates or (b) otherwise constituting Investments permitted under the Indenture;

(v) Management Advances and Indebtedness issued by the Issuer or any of its Restricted Subsidiaries to or under or in connection with any agreement or instrument issued for the benefit of current or former employees, directors, officers, managers and consultants thereof or any Parent, their respective Immediate Family Members, in respect of any management equity, incentive, benefit or other similar arrangements, including to finance the purchase or redemption of Equity Interests, Subordinated Shareholder Debt or Indebtedness of the Issuer or any of its Restricted Subsidiaries or any Parent to the extent described in clause (4) of the second paragraph under "— *Limitation on Restricted Payments*;"

(w) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries;

(x) Indebtedness consisting of local lines of credit, bilateral facilities, working capital or overdraft facilities or other operating facilities in an amount not to exceed the greater of (x) €30 million and (y) 25% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation (minus amounts Incurred and outstanding under clause (m) in respect of Indebtedness originally incurred under this clause (x), but after deducting any additional Indebtedness, Disqualified Stock or Preferred Stock incurred or issued to pay accrued and unpaid interest and fees, underwriting discounts and other fees and expenses, including any premium and defeasance costs, in connection therewith as permitted by such clause (m));

(y) customer deposits and advance payments received in the ordinary course of business or consistent with past practice or industry norm from customers;

(z) any mandatory guarantee given by the Issuer or any of its Restricted Subsidiaries in respect of any pension schemes operated by the Issuer or any of its Subsidiaries;

(aa) any liability (i) in respect of any member of the Group incorporated in The Netherlands arising under a declaration of joint and several liability (*hoofdelijke aansprakelijkheid*) as referred to in Section 2:403 of the Dutch Civil Code or (ii) arising as a result of a fiscal unity (*fiscale eenheid*) solely between members of the Group incorporated in The Netherlands;

(bb) Indebtedness in respect of obligations of the Issuer or any Restricted Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services; *provided* that such obligations are incurred in connection with open accounts extended by suppliers on customary trade terms in the ordinary course of business and not in connection with the borrowing of money or any Hedging Obligations;

(cc) Indebtedness of the Issuer or any Restricted Subsidiary to or on behalf of any joint venture (regardless of the form of legal entity) that is not a Restricted Subsidiary arising in the ordinary course of business or industry norm in connection with the cash management operations (including with respect to intercompany self-insurance arrangements) of the Issuer and its Restricted Subsidiaries; and (dd) Letters of credit, guarantees, performance bonds or other similar instruments or obligations issued or relating to liabilities incurred in the ordinary course of business or in respect of any governmental requirement (including in connection with the requirements of concessions, licenses or other approvals from governmental authorities).

For purposes of determining compliance with this covenant, in the event that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of Permitted Debt or is entitled to be Incurred as Ratio Debt, the Issuer shall, in its sole discretion, at the time of Incurrence, divide and/or classify, or at any later time re-divide and/or reclassify, such item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) in any manner that complies with this covenant. With respect to clauses (d)(1), (k), (r)(ii), (s)(i) and (x) of the second paragraph of this covenant, if at any time the Issuer or a Restricted Subsidiary would be entitled to have Incurred any then outstanding item of Indebtedness as Ratio Debt, such item of Indebtedness shall be automatically reclassified into an item of Indebtedness Incurred as Ratio Debt. Notwithstanding the foregoing, all Indebtedness Incurred or deemed Incurred under the Credit Agreement outstanding on the Closing Date shall be deemed to have been Incurred pursuant to clause (a) of the second paragraph of this covenant, and the Issuer shall not be permitted to reclassify all or any portion of such Indebtedness. The Issuer will also be entitled to divide, classify or reclassify an item of Indebtedness in more than one of the types permitted in the first and second paragraphs of this covenant without giving *pro forma* effect to the Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) Incurred pursuant to the second paragraph of this covenant when calculating the amount of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) that may be Incurred pursuant to the first paragraph of this covenant.

For purposes of determining compliance with this covenant, with respect to Indebtedness Incurred under a Debt Facility, reborrowings of amounts previously repaid (including the Credit Agreement outstanding on the Closing Date), shall, at the option of the Issuer, only be deemed for purposes of this covenant to have been Incurred on the date such Indebtedness was first Incurred and not on the date of any subsequent reborrowing thereof. Accrual of interest, the accretion of accreted value, the amortization of original issue discount or deferred financing costs, the payment of interest in the form of additional Indebtedness with the same terms, the payment of dividends on Disqualified Stock or Preferred Stock in the form of additional shares of Disqualified Stock or Preferred Stock of the same class, the accretion of liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies will not be deemed to be an Incurrence of Indebtedness, Disqualified Stock or Preferred Stock for purposes of this covenant. For the avoidance of doubt, the outstanding principal amount of any particular Indebtedness shall be counted only once and guarantees of, or obligations in respect of letters of credit relating to, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included in the determination of such amount of Indebtedness; *provided* that the Incurrence of the Indebtedness represented by such guarantee or letter of credit, as the case may be, was in compliance with 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 currency other than euro shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term debt, or first committed or first Incurred (whichever yields the lower euro equivalent), in the case of revolving credit debt; *provided* that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the outstanding, in the case of term debt, or, if greater, committed principal amount of such Indebtedness being refinanced.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer and its Restricted Subsidiaries may Incur pursuant to this covenant shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, 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, will be calculated based on the currency exchange rate applicable to the currencies in which the respective Indebtedness is denominated that is in effect on the date of the refinancing.

Financial Calculations. When calculating the availability under any Applicable Metric in the Indenture, in each case in connection with any acquisition, disposition, merger, joint venture, investment, Irrevocable Repayment or similar transaction where there is a time difference between commitment and closing or Incurrence (including in respect of Incurrence of Indebtedness, Liens, Restricted Payments and Permitted Investments), the date of determination of such Applicable Metric shall, at the option of the Issuer, be the date the definitive agreements for such acquisition, disposition, merger, joint venture, investment, Irrevocable Repayment or similar transaction are entered into and such Applicable Metric shall be calculated on a *pro forma* basis after giving effect to such acquisition, disposition, merger, joint venture, investment, Irrevocable Repayment or similar transaction and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness (and the use of proceeds thereof) and Liens) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such transaction (and not for purposes of any subsequent availability of any basket or ratio), and, for the avoidance of doubt, (x) if any of such Applicable Metric is exceeded as a result of fluctuations in such Applicable Metric (including due to fluctuations in EBITDA of the Issuer or the target company) subsequent to such date of determination and at or prior to the consummation of the relevant transaction, such Applicable Metric will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transaction is permitted hereunder and (y) such Applicable Metric shall not be tested at the time of consummation of such transaction or related transactions; *provided*, *further*, that if the Issuer elects to have such determinations occur at the time of entry into such definitive agreement, any such transactions (including any Incurrence of Indebtedness (and the use of proceeds thereof) and Liens) shall be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any Applicable Metric under the Indenture after the date of such agreement and before the consummation of such transaction.

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 transaction is made. No Default or breach under the Indenture shall arise merely as a result of any subsequent change in currency exchange rates.

In respect of any four full fiscal quarter period, exchange rates used in relation to an item of Consolidated Total Indebtedness may be, at the election of Issuer, (i) the weighted average exchange rates for that period, (ii) the exchange rate used in the relevant financial statements as of the last day of such period, (iii) the exchange rate as in effect on the date that Indebtedness was incurred or (iv) the exchange rate on the Issue Date; provided that, where applicable and at the election of the Issuer, any amount of Indebtedness will be stated so as to take into account the hedging effect of any currency hedging entered into in respect of or by reference to that Indebtedness.

Any Applicable Metric where an element is set by reference to a percentage of EBITDA shall be tested by reference to the applicable level of EBITDA for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation.

If any Lien, Indebtedness, Asset Sale, Investment, Restricted Payment or other transaction, action, judgment or amount (any of the foregoing in concurrent transactions, a single transaction or a series of related transactions) is incurred, issued, taken or consummated in reliance on categories of baskets measured by reference to a percentage of EBITDA, and any Lien, Indebtedness, Asset Sale, Investment, Restricted Payment or other transaction, action, judgment or amount (including in connection with refinancing thereof) would subsequently exceed the applicable percentage of EBITDA if calculated based on the EBITDA on a later date (including the date of any refinancing or re-classification), such percentage of EBITDA will not be deemed to be exceeded.

For any relevant Applicable Metric set by reference to a fiscal year, a calendar year, a four-quarter period or any other similar annual period (each an "**Annual Period**"):

(i) at the option of the Issuer, the maximum amount so permitted under such Applicable Metric during such Annual Period may be increased by: (A) an amount equal to 100% of the difference (if positive) between the permitted amount in the immediately preceding Annual Period and the amount thereof actually used or applied by the Issuer and its Restricted Subsidiaries 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**") *provided that,* for the avoidance of doubt, to the extent such Applicable Metric provides an alternative method of increasing the amount permitted by that Applicable Metric by applying unused capacity from prior periods or capacity from future periods (an "**Alternative Carry Forward/Back Provision**"), the Issuer may choose to apply either the provisions of this clause (i) or the applicable Alternative Carry Forward/Back Provision when calculating the Applicable Metric but Alternative Carry Forward/Back Provision may not be combined with the provisions of this clause (i); and

(ii) to the extent that the maximum amount so permitted under such Applicable Metric during such Annual Period is increased in accordance with clause (i) above, any usage of such Applicable Metric during such Annual Period shall be deemed to be applied in the following order: (A) first, against the Carry Forward Amount; (B) second, against the maximum amount so permitted during such Annual Period prior to any increase in accordance with clause (i) above; and (C) third, against the Carry Back Amount.

Limitation on Restricted Payments. The Indenture will provide that the Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any distribution on account of the Issuer's or any of its Restricted Subsidiaries' Equity Interests (in each case, solely to a holder of Equity Interests in such Person's capacity as a holder of such Equity Interests), including any payment made in connection with any merger or consolidation involving the Issuer (other than dividends, payments or distributions (A) payable solely in Equity Interests (other than Disqualified Stock) of the Issuer or to the Issuer and its Restricted Subsidiaries or in Subordinated Shareholder Debt, or (B) by a Restricted Subsidiary so long as, in the case of any dividend or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary other than a Wholly Owned Restricted Subsidiary, the Issuer or a Restricted Subsidiary receives at least its *pro rata* share of such dividend or distribution in accordance with its Equity Interests in such class or series of securities);

(2) purchase or otherwise acquire or retire for value any Equity Interests of the Issuer or any direct or indirect parent of the Issuer;

(3) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value, in each case prior to any scheduled repayment or scheduled maturity, any Subordinated Indebtedness (other than the payment, redemption, repurchase, defeasance, acquisition or retirement of (A) Subordinated Indebtedness in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such payment, redemption, repurchase, defeasance, acquisition or retirement and (B) Indebtedness permitted under clause (h) of the second paragraph of the covenant described under "*— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*");

(4) make any Restricted Investment; or

(5) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Shareholder Debt;

(all such payments and other actions set forth in clauses (1) through (5) above, other than any of the exceptions thereto, being collectively referred to as "**Restricted Payments**"), unless, at the time of such Restricted Payment:

(a) solely with respect to Restricted Payments described in clauses (1) through (3) and clause (5) above, no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof immediately after giving effect thereto;

(b) solely with respect to Restricted Payments described in clauses (1) through (3) and clause (5) above, immediately after giving effect to such transaction on a *pro forma* basis, the Issuer or a Restricted Subsidiary could Incur €1.00 of additional Indebtedness as Ratio Debt pursuant to clause (a) of the proviso to the first paragraph of the covenant described under "— *Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*"; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries after the Issue Date (including Restricted Payments permitted by clauses (2) (with respect to the payment of dividends on Refunding Capital Stock pursuant to clause (b) thereof only) and 6(c) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph), is less than the sum of, without duplication,

(1) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from September 30, 2021 to the end of the Issuer's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, in the case such Consolidated Net Income for such period is a deficit, minus 100% of such deficit), plus

(2) 100% of the aggregate net proceeds, including cash and the Fair Market Value of assets other than cash, received by the Issuer after the Issue Date from the issue or sale of Equity Interests or Subordinated Shareholder Debt of the Issuer or any direct or indirect parent of the Issuer (excluding (without duplication) Refunding Capital Stock, Designated Preferred Stock, Cash Contribution Amount, Excluded Contributions and Disqualified Stock), including Equity Interests issued upon conversion of Indebtedness or upon exercise of warrants or options (other than an issuance or sale to a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any of its Subsidiaries), plus

(3) 100% of the aggregate amount of contributions to the capital of the Issuer received in cash and the Fair Market Value of property other than cash after the Issue Date and, without duplication, the aggregate amount of cash and the Fair Market Value of property other than cash that becomes part of the capital of the Issuer through amalgamation, consolidation or merger in exchange for the issuance of Equity Interests of the Issuer or a direct or indirect parent entity of the Issuer after the Issue Date (in each case, other than Excluded Contributions, Refunding Capital Stock, Designated Preferred Stock and Disqualified Stock and the Cash Contribution Amount), plus

(4) 100% of the aggregate principal amount of any Indebtedness, or the liquidation preference or maximum fixed repurchase price, as the case may be, of any Disqualified Stock, of the Issuer or any Restricted Subsidiary thereof issued after the Issue Date (other than Indebtedness or Disqualified Stock issued to the Issuer or any Restricted Subsidiary) that has been cancelled, retired or extinguished without consideration from the Issuer or any Restricted Subsidiary or converted into or exchanged for Equity Interests in the Issuer or any direct or indirect parent of the Issuer (other than Disqualified Stock) or assumed by a third party to the extent that the Issuer and each other Restricted Subsidiary are released from their obligations in respect of such Indebtedness or Disqualified Stock without consideration from the Issuer or any Restricted Subsidiary, in each case after the Issue Date, plus

(5) 100% of the aggregate amount received by the Issuer or any Restricted Subsidiary in cash and the Fair Market Value of property other than cash received by the Issuer or any Restricted Subsidiary from:

(A) the sale or other disposition (other than to the Issuer or a Subsidiary) of, or other returns on Investments from, Restricted Investments made by the Issuer and its Restricted Subsidiaries and from repurchases and redemptions of such Restricted Investments from the Issuer and its Restricted Subsidiaries by any Person (other than the Issuer or any of its Restricted Subsidiaries) and from repayments of loans or advances, and releases of guarantees, which constituted Restricted Investments (other than in each case to the extent that the Restricted Investment was made pursuant to clause (7) of the next succeeding paragraph),

(B) the sale (other than to the Issuer or a Restricted Subsidiary) of the Capital Stock of an

Unrestricted Subsidiary (*provided* that such amount will not be included in Consolidated Net Income for the purposes of the preceding clause (1) to the extent that it is (at the option of the Issuer) included under this clause (5)(B)), or

(C) any distribution or dividend from an Unrestricted Subsidiary (*provided* that such amount will not be included in Consolidated Net Income for the purposes of the preceding clause (1) to the extent that it is (at the option of the Issuer) included under this clause (5)(C)); plus

(6) in the event any Unrestricted Subsidiary of the Issuer has been redesignated as a Restricted Subsidiary or has been merged or consolidated with or into, or transfers or conveys its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary of the Issuer, in each case after the Issue Date, the Fair Market Value of the Investment of the Issuer in such Unrestricted Subsidiary at the time of such redesignation, combination or transfer (or of the assets transferred or conveyed, as applicable) (other than in each case to the extent that the designation of such Subsidiary as an Unrestricted Subsidiary was made pursuant to clause (7) of the next succeeding paragraph or constituted a Permitted Investment), plus

(7) the greater of (A) €24 million and (B) 20% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation.

Notwithstanding the foregoing, (x) any amounts (such amounts, the "**Excluded Amounts**") that would otherwise be included in the calculation of the amount available for Restricted Payments pursuant to the preceding clause (c) will be excluded to the extent (1) such amounts result from the receipt of net cash proceeds or marketable securities received in contemplation of, or in connection with, an event that would otherwise constitute a Change of Control, (2) the purpose of the receipt of such net cash proceeds or marketable securities was to reduce the Consolidated Total Debt Ratio so that there would be an occurrence of a Specified Change of Control Event that would not have been achieved without the receipt of such net cash proceeds or marketable securities and (3) no Change of Control Offer is made in connection with such Change of Control in accordance with the requirements of the Indenture and (y) Excluded Amounts shall be limited to the amount of net cash proceeds or marketable securities necessary to reduce the Consolidated Total Debt Ratio to cause the occurrence of a Specified Change of Control Event, and amounts of net cash proceeds or marketable securities received in excess thereof shall not constitute Excluded Amounts.

The foregoing provisions will not prohibit:

(1) the payment of any dividend or distribution or consummation of any redemption within 60 days after the date of declaration thereof or the giving of a redemption notice related thereto, if at the date of declaration or notice such payment would have complied with the provisions of the Indenture;

(2) (a) the redemption, repurchase, defeasance, exchange, retirement or other acquisition of any Equity Interests or Subordinated Shareholder Debt ("**Retired Capital Stock**"), including any accrued and unpaid dividends thereon, of the Issuer or any Restricted Subsidiary or any Parent or Subordinated Indebtedness of the Issuer or any Restricted Subsidiary or any Parent, in exchange for, or out of the proceeds of a sale (other than to the Issuer or a Subsidiary) of, Equity Interests or Subordinated Shareholder Debt of the Issuer or any Restricted Subsidiary or any Parent (to the extent contributed to the Issuer) or contributions to the equity capital of the Issuer (other than any Disqualified Stock or any Equity Interests sold to the Issuer or any Subsidiary of the Issuer or to an employee stock ownership plan or any trust established by the Issuer or any of its Subsidiaries) (collectively, including any such contributions, "**Refunding Capital Stock**");

(b) if immediately prior to the retirement of Retired Capital Stock, the declaration and payment of dividends thereon was permitted under clause (6) 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, defease, retire or otherwise acquire any Equity Interests of any Parent) in an aggregate amount per year no greater than the aggregate amount of dividends per annum that were declarable and payable on such Retired Capital Stock immediately prior to such retirement; and

(c) the declaration and payment of accrued dividends on the Retired Capital Stock out of the proceeds of the sale (other than to the Issuer or a Restricted Subsidiary or to an employee stock ownership plan or any trust established by the Issuer or any of its Subsidiaries) of Refunding Capital Stock made within 90 days of such redemption, repurchase, defeasance, exchange, retirement or other acquisition;

(3) the redemption, repurchase, defeasance, exchange or other acquisition or retirement of (1) Subordinated Indebtedness of the Issuer or any Restricted Subsidiary (x) constituting Acquired Indebtedness not Incurred in connection with or in contemplation of the applicable merger, acquisition or other similar transaction or (y) made by exchange for, or out of the proceeds of the sale (made within 90 days of such redemption, repurchase, defeasance, exchange or other acquisition) of, new Indebtedness of the Issuer or a Restricted Subsidiary or Disqualified Stock of the Issuer or a Restricted Subsidiary or (2) Disqualified Stock of the Issuer or a Restricted Subsidiary made by exchange for, or out of the proceeds of the substantially concurrent sale of, Disqualified Stock of the Issuer or a Restricted Subsidiary which, in each case, is Incurred or issued, as applicable, in accordance with the covenant described under *"— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"* or Subordinated Shareholder Debt so long as:

(a) the principal amount (or accreted value, if applicable) of such new Indebtedness or the liquidation preference of such new Disqualified Stock does not exceed the principal amount of (or accreted value, if applicable) of the Subordinated Indebtedness or Subordinated Shareholder Debt or the liquidation preference of, plus any accrued and unpaid dividends on, the Disqualified Stock being so redeemed, repurchased, defeased, acquired or retired for value (plus accrued and unpaid interest and fees, underwriting discounts and expenses, including any premium and defeasance costs, required to be paid under the terms of the instrument governing the Subordinated Indebtedness or Subordinated Shareholder Debt or Disqualified Stock being so redeemed, repurchased, defeased, exchanged, acquired or retired plus any fees and expenses (including original issue discount) Incurred in connection therewith, including tender premiums);

(b) such new Indebtedness is subordinated to the notes or the related Guarantee, as the case may be, at least to the same extent as such Subordinated Indebtedness or Subordinated Shareholder Debt so purchased, exchanged, redeemed, repurchased, defeased, exchanged, acquired or retired; and

(c) such new Indebtedness or Disqualified Stock has a final scheduled maturity date no earlier than the final scheduled maturity date of the earlier of (i) the Subordinated Indebtedness, Subordinated Shareholder Debt or Disqualified Stock being so redeemed, repurchased, defeased, exchanged, acquired or retired or (ii) the notes;

(4) the purchase, repurchase, retirement, redemption or other acquisition (or a Restricted Payment to the Issuer or any Parent to finance any such purchase, repurchase, retirement, redemption or other acquisition) for value of Equity Interests, Subordinated Shareholder Debt or Indebtedness of the Issuer or any Parent held by any future, present or former employee, director, officer, manager or consultant (or their respective Immediate Family Members) of the Issuer or any Parent or any Subsidiary of the Issuer, including any repurchase, retirement or other acquisition for value pursuant to any management or employee equity, incentive, benefit or stock option plan or any other management or employee benefit plan or any shareholders' agreement or other similar agreement or arrangement or upon such person's death, disability, retirement or termination of employment or to cover such person's payment of withholding taxes in connection therewith; *provided*, *however*, that the aggregate amounts paid under this clause (4) do not exceed in any calendar year the greater of (A) €12 million and (B) 10% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation, which shall, subsequent to the consummation of an IPO Event, increase to the greater of (A) €24 million and (B) 20% of EBITDA (in each case, with

unused amounts in any calendar year being carried forward to succeeding calendar years); *provided*, *further*, *however*, that such amount in any calendar year may be increased by an amount not to exceed:

(a) the cash proceeds received by the Issuer or any of its Restricted Subsidiaries from the sale of Equity Interests (other than Disqualified Stock) or the issuance of Subordinated Shareholder Debt of the Issuer or any of its Restricted Subsidiaries or any Parent (to the extent contributed to the Issuer or any Guarantor) to members of management, directors, officers, employees or consultants (or their respective Immediate Family members) of the Issuer and its Restricted Subsidiaries or any other direct or indirect parent of the Issuer that occurs after the Issue Date (*provided* that the amount of such cash proceeds utilized for any such repurchase, retirement, other acquisition or dividend will not increase the amount available for Restricted Payments under clause (c) of the immediately preceding paragraph); plus

(b) the cash proceeds of key man life insurance policies received by the Issuer or any Parent (to the extent contributed to the Issuer or any Guarantor) and its Restricted Subsidiaries after the Issue Date, plus

(c) the amount of any cash bonuses otherwise payable to members of management, directors, officers or consultants (or their respective Immediate Family Members) in connection with the Transactions and as disclosed in the Offering Memorandum that are forgone in return for the receipt of Equity Interests;

provided that the Issuer may elect to apply all or any portion of the aggregate increase contemplated by clauses (a), (b) and (c) above in any calendar year; in addition, cancellation of Indebtedness owing to the Issuer or any of its Restricted Subsidiaries from any current, former or future officer, director, employee or consultant (or their respective Immediate Family Members) (or any permitted transferees thereof) of the Issuer or any of its Restricted Subsidiaries (or any direct or indirect parent company thereof), in connection with a repurchase of Equity Interests of the Issuer or any Parent from such Persons will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provisions of the Indenture;

(5) the declaration and payment of dividends or distributions to holders of any class or series of Disqualified Stock of the Issuer or any of its Restricted Subsidiaries and any Preferred Stock of any Restricted Subsidiaries issued or Incurred in accordance with the covenant described under *"— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*;"

(6) (a) the declaration and payment of dividends or distributions to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) issued after the Issue Date, (b) the declaration and payment of dividends to any direct or indirect parent of the Issuer, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of any direct or indirect parent of the Issuer issued after the Issue Date; *provided* that the aggregate amount of dividends declared and paid pursuant to this subclause (b) does not exceed the net cash proceeds actually received by the Issuer from any such sale of Designated Preferred Stock (other than Disqualified Stock) issued after the Issue Date and (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; *provided*, *however*, in the case of each of (a) and (c) of this clause (6), that for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of issuance of such Designated Preferred Stock or the declaration of such dividends on Refunding Capital Stock that is Preferred Stock, after giving effect to such issuance (and the payment of dividends or distributions) on a *pro forma* basis, the Fixed Charge Coverage Ratio of the Issuer and its Restricted Subsidiaries would have been at least 2.00 to 1.00;

(7) Investments in Unrestricted Subsidiaries having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (7) that are at that time outstanding, not to exceed the greater of (x) €18 million and (y) 15% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial

statements are available immediately preceding the date of calculation (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value); *provided*, *however*, that if any Investment pursuant to this clause (7) is made in any Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) of the definition of Permitted Investments and shall cease to have been made pursuant to this clause (7) for so long as such Person continues to be a Restricted Subsidiary;

(8) the payment of dividends or distributions on the common stock of the Issuer, a Parent or any IPO Entity (or a Restricted Payment or the payment of dividends to enable any Parent or IPO Entity or to fund the payment by any Parent or IPO Entity of dividends on such entity's common stock) following a Public Offering, in an amount not to exceed in any fiscal year the greater of (a) 7% of the net proceeds received by the Issuer or a Restricted Subsidiary (or contributed to the equity of the Issuer or any Restricted Subsidiary (other than through the issuance of Disqualified Stock or through an Excluded Contribution) from any Public Offering or contributed to the equity of the Issuer or loaned as Subordinated Shareholder Debt to the Issuer or any Restricted Subsidiary and (b) following an Initial Public Offering, an amount equal to the greater of (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization;

(9) Restricted Payments (a) in an amount equal to the amount of Excluded Contributions made or (b) without duplication of the foregoing subclause (a), in an amount not to exceed the amount of net proceeds from an Asset Sale or other disposition in respect of property or asset acquired after the Issue Date, to the extent the acquisition of such property or assets was financed with Excluded Contributions and to the extent such Asset Sale or other disposition of such property or assets did not otherwise increase the amount available for Restricted Payments under clause (c) of the immediately preceding paragraph;

(10) other Restricted Payments in an aggregate amount not to exceed the greater of (x) €36 million and (y) 30% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation;

(11) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or other securities of, or Indebtedness owed to the Issuer or a Restricted Subsidiary by, Unrestricted Subsidiaries, Existing Joint Ventures or other joint ventures;

(12) any payments:

(a) pursuant to a Tax Sharing Agreement (*provided* that such Tax Sharing Agreement does not permit or require payments in excess of the amounts of tax that would be payable by the Issuer or any of its Restricted Subsidiaries, as applicable, on a stand-alone basis); and

(b) in respect of any taxable period for which the Issuer is a member of a consolidated, combined, affiliated, unitary or similar tax group for U.S. federal and/or applicable state, local or foreign tax purposes of which a direct or indirect parent of the Issuer is the common parent, or for which the Issuer or a Subsidiary is a partnership or disregarded entity for U.S. federal income tax purposes that is wholly owned (directly or indirectly) by a parent entity that is a C corporation for U.S. federal and/or applicable state, local or foreign tax purposes, to any direct or indirect parent of the Issuer and/or its Subsidiaries, as applicable, in an aggregate amount not to exceed the amount of any such U.S. federal, state, local and/or foreign taxes that the Issuer and/or its Subsidiaries, as applicable, would have paid for such taxable period had the Issuer and/or its Subsidiaries, as applicable, been a stand-alone corporate taxpayer or a stand-alone corporate group;

(13) the payment of, or the payment of dividends other distributions or other amounts to, or the making of loans to any Parent or IPO Entity:

(a) in respect of any Parent Expenses; and

(b) in the amount required for such entity to make payments (a) pursuant to any Management Agreement or any amendment thereto (so long as such amendment is not prejudicial to the holders of the notes, when taken as a whole, in any material respect than such Management Agreement) or (b) for any other financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including, without limitation, in connection with acquisitions or divestitures, in each case to the extent permitted under clauses (12) and (13) of the covenant *"— Transactions with Affiliates*;"

(14) (i) repurchases of Equity Interests deemed to occur upon exercise of stock options or warrants if such Equity Interests represent a portion of the exercise price of such options or warrants and (ii) in connection with the withholding of a portion of the Equity Interests granted or awarded to a director or an employee to pay for the taxes payable by such director or employee upon such grant or award;

(15) any consideration, payment, dividend, distribution or other transfer in connection with a Permitted Securitization Financing or a receivables financing;

(16) the payment, purchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Indebtedness, Disqualified Stock or Preferred Stock of the Issuer and its Restricted Subsidiaries pursuant to provisions similar to those described under "*— Change of Control*" and "*— Asset Sales*;" *provided* that, prior to such payment, purchase, redemption, defeasance or other acquisition or retirement for value, the Issuer (or a third party to the extent permitted by the Indenture) has made a Change of Control Offer or Asset Sale Offer, as the case may be, with respect to the notes as a result of such Change of Control or Asset Sale, as the case may be, and has repurchased all such notes validly tendered and not withdrawn in connection with such Change of Control Offer or Asset Sale Offer, as the case may be;

(17) any joint venture that is not a Restricted Subsidiary may make Restricted Payments required or permitted to be made pursuant to the terms of the joint venture arrangements to holders of its Equity Interests;

(18) any Restricted Payments made in connection with the consummation of the Transactions (including to any Parent to fund such payment);

(19) any Restricted Payments to allow (a) the payment of cash in lieu of the issuance of fractional shares of Equity Interests upon exercise or conversion of securities exercisable or convertible into Equity Interests of the Issuer and (b) any conversion request by a holder of convertible Indebtedness and cash payments in lieu of the issuance of fractional shares in connection with any such conversion;

(20) payments or distributions, in the nature of satisfaction of dissenters' rights, pursuant to or in connection with a consolidation, merger or transfer of assets that complies with the provisions of the Indenture applicable to mergers, consolidations and transfers of all or substantially all the property and assets of the Issuer;

(21) the redemption, repurchase, defeasance, exchange or other acquisition or retirement of Subordinated Indebtedness or Subordinated Shareholder Debt of the Issuer or any Restricted Subsidiary or any direct or indirect parent of the Issuer in an aggregate amount not to exceed the greater of (x) €24 million and (y) 20% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation;

(22) other Restricted Payments, so long as the Consolidated Total Debt Ratio of the Issuer and its Restricted Subsidiaries on a consolidated basis is no greater than 2.9 to 1.00, determined on a *pro forma* basis for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of such Restricted Payment;

(23) dividends, loans, distributions, advances or other payments by the Issuer or any of its Restricted Subsidiaries to or on behalf of any Parent to service the substantially concurrent payment of scheduled principal amounts, interest amounts and premiums, discounts, catch-up payments, make-whole amounts, fees, costs, expenses, hedging, tax, break costs and indemnification obligations

as and when due under or in respect of any Indebtedness the Net Cash Proceeds of which have been contributed or loaned to the Issuer or any of its Restricted Subsidiaries and such Indebtedness has been guaranteed by, or is otherwise considered Indebtedness of, the Issuer or any of its Restricted Subsidiaries Incurred in accordance with the covenant described under "*— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*;" and

(24) Restricted Payments in an aggregate amount, when taken together with all other Restricted Payments made pursuant to this clause (24) that are at that time outstanding, not to exceed the aggregate amount of Declined Excess Proceeds,

provided, *however*, that at the time of, and after giving effect to, any Restricted Payment permitted under clauses (6)(b), (7), (8), (10), (21) and (22), no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof.

The Issuer will not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the definition of "Unrestricted Subsidiary." For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding Investments by the Issuer and its Restricted Subsidiaries (except to the extent repaid prior to the time of designation) in the Subsidiary so designated will be deemed to be Restricted Payments or Permitted Investments in an amount determined as set forth in the last sentence of the definition of "Investments." Such designation will only be permitted if a Restricted Payment or Permitted Investment in such amount would be permitted at such time and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

For purposes of the covenant described above, if any Investment or Restricted Payment would be permitted pursuant to one or more provisions described above (including, for the avoidance of doubt, with respect to clauses (1) to (7) of the first paragraph of this covenant) and/or one or more of the exceptions contained in the definition of "Permitted Investments," the Issuer may divide and classify such Investment or Restricted Payment in any manner that complies with this covenant and may later divide and reclassify any such Investment or Restricted Payment so long as the Investment or Restricted Payment (as so divided and/or reclassified) would be permitted to be made in reliance on the applicable exception as of the date of such reclassification. In the event that a Restricted Payment (or any portion thereof) or Permitted Investment (or any portion thereof) is divided, classified or reclassified under clause (22) above or clause (31) of the definition of "Permitted Investments" (such clauses, the "**Incurrence Clauses**"), the determination of the amount of such Restricted Payment or Permitted Investment that may be made pursuant to the Incurrence Clauses shall be made without giving *pro forma* effect to any substantially concurrent Incurrence of Indebtedness to finance any other Restricted Payment (or any portion thereof) or Permitted Investment (or any portion thereof) divided, classified or reclassified under any of the above clauses or the definitions thereof other than an Incurrence Clause.

Dividend and Other Payment Restrictions Affecting Subsidiaries. The Indenture will provide that the Issuer will not, and will not permit any of its Restricted Subsidiaries that is not a Guarantor to, directly or indirectly, create or otherwise cause to become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary that is not a Guarantor to:

(a) (i) pay dividends or make any other distributions to the Issuer or any of its Restricted Subsidiaries (1) on its Capital Stock or (2) with respect to any other interest or participation in, or measured by, its profits; or (ii) pay any Indebtedness owed to the Issuer or any of its Restricted Subsidiaries;

(b) make loans or advances to the Issuer or any of its Restricted Subsidiaries; or

(c) sell, lease or transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries,

except in each case for such encumbrances or restrictions existing under or by reason of:

(1) contractual encumbrances or restrictions in effect or entered into or existing on the Issue Date, including pursuant to the Credit Agreement, the Bidco Loan, Hedging Obligations and the other documents relating to the Transactions;

(2) the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents, the

Escrow Agreement, the Account Charge, the Indenture, the notes, any additional notes permitted to be Incurred under the Indenture, and in each case any exchange notes and guarantees thereof;

(3) applicable law or any applicable rule, regulation, order or the terms of any license, authorization, concession or permit, or required by any regulatory authority;

(4) any agreement or other instrument of a Person acquired by the Issuer or any Restricted Subsidiary which was in existence at the time of such acquisition or at the time it merges with or into the Issuer or any Restricted Subsidiary or assumed in connection with the acquisition of assets from such Person (but not created in contemplation thereof or to provide all or any portion of the funds or credit support utilized to consummate such acquisition other than in connection with the Incurrence of Indebtedness of the type contemplated by clause (d) of the second paragraph of the covenant described under "— *Certain Covenants — Limitations on Indebtedness and Issuance of Disqualified Stock and Preferred Stock*"), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person and its Subsidiaries, other than the Person, or the property or assets of the Person and its Subsidiaries, so acquired or the property or assets so assumed;

(5) contracts or agreements for the sale of assets, including customary restrictions with respect to a Restricted Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary;

(6) Indebtedness secured by a Lien that is otherwise permitted to be Incurred pursuant to the covenants described under "— *Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" and "— *Liens*" that limit the right of the debtor to dispose of the assets securing such Indebtedness;

(7) restrictions on cash or other deposits or net worth imposed by banks, suppliers, customers or landlords under contracts entered into in the ordinary course of business or consistent with past practice or industry norm or arising in connection with any Permitted Liens;

(8) customary provisions in joint venture, operating or other similar agreements, asset sale agreements and stock sale agreements in connection with the entering into of such transaction;

(9) purchase money obligations and Capitalized Lease Obligations and other capital or finance lease obligations in the ordinary course of business that impose restrictions of the nature described in clause (c) above;

(10) customary provisions contained in leases, licenses, contracts and other similar agreements entered into in the ordinary course of business or consistent with past practice or industry norm (including leases or licenses of intellectual property) that impose restrictions of the type described in clause (c) above on the property subject to such lease, license, contract or agreement;

(11) any encumbrances or restrictions contained in any Permitted Securitization Document with respect to any Special Purpose Securitization Subsidiary;

(12) other Indebtedness, Disqualified Stock or Preferred Stock of (a) the Issuer or any Restricted Subsidiary of the Issuer that is a Guarantor or (b) any Restricted Subsidiary of the Issuer that is not a Guarantor, in each case that is Incurred subsequent to the Issue Date pursuant to the covenant described under "— *Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*;" *provided* that, in the case of clause (b), either (i) such encumbrances and restrictions contained in any agreement or instrument will not materially adversely affect the Issuer's ability to make anticipated principal or interest payment on the notes (as determined by the Issuer in good faith), (ii) such encumbrances and restrictions are not materially more restrictive, taken as a whole, than those contained in the Transaction Documents or the Indenture (with respect to other indentures) or the Credit Agreement outstanding on the Closing Date (with respect to other credit agreements) or (iii) such encumbrances and restrictions apply only during the continuance of a default in respect of a payment or financial maintenance covenant relating to such Indebtedness;

(13) any Restricted Investment not prohibited by the covenant described under "— *Limitation on Restricted Payments*" and any Permitted Investment;

(14) arising or agreed to in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Issuer or any Restricted Subsidiary thereof in any manner material to the Issuer or any Restricted Subsidiary thereof;

(15) existing under, by reason of or with respect to Refinancing Indebtedness; *provided* that the encumbrances and restrictions contained in the agreements governing that Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(16) restrictions or conditions contained in any trading, netting, operating, construction, service, supply, purchase, sale or other agreement to which the Issuer or any of its Restricted Subsidiaries is a party entered into in the ordinary course of business; *provided* that such agreement prohibits the encumbrance of solely the property or assets of the Issuer or such Restricted Subsidiary that are the subject of 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 any other Restricted Subsidiary;

(17) in the case of clause (c) of the first paragraph of this covenant, any encumbrance or restriction that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any such lease, license (including without limitations, licenses of intellectual property) or other contracts; and

(18) any encumbrances or restrictions of the type referred to in clauses (a), (b) and (c) above imposed or effected by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (1) through (17) above or any new arrangements on substantially similar terms; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings or new arrangements are, in the good faith judgment of the Issuer, not materially more restrictive as a whole with respect to such dividend and other payment restrictions than those contained in the dividend or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

For purposes of determining compliance with this covenant (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Stock and (ii) the subordination of loans or advances made to the Issuer or a Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any such Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances.

Asset Sales. The Indenture will provide that the Issuer will not, and will not permit any of the Restricted Subsidiaries to, cause or make an Asset Sale, unless:

(1) the Issuer or any of its Restricted Subsidiaries, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the Equity Interests issued or assets sold or otherwise disposed of; and

(2) except in the case of a Permitted Asset Swap, at least 75% of the consideration for such Asset Sale, together with all other Asset Sales since the Issue Date (on a cumulative basis), received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of Cash Equivalents; *provided* that the amount of:

    (a) any liabilities (as shown on the Issuer's or such Restricted Subsidiary's most recent balance sheet or in the notes thereto or, if Incurred, increased or decreased subsequent to the date of such balance sheet, such liabilities that would have been reflected in the Issuer's or such Restricted Subsidiary's balance sheet or in the notes thereto if such Incurrence, increase or decrease had taken place on the date of such balance sheet, as reasonably determined in good faith by the Issuer) of the Issuer or any Restricted Subsidiary (other than liabilities that are by their terms subordinated to the notes) that are assumed by the transferee (or a third party on behalf of the transferee) of any such assets or Equity Interests or that are otherwise cancelled or terminated in connection with the transaction with such transferee;

(b) any notes or other obligations or other securities or assets received by the Issuer or such Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 days of the receipt thereof (to the extent of the cash or Cash Equivalents received);

(c) any Designated Non-cash Consideration received by the Issuer or any of its Restricted Subsidiaries in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed the greater of (x) €30 million and (y) 25% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation, at the time of the receipt of such Designated Non-cash Consideration (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);

(d) Indebtedness of any Restricted Subsidiary of the Issuer that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Issuer and each other Restricted Subsidiary are released from any guarantee of such Indebtedness in connection with such Asset Sale; and

(e) consideration consisting of Indebtedness of the Issuer or any Restricted Subsidiary received from Persons who are not the Issuer or a Restricted Subsidiary,

shall each be deemed to be Cash Equivalents for the purposes of this provision.

Within 18 months after the Issuer's or any Restricted Subsidiary's receipt of the Net Cash Proceeds of any Asset Sale, the Issuer or such Restricted Subsidiary may apply an amount equal to the Net Cash Proceeds from such Asset Sale, at its option:

(1) to repay Secured Indebtedness of the Issuer or any Guarantor (and, if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto);

(2) to repay Pari Passu Indebtedness of the Issuer or any Guarantor (and, if the Indebtedness repaid is revolving credit Indebtedness to correspondingly reduce commitments with respect thereto), *provided* that if the Issuer or any Guarantor shall so reduce such Indebtedness, the Issuer or such Guarantor will equally and ratably reduce Obligations under the notes (A) through open-market purchases (*provided* that such purchases are at or above 100% of the principal amount thereof), (B) by redeeming notes if the notes are then redeemable as provided under "— *Optional Redemption*" or (C) by making an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all holders of the notes to purchase at a purchase price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest, if any;

(3) to make an investment in any one or more businesses (*provided* that if such investment is in the form of the acquisition of Capital Stock of a Person, such Person is or becomes a Restricted Subsidiary of the Issuer), or assets, property or capital expenditures in each case used or useful in a Similar Business, or to make an investment in one or more New Projects, or to make acquisitions or investments not prohibited by the indenture, or to reimburse the cost of any of the foregoing incurred on or after the date on which the Asset Sale giving rise to such Net Cash Proceeds was contractually committed;

(4) to make an investment in any one or more businesses (*provided* that if such investment is in the form of the acquisition of Capital Stock of a Person, such Person is or becomes a Restricted Subsidiary of the Issuer), properties or assets that replace the properties and assets that are the subject of such Asset Sale or to reimburse the cost of any of the foregoing incurred on or after the date on which the Asset Sale giving rise to such Net Cash Proceeds was contractually committed;

(5) to repay Indebtedness of a Restricted Subsidiary that is not a Guarantor or any Indebtedness that is secured by Liens on assets which do not constitute Collateral (and, if the Indebtedness repaid is

revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto), other than Subordinated Indebtedness or Indebtedness owed to the Issuer or a Restricted Subsidiary; or

(6) any combination of the foregoing,

provided that the Issuer and its Restricted Subsidiaries will be deemed to have complied with the provisions described in clauses (3) and (4) of this paragraph if and to the extent that, within 18 months after the Asset Sale that generated the Net Cash Proceeds, the Issuer or the relevant Restricted Subsidiary has entered into and not abandoned or rejected a binding agreement to acquire the assets or Capital Stock of a Similar Business, make an investment or make a capital expenditure in compliance with the provision described in clauses (3) and (4) of this paragraph (an "**Acceptable Agreement**") with the good faith expectation that such acquisition, purchase or capital expenditure will be completed within six months after the end of such 18-month period; *provided*, *further,* that if any Acceptable Agreement is later cancelled or terminated for any reason after the end of such 18-month period and before an amount equal to such Net Cash Proceeds is applied, then such unapplied amount shall constitute Excess Proceeds (as defined below) unless the Issuer or such Restricted Subsidiary enters into another binding agreement (a "**Second Acceptable Agreement**") within six months of such cancellation or termination of the prior binding agreement; *provided*, *further*, that the Issuer or such Restricted Subsidiary may only enter into a Second Acceptable Agreement under the foregoing provision one time with respect to each Asset Sale and to the extent such Second Acceptable Agreement is later cancelled or terminated for any reason before an amount equal to such Net Cash Proceeds is applied or is not applied within six months of such Second Acceptable Agreement, then such unapplied amount shall constitute Excess Proceeds.

Pending the final application of any amount, the Issuer or such Restricted Subsidiary may temporarily reduce Indebtedness under a revolving credit facility, if any, or otherwise use such amount in any manner not prohibited by the Indenture. Any amount equal to the Net Cash Proceeds from any Asset Sale that is not applied as provided and within the time period set forth in the two preceding paragraphs (it being understood that any portion of such Net Cash Proceeds used to make an offer to purchase notes, as described in clause (2) above, shall be deemed to have been invested whether or not such offer is accepted) will be deemed to constitute "**Excess Proceeds**."

When the aggregate amount of Excess Proceeds exceeds the greater of (x) €24 million and (y) 20% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation (the "**Excess Proceeds Threshold**"), the Issuer shall make an offer to all holders of notes, and, at the option of the Issuer, to the holders of any Pari Passu Indebtedness of the Issuer or any Guarantor (an "**Asset Sale Offer**") to purchase the maximum principal amount of notes and such Pari Passu Indebtedness that may be purchased out of the Applicable Percentage of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof (or, in the event such Pari Passu Indebtedness was issued with significant original issue discount, 100% of the accreted value thereof), plus accrued and unpaid interest, if any (or, in respect of such Pari Passu Indebtedness, such lesser price, if any, as may be offered to the holders of such other Pari Passu Indebtedness), to, but excluding, the date fixed for the closing of such offer, in accordance with the procedures set forth in the Indenture or agreements governing such Pari Passu Indebtedness, as applicable, and, in the case of the notes, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Issuer will commence an Asset Sale Offer with respect to the Applicable Percentage of Excess Proceeds within ten (10) Business Days after the date that Excess Proceeds exceeds the Excess Proceeds Threshold by mailing or electronically sending or otherwise providing in accordance with the procedures of Euroclear or Clearstream, as applicable, the notice required pursuant to the terms of the Indenture, with a copy to the Trustee. The Issuer may, at its option, satisfy the foregoing obligations with respect to an amount equal to or less than the amount of any Net Cash Proceeds from an Asset Sale by making an Asset Sale Offer prior to the expiration of the relevant 18 months (or such longer period as provided above) or with respect to Excess Proceeds below the Excess Proceeds Threshold. To the extent that the aggregate amount of notes and such Pari Passu Indebtedness of the Issuer or any Guarantor tendered pursuant to an Asset Sale Offer is less than the amount of Excess Proceeds with respect to which an Asset Sale Offer has been made, the Issuer and the Restricted Subsidiaries may use such remaining Excess Proceeds (the "**Declined Excess Proceeds**") for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of notes or the Pari Passu Indebtedness of the Issuer or any Guarantor surrendered by holders thereof exceeds the amount of

Excess Proceeds subject to the Asset Sale Offer, the Issuer shall select or cause to be selected the notes and such Pari Passu Indebtedness in the manner described below. Upon completion of any such Asset Sale Offer, the amount of Excess Proceeds shall be reset to zero.

If the aggregate principal amount of notes or the Pari Passu Indebtedness of the Issuer or any Guarantor surrendered by holders thereof exceeds the amount of Excess Proceeds subject to the Asset Sale Offer, the Issuer shall select or cause to be selected the notes in compliance with the requirements of the principal national securities exchange, if any, on which such notes are listed (and the Issuer shall notify the Trustee of any such listing), or if such notes are not so listed, on a *pro rata* basis to the extent practicable, by lot or by such other method as the Issuer deems appropriate. Selection of such other Pari Passu Indebtedness of the Issuer or any Guarantor that ranks equally in right of payment with the notes or the relevant Guarantee will be made pursuant to the terms of such other Pari Passu Indebtedness.

The procedures for an Asset Sale Offer will be substantially the same as for a Change of Control Offer. The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent such laws or regulations are applicable in connection with the repurchase of the notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations 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.

Future credit agreements to which the Company becomes a party may limit or prohibit the Company from purchasing any notes as a result of an Asset Sale Offer. In the event the Company is required to make an Asset Sale Offer at a time when the Company is prohibited from purchasing the notes, the Company could seek the consent of its lenders to permit the purchase of the notes or could attempt to refinance the borrowings that contain such prohibition. If the Company does not obtain such consent or repay such borrowings, the Company will remain prohibited from purchasing the notes. In such case, the Company's failure to purchase tendered notes would constitute an Event of Default under the Indenture.

The provisions under the Indenture relative to the Issuer's obligation to make an Asset Sale Offer may be waived or modified with the written consent of the holders of a majority in principal amount of the notes.

Transactions with Affiliates. The Indenture will provide that the Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction or series of transactions, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each of the foregoing, an "**Affiliate Transaction**") involving aggregate consideration in excess of the greater of (x) €12 million and (y) 10% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation, unless:

(a) such Affiliate Transaction is on terms that are not materially less favorable, when taken as a whole, to the Issuer or the relevant Restricted Subsidiary than those that could have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of the greater of (x) €30 million and (y) 25% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation, the Issuer delivers to the Trustee a resolution adopted in good faith by the majority of the Board of Directors approving such Affiliate Transaction and set forth in an Officer's Certificate provided to the Trustee certifying that such Affiliate Transaction complies with clause (a) above.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (b) of this paragraph if such Affiliate Transaction is approved by a majority of the Disinterested Directors of the Issuer, if any.

The foregoing provisions will not apply to the following:

(1) (a) transactions between or among the Issuer and/or any of the Restricted Subsidiaries (or an entity that becomes a Restricted Subsidiary as a result of such transaction) and (b) any merger or consolidation of the Issuer or any Parent; *provided* that such Parent shall have no material liabilities and no material assets other than cash, Cash Equivalents and the Capital Stock of the Issuer and such merger or consolidation is otherwise in compliance with the terms of the Indenture and effected for a bona fide business purpose;

(2) (a) Restricted Payments permitted by the provisions of the Indenture described above under the covenant "— *Limitation on Restricted Payments*" (including any payments that are exceptions to the definition of Restricted Payments set forth in clauses (1) through (5) of the first paragraph of such covenant) and (b) Permitted Investments;

(3) transactions pursuant to compensatory, benefit and incentive plans and agreements with or on behalf of former, current or future officers, directors, managers, employees or consultants of the Issuer (or any Parent) or any of its Restricted Subsidiaries approved by a majority of the Board of Directors in good faith;

(4) the payment of reasonable and customary fees and reimbursements paid to, and indemnity, employment, severance, termination and similar arrangements provided on behalf of, former, current or future officers, directors, managers, employees or consultants of the Issuer or any Restricted Subsidiary or any direct or indirect parent of the Issuer;

(5) transactions in which the Issuer or any of the Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair, when taken as a whole, to the Issuer or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (a) of the preceding paragraph;

(6) payments, loans or advances to employees or consultants or guarantees in respect thereof (or cancellation of loans, advances or guarantees) for bona fide business purposes in the ordinary course of business;

(7) any agreement, instrument or arrangement as in effect as of the Issue Date (including by or in respect of any Existing Joint Venture) or any transaction contemplated thereby, or any amendment thereto (so long as any such amendment is not materially adverse to the holders of the notes when taken as a whole as compared to the applicable agreement as in effect on the Issue Date as determined by the Issuer in good faith);

(8) the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under the terms of any stockholders or similar agreement (including any registration rights agreement or purchase agreement related thereto) to which it (or any Parent) is a party as of the Issue Date, and any transaction, agreement or arrangement described in this Offering Memorandum and, in each case, any amendment thereto or similar transactions, agreements or arrangements which it (or any Parent) may enter into thereafter; *provided*, *however*, that the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under, any future amendment to any such existing transaction, agreement or arrangement or under any similar transaction, agreement or arrangement entered into after the Issue Date shall only be permitted by this clause (8) to the extent that the terms of any such existing transaction, agreement or arrangement together with all amendments thereto, taken as a whole, or new transaction, agreement or arrangement are not otherwise materially adverse to the holders of the notes when taken as a whole as compared to the original transaction, agreement or arrangement as in effect on the Issue Date or described in this Offering Memorandum, as determined in good faith by the Issuer;

(9) (a) transactions with customers, clients, suppliers, manufacturers, purchasers or sellers or transactions otherwise relating to the purchase or sale of goods or services, in each case in the ordinary course of business or consistent with past practice or industry norm and otherwise in compliance with the terms of the Indenture, which are fair to the Issuer and the Restricted Subsidiaries in the reasonable determination of the Issuer or the Board of Directors, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party

or (b) transactions with joint ventures, Existing Joint Ventures or Unrestricted Subsidiaries entered into in the ordinary course of business;

(10) any transaction effected as part of a Permitted Securitization Financing or a receivables sale or financing;

(11) the sale or issuance of Equity Interests (other than Disqualified Stock) of the Issuer or Subordinated Shareholder Debt;

(12) (i) Management Advances and any waiver or transaction with respect thereto and (ii) the payment of annual management, consulting, monitoring and advisory fees to the Sponsors or a Parent pursuant to any Management Agreement (A) in an aggregate amount in any fiscal year not to exceed the greater of (x) €2.5 million and (y) 2% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation, plus all reasonable out-of-pocket costs and expenses Incurred by the Sponsors, the Management Group, a Parent or any of their Affiliates (or the Issuer or any of its Affiliates) in connection therewith, plus unpaid amounts accrued for prior periods from and including the fiscal year in which the Issue Date occurs, (B) in an amount not to exceed 1% of the transaction value with respect to any transaction in which the Sponsors provide any transaction, advisory or other services, and (C) any applicable termination fee paid pursuant to such Management Agreement;

(13) payments by the Issuer or any of its Restricted Subsidiaries to the Sponsors or a Parent for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including, without limitation, in connection with the Transactions, acquisitions or divestitures or investments, which payments are (x) made pursuant to agreements with the Sponsors as in effect on the Issue Date or (y) approved by a majority of the Board of Directors in good faith;

(14) any contribution to the capital of the Issuer or any Restricted Subsidiary;

(15) transactions permitted by, and complying with, the provisions of the covenant described under "— *Merger, Consolidation or Sale of All or Substantially All Assets*;"

(16) transactions between the Issuer or any of its Restricted Subsidiaries and any Person, a director of which is also a director or manager of the Issuer or any Parent; *provided*, *however*, that such director abstains from voting as a director or manager of the Issuer or such Parent, as the case may be, on any matter involving such other Person;

(17) pledges of Equity Interests of Unrestricted Subsidiaries and joint ventures;

(18) any employment agreements, option plans and other similar arrangements entered into by the Issuer or any of its Restricted Subsidiaries with employees or consultants in the ordinary course of business;

(19) the issuances of securities or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock option and stock ownership plans or similar employee benefit plans approved by the Board of Directors in good faith;

(20) the entering into and payments pursuant to any Tax Sharing Agreement to the extent permitted by paragraph (a) of clause (12) of the second paragraph of the covenant described under "— *Limitation on Restricted Payments*," the sale, transfer or otherwise disposal of tax assets and receivables pursuant to any Tax Sharing Agreement which are fair to the Issuer and the Restricted Subsidiaries in the reasonable determination of the Issuer or the Board of Directors, or are on terms at least as favorable as might reasonably have been obtained if such tax assets and receivables had been used on a stand-alone basis, any Parent Expenses, and any other payments permitted by clause (12) of the second paragraph of the covenant described under "— *Limitation on Restricted Payments*;"

(21) transactions to effect the Transactions and the payment of fees and expenses related to the Transactions, including fees to the Sponsors;

(22) any employment, consulting, service or termination agreement, or customary indemnification arrangements, entered into by the Issuer or any of its Restricted Subsidiaries with current, former or future officers and employees of the Issuer or any of its respective Restricted Subsidiaries and the payment of compensation to officers and employees of the Issuer or any of its respective Restricted Subsidiaries (including amounts paid pursuant to employee benefit plans, employee stock option or similar plans), in each case in the ordinary course of business;

(23) transactions with a Person that is an Affiliate of the Issuer solely because the Issuer, directly or indirectly, owns Equity Interests in, or controls, such Person entered into in the ordinary course of business;

(24) transactions with Affiliates solely in their capacity as holders of Indebtedness, Equity Interests of the Issuer or any of its Subsidiaries or Subordinated Shareholder Debt, so long as such transaction is with all holders of such class (and there are such non-Affiliate holders) and such Affiliates are treated no more favorably than all other holders of such class generally;

(25) any agreement that provides customary registration rights to the equity holders of the Issuer or any Parent and the performance of such agreements;

(26) payments to and from and transactions with any Existing Joint Venture or joint venture in the ordinary course of business; provided such joint venture is not controlled by an Affiliate (other than a Restricted Subsidiary) of the Issuer;

(27) the entry into, existence of or performance by the Issuer or any Restricted Subsidiary of any obligations, agreement, instrument or assurance under or in connection with an IPO Event (including (without limitation) the performance of any registration rights or other listing agreement in connection with any IPO Event) and the payment of fees, costs and expenses in relation thereto;

(28) transactions between the Issuer or any of its Restricted Subsidiaries and any Person that is an Affiliate thereof solely due to the fact that a director of such Person is also a director of the Issuer or any of its Restricted Subsidiaries or any Parent; *provided*, *however*, that such director abstains from voting as a director of the Issuer or such Parent, as the case may be, on any matter involving such other Person;

(29) (i) the formation and maintenance of any consolidated group or subgroup for tax, accounting or cash pooling or management purposes in the ordinary course of business and (ii) transactions undertaken in good faith for the purpose of improving the consolidated tax efficiency of the Issuer and its Subsidiaries and not for the purpose of circumventing any covenant set forth in the Indenture;

(30) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate or similar entity; and

(31) any transaction as part of or in connection with a Permitted Parent Reorganization.

Liens. The Indenture will provide that the Issuer will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, create or Incur any Lien that secures obligations under any Indebtedness on any asset or property of the Issuer or any Restricted Subsidiary, except: (x) in the case of any asset or property that constitutes Collateral, Permitted Collateral Liens and (y) in the case of any asset or property that does not constitute Collateral, (i) Permitted Liens or (ii) Liens other than Permitted Liens; *provided* that with respect to clause (y)(ii) that (1) in the case of Liens securing Subordinated Indebtedness, the notes or the applicable Guarantee of a Guarantor, as the case may be, are secured, subject to the Agreed Security Principles, by a Lien on such property or assets that is senior in priority to such Liens; and (2) in all other cases, the notes or the applicable Guarantee of a Guarantor, as the case may be, are equally and ratably secured.

Notwithstanding the foregoing, any Lien securing the notes granted pursuant to the preceding paragraph shall be automatically and unconditionally released and discharged upon (a) the release by the holders of the

Indebtedness described above of their Lien on the property or assets of the Issuer or any Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness (except upon foreclosure or default of such Indebtedness)), (b) any sale, exchange or transfer to any Person other than the Issuer or any Restricted Subsidiary of the property or assets secured by such Lien, or of all of the Capital Stock held by the Issuer or any Restricted Subsidiary in, or all or substantially all the assets of, any Restricted Subsidiary creating such Lien in each case in accordance with the terms of the Indenture, (c) payment in full of the principal of, and accrued and unpaid interest, if any, on the notes, (d) a defeasance or discharge of the notes in accordance with the procedures described below under "— *Defeasance*" or "— *Satisfaction and Discharge*" or (e) in connection with an IPO Pushdown as specified in the Indenture.

For purposes of determining compliance with this covenant, (A) a Lien (or any portion thereof) need not be permitted solely by reference to one category of permitted Liens (or any portion thereof) described in the definition of "Permitted Liens" or "Permitted Collateral Liens" or pursuant to the first paragraph of this covenant but may be permitted in part under any combination thereof and (B) in the event that a Lien (or any portion thereof) meets the criteria of one or more of the categories of permitted Liens (or any portion thereof) described in the definition of "Permitted Liens" or "Permitted Collateral Liens" or pursuant to the first paragraph of this covenant, the Issuer may, in its sole discretion, divide, classify or reclassify, or later divide, classify or reclassify (as if Incurred at such later time), such Lien securing such item of Indebtedness (or any portion thereof) in any manner that complies with this covenant, and at the time of Incurrence, division, classification or reclassification will be entitled to only include the amount and type of such Lien or such item of Indebtedness secured by such Lien (or any portion thereof) in one of the categories of permitted Liens (or any portion thereof) described in the definition of "Permitted Liens" or "Permitted Collateral Liens" or pursuant to the first paragraph of this covenant and, in such event, such Lien securing such item of Indebtedness (or any portion thereof) will be treated as being Incurred or existing pursuant to only such clause or clauses (or any portion thereof) or pursuant to the first paragraph hereof without giving *pro forma* effect to such item (or any portion thereof) when calculating the amount of Liens or Indebtedness (or any portion thereof) that may be Incurred pursuant to any other clause or paragraph (or any portion thereof) at such time.

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 or in the form of common stock, the payment of dividends on Preferred Stock in the form of additional shares of Preferred Stock of the same class, accretion of original issue discount or liquidation preference, any fees, underwriting discounts, accrued and unpaid interest, premiums and other costs and expenses incurred in connection therewith 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 Issuer Activities. Prior to the Merger, the Issuer shall not trade, carry on any business, own any assets or incur any liabilities or grant any Lien except for a Permitted Holding Company Activity.

Maintenance of Listing. The Issuer will use its commercially reasonable efforts to obtain on or prior to the first interest payment date a listing of the notes on the Euro MTF Market of the Luxembourg Stock Exchange or another recognized stock exchange, and use its commercially reasonable efforts to maintain such listing for so long as such notes are outstanding; *provided* that if the Issuer is unable to obtain admissions to such listing or if at any time the Issuer determines that it will not maintain such listing, it will use commercially reasonable efforts to (when the notes are initially so listed, prior to the delisting of the notes from on the Euro MTF Market of the Luxembourg Stock Exchange or other recognized stock exchange), obtain a listing of such notes on another recognized stock exchange for high yield issuers (which may be another stock exchange that is not regulated by the European Union), and thereafter use its commercially reasonable efforts to maintain such listing.

Reports and Other Information.

For so long as any notes are outstanding, the Issuer will provide to the Trustee the following reports:

(1) within 120 days, or in the case of the first such report, 150 days after the end of the Reporting Entity's fiscal year beginning with the first fiscal year ending after the Issue Date, annual reports containing, to the extent applicable, the following information: (a) audited consolidated balance sheets of the Reporting Entity as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Reporting Entity for the two most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) unaudited *pro forma* income statement information and balance sheet information of the Reporting Entity (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the fiscal year to which such annual report relates, unless such *pro forma* information has been provided in a previous report pursuant to clauses 2 or 3 below (*provided* that such *pro forma* financial information will be provided only to the extent reasonably available without unreasonable expense, and, in the case of a material acquisition, the Reporting Entity may instead provide acquired company financials to the extent reasonably available without unreasonable expense); (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources of the Reporting Entity, and a discussion of material commitments and contingencies, capital expenditures and critical accounting policies; (d) a description of the business, management and shareholders of the Reporting Entity, material affiliate transactions and material debt instruments (unless such contractual arrangements were described in a previous annual or quarterly report, in which case the Reporting Entity need describe only any material changes); and (e) a description of material risk factors and material recent developments;

(2) within 60 days, or in the case of the first such report, 90 days, following the end of the first three fiscal quarters in each fiscal year of the Reporting Entity, beginning with the quarter ending March 31, 2022, all quarterly reports of the Reporting Entity containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the quarterly and year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year period for the Reporting Entity, together with condensed footnote disclosure; (b) unaudited *pro forma* income statement information and balance sheet information of the Reporting Entity (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the fiscal quarter as to which such quarterly report relates (*provided* that such *pro forma* financial information will be provided only to the extent reasonably available without unreasonable expense, and in the case of a material acquisition, the Reporting Entity may instead provide acquired company financials to the extent reasonably available without unreasonable expense); (c) an operating and financial review of the financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources of the Reporting Entity, and a discussion of material changes between the current quarterly period and the corresponding period of the prior year; and (d) material recent developments; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring or any senior executive officer changes at the Reporting Entity or change in auditors of the Reporting Entity or any other material event that the Issuer or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event;

provided, *however*, that the reports set forth in clauses (1), (2) and (3) above will not be required to (i) contain any reconciliation to U.S. generally accepted accounting principles or IFRS or (ii) include separate financial statements for Guarantors or non-Guarantor Subsidiaries of the Reporting Entity.

All financial statements and *pro forma* financial information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented; *provided*, *however*, that the reports set forth in clauses (1) and (2) above may, (x) in the event of a change in applicable IFRS, present earlier periods (including any periods prior to the Issue Date) on a basis that applied to such periods and (y) to the extent comparable prior period financial information of the Reporting Entity does not exist, the comparable prior period financial information of RdM may be provided in lieu thereof. Following an Initial Public Offering of the Capital Stock of the Issuer or any Parent or IPO Entity, the requirements of clauses (1) and (2) above shall be considered to have been fulfilled if the Issuer or the IPO Entity complies with the reporting requirements of such stock exchange.

Except as provided for above, no report need include separate financial statements for any Subsidiaries of the Issuer. At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Issuer, then the annual and quarterly financial information required by clauses (1) and (2) of the first paragraph of this covenant shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

Substantially concurrently with the issuance to the Trustee of the reports specified in clauses (1) and (2) of the first paragraph of this covenant, the Issuer shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Issuer or the Reporting Entity or (ii) otherwise to provide substantially comparable availability of such reports (as determined by the Issuer in good faith) or (b) to the extent the Issuer determines in good faith that it cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the holders of the notes and, upon request, prospective purchasers of the notes. The Issuer will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and so long as the notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, to the extent and in the manner permitted by such rules, by posting such reports on the official website of the Luxembourg Stock Exchange *(www.bourse.lu)*.

In addition, so long as the notes remain outstanding and during any period during which the Reporting Entity is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Issuer shall furnish to the holders of the notes and, upon their request, prospective purchasers of the notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

The Issuer will also hold quarterly conference calls, beginning with the fiscal quarter ending December 31, 2021, for all holders of the notes, prospective investors, market makers affiliated with any initial purchaser of the notes and securities analysts to discuss such financial information no later than ten business days after the distribution of such information required by clause (1) or clause (2) of the first paragraph of this covenant and, prior to the date of each such conference call, will announce the time and date of such conference call and either include all information necessary to access the call or inform holders of the notes, prospective investors, market makers affiliated with any initial purchaser of the notes and securities analysts how they can obtain such information, including, without limitation, the applicable password or login information (if applicable).

The Issuer may satisfy its obligations and the requirements of this covenant with respect to financial information relating to the Issuer by furnishing financial information relating to any Parent (any such entity that provides such financial statements, information or other documents, the "**Reporting Entity**") consolidating reporting at its level in a manner consistent with that described in this covenant; *provided* that such financial information is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such Reporting Entity and its Subsidiaries, on the one hand, and the information relating to the Issuer and its Subsidiaries, on the other hand.

All reports provided pursuant to this "— *Reports and Other Information*" covenant shall be made in the English language.

Delivery of information, documents and reports under this covenant 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.

Future Guarantors. The Indenture will provide that, to the extent legally possible and subject to the Intercreditor Agreement and to the Agreed Security Principles, the Issuer will cause each Restricted Subsidiary (other than any Excluded Subsidiary) that is a Borrower or a Guarantor (as defined in the Credit Agreement) in respect of any Indebtedness Incurred under any Credit Agreement, to execute and deliver to the Trustee a supplemental indenture pursuant to which such Subsidiary will become a Guarantor under the Indenture within 20 Business Days of the date that such guarantee has been granted pursuant to any Credit Agreement.

Each Guarantee will be contractually limited as it relates to such Guarantor, to reflect limitations under the Agreed Security Principles and applicable law (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). See "— *Guarantees*" and "— *Security; the Collateral*." By virtue of these limitations, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the notes or could even be reduced to zero. See "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral*" and "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

Each Guarantee shall be released in accordance with the provisions of the Indenture described under "— *Guarantees*."

For the avoidance of doubt, this covenant shall only be applicable following the Closing Date.

IPO Pushdown

(a) At the option of the Issuer, on, in contemplation of, or following an IPO Event, the Issuer shall be entitled to require (by written notice to the Trustee (a "**Pushdown Notice**")) that the terms of the Indenture and the Intercreditor Agreement shall operate (with effect from the date specified in the relevant Pushdown Notice (the "**Pushdown Date**")) on the basis that (unless otherwise set out in the Pushdown Notice):

(i) references to the Issuer and Restricted Subsidiaries (and all related provisions) shall apply only to the IPO Entity and its Restricted Subsidiaries from time to time (or the Issuer, Issuer and its Restricted Subsidiaries from time to time, if so elected), although, save as otherwise permitted by the Indenture, the Issuer shall remain the same entity;

(ii) all financial ratio, basket calculations, financial definitions and financial ratio calculations shall exclude any holding company of the IPO Entity and any Person who is not a Subsidiary of the IPO Entity and all reporting obligations shall be assumed at the level of the IPO Entity (or as otherwise permitted by the Indenture);

(iii) each reference in the Indenture and/or the Intercreditor Agreement (or any Additional Intercreditor Agreement) to a holding company of the Issuer or a holding company of the IPO Entity and any Person who is not a Subsidiary of the IPO Entity performing a particular role or acting in a particular capacity shall (unless specified otherwise in the Pushdown Notice) be deemed to be a reference to the IPO Entity (to the extent applicable and unless the context requires otherwise) and *provided* that nothing in this paragraph (a), including the deeming construct contemplated by this sub-paragraph (iii) and any action taken by the IPO Entity prior to such designation, shall, or shall be deemed to, directly or indirectly constitute or result in a breach of any covenant or other term in the Indenture or a Default or an Event of Default;

(iv) none of the representations, warranties, undertakings, covenants, Defaults or Events of Default in the Indenture, the Intercreditor Agreement (or any Additional Intercreditor Agreement) or the Security Documents or otherwise shall apply to any Person of which the IPO Entity is Subsidiary or any Person who is not a Subsidiary of the IPO Entity (whether in its capacity as a Guarantor or otherwise) (or to the IPO Entity, if so elected);

(v) no event, matter or circumstance relating to any holding company of the IPO Entity or any Person who is not a Subsidiary of the IPO Entity (whether in its capacity as a Guarantor or otherwise) (or to the IPO Entity, if so elected) shall, or shall be deemed to, directly or indirectly constitute or result in a breach of any covenant or other term in the Indenture or a Default or an Event of Default;

(vi) each holding company of the IPO Entity and any Person who is not a Subsidiary of the IPO Entity, shall be irrevocably and unconditionally released from all obligations under and in connection with the Indenture, the Intercreditor Agreement (or any Additional Intercreditor Agreement) and any security granted by it or any holding company of it; and

(vii) unless otherwise notified by the Issuer: (A) each Person which is party to the Intercreditor Agreement and which is a holding company of the IPO Entity shall be irrevocably and unconditionally released from the Intercreditor Agreement and all obligations and restrictions under the Intercreditor Agreement (and from the date specified by the Issuer that person shall cease to be party to the Intercreditor Agreement and shall have no further rights or obligations under the Intercreditor Agreement); and (B) there shall be no obligation or requirement for any person to become party to the Intercreditor Agreement (or any Additional Intercreditor Agreement) and (C) any term of the Indenture and/or the Intercreditor Agreement and/or any other agreement which requires or assumes that any person be a party to the Intercreditor Agreement (or any Additional Intercreditor Agreement) or that any liabilities or obligations be subject to the Intercreditor Agreement (or any Additional Intercreditor Agreement) or otherwise subordinated shall cease to apply.

A Pushdown Notice may not be delivered if a Default or Event of Default has occurred and is continuing (disregarding any Default or Event of Default that could be deemed to arise in connection with the transactions contemplated by this provision).

(b) The Trustee and the Security Agent shall be required to enter into any amendment to the Indenture or amendment to or replacement of the Intercreditor Agreement (or any Additional Intercreditor Agreement) or the Security Documents or any other agreement or instrument reasonably required by the Issuer and/or take such other action as is reasonably required by the Issuer in order to facilitate or reflect any of the matters contemplated by paragraph (a) above, *provided* that such amendment, replacement or other document or instrument does not impose any obligations on the Trustee or the Security Agent or, in the opinion of the Trustee does not affect the rights, duties, liabilities, indemnifications or immunities of the Trustee or, in the opinion of the Security Agent, does not affect the rights, duties, liabilities, indemnifications or immunities of the Security Agent under such amendment, replacement or other document or instrument. The Trustee and the Security Agent are each irrevocably authorized and instructed by the holders of the notes (without any consent by the holders of the notes) to execute any such amendment or replacement documents and/or take such other action on behalf of the holders of the notes (and shall do so on the request of and at the cost of the Issuer), subject to the Trustee and the Security Agent being indemnified and/or secured to its satisfaction.

(c) For the purpose of this covenant and the Indenture, the "**IPO Entity**" shall be the Issuer (or any Affiliate), any Parent, any Guarantor or any Restricted Subsidiary (or any successor of any such Person) as notified to the Trustee by the Issuer in writing as the Person to be treated as the IPO Entity in relation to the relevant IPO Event, *provided* that (i) the IPO Entity shall be an entity which will issue shares, or whose shares are to be sold, pursuant to that IPO Event (or a holding company thereof) and (ii) a Subsidiary of the Issuer may not be designated as the IPO Entity unless the Issuer is a wholly-owned Subsidiary of such IPO Entity.

(d) If a Pushdown Notice is delivered to the Trustee pursuant to paragraph (a) above in relation to a contemplated IPO Event, the Person who delivered that Pushdown Notice shall be entitled to revoke that Pushdown Notice at any time prior to the occurrence of the relevant IPO Event by written notice to the Trustee. In the event that any Pushdown Notice is revoked in accordance with this paragraph (d): (i) the provisions of sub-paragraphs (a)(i) to (a)(vii) above shall cease to apply in relation to that Pushdown Notice; (ii) if any security has been released pursuant to paragraph (a) above in reliance on that Pushdown Notice, subject to the Agreed Security Principles, the Issuer or the relevant Restricted Subsidiary shall as soon as reasonably practicable execute a replacement Security Document in respect of that security; and (iii) if any person party to the Intercreditor

Agreement (or any Additional Intercreditor Agreement) as a "Shareholder Creditor" has been released from the Intercreditor Agreement pursuant to sub-paragraph (a)(vii) above in reliance on that Pushdown Notice, if required by the Trustee by prior written notice to the Issuer and that Person, that Person shall as soon as reasonably practicable accede to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as a Shareholder Creditor.

For the avoidance of doubt: (A) nothing in paragraph (d) above shall prohibit or otherwise restrict the Issuer from delivering a further Pushdown Notice in relation to any actual or contemplated IPO Event; and (B) revocation of a Pushdown Notice shall not, and shall not be deemed to, directly or indirectly constitute or result in a breach of any representation, warranty, undertaking or other term in the Indenture or the Intercreditor Agreement or any other document or instrument or a Default or an Event of Default (whether by reason of any action or step taken by any person, or any matter or circumstance arising or committed, while that Pushdown Notice was effective or otherwise).

Merger, Consolidation or Sale of All or Substantially All Assets

The Indenture will provide that the Issuer may not consolidate or merge with or into or wind up into (whether or not it is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets (determined on a consolidated basis), in one or more related transactions, to any Person unless:

(1) either (a) the Issuer is the surviving Person or (b) the Person formed by or surviving any such consolidation or merger or winding up (if other than the Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership, limited liability company or similar entity organized or existing under the laws of any member state of the European Union, the United Kingdom, any British Crown Dependency or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada or Switzerland (each a "**Permitted Jurisdiction**") (the Issuer or such Person, as the case may be, being herein called the "**Successor Company**" for the purposes of this paragraph);

(2) the Successor Company (if other than the Issuer) expressly assumes all the obligations of the Issuer under the Indenture and the notes, pursuant to supplemental indentures or other documents or instruments;

(3) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any of its Restricted Subsidiaries as a result of such transaction as having been Incurred by the Successor Company or such Restricted Subsidiary at the time of such transaction) no Default or Event of Default shall have occurred and be continuing;

(4) immediately after giving *pro forma* effect to such transaction, as if such transaction had occurred at the beginning of the applicable four-quarter period, either

    (a) the Successor Company would be permitted to Incur at least €1.00 of additional Indebtedness as Ratio Debt; or

    (b) either (I) the Fixed Charge Coverage Ratio for the Successor Company and its Restricted Subsidiaries would not be less than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such transaction or (II) the Consolidated Total Debt Ratio for the Successor Company and its Restricted Subsidiaries would not be greater than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such transaction; and

(5) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (which may be subject to customary assumptions and exclusions) stating that such consolidation, merger or transfer and such supplemental indentures (if any) comply with the Indenture.

The Successor Company (if other than the Issuer) will succeed to, and be substituted for, the Issuer under the Indenture and the notes and in such event the Issuer will automatically be released and discharged from its obligations under the Indenture and the notes and, to the extent the transaction constitutes a Permitted Combination, the pledge over the shares of the Issuer may be released.

Notwithstanding the foregoing clauses (3) and (4) above, (a) the Issuer or any Restricted Subsidiary may consolidate with, merge into or sell, assign, transfer, lease, convey or otherwise dispose of all or part of its properties and assets to the Issuer or any Restricted Subsidiary or IPO Entity, (b) the Issuer may merge or consolidate with an Affiliate incorporated or organized solely for the purpose of reincorporating or reorganizing the Issuer in another jurisdiction that is a Permitted Jurisdiction, so long as the amount of Indebtedness of the Issuer and its Restricted Subsidiaries is not increased thereby, (c) the Issuer may convert into a corporation, partnership, limited partnership, limited liability company or trust organized or existing under the laws of the jurisdiction of organization of the Issuer or any Permitted Jurisdiction, (d) the Transactions may occur and (e) the Merger may be completed (any transaction described in this sentence, a "**Specified Merger/Transfer Transaction**").

The Indenture will further provide that subject to certain limitations in the Indenture governing release of a Guarantee upon the sale or disposition of a Subsidiary Guarantor, each Subsidiary Guarantor will not, and the Issuer will not permit any Subsidiary Guarantor to, consolidate or merge with or into or wind up into (whether or not such Subsidiary Guarantor is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions to, any Person (herein called the "**Successor Guarantor**") (other than the Transactions) unless:

(i) the surviving company (or company to which assets are transferred) in such liquidation, merger, sale, transfer or other disposition is the Issuer or a Guarantor; or

(ii) such sale or disposition or consolidation or merger is not in violation of the covenant described under "— *Certain Covenants — Asset Sales*;" or

(iii) (1) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Guarantor or any of its Subsidiaries as a result of such transaction as having been Incurred by the Successor Guarantor or such Subsidiary at the time of such transaction) no Default or Event of Default shall have occurred and be continuing;

(2) the Successor Guarantor (if other than such Guarantor) shall have delivered or caused to be delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (which may be subject to customary assumptions and exclusions) stating that such consolidation, merger or transfer and such supplemental indenture complies with the Indenture; and

(3) the Successor Guarantor expressly assumes all the obligations of such Guarantor under the Indenture and the notes, pursuant to a supplemental indenture.

Subject to certain limitations described in the Indenture, the Successor Guarantor will succeed to, and be substituted for, such Guarantor under the Indenture and such Guarantor's Guarantee, as applicable, and such Guarantor will automatically be released and discharged from its obligations under the Indenture and such Guarantor's Guarantee.

Notwithstanding the requirements set forth in the proceeding paragraphs of this covenant, (1) a Guarantor may merge or consolidate with an Affiliate (including any IPO Entity) incorporated or organized solely for the purpose of reincorporating or reorganizing such Guarantor in another jurisdiction that is a Permitted Jurisdiction, so long as the amount of Indebtedness of the Guarantor is not increased thereby, (2) a Subsidiary Guarantor may amalgamate, merge or consolidate with or into, or wind up into, liquidate, dissolve, or sell, assign, lease, convey, transfer or otherwise dispose of all or part of its properties or assets to a Restricted Subsidiary or the Issuer, and (3) a Subsidiary Guarantor may convert into a corporation, partnership, limited partnership, limited liability company or trust organized or existing under the laws of the jurisdiction of organization of such Guarantor or any Permitted Jurisdiction.

This "— *Merger, Consolidation or Sale of All or Substantially All Assets*" covenant will not apply to (i) any transaction or arrangement pursuant to a Specified Merger/Transfer Transaction or an IPO Pushdown, (ii) a Restricted Subsidiary of the Issuer transferring all or part of its properties and assets to the Issuer or a Restricted Subsidiary of the Issuer in order to comply with any law, rule, regulation or order, recommendation or direction of, or agreement with, any regulatory authority having jurisdiction over the Issuer and/or any of its Restricted Subsidiaries, (iii) a Permitted Parent Reorganization or (iv) a sale, assignment, transfer, conveyance or other disposition of assets between or among the Issuer and the Restricted Subsidiaries, including, for the avoidance of doubt, pursuant to Permitted Securitization Financings.

Completion of Merger

The Issuer shall, and shall cause RdM to, use commercially reasonable efforts, which for the avoidance of doubt shall include considering the effects of dilution on the Sponsors, subject to any relevant approval and/or authorisation by any competent authority, towards the implementation of the Merger on terms complying with Section 2501-bis (et seq.) of the Italian Civil Code. As soon as reasonably practicable following the completion of the Merger, the Issuer shall deliver, or (to the extent necessary) cause the delivery, to the Trustee and the Security Agent, each of the Merger Condition Precedent Documents in connection with the consummation of the Merger. Failure to complete the Merger shall not constitute a Default or an Event of Default under the Indenture.

The Indenture will provide that each holder of the notes, by accepting a note will be deemed to agree, for the purposes of Section 2503-bis (et seq.) of the Italian Civil Code, to the consummation of the Merger and, in the event that RdM is MergerCo, the assumption by MergerCo of all obligations of the Issuer in respect of the notes, the Indenture, the Intercreditor Agreement and the Security Documents in accordance with the terms of the Indenture upon completion of the Merger.

Defaults

An "Event of Default" will be defined in the Indenture as:

(1) a default in any payment of interest or Additional Amounts, if any, on any note when the same becomes due and payable and such default continues for a period of 30 days;

(2) a default in the payment of principal or premium, if any, of any note when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Issuer for 120 days after receipt of written notice given by the Trustee or the holders of not less than 30% in aggregate principal amount of the notes then outstanding (with a copy to the Trustee) to comply with any of its obligations, covenants or agreements contained in the provisions of the Indenture described in "*Certain Covenants — Reports and Other Information*;"

(4) the failure by the Issuer or any of its Restricted Subsidiaries to comply for 60 days after written notice given by the Trustee or the holders of not less than 30% in aggregate principal amount of the notes then outstanding (with a copy to the Trustee) to comply with its other obligations, covenants or agreements (other than a default referred to in clauses (1), (2) and (3) above) contained in the notes or the Indenture;

(5) the failure by the Issuer or any Significant Subsidiary of the Issuer to pay any Indebtedness for borrowed money (other than Indebtedness owing to the Issuer or a Restricted Subsidiary or any Permitted Securitization Financing which is non-recourse to the Issuer and the Restricted Subsidiaries) within any applicable grace period after final maturity or the acceleration of any such Indebtedness by the holders thereof because of a default, in each case, if the total amount of such Indebtedness unpaid or accelerated exceeds €30 million or its foreign currency equivalent;

(6) certain events of bankruptcy or insolvency of the Issuer or a Significant Subsidiary of the Issuer (the "**bankruptcy provisions**");

(7) failure by the Issuer or any Significant Subsidiary of the Issuer to pay final and non-appealable judgments aggregating in excess of €30 million or its foreign currency equivalent (net of any amounts which are covered by enforceable insurance policies issued by solvent carriers), which judgments are not paid, discharged, waived or stayed for a period of 60 days after the 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**");

(8) a material portion of the Guarantees with respect to the notes provided by the Guarantors cease to

be in full force and effect (except as contemplated by the terms thereof) or shall be asserted in writing by any Guarantor not to be in effect or not to be legal, valid and binding obligations (other than in accordance with the terms thereof) and such Default continues for 30 days after written notice of such Default shall have been given to the Trustee;

(9) failure by TopCo to comply with its obligations, covenants or agreements contained in the Security Documents and any such Default continues for 30 days after written notice of such Default shall have been given to the Trustee;

(10) unless such Liens have been released in accordance with the provisions of the Indenture, the Security Documents or the Intercreditor Agreement, the Liens in favor of the holders of the notes with respect to all or substantially all of the Collateral cease to be valid or enforceable and any such Default continues for 30 days; or

(11) failure by the Issuer to consummate a Special Mandatory Redemption on the Special Mandatory Redemption Date as described above under "— *Escrow of Proceeds; Special Mandatory Redemption*."

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is affected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

However, a Default under clause (3) or (4) will not constitute an Event of Default until the Trustee or the holders of at least 30% of the aggregate principal amount of outstanding notes notify the Issuer of the Default and the Issuer does not cure such default within the time specified in clause (3) or (4) hereof after receipt of such notice.

If an Event of Default (other than an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Issuer) is continuing, the Trustee or the holders of at least 30% of the aggregate principal amount of outstanding notes by written notice to the Issuer may declare the principal of, premium, if any, and accrued but unpaid interest and Additional Amounts, if any, on the notes to be due and payable. Upon such a declaration, such principal and interest and Additional Amounts, if any, will be due and payable immediately. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Issuer occurs, the principal of, premium, if any, and interest on the notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any holders of the notes. Under certain circumstances, the holders of a majority in principal amount of outstanding notes may rescind any such acceleration with respect to the notes and its consequences.

In the event of any Event of Default specified in clause (5) of the first paragraph above, such Event of Default and all consequences thereof (including, without limitation, the declaration of acceleration of the notes) will be annulled, waived and rescinded, automatically and without any action by the Trustee or the holders of the notes, if within 30 days after such Event of Default arose the Issuer delivers an Officer's Certificate to the Trustee stating that (x) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged or (y) the holders thereof have rescinded or waived the acceleration, default, notice or action (as the case may be) giving rise to such Event of Default or (z) the default or acceleration that is the basis for such Event of Default has been cured or waived.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case 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 of the notes unless such holders have offered to the Trustee indemnity and/or security satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) 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% of the aggregate principal amount of the outstanding notes have requested in writing that the Trustee pursue the remedy;

(3) such holders have offered the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) the holders of a majority in principal amount of the outstanding notes have not given the Trustee a direction inconsistent with such written request within such 60-day period.

The Indenture will provide that, in the event an Event of Default has occurred and is continuing of which a responsible officer of the Trustee has written notice, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs.

Subject to certain restrictions, the holders of a majority in principal amount of 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 Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security satisfactory to it against all losses and expenses caused by taking or not taking such action.

The holders of a majority in aggregate principal amount of the notes then outstanding by notice to the Trustee may on behalf of the holders of the notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest or Additional Amounts on, or the principal of, the notes.

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 that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after becoming aware of any events which constitute certain Defaults that are continuing, written notice of such events, their status and what action the Issuer is taking or proposes to take in respect thereof.

Notwithstanding the foregoing, a notice of Default, notice of acceleration or instruction to the Trustee to provide a notice of Default or notice of acceleration may not be given by the Trustee or holders of the notes (or any other action taken on the assertion of any Default) with respect to any action taken, and reported publicly or to holders of the notes, more than two years prior to such notice of Default, notice of acceleration or instruction to the Trustee to provide a notice of default or notice of acceleration (or other action).

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.

Amendment, Supplement and Waiver

Subject to certain exceptions, the Indenture, the notes, the Guarantees, the Security Documents, the Escrow Agreement, the Account Charge, the Intercreditor Agreement or any Additional Intercreditor Agreement (together, the "**Notes Documents**") may be amended, supplemented or otherwise modified with the consent of the holders of at least a majority in aggregate principal amount of the notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such notes) and any existing or past default or compliance with any provisions of such documents may be waived with the consent of the holders of a majority in principal amount of the notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such notes); *provided*, in each case, that if any amendment, waiver or other modification will only affect one series of the notes, only the consent of the holders of at least a majority in principal amount of the then outstanding notes of such series (and not the consent of at least a majority of all notes then outstanding), shall be required.

However, without the consent of the holders of at least 75% in aggregate principal amount of the notes affected then outstanding, an amendment, supplement or waiver may not:

(1) reduce the percentage of the aggregate principal amount of notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the rate of or extend the time for payment of interest or Additional Amounts, if any, on any note;

(3) reduce the principal of or extend the Stated Maturity of any note;

(4) reduce the premium payable upon the redemption of any note or change the time at which any such premium is payable as described under "— *Optional Redemption*;"

(5) make any note payable in money other than that stated in such note;

(6) impair the contractual right of any holder to receive payment of principal of, premium, if any, and interest on such holder's notes on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such holder's notes;

(7) expressly subordinate the notes or any Guarantee related thereto to any other Indebtedness of the Issuer or any Guarantor other than as contemplated by the Intercreditor Agreement or any Additional Intercreditor Agreement;

(8) make any change in the provision of the Indenture described under "— *Additional Amounts*" that adversely affects the right of any holder of such notes in any material respect or amends the terms of such notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Issuer and the Guarantors agree to pay Additional Amounts, if any, in respect thereof;

(9) release (i) all or substantially all of the security interests granted for the benefit of the holders in the Collateral or (ii) any Guarantee, in each case, other than pursuant to the terms of the Security Documents, the Account Charge, the Escrow Agreement or the Indenture, as applicable, and except as permitted by the Intercreditor Agreement; or

(10) make any change in the amendment or waiver provisions that require the holders' consent described in clauses (1) through (9) of this sentence,

provided that if any such amendment, supplement or waiver will only affect one series of notes then outstanding under the Indenture and does not or would not affect holders of the notes generally, then only the consent of the holders of not less than 75% in principal amount of the notes of such series then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such series of the notes) shall be required.

Notwithstanding the foregoing, without the consent of any holder of the notes, the Issuer, the Trustee and the Security Agent (if applicable) may amend any Notes Documents to:

(1) cure any ambiguity, omission, mistake, defect or inconsistency;

(2) provide for the assumption by a Successor Company of the obligations of the Issuer under any of the documents referenced above;

(3) provide for the assumption by a Successor Guarantor of the obligations of a Guarantor under any of the documents referenced above;

(4) add to the covenants of the Issuer and its Restricted Subsidiaries for the benefit of the holders of the notes or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(5) make any change that does not adversely affect the rights of any holder in any material respect or that would provide any additional rights or benefits to the holders of the notes or the Trustee;

(6) provide for uncertificated notes in addition to or in place of certificated notes;

(7) provide for the issuance of exchange notes or private exchange notes;

(8) comply with the covenant relating to mergers, consolidations and sales of assets;

(9) add or release a Guarantee with respect to the notes in accordance with the terms of the Indenture and comply with the provisions described under "— *Guarantees*" and provide evidence in respect thereof;

(10) provide for the issuance of additional notes permitted to be Incurred under the Indenture;

(11) conform the text of the Indenture, the notes, the Security Documents or the Guarantees 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 the Indenture, the notes, the Security Documents or the Guarantees;

(12) evidence and provide for the acceptance of appointment by a successor trustee or security agent; *provided* that the successor trustee or security agent, as applicable, is otherwise qualified and eligible to act as such under the terms of any of the documents referenced above;

(13) provide for the succession of any parties to the Indenture (and other amendments that are administrative or ministerial in nature) and any of the other documents referenced above;

(14) provide for a reduction in the minimum denominations of the notes;

(15) make any amendment to the provisions of the Indenture relating to the transfer and legending of the notes as permitted by the Indenture, including, without limitation, to facilitate the issuance and administration of the notes; *provided* that compliance with the Indenture as so amended may not result in the notes being transferred in violation of the Securities Act or any applicable securities laws as determined in good faith by the Issuer;

(16) provide for the assumption by one or more successors of the obligations of any of the Guarantors under any of the documents referenced above;

(17) comply with the rules of any applicable securities depositary;

(18) mortgage, pledge, hypothecate, grant, perfect or extend a security interest in favor of the Security Agent (for the benefit of the holders of the notes or the parties to the Credit Agreement), in any property which is required by the Security Documents, the Intercreditor Agreement or the Credit Agreement to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture and the covenant described under "— *Impairment of Security Interest*" is complied with;

(19) make any amendment of an administrative or ministerial nature to the provisions of the Indenture to facilitate an IPO Pushdown;

(20) add any Guarantee or collateral with respect to the notes; or

(21) add, release, terminate, discharge or retake the security interests created by the Security Documents or any Guarantees as provided by the terms of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement and provide evidence in respect thereof.

In addition, no provision of the Indenture with respect to the Issuer's obligation to redeem the notes through a Special Mandatory Redemption may be amended or waived in a manner that would materially adversely affect the holders of the notes without the consent of holders of a majority of the outstanding notes.

The consent of the holders of the notes is not necessary under the Indenture to approve the particular form of any proposed amendment, waiver or consent. It is sufficient if such consent approves the substance of the proposed amendment, waiver or consent. A consent to any amendment or waiver under the Indenture by any holder of notes given in connection with a tender of such holder's notes will not be rendered invalid by such tender.

The Indenture also will provide that each holder, by accepting a note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at our offices.

For so long as the notes are listed on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will inform the Luxembourg Stock Exchange of any of the foregoing amendments, supplements and waivers and public a notice of any of the foregoing amendments, supplements and waivers on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) to the extent required by, and in the manner permitted by, the rules of the Luxembourg Stock Exchange.

Notwithstanding the foregoing, in order to effect an amendment authorized by clauses (3) and (9) above or as contemplated by the covenant described under "— *Certain Covenants — Future Guarantors*," in each case in respect of the provision of a Guarantee for the benefit of the holders of the notes, a supplemental indenture providing for the accession of such Guarantor shall be duly authorized and executed by the Issuer, such additional Guarantor and the Trustee (and no other party).

Meeting of Holders of the Notes

All meetings of Holders of the notes will be held in accordance with Italian applicable laws and regulations.

In addition to and without prejudice to the provisions described above under the caption "— *Amendment, Supplement and Waiver*", 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 the 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 "— *Amendment, Supplement and Waiver*," and to the extent permitted under Italian law, the Indenture will contractually increase the percentage of the aggregate principal amount of notes otherwise required by Article 2415 of the Italian Civil Code to pass an extraordinary resolution with respect to such matters from 50% to 75% of the aggregate principal amount of the outstanding notes. See "*Risk Factors — Risks Related to the Notes, the Guarantees and the Collateral — The Issuer may amend certain economic terms and conditions of the Notes without the prior consent of all the holders of the Notes with the vote of either 75% or 50% of the aggregate principal amount of the outstanding Notes*." Any resolution duly passed at any such meeting shall be binding on all the holders of the notes, whether or not such holder was present at such meeting or voted to approve such resolution. To the extent provided by the Italian Civil Code, the resolutions passed by a meeting of Holders of the notes can be challenged by Holders pursuant to Articles 2377 and 2379 of the Italian Civil Code.

The Indenture will provide that the provisions described under this "— *Meeting of Holders of Notes*" will be in addition to, and not in substitution of, the provisions described under the caption "— *Amendment,* *Supplement and Waiver*". 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 the Notes*" must also comply with the other provisions described under "— *Amendment, Supplement and Waiver*."

This section "— *Meeting of Holders of the Notes*" is subject to compliance with Italian law in all respects.

Security Representative and Noteholders' Representative

Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the notes on the Issue Date shall be deemed to constitute the authorization and agreement on behalf of the Holders of the notes of the initial appointment as of the Issue Date of the Security Agent, as security representative (*rappresentante per le garanzie*) pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code (the "**Security Representative**") in order to create and grant in its favor security interests and guarantees securing and guaranteeing the notes and entitle it to exercise in the name and on behalf of the Holders of the notes all their rights (including any rights before any court and judicial proceedings) relating to such security interests and guarantees. Pursuant to the terms of the Indenture each Holder of the notes from time to time, by accepting a note, shall be deemed to have agreed to, and accepted, the appointment of the Security Agent 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.

This section "— *Security Representative and Noteholders' Representative*" is subject to compliance with Italian law in all respects.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, manager, authorized signatory, incorporator or holder of any equity interests in the Issuer or any Parent or any Guarantor, as such, will have any liability for any obligations of the Issuer or the Guarantors under the notes, the Guarantees or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of the notes by accepting such note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all outstanding notes when:

(1) either (a) all the notes theretofore authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust) have been delivered to the Trustee for cancellation or (b) all of the notes not 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) if redeemable at the option of the Issuer, are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer, and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee (or an entity designated or appointed (as agent) by it for this purpose) funds in amount sufficient to pay and discharge the entire Indebtedness on the notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the notes to the date of deposit (in the case of notes that have become due and payable) or to the date of maturity or redemption, as

applicable, together with irrevocable instructions from the Issuer directing the Trustee (or an entity designated or appointed (as agent) by it for this purpose) to apply or cause to be applied such funds to the payment thereof at maturity or redemption, as the case may be; *provided* that upon any redemption that requires the payment of the Applicable Premium, the amount deposited shall be sufficient for purposes of the indenture to the extent that an amount is deposited with the Trustee (or an entity designated or appointed (as agent) by it for this purpose) equal to the Applicable Premium, plus accrued but unpaid interest, in each case calculated as of the date of the notice of redemption, with any deficit as of the date of the redemption (and any such deficit will be set forth in a written notice delivered to the holders and the Trustee (or an entity designated or appointed (as agent) by it for this purpose) at least two (2) Business Days prior to the redemption date) only required to be deposited with the Trustee (or an entity designated or appointed (as agent) by it for this purpose) on or prior to the date of the redemption;

(2) the Issuer and/or the Guarantors have paid all other sums payable under the Indenture; and

(3) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (which may be subject to customary assumptions and exclusions) stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of such Indenture have been complied with; *provided* that any such counsel may rely on such Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1) and (2)).

Defeasance

The Issuer at any time may terminate all its obligations and all obligations of the Guarantors under the notes and the Indenture ("**legal defeasance**") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary notes, 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 in effect at such time will terminate (other than with respect to the defeasance trust). The Issuer at any time may terminate its obligations under certain covenants that are described in the Indenture, including the covenants described under "— *Certain Covenants*," the operation of the cross-acceleration provision, the bankruptcy provisions and the judgment default provision, the guarantee provision and the security default provision described under "— *Defaults*" and the undertakings and covenants contained under "— *Change of Control*" and "— *Merger, Consolidation or Sale of All or Substantially All Assets*" ("**covenant defeasance**"). If the Issuer exercises its legal defeasance option or its covenant defeasance option, each Guarantor will be released from all of its obligations with respect to its Guarantee and will cease to be subject to the Indenture.

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option with respect to the notes, payment of the notes may not be accelerated because of an Event of Default with respect thereto. 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 clauses (3), (4) (with respect to any Default by the Issuer or any of its Restricted Subsidiaries with any of its obligations under the covenants described under "— *Certain Covenants*"), (5), (6) (only with respect to a Significant Subsidiary of the Issuer), (7), (8) or (9) under "— *Defaults*."

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "**defeasance trust**") with the Trustee (or an entity designated or appointed (as agent) by the Trustee for this purpose) money or euro-denominated European Government Obligations, which shall be delivered to the Trustee (or an entity designated or appointed (as agent) by it for this purpose), 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 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 amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and, in the case of legal defeasance only, such

Opinion of Counsel must be based on a ruling received from or published by the Internal Revenue Service or a change in applicable U.S. federal income tax law); *provided* that upon any redemption that requires the payment of the Applicable Premium, the amount deposited shall be sufficient for purposes of the indenture to the extent that an amount is deposited with the Trustee (or an entity designated or appointed (as agent) by it for this purpose) equal to the Applicable Premium, plus accrued but unpaid interest, in each case calculated as of the date of the notice of redemption, with any deficit as of the date of the redemption (and any such deficit will be set forth in a written notice delivered to the holders and the Trustee at least two (2) Business Days prior to the redemption date) only required to be deposited with the Trustee (or an entity designated or appointed (as agent) by it for this purpose) on or prior to the date of the redemption. Notwithstanding the foregoing, the Opinion of Counsel required by the immediately preceding sentence with respect to a legal defeasance need not be delivered if all notes not theretofore delivered to the Trustee for cancellation (x) are due and payable within one year or (y) have been or will become due and payable within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer.

Currency Indemnity

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 Guarantees thereof is euro, 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 or several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the holder of a note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any holder of a note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any note, any Guarantee or to the Trustee.

Concerning the Trustee and Certain Agents

The Law Debenture Trust Corporation p.l.c. is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default of which a responsible officer of the Trustee has 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 Trustee, the Security Agent, Paying Agent, the Registrar and the Transfer Agent will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries. If the Trustee, the Security Agent or any Agent becomes the holder, beneficial owner or pledgee of any notes, it may deal with the Issuer with the same rights it would have if it were not the Trustee, the Security Agent, the Paying Agent, the Registrar and the Transfer Agent.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the holders of a majority in principal amount of the then outstanding notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any holder who has been a *bona fide* holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, taxes and expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

All notices to holders will be validly given if mailed to them at their respective addresses in the register of the holders, if any, maintained by the Registrar. For so long as any of the notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange shall so require, notices with respect to the notes will be published in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*). For so long as any notes are represented by Global Notes, all notices to holders will be delivered to Euroclear and Clearstream, each of which will give such notices to the holders of Book-Entry Interests. Such notices may also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange.

Notwithstanding anything to the contrary in this "*Description of the Notes*," the notice requirements in the Indenture will be subject to the applicable rules of Euroclear and Clearstream for so long as the notes are represented by Global Notes. To the extent the mandatory rules and procedures of Euroclear or Clearstream concerning the content, timing or procedure for delivering notices conflict with any requirements applicable to notices under the Indenture, a notice will be deemed to satisfy the requirements of the Indenture if it complies with such mandatory rules and procedures of Euroclear and Clearstream and otherwise complies with the applicable requirements under the Indenture.

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.

Enforceability of Judgments

Since the substantial majority of the assets of the Issuer and the Guarantors are located outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the notes or the Guarantees, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture, the notes and the Guarantees, the Issuer and each Guarantor will, in the Indenture, (a) in the case of the Issuer or a Guarantor not organized in the United States, appoint a Guarantor or other entity organized in the United States as its agent for service of process and (b) irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture, the notes and the Guarantees, and the rights and duties of the parties thereunder shall be governed by, and construed in accordance with, the laws of the State of New York without regard to conflicts of law principles to the extent the law of another jurisdiction would be applied thereby (unless indicated otherwise herein, in particular the provisions relating to the meeting of the noteholders, the security representative and the representative of the noteholders that shall be subject to compliance with Italian laws). The Escrow Agreement and the Intercreditor Agreement shall be governed by, and construed in accordance with, the laws of England and Wales. The Account Charge shall be governed by, and construed in accordance with, the laws of Germany. The Security Documents shall be governed by, and construed in accordance with, the laws of the applicable Security Jurisdiction.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full definition of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"**Acquired Indebtedness**" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged, consolidated or amalgamated with or into or became a Restricted Subsidiary of such specified Person, and

(2) Indebtedness secured by a lien encumbering any asset acquired by such specified Person;

provided that any Indebtedness of such Person that is extinguished, redeemed, defeased, retired or otherwise repaid at the time of or within six months of consummation of the transaction pursuant to which such other Person becomes a Subsidiary of the specified Person will not be Acquired Indebtedness or Indebtedness.

Acquired Indebtedness will be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of such assets.

"**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 purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"**Agreed Security Principles**" means the agreed security principles appended to the Credit Agreement, as of the Closing Date, as applied *mutatis mutandis* with respect to the notes in good faith by the Issuer.

"**Applicable Metric**" means any financial covenant or financial ratio or Incurrence-based permission, test, basket or threshold in the Indenture (including any financial definition or component thereof and any financial ratio, test, basket or threshold or permission based on the calculation of EBITDA, the Consolidated Senior Secured Debt Ratio, the Consolidated Total Debt Ratio or the Fixed Charge Coverage Ratio), as well as any occurrence of any Change of Control, any Default, Event of Default or other relevant breach of the Indenture.

"**Applicable Percentage**" means (x) 100%, if the Consolidated Total Debt Ratio of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation, determined on a pro forma basis at the time of receipt of Net Cash Proceeds from an Asset Sale (including, for the avoidance of doubt, pro forma for the Asset Sale and the use of proceeds thereof) or, at the Issuer's election, at any time during the reinvestment period set forth in the second paragraph of the covenant described under "— *Certain Covenants — Asset Sales*," exceeds 3.4 to 1.00, (y) 50%, if (i) no Default or Event of Default has occurred and is continuing on the date of calculation and (ii) the Consolidated Total Debt Ratio of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation, determined on a pro forma basis at the time of receipt of Net

Cash Proceeds from an Asset Sale (including, for the avoidance of doubt, pro forma for the Asset Sale and the use of proceeds thereof), or, at the Issuer's election, at any time during the reinvestment period set forth in the second paragraph of the covenant described under "— *Certain Covenants — Asset Sales*" exceeds 2.9 to 1.00 but is no greater than 3.4 to 1.00 and (z) 0%, if (i) no Default or Event of Default has occurred and is continuing on the date of calculation and (ii) the Consolidated Total Debt Ratio of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation, determined on a pro forma basis at the time of receipt of Net Cash Proceeds from an Asset Sale (including, for the avoidance of doubt, pro forma for the Asset Sale and the use of proceeds thereof) or, at the Issuer's election, at any time during the reinvestment period set forth in the second paragraph of the covenant described under "— *Certain Covenants — Asset Sales*," is no greater than 2.9 to 1.00.

"**Applicable Premium**" means, with respect to any note on any applicable redemption date prior to December 14, 2022, the greater of:

(1) 1.0% of the then outstanding principal amount of the note; and

(2) the excess, if any, of:

   (a) the present value at such redemption date of (i) the redemption price of the note at December 14, 2022 (such redemption price (expressed in percentage of the principal amount) being set forth in the applicable table appearing above under the caption "— *Optional Redemption*") plus (ii) all required interest payments due on the note through December 14, 2022 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate plus 50 basis points; over

   (b) the then outstanding principal amount of the note,

as calculated by the Issuer. For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Trustee, the Paying Agent, the Registrar, the Transfer Agent or the Calculation Agent.

"**Asset Sale**" means:

(1) the 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/Leaseback Transaction) outside of the ordinary course of business of the Issuer or any Restricted Subsidiary (each referred to in this definition as a "disposition") other than to the Issuer or a Restricted Subsidiary, or

(2) the issuance or sale of Equity Interests of any Restricted Subsidiary (other than (1) directors' qualifying shares or shares or interests required to be held by non-U.S. nationals or other third parties to the extent required by applicable law or (2) Preferred Stock or Disqualified Stock of a Restricted Subsidiary issued in compliance with the covenant described above under "— *Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*"), other than to the Issuer or a Restricted Subsidiary (whether in a single transaction or a series of related transactions),

in each case other than:

(a) a sale, exchange, transfer or other disposition of (i) cash, Cash Equivalents or Investment Grade Securities, (ii) uneconomical, obsolete, damaged, unnecessary, surplus, unsuitable or worn out equipment or any sale or disposition of property or assets or any disposition of inventory or goods (or other assets) held for sale in the ordinary course of business or consistent with past practice or industry norm or assets otherwise no longer used or useful in the business of the Issuer or its Restricted Subsidiaries or no longer economically practicable or commercially reasonable to maintain (as determined in good faith by the Issuer) or (iii) in connection with scheduled turnarounds, maintenance and equipment and facility updates;

(b) the sale, conveyance, transfer or other disposition of all or substantially all of the assets of the Issuer (on a consolidated basis) or any Restricted Subsidiary or group of Restricted Subsidiaries in a manner permitted pursuant to the provisions described above under "— *Merger, Consolidation or Sale of All or Substantially All Assets*" or any sale, conveyance, transfer or other disposition that constitutes a Change of Control or any transaction effected as part of a Permitted Parent Reorganization;

(c) any Permitted Investment or Restricted Payment that is permitted to be made, and is made, under the covenant described above under "— *Certain Covenants — Limitation on Restricted Payments*;"

(d) any disposition of assets or issuance or sale of Equity Interests of any Restricted Subsidiary with an aggregate Fair Market Value of less than the greater of (x) €15 million and (y) 12.5% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation;

(e) any transfer or disposition of property or assets or the issuance or sale of securities by a Restricted Subsidiary of the Issuer to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary of the Issuer;

(f) sales of assets received by the Issuer or any Restricted Subsidiary upon the foreclosure on a Lien;

(g) any issuance or sale of Equity Interests in, or Indebtedness or other securities of, or in, an Unrestricted Subsidiary or joint venture;

(h) to the extent constituting an Asset Sale, the unwinding of any Hedging Obligations, and any transfer, termination or other disposition of Hedging Obligations;

(i) the sale, lease, assignment, license, sub-license or sublease of inventory, equipment, accounts receivable, notes receivable or other current assets in the ordinary course of business or consistent with past practice or industry norm (including any discount and/or forgiveness thereof) or in connection with the collection, conversion or compromise of accounts receivable;

(j) the granting or termination of any lease, license, assignment or sublease of any real or personal property in the ordinary course of business or consistent with past practice;

(k) any disposition (including by capital contribution), pledge, factoring, transfer or sale of (i) Securitization Assets to any Special Purpose Securitization Subsidiary or otherwise, (ii) any other Securitization Assets subject to Liens securing Permitted Securitization Financings and (iii) receivables in connection with a receivables financing;

(l) any sale or disposition in connection with a financing transaction with respect to property or assets built, owned, or acquired by the Issuer or any Restricted Subsidiary, including Sale/Leaseback Transactions or asset securitization permitted by the Indenture;

(m) any exchange or replacement of assets for services, similar assets or assets used in a Similar Business (including a combination of assets and Cash Equivalents) of comparable or greater market value or usefulness to the business of the Issuer and its Restricted Subsidiaries as a whole, as determined in good faith by the Issuer;

(n) the grant in the ordinary course of business or consistent with past practice of any license or sub-license of patents, trademarks, know-how and any other intellectual property;

(o) any sale or other disposition deemed to occur with creating, granting or perfecting a Lien not otherwise prohibited by the Indenture;

(p) the surrender or waiver of contract rights or settlement, release or surrender of a contract, tort or other litigation claim in the ordinary course of business;

(q) foreclosures, condemnations or any similar action on assets;

(r) dispositions in connection with Permitted Liens;

(s) (i) sales, transfers and other dispositions of shares, securities, interests in, debt of or other Investments in Existing Joint Ventures and (ii) sales, transfers and other dispositions of Investments in joint ventures as required by, or made pursuant to, customary buy/sell arrangements, put or call option or to the extent required by or made pursuant to the term of the arrangements in relation to that joint venture between the relevant parties and similar binding arrangements;

(t) the lapse, abandonment or other disposition of intellectual property rights in the ordinary course of business, which in the reasonable good faith determination of the Issuer are no longer economically practicable or commercially reasonable to maintain or are not material to the conduct of the business of the Issuer and its Restricted Subsidiaries taken as a whole;

(u) [reserved];

(v) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(w) any swap of assets, or sale, lease, assignment, sublease or other disposition of any real or personal property, in exchange for services (including in connection with any outsourcing arrangements) of comparable or greater value or usefulness to the business of the Issuer and the Restricted Subsidiaries as a whole, as determined in good faith by the Issuer;

(x) any disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings (excluding factoring or similar arrangements);

(y) a sale, discount or other disposition of inventory, trading stock, equipment or other assets in the ordinary course of business and any operating leases entered into in the ordinary course of business;

(z) any disposition of property or assets acquired after the Issue Date that are not used or useful in the core or principal business of the Issuer and the Restricted Subsidiaries in the good faith determination of the Issuer;

(aa) any disposition of property or assets in connection with the approval of any antitrust authority or as otherwise necessary or advisable in the good faith determination of the Issuer to obtain the approval of any antitrust authority to consummate any acquisition, New Project, Investment or other transaction; and

(bb) the sale of receivables (and related assets) (on customary or commercially reasonable terms) pursuant to or in connection with factoring or similar arrangements entered into in the ordinary course of business and which are non-recourse against the relevant Restricted Subsidiary except to the extent customary for such type of factoring arrangements and Standard Securitization Undertakings or which are permitted to be Incurred pursuant to clause (r)(ii) of the second paragraph of the covenant described under "— *Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified and Preferred Stock*."

"**Bank Products**" means (i) any facilities or services related to cash management, cash pooling, treasury, depository, overdraft, demand deposit, payroll, trust or operating account relationships, credit or debit card, purchase card, merchant card, electronic funds transfer, lockbox services, stop payment services, supply chain finance services (including the trade payable services and supplier accounts receivable and drafts/bills of exchange purchases)or other cash management and cash pooling arrangements and (ii) daylight exposures of the Issuer or any of its Restricted Subsidiaries in respect of banking and treasury arrangements entered into in the ordinary course of business.

"**BidCo Loan**" means the term loan facility agreement entered into in connection with the Private Acquisition on October 19, 2021 by and between, among others, the Issuer, as borrower, and BNP Paribas, Italian Branch, as agent and security agent for a maximum principal amount of €285 million.

"**Board of Directors**" means (as the case may be) the board of directors or managers, sole member, managing member or other governing body (or, if the relevant Person is a partnership, the board of directors or other governing body of the general partner of such Person) of (i) the Issuer, (ii) any Restricted Subsidiary or Parent which makes operational or management decisions with respect to the Issuer and its Restricted Subsidiaries, or (iii) any duly authorized committee or senior management thereof exercising an executive or supervisory function in relation to the Issuer and its Restricted Subsidiaries. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"**Bund Rate**" means the rate per annum equal to the equivalent yield to maturity as of the earlier of (a) the date of the redemption notice and (b) the date on which such notes are defeased, satisfied and discharged or redeemed, of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date where:

(1) "**Comparable German Bund Issue**" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to December 14, 2022 and that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of Euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the notes and of a maturity most nearly equal to December 14, 2022; *provided*, *however*, that, if the period from such redemption date to December 14, 2022, is less than one year, a fixed maturity of one year shall be used;

(2) "**Comparable German Bund Price**" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or, if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) "**Reference German Bund Dealer**" means any dealer of German Bundesanleihe securities appointed by the Issuer in good faith; and

(4) "**Reference German Bund Dealer Quotations**" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany time on the third Business Day preceding the relevant date.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which banking institutions are authorized or required by law to close in Milan, London or New York City.

"**Capital Stock**" means:

(1) in the case of a corporation, corporate stock or shares;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person,

but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"**Capitalized Lease Obligation**" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease or a finance lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with IFRS.

"**Capitalized Software Expenditures**" means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by a Person and its Restricted Subsidiaries during such period in respect of licensed or purchased software or internally developed software and software enhancements that, in conformity with IFRS, are or are required to be reflected as capitalized costs on the consolidated balance sheet of such Person and such Restricted Subsidiaries.

"**Cash Contribution Amount**" means the aggregate amount of cash contributions made to the capital of the Issuer or any Guarantor described in the definition of "Contribution Indebtedness."

"**Cash Equivalents**" means:

(1) U.S. dollars, Canadian dollars, Sterling, euros, the national currency of any member state of the European Union or such local currencies held by an entity from time to time in the ordinary course of business;

(2) securities issued or directly and fully guaranteed or insured by the government of the United States, Canada, the United Kingdom, any country that is a member of the European Union or Switzerland or any agency or instrumentality thereof in each case with maturities not exceeding two years from the date of acquisition;

(3) certificates of deposit, time deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances, in each case with maturities not exceeding one year, and overnight bank deposits, in each case with any commercial bank having capital and surplus in excess of $250 million in the case of U.S. banks and €100.0 million (or the non-euro currency equivalent thereof) in the case of non-U.S. banks, and whose long-term debt is rated with an Investment Grade Rating by Moody's or S&P (or reasonably equivalent ratings of another internationally recognized ratings agency);

(4) repurchase obligations for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper issued by a corporation (other than an Affiliate of the Issuer) rated at least "P-1/ A-1" or the equivalent thereof by Moody's or S&P (or reasonably equivalent ratings of another internationally recognized ratings agency) and in each case maturing within one year after the date of acquisition;

(6) readily marketable direct obligations issued by any state or commonwealth of the United States of America, Canada, the United Kingdom, any country that is a member of the European Union or Switzerland or any political subdivision of the foregoing having one of the two highest rating categories obtainable from either Moody's or S&P (or reasonably equivalent ratings of another internationally recognized ratings agency) in each case with maturities not exceeding two years from the date of acquisition;

(7) Indebtedness or Preferred Stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or reasonably equivalent ratings of another internationally recognized ratings agency) in each case with maturities not exceeding two years from the date of acquisition;

(8) bills of exchange issued in the United States of America, Canada, the United Kingdom, any country that is a member of the European Union or Switzerland or any political subdivision of the foregoing eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(9) interests or investments in investment funds, investment companies, money market or enhanced

high yield funds investing at least 95% of their assets in securities of the types described in clauses (1) through (8) above;

(10) instruments equivalent to those referred to in clauses (1) through (9) above denominated in euro or Sterling or any other foreign currency comparable in credit quality and tenor to those referred to above and customarily used by corporations for cash management purposes in any jurisdiction outside the United States to the extent reasonably required in connection with (a) any business conducted by any Restricted Subsidiary organized in such jurisdiction or (b) any Investment in the jurisdiction where such Investment is made;

(11) credit card receivables to the extent included in cash and cash equivalents on the consolidated balance sheet of such Person;

(12) deposits of the Issuer or its Subsidiaries in the ordinary course of business and consistent with past practice held by a bank or a trust company organized, or authorized to operate as a bank or trust company; and

(13) to the extent not included in clauses (1) through (12) above, the amount of "current financial assets" as reported in the Issuer's consolidated financial statements.

"**Closing Date**" refers to the date on which the proceeds of the notes are released from the Escrow Account in accordance with the terms of the Escrow Agreement to be used as set forth in the section "*Use of Proceeds*" of this Offering Memorandum.

"**Consolidated Interest Expense**" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted (and not added back) in computing Consolidated Net Income (including (a) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers acceptances, (b) non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments pursuant to IFRS), (c) the interest component of Capitalized Lease Obligations as reasonably determined by the Issuer to be the rate of interest implicit in such Capitalized Lease Obligations in accordance with IFRS, and (d) net payments and receipts (if any) pursuant to interest rate Hedging Obligations with respect to Indebtedness, and excluding (i) pension liability interest cost, (ii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with the Transactions or any other acquisition, (iii) penalties and interest relating to taxes, (iv) any accretion or accrued interest of discounted liabilities, (v) amortization or write-off of deferred financing fees, original issue discount, debt issuance costs, commissions, fees and expenses, (vi) any expensing of bridge, commitment and other financing fees and (vii) commissions, discounts, yield and other fees and charges (including any interest expense) related to any Permitted Securitization Financing); *plus*

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued; *less*

(3) interest income for such period;

provided that, for purposes of calculating Consolidated Interest Expense, no effect shall be given (i) to the discount and/or premium resulting from the bifurcation of derivatives under IFRS and related interpretations as a result of the terms of the Indebtedness to which such Consolidated Interest Expense relates and (ii) any interest accrued or capitalized in respect of Subordinated Shareholder Debt.

"**Consolidated Net Income**" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, and otherwise determined in accordance with IFRS; *provided, however*, that, without duplication:

(1) any after-tax effect of extraordinary, non-recurring, non-operating or unusual gains, losses, income or expenses or charges (including all fees and expenses relating thereto), severance, relocation costs,

consolidation and closing costs, integration costs, non-recurring and unusual expenses relating to opening, expansion, relocation, remodeling, or modernization of fixed assets, plant or facility costs or losses, business optimization costs, transition costs, restructuring costs, costs relating to the undertaking or implementation of strategic initiatives, operating expense reductions and other operating improvements or synergies, rebranding costs, acquisition integration costs, opening costs, project start-up costs, recruiting costs, signing, retention or completion bonuses and curtailments or modifications to pension and post-retirement employee benefit plans, excess pension charges, litigation and arbitration costs, awards and settlements, any expenses related to any New Project, charges relating to unused facility, data center, warehouse or distribution center space, entry into new markets or distribution channels, closing and consolidation costs and any fees, expenses, costs or charges or change in control payments related to the Transactions or any other acquisition (including any costs relating to auditing prior periods, any transition-related expenses, and transaction expenses incurred before, on or after the Issue Date) and any earn out obligation expense incurred in connection with the Transactions or any acquisition or other Investment, in each case, shall be excluded;

(2) the Net Income for such period shall not include the cumulative effect of a change in accounting principles during such period;

(3) any net after-tax effect of income or loss from disposed, abandoned, transferred, closed or discontinued operations or fixed assets and any net after-tax gains or losses on disposal of disposed, abandoned, transferred, closed or discontinued operations or fixed assets shall be excluded;

(4) any net after-tax effect of gains or losses (including all fees and expenses relating thereto) attributable to business dispositions or asset dispositions or the sale or other disposition of any Capital Stock of any Person other than in the ordinary course of business, as determined in good faith by the Issuer, shall be excluded;

(5) the Net Income (but not loss) for such period of any Person that is not a Restricted Subsidiary, or that is accounted for by the equity method of accounting (other than a Guarantor), shall be included only to the extent of the amount of dividends or distributions or other payments that are actually paid in cash (or to the extent converted into cash) to the specified referent Person or a Restricted Subsidiary of such Person;

(6) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(1) of the first paragraph of "— *Certain Covenants — Limitation on Restricted Payments*," the Net Income for such period of any Restricted Subsidiary (other than any Guarantor) shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its Net Income is not at the date of determination permitted by the operation of the terms of that Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute, rule, or governmental regulation applicable to that Restricted Subsidiary or its shareholders, other than (i) any restrictions that have been legally waived or released or where the requisite consent has been obtained, (ii) any restrictions pursuant to Transaction Documents or in effect on the Issue Date, (iii) restrictions that are consistent with those in (i) and (ii) or that, taken as a whole, are not materially adverse to the interests of the holders of the notes when compared to such restrictions and (iv) restrictions specified under "— *Certain Covenants — Dividend and Other Payment Restrictions Affecting Subsidiaries*;" *provided* that Consolidated Net Income of the Issuer will be increased by the amount of dividends or other distributions or other payments actually paid in cash or Cash Equivalents (or to the extent converted into cash or Cash Equivalents) to the Issuer or a Restricted Subsidiary or that could have been paid or distributed by such Restricted Subsidiary in respect of such period, to the extent not already included therein;

(7) effects of adjustments (including the effects of such adjustments pushed down to the Issuer and its Restricted Subsidiaries) in any line item in such Person's consolidated financial statements (including any step-ups with respect to re-valuing assets and liabilities) pursuant to IFRS and related authoritative pronouncements resulting from the application in accordance with IFRS of purchase accounting in relation to the Transactions or any investment, acquisition, merger or consolidation

(or reorganization or restructuring) that is consummated after the Issue Date or the depreciation, amortization or write-off of any amounts thereof, net of taxes, shall be excluded;

(8) any net after-tax income (loss) from any acquisition, write-off, forgiveness or the early extinguishment of (i) Indebtedness, (ii) Hedging Obligations or (iii) other derivative instruments shall be excluded (including deferred financing costs written off and premiums paid);

(9) any impairment income or charge or expense, asset write-off or write-down, including impairment charges or asset write-offs or write-downs or write-backs related to intangible assets, long-lived assets or investments in debt and equity securities or as a result of a change in law or regulations, in each case, pursuant to IFRS and the amortization of intangibles and other fair value adjustments arising pursuant to IFRS shall be excluded;

(10) any (i) costs or expenses realized in connection with or resulting from stock appreciation or similar rights, stock options, restricted stock, profit interests or other similar rights of officers, directors, managers and employees, in each case of such Person or any Restricted Subsidiary, (ii) any non-cash compensation charge or expense, including any such charge arising from grants of stock appreciation or similar rights, phantom equity, stock options, restricted stock, profit interests or other rights, any cash charges associated with the rollover, acceleration or payout of Equity Interests by management of the Issuer, its Restricted Subsidiaries or any of its direct or indirect parent companies, including any expense resulting from the application of IFRS and any non-cash deemed finance charges in respect of any pension liabilities or other provisions or on the revaluation of any benefit plan obligation and (iii) income (loss) attributable to deferred compensation plans or trusts, shall, in each case be excluded; provided that any subsequent settlement in cash shall reduce Consolidated Net Income for the period in which such payment occurs;

(11) any fees and expenses Incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Investment, recapitalization, Asset Sale, issuance or repayment of Indebtedness, Permitted Securitization Financing, Equity Offering, refinancing transaction or amendment or modification of any debt instrument (in each case, including any such transactions 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 shall be excluded;

(12) accruals and reserves that are established or adjusted and not reversed within 12 months after the Issue Date (or within 12 months after the closing of any acquisition, disposition or Investment) that are so required to be established or adjusted as a result of such transactions in accordance with IFRS or as a result of adoption or modification of accounting policies shall be excluded;

(13) any charges resulting from the application of IFRS as it relates to "business combinations," "goodwill and other intangible assets," "impairment or disposal of long-lived assets" or fair value measurements and disclosures shall be excluded;

(14) non-cash interest expense resulting from the application of IFRS as it relates to recognition of debt with conversion options shall be excluded;

(15) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Debt shall be excluded;

(16) (a) any charge to the extent that a corresponding amount is received in cash under any agreement providing for reimbursement of such expense, (b) any charges with respect to any liability or casualty event, business interruption or product recall to the extent covered by one or more third parties pursuant to indemnification or reimbursement provisions or similar agreements or insurance and actually reimbursed, or, so long as such Person has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the third party or insurer and only to the extent that such amount is (i) not denied by the applicable third party or insurance carrier in writing within 270 days and (ii) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within such 365 days), costs and expenses with respect to liability or casualty events or business interruption or product

recall shall be excluded and (c) amounts estimated in good faith to be received from insurance in respect of lost revenues or earnings in respect of liability or casualty events or business interruption or product recall shall be included (with a deduction for amounts actually received up to such estimated amount to the extent included in Net Income in a future period);

(17) any deductions attributable to any non-controlling interests or minority interests shall be excluded (other than to the extent of dividends declared or paid during the relevant or prior period);

(18) the following items shall be excluded:

(a) any net realized or unrealized gain or loss (after any offset) resulting in such period from Hedging Obligations and the application of IFRS standards related thereto; and

(b) any currency translation gains or losses related to currency remeasurements of Indebtedness (including any net loss or gain resulting from hedge agreements for currency exchange risk);

(19) non-cash charges for deferred tax asset valuation allowances shall be excluded;

(20) (i) the non-cash portion of "straight-line" rent expense shall be excluded, (ii) the cash portion of "straight-line" rent expense which exceeds the amount expensed in respect of such rent expense shall be included, (iii) the non-cash amortization of tenant allowances shall be excluded, (iv) cash received from landlords for tenant allowances shall be included and (v) to the extent not already included in Net Income, the cash portion of sublease rentals received shall be included (for the avoidance of doubt, the net effect of the adjustments in this clause (20) shall be to compute rent expense and rental income on a cash basis for purposes of determining Consolidated Net Income); and

(21) any other costs, expenses or charges resulting from facility, branch, office or business unit closures or sales, including income (or losses) from such closures or sales, shall be excluded.

To the extent not already accounted for in the Consolidated Net Income of such Person and its Restricted Subsidiaries, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall include reimbursements of any expenses and charges that are covered by indemnification or other reimbursement provisions in connection with any Permitted Investment or any sale, conveyance, transfer or other disposition of assets permitted hereunder.

Notwithstanding the foregoing, for the purpose of the covenant described under *"— Certain Covenants — Limitation on Restricted Payments"* only (other than clauses (c)(5) and (6) of the first paragraph thereof), there shall be excluded from Consolidated Net Income any income arising from any sale or other disposition of Restricted Investments made by the Issuer and its Restricted Subsidiaries, any repurchases and redemptions of Restricted Investments from the Issuer and its Restricted Subsidiaries, any repayments of loans and advances which constitute Restricted Investments by the Issuer or any of its Restricted Subsidiaries, any sale of the stock of an Unrestricted Subsidiary or any distribution or dividend from an Unrestricted Subsidiary, in each case, only to the extent such amounts increase the amount of Restricted Payments permitted under such covenant pursuant to clauses (c)(5) and (6) of the first paragraph thereof.

"**Consolidated Non-cash Charges**" means, with respect to any specified Person for any period, the aggregate depreciation, amortization (including, without duplication, amortization of intangibles, amortization of Capitalized Software Expenditures, deferred financing fees, debt issuance costs, commissions, fees and expenses, expensing of any bridge, commitment or other financing fees, the non-cash portion of interest expense resulting from the reduction in the carrying value under purchase accounting of outstanding Indebtedness and commissions, discounts, yield and other fees and charges but excluding amortization of prepaid cash expenses that were paid in a prior period), non-cash impairment, non-cash compensation, non-cash rent and other non-cash expenses of such Person and its Restricted Subsidiaries reducing Consolidated Net Income for such period on a consolidated basis and otherwise determined in accordance with IFRS; *provided* that if any non-cash charges referred to in this definition represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from EBITDA in such future period to such extent paid, but excluding from this proviso, for the avoidance of doubt, amortization of a prepaid cash item that was paid in a prior period.

"**Consolidated Senior Secured Debt Ratio**" as of any date of determination means the ratio of (1)(x) Consolidated Total Indebtedness for borrowed money of the Issuer and its Restricted Subsidiaries that is secured by a Lien on the Collateral on a basis *pari passu* with or senior to the Liens that secure the notes minus (y) the aggregate amount of cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries determined on a consolidated basis as reflected on the balance sheet in accordance with IFRS minus (z) Excluded Transaction Debt, in each case of clauses (x) and (y) as of the most recent fiscal period for which internal financial statements are available immediately preceding the date on which such event for which such calculation is being made shall occur to (2) the EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such event for which such calculation is being made shall occur, in each case, with such *pro forma* adjustments to Consolidated Total Indebtedness, cash and Cash Equivalents and EBITDA as are appropriate and consistent with the provisions described under "*— Certain Covenants — Financial Calculations*" and the *pro forma* adjustment provisions set forth in the definition of "Fixed Charge Coverage Ratio" (except that for the purposes of determining the amount of Consolidated Total Indebtedness pursuant to clause (1) of this definition, the amount of revolving Indebtedness under the Credit Agreement and any other revolving credit facility shall be computed based upon the period ending value of such Indebtedness during the applicable period).

For the purposes of calculating the Consolidated Senior Secured Debt Ratio, the Issuer may elect, at the time of Incurrence of Indebtedness pursuant to this definition to (A) give *pro forma* effect to the Incurrence of the entire committed amount of such Indebtedness, in which case such committed amount may thereafter be borrowed or reborrowed, in whole or in part, from time to time, without further compliance with the Consolidated Senior Secured Debt Ratio component of any provision hereunder, or (B) give *pro forma* effect to the Incurrence of the actual amount drawn under such revolving Indebtedness, in which case the ability to Incur the amounts committed under such Indebtedness will be subject to the Consolidated Senior Secured Debt Ratio (to the extent being Incurred pursuant to such ratio) at the time of each such Incurrence.

"**Consolidated Total Debt Ratio**" as of any date of determination means the ratio of (1)(x) Consolidated Total Indebtedness for borrowed money of the Issuer and its Restricted Subsidiaries minus (y) the aggregate amount of cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries determined on a consolidated basis as reflected on the balance sheet in accordance with IFRS minus (z) Excluded Transaction Debt, in each case of clauses (x) and (y) as of the most recent fiscal period for which internal financial statements are available immediately preceding the date on which such event for which such calculation is being made shall occur to (2) the EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such event for which such calculation is being made shall occur, in each case, with such *pro forma* adjustments to Consolidated Total Indebtedness, cash and Cash Equivalents and EBITDA as are appropriate and consistent with the provisions described under *"— Certain Covenants — Financial Calculations*" and the *pro forma* adjustment provisions set forth in the definition of "Consolidated Senior Secured Debt Ratio."

"**Consolidated Total Indebtedness**" means, with respect to any specified Person as of any date of determination, the aggregate principal amount of Indebtedness of the Issuer and its Restricted Subsidiaries outstanding on such date, determined on a consolidated basis, to the extent required to be recorded on a balance sheet in accordance with IFRS, consisting of Indebtedness for borrowed money (and excluding, for the avoidance of doubt, undrawn letters of credit, bank guarantees or performance bonds issued or relating to liabilities not for borrowed money, Hedging Obligations and Subordinated Shareholder Debt).

"**Contingent Obligations**" means, with respect to any specified Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness ("**primary obligations**") of any other Person (the "**primary obligor**") in any manner, whether directly or indirectly, 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 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.

"**Contribution Indebtedness**" means Indebtedness of the Issuer or any Restricted Subsidiary in an aggregate principal amount not greater than 100% of the aggregate amount of net cash proceeds received by the Issuer and its Restricted Subsidiaries from the issue or sale of Equity Interests of the Issuer or any Parent or cash contributions (other than Excluded Contributions or Excluded Amounts) made to the capital of Issuer or in the form of Subordinated Shareholder Debt or that becomes part of the capital of the Issuer through consolidation, amalgamation or merger achieved through the issuance of, or in exchange for, Equity Interests or Subordinated Shareholder Debt of the Issuer or any direct or indirect parent entity of the Issuer, in each case, after the Issue Date; *provided* such amount at any time may be increased by the amount of Restricted Payments that may be made under the covenant described in "*— Limitation on Restricted Payments*" at such time (and the amount of Restricted Payments that may be made under the covenant described in "*— Limitation on Restricted Payments*" shall be decreased by an equivalent amount); *provided*, *further*, that (without prejudice to the rights of the Issuer and the Restricted Subsidiaries, including the right to divide and/or classify and/or reclassify as described in "*— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*") such Contribution Indebtedness is so designated as Contribution Indebtedness pursuant to an Officer's Certificate on the Incurrence date thereof.

"**Credit Agreement**" means (1) the super senior revolving facilities agreement to be entered into on or about the Issue Date by, among others, the Issuer and certain Subsidiaries of the Issuer as borrowers and guarantors, the financial institutions named therein, Barclays Bank Ireland PLC, as agent and The Law Debenture Trust Corporation p.l.c. as security agent, prior to or in connection with the Transactions, including any related notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case, as amended, supplemented, modified, extended, replaced, renewed, restated, refunded, restructured, increased or refinanced in whole or in part from time to time, including (unless designated by the Issuer to not be included in the definition of "Credit Agreement") any replacement, refunding or refinancing facility, agreement, indenture or debt facility that increases the amount borrowable or issuable thereunder or alters the maturity thereof or adds entities as additional borrowers, issuers or guarantors thereunder and whether by the same or any other agent, lender, group of lenders, or otherwise; and (2) whether or not the credit agreement referred to in clause (1) remains outstanding, if designated by the Issuer to be included in the definition of Credit Agreement, one or more additional Debt Facilities.

"**Debt Facilities**" means one or more credit facilities, debt facilities, loan agreements, indentures, financing trust deeds, commercial paper facilities, overdraft facilities, note purchase agreements or other financing arrangements (including, without limitation, the Credit Agreement), in each case with banks, lenders, purchasers, funds, investors, trustees, agents or other representatives of any of the foregoing, providing for revolving credit loans, term loans, capital market financings, securitizations or receivable financings, capital leases, letters of credit or other borrowings or other extensions of credit, including convertible or exchangeable debt instruments, any related notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, replacements, renewals, restatements, refundings, restructurings, increases or refinancings thereof in whole or in part from time to time, including any replacement, refunding or refinancing facility, agreement or indenture that increases the amount borrowable or issuable thereunder or alters the maturity thereof or adds entities as additional borrowers, issuers or guarantors thereunder or otherwise alters the terms and conditions thereof and whether by the same or any other agent, lender, group of lenders or otherwise.

"**Default**" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"**Designated Non-cash Consideration**" means the Fair Market Value of non-cash consideration received by the Issuer or any one of the Restricted Subsidiaries of the Issuer in connection with an Asset Sale that is so designated as Designated Non-cash Consideration by the Issuer, less the amount of Cash Equivalents received in connection with a subsequent payment, redemption, retirement, sale or other disposition of or collection on 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 — Assets Sales*."

"**Designated Preferred Stock**" means Preferred Stock of the Issuer or any direct or indirect parent of the Issuer, as applicable (other than Disqualified Stock), that is issued for cash (other than to the Issuer or any of the Subsidiaries or an employee stock ownership plan or trust established by the Issuer or any of the Subsidiaries) and is so designated as Designated Preferred Stock by the Issuer, the cash proceeds of which are excluded from the calculation set forth in clause (c) 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 of the Issuer having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Issuer shall not be deemed to have such a financial interest solely by reason of such member's holding Capital Stock of the Issuer or a parent entity of the Issuer or any options, warrants or other rights in respect of such Capital Stock.

"**Disqualified Stock**" means, with respect to any specified Person, any Capital Stock of such Person that, by its terms (or by the terms of any security into which it is convertible or for which it is redeemable or exchangeable, in each case at the option of the holder thereof), or upon the happening of any event:

(1) matures or is mandatorily redeemable (other than as a result of a change of control or asset sale) for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Issuer or a Restricted Subsidiary); or

(3) is redeemable at the option of the holder thereof (other than as a result of a change of control or asset sale), in whole or in part,

in each case prior to 91 days after the earlier of the maturity date of the notes or the date the notes are no longer outstanding; *provided, however*, that only the portion of Capital Stock that 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 shall be deemed to be Disqualified Stock; *provided, further, however*, that if such Capital Stock is issued to any plan for the benefit of employees of the Issuer or the Subsidiaries or by any such plan to such employees, 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 or regulatory obligations; *provided, further, however* that any Capital Stock held by any future, current or former employee, director, manager or consultant (or their respective trusts, estates, investment funds, investment vehicles or immediate family members), of the Issuer, any of its Subsidiaries, any of its direct or indirect parent companies 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), in each case pursuant to any stockholders' agreement, management equity plan, stock option plan or any other management or employee benefit plan or agreement shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries; and *provided, further, however*, that any class of Capital Stock of such Person that by its terms authorizes such Person to satisfy its obligations thereunder by delivery of Capital Stock that is not Disqualified Stock shall not be deemed to be Disqualified Stock.

"**EBITDA**" means, with respect to any specified 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 or capital, including, without limitation, state, franchise and similar taxes and foreign withholding taxes of such Person paid or accrued during such period deducted (and not added back) in computing Consolidated Net Income, including an amount equal to the amount of tax distributions actually made to the holders of Capital

Stock of such Person or any direct or indirect parent of such Person in respect of such period in accordance with clause (12) of the second paragraph under "— *Certain Covenants — Limitation on Restricted Payments*," which shall be included as though such amounts had been paid as income taxes directly by such Person; *plus*

(b) consolidated Fixed Charges of such Person for such period (including (x) bank fees and (y) costs of surety bonds in connection with financing activities, in each case to the extent included in Fixed Charges), together with items excluded from the definition of "Consolidated Interest Expense" pursuant to clauses (1)(i) through (vii) thereof, in each case, to the extent the same was deducted (and not added back) in calculating such Consolidated Net Income; *plus*

(c) Consolidated Non-cash Charges of such Person for such period to the extent such non-cash charges were deducted (and not added back) in computing Consolidated Net Income; *plus*

(d) (i) any expenses (including without limitation legal and professional expenses) or charges (other than depreciation or amortization expense) related to any Equity Offering, Investment, acquisition, New Project, disposition, recapitalization or the Incurrence, modification, redemption, retirement or repayment of Indebtedness permitted to be Incurred by the Indenture, including a refinancing thereof and any amendment or modification to the terms of any such transaction (whether or not successful), including such fees, expenses or charges related to the Transactions, in each case, deducted (and not added back) in computing Consolidated Net Income and (ii) any payments (A) pursuant to any Management Agreement or (B) for any other financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including, without limitation, in connection with acquisitions or divestitures, in each case to the extent permitted under the covenant "— *Certain Covenants — Transactions with Affiliates*;" *plus*

(e) the amount of any business optimization expense and other restructuring charge, reserve or expense (which, for the avoidance of doubt, shall include, without limitation, the effect of inventory and equipment optimization programs, facility, branch, office or business unit closures, facility, branch, office, business unit, data center, warehouse or distribution center relocations or consolidations, unused warehouse, facility or store space costs, retention, severance, expansion, systems design, implementation or establishment costs, contract acquisition or termination costs, future lease commitments and excess pension charges) and Pre-Opening Expenses, in each case, deducted (and not added back) in such period in computing Consolidated Net Income, including any one-time costs Incurred in connection with acquisitions after the Issue Date and costs related to the closure and/or consolidation of facilities; *plus*

(f) any other non-cash charges, including any write offs or write downs, reducing Consolidated Net Income for such period (*provided* that if any such non-cash charges represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from EBITDA to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period); *plus*

(g) the amount of cost savings, operating expense reductions and synergies that are expected (in good faith) to be realized as a result of actions taken or expected to be taken after the date of any acquisition, disposition, divestiture, restructuring or the implementation of a cost savings or other similar initiative, as applicable (calculated on a *pro forma* basis as though such cost savings, operating expense reductions and synergies had been realized on the first day of such period as if such cost savings, operating expense reductions and synergies were realized during the entirety of such period), net of the amount of actual benefits realized during such period from such actions; *provided* that (A) such cost savings, operating expense reductions and synergies are expected to be realized as a result of actions taken or expected to be taken within 24 months after the consummation of the acquisition, disposition, restructuring or the implementation of an initiative, as applicable, which is expected to result in cost savings, operating expense reductions or synergies, (B) such cost savings, operating expense reductions and synergies shall not exceed 25.0% of EBITDA for the applicable four quarter period (calculated prior to giving effect to such capped adjustments (but, for the avoidance of doubt, after giving effect to other uncapped adjustments)); *provided that*, for any period ending on or prior to December 31, 2022 and solely for purposes of calculating the 25.0% under this clause (B), EBITDA shall not be deemed less than Adjusted Pro Forma EBITDA (as defined in this Offering Memorandum) for the twelve months ended September 30, 2021 and (C) no cost savings, operating expenses, reductions or synergies shall be added pursuant to this paragraph to the extent duplicative of any expenses or charges otherwise added to EBITDA, whether through a *pro forma* adjustment or otherwise, for such period (which adjustments may be incremental to *pro forma* adjustments made pursuant to the second paragraph of the definition of "Fixed Charge Coverage Ratio"); *plus*

(h) expected cost savings, operating expense reductions 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) within 24 months after the Issue Date (which adjustments may be incremental to *pro forma* adjustments made pursuant to the second paragraph of the definition of "Fixed Charge Coverage Ratio"); *plus*

(i) the amount of loss or discount in connection with a Permitted Securitization Financing, including amortization of loan origination costs and amortization of portfolio discounts, to the extent deducted (and not added back) in computing Consolidated Net Income; *plus*

(j) the tax effect of any items excluded from the calculation of Consolidated Net Income pursuant to clauses (1), (2), (3) and (7) of the definition thereof; *plus*

(k) adjustments and add-backs of the nature used in connection with the calculation of "Adjusted Pro Forma EBITDA" (as defined elsewhere in this Offering Memorandum) for the *pro forma* twelve months ended September 30, 2021 included in the final Offering Memorandum related to the notes offered hereby; *plus*

(l) 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*

(m) with respect to any joint venture that is not a Subsidiary and solely to the extent relating to any net income referred to in clause (6) of the definition of "Consolidated Net Income," an amount equal to the proportion of those items described in clauses (a) and (b) 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 Subsidiary); *plus*

(n) any net loss (or minus any gain) of such Person resulting from currency exchange risk Hedging Obligations to the extent added or deducted in computing Consolidated Net Income; *plus*

(o) any fines, penalties or similar amounts charged to the income statement for such period relating to regulators or authorities or pursuant to court orders, judgments or decisions; *plus*

(p) the amount of any loss attributable to a New Project, until the date that is 12 months after the date of completing the construction, acquisition, assembling, remodeling, refurbishment, modernization, expansion, relocation or creation of such New Project, as the case may be; *provided* that (a) such losses are reasonably identifiable and factually supportable and certified by a responsible financial or accounting officer of the Issuer and (b) losses attributable to such New Project after 12 months from the date of completing such construction, acquisition, assembling, remodeling, refurbishment, modernization, expansion, relocation or creation, as the case may be, shall not be included in this clause (p); *plus*

(q) non-operating expenses to the extent deducted (and not added back) in calculating Consolidated Net Income; *plus*

(r) costs associated with commencing Public Company Compliance to the extent deducted (and not added back) in calculating Consolidated Net Income; *plus*

(s) any costs or expense incurred 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, in each case, to the extent deducted (and not added back) in calculating Consolidated Net Income; and

(2) decreased by (without duplication) non-cash gains increasing Consolidated Net Income of such Person for such period (other than any non-cash gains increasing Consolidated Net Income pursuant to clause (1) through (21) of the definition of Consolidated Net Income), excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced EBITDA in any prior period.

For the purposes of determining "EBITDA," the calculation shall be made on a *pro forma* basis consistent with the basis for calculating the Fixed Charge Coverage Ratio.

"**Equity Interests**" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"**Equity Offering**" means any public or private sale after the Issue Date of common Capital Stock or Preferred Stock of the Issuer or any IPO Entity or Parent, as applicable (other than Disqualified Stock), other than:

(1) public offerings with respect to such Person's common stock registered on Form S-4 or Form S-8;

(2) issuances to any Subsidiary of the Issuer; and

(3) any such public or private sale that constitutes an Excluded Contribution.

Notwithstanding the foregoing, an Equity Offering hereunder shall include the acquisition, purchase, business combination, merger, amalgamation or consolidation of the Issuer or any direct or indirect parent of the Issuer by, with or into a person that has, or whose direct or indirect parent has, previously consummated a public Equity Offering (as defined herein but replacing the Issuer with such person or parent) and is a public company at the applicable time.

"**Escrow Longstop Date**" refers to July 4, 2022.

"**Escrowed Proceeds**" means the proceeds from the offering or issuance of any debt securities, loan facilities or other Indebtedness paid into an escrow account with an 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. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"**euro**" or "**€**" means the single currency unit of the Participating Member States.

"**European Government Obligations**" means any security that is (1) a direct obligation of the United Kingdom or any member state of the European Union as of the Issue Date, so long as European Government Obligations issued, or unconditionally guaranteed by the governments of such jurisdictions do not have a rating of "BBB" or higher from S&P or "Baa3" or higher from Moody's, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Excluded Contributions**" means the net cash proceeds and Cash Equivalents or Fair Market Value of assets or property received by or contributed to the Issuer or the Guarantors after the Issue Date (other than amounts provided by or contributed to the Issuer or a Guarantor from or by the Issuer or a Restricted Subsidiary) from:

(1) contributions to its common or preferred equity capital or in the form of Subordinated Shareholder Debt; and

(2) the issuance or sale (other than to the Issuer or a Restricted Subsidiary or management equity plan or stock option plan or any other management or employee benefit plan or agreement) of Equity Interests (other than Refunding Capital Stock, Disqualified Stock and Designated Preferred Stock) of the Issuer or any Parent,

in each case, designated as Excluded Contributions by the Issuer, the proceeds of which are excluded from the calculation set forth in clause (c) of the first paragraph of "*— Certain Covenants — Limitation on Restricted Payments*."

"**Excluded Subsidiary**" means any Subsidiary that is:

(1) a non-Wholly Owned Subsidiary;

(2) a joint venture;

(3) a captive insurance company;

(4) a not-for-profit Subsidiary;

(5) a Special Purpose Securitization Subsidiary;

(6) an Unrestricted Subsidiary;

(7) an Immaterial Subsidiary; or

(8) a Subsidiary incorporated in a jurisdiction which is not a Security Jurisdiction.

"**Excluded Transaction Debt**" means, collectively, the aggregate principal amount of all Indebtedness incurred under the Credit Agreement in connection with the Transactions and consisting of, or incurred to fund the payment of, any original issue discount or upfront fees, costs, taxes or expenses in respect of the Indebtedness under the Credit Agreement and/or the notes.

"**Existing Joint Ventures**" means any joint venture of the Issuer or any of its Restricted Subsidiaries, in each case on the Issue Date.

"**Fair Market Value**" means, with respect to any Investment, asset, property or transaction, the price which could be negotiated in an arm's length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction (as determined in good faith by the Issuer), which, in the case of an Asset Sale, Restricted Payment or Investment shall be determined either, at the option of the Issuer, at the time of the Asset Sale, Restricted Payment or Investment or as of the date of the definitive agreement with respect to such Asset Sale, Restricted Payment or Investment, and without giving effect to any subsequent change in value.

"**Fitch**" means Fitch Ratings Inc. or any successor to the rating agency business thereof.

"**Fixed Charge Coverage Ratio**" means, with respect to any specified Person for any period, the ratio of the EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, retires, extinguishes, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (for the purposes of this definition, the "**Calculation Date**"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer) to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, retirement, extinguishment, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided, however*, that the *pro forma* calculation shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the definition of Permitted Debt or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds of Indebtedness incurred pursuant to the provisions described in the definition of Permitted Debt; *provided*, *further*, that the amount of Indebtedness outstanding under any revolving credit facility shall, for the purposes of calculating Consolidated Interest Expense, be determined based on the average daily balance outstanding during such period. 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 deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuer may designate.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) dispositions, consolidations, acquisitions and other Investments, operational changes, business realignment projects, cost saving initiatives or other initiatives, New Projects, restructurings, reorganizations, capital expenditures, constructions, repairs, replacements, improvements, equipment optimization programs or Irrevocable Repayments that have been made or implemented or determined to be made or implemented by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers, consolidations, amalgamations, fixed assets, plant or facility integration, opening, expansion, relocation, remodeling, or modernization or otherwise, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer) as if they (and the change of any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period, and if since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any Restricted Subsidiary since the beginning of such period shall have made or determined to make any dispositions, consolidations, acquisitions and other Investments, operational changes, business realignment projects or initiatives, restructurings, reorganizations or Irrevocable Repayments 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 dispositions, consolidations, acquisitions and other Investments, discontinued operations, operational changes, business realignment projects, cost saving initiatives or other initiatives, New Projects, restructurings, reorganizations, capital expenditures, constructions, repairs, replacements, improvements, equipment optimization programs or Irrevocable Repayments had occurred (or such operational or cost savings had been realized) at the beginning of the applicable four-quarter period;

(2) if, since the beginning of such period, a transfer of shares of, or other transaction has occurred or is contractually committed with respect to, the Issuer or any Restricted Subsidiary, that constitutes an event that is contemplated by the definition of "Specified Change of Control Event" (any such transaction, a "Specified Change of Control Transaction"), and solely for the purpose of making the determination pursuant to "Specified Change of Control Event," EBITDA for such period shall be calculated after giving *pro forma* effect thereto (including anticipated synergies and expenses and cost savings expected to be obtained from the Specified Change of Control Transaction) as if such Specified Change of Control Transaction (including such synergies and expenses and cost savings) had occurred on the first day of such period;

(3) the EBITDA attributable to discontinued operations, as determined in good faith by a responsible accounting or financial officer, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(4) the Fixed Charges attributable to discontinued operations, as determined in good faith by a responsible accounting or financial officer, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(5) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(6) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period;

(7) if any Indebtedness bears a floating rate of interest and such Indebtedness is to be given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness); and

(8) interest on a Capitalized Lease Obligation will be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the specified Person to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS.

For the purposes of this definition and the definitions of EBITDA, Fixed Charges and Consolidated Net Income, calculations will be as determined in good faith by a responsible financial or chief accounting officer (including in respect of anticipated cost savings and synergies) as though the full effect of synergies and cost savings were realized on the first day of the relevant period and shall also include the reasonably anticipated full run rate cost savings effect (as calculated in good faith by a responsible financial or chief accounting officer) of cost savings programs and synergies that have been initiated by the Issuer or its Restricted Subsidiaries as though such cost savings programs and synergies had been fully implemented on the first day of the relevant period. Any such *pro forma* calculation may include adjustments appropriate, in the reasonable good faith determination of the Issuer, to reflect (1) all adjustments of the nature used in connection with the calculation of "Adjusted Pro Forma EBITDA" (as defined elsewhere in this Offering Memorandum) for the *pro forma* twelve months ended September 30, 2021 included in this Offering Memorandum and (2) anticipated run-rate EBITDA reasonably expected to be achieved (in the good faith determination of the Issuer) from New Projects (and the achievement of related operating expense reductions and other operating improvements, synergies or cost savings associated therewith) so long as such New Project is then under development or is otherwise in process.

"**Fixed Charges**" means, with respect to any specified Person for any period, the sum of:

(1) Consolidated Interest Expense of such Person for such period; and

(2) all cash dividend payments (excluding items eliminated in consolidation) on any series of Preferred Stock or Disqualified Stock of such Person and its Restricted Subsidiaries.

"**Fixed IFRS Date**" means the Issue Date; *provided* that at any time after the Issue Date, the Issuer may by written notice to the Trustee elect to change the Fixed IFRS Date, and upon such notice, the Fixed IFRS Date shall be, at the election of the Issuer, either the first day of the fiscal quarter in which such notice is delivered or the first day of the fiscal quarter beginning after delivery of such notice, and for all periods thereafter.

"**Fixed IFRS Terms**" means (a) the definitions of the terms "Capitalized Lease Obligation," "Consolidated Interest Expense," "Consolidated Net Income," "Consolidated Senior Secured Debt Ratio," "Consolidated Total Debt Ratio," "Consolidated Total Indebtedness," "EBITDA" and "Indebtedness," (b) all defined terms in the Indenture to the extent used in or relating to any of the foregoing definitions, and all ratios and computations based on any of the foregoing definitions, and (c) any other term or provision of the Indenture or the notes that, at the Issuer's election, may be specified by the Issuer by written notice to the Trustee from time to time.

"**guarantee**" means, as to any specified Person, a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness of another Person. The amount of any guarantee shall be deemed to be an amount equal to the stated or determinable amount of the Indebtedness in respect of which such guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith.

"**Guarantee**" means a guarantee of the notes pursuant to the Indenture.

"**Guarantor**" means any Person that Incurs a Guarantee; *provided* that upon the release or discharge of such Person from its Guarantee in accordance with the Indenture, such Person ceases to be a Guarantor.

"**Hedging Obligations**" means, with respect to any specified Person, the obligations of such Person from time to time under:

(1) currency exchange, interest rate or commodity Swap Agreements, currency exchange, interest rate or commodity cap, floor or ceiling agreements and currency exchange, interest rate or commodity collar agreements; and

(2) other agreements or arrangements designed to manage or protect such Person against fluctuations in currency exchange, interest rates or commodity prices.

"**Holder**" or "**holder**" or "**noteholder**" means the Person in whose name a note is registered on the Registrar's books, which shall initially be the respective nominee of Clearstream and Euroclear.

"**IFRS**" means International Financial Reporting Standards (formerly International Accounting Standards) as adopted by the European Union as in effect on the Fixed IFRS Date (for purposes of Fixed IFRS Terms) and as in effect from time to time (for all other purposes of the Indenture); *provided*, that at any date after the Issue Date the Issuer may make an election to establish that IFRS shall mean IFRS as in effect on a date that is on or prior to the date of such election; *provided*, *further*, that, at any time after adoption of either IFRS as issued by the International Accounting Standards Board or U.S. GAAP by the Issuer (or the relevant Reporting Entity) for its financial statements and reports for financial reporting purposes, the Issuer (or the relevant Reporting Entity) may elect to apply IFRS as issued by the International Accounting Standards Board or U.S. GAAP, as applicable, for all purposes of the Indenture, and, upon any such election, references in the Indenture to IFRS shall be construed to mean IFRS as issued by the International Accounting Standards Board or U.S. GAAP, as applicable, as in effect on the date of such election and thereafter from time to time; *provided* that (1) all financial statements and reports required to be provided after such election pursuant to the Indenture shall be prepared on the basis of IFRS as issued by the International Accounting Standards Board or U.S. GAAP, (2) from and after such election, all ratios, computations, calculations and other determinations based on IFRS contained in the Indenture shall be computed in conformity with IFRS as issued by the International Accounting Standards Board or U.S. GAAP, as applicable, with retroactive effect being given thereto assuming that such election had been made on the Issue Date, (3) such election shall not have the effect of rendering invalid any payment or Investment made prior to the date of such election pursuant to the covenant described under "*— Certain Covenants — Limitation on Restricted Payments*" or any Incurrence of Indebtedness or Liens Incurred prior to the date of such election pursuant to the covenant described under "*— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" (or any other action conditioned on the Issuer and the Restricted Subsidiaries having been able to Incur €1.00 of additional Indebtedness) or "*— Certain Covenants — Liens*" if such payment, Investment, Incurrence or other action was valid under the Indenture on the date made, Incurred or taken, as the case may be and (4) all accounting terms and references in the Indenture to accounting standards shall be deemed to be references to the most comparable terms or standards under IFRS as issued by the International Accounting Standards Board or U.S. GAAP, as applicable. The Issuer shall give written notice of any election to the Trustee and the holders of notes within 15 days of such election.

For the avoidance of doubt, (i) solely making an election (without any other action) referred to in this definition will not be treated as an Incurrence of Indebtedness or Liens, and (ii) nothing herein shall prevent the Issuer, any Restricted Subsidiary or Reporting Entity from adopting or changing its functional or reporting currency in accordance with IFRS, IFRS as issued by the International Accounting Standards Board or U.S. GAAP, as applicable; *provided* that such adoption or change shall not have the effect of rendering invalid any payment or Investment made prior to the date of such election pursuant to the covenant described under "*— Certain Covenants — Limitation on Restricted Payments*" or any Incurrence of Indebtedness or Liens Incurred prior to the date of such adoption or change pursuant to the covenant described under "*— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" or "*— Certain Covenants — Liens*" (or any other action conditioned on the Issuer and the Restricted

Subsidiaries having been able to Incur €1.00 of additional Indebtedness) if such payment, Investment, Incurrence or other action was valid under the Indenture on the date made, Incurred or taken, as the case may be.

"**Immaterial Subsidiary**" means any Subsidiary (other than a Significant Subsidiary) that (i) did not, as of the last day of the fiscal quarter of the Issuer most recently ended, have assets with a value in excess of 5.0% of the Total Assets or revenues representing in excess of 5.0% of total revenues of the Issuer and the Restricted Subsidiaries on a consolidated basis as of such date and (ii) taken together with all other Immaterial Subsidiaries, as of the last day of the fiscal quarter of the Issuer most recently ended, did not have assets with a value in excess of 10.0% of the Total Assets or revenues representing in excess of 10.0% of total revenues of the Issuer and the Restricted Subsidiaries on a consolidated basis as of such date.

"**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), the estates of such individual and such other individuals above 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, with respect to any Indebtedness, issue, assume, guarantee, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time it becomes a Restricted Subsidiary (subject to the provisions described under "— *Financial Calculations*"). The terms "**Incurred**" and "**Incurrence**" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"**Indebtedness**" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of any indebtedness of such Person, whether or not contingent, (a) in respect of borrowed money, (b) evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers' acceptances (or, without duplication, reimbursement agreements in respect thereof), (c) representing the deferred and unpaid purchase price of any property, asset or business, which purchase price is due more than twelve months after the date of placing the property in service or taking delivery or title thereto, except (i) any such balance that constitutes a trade payable, accrued expense or similar obligation to a trade creditor, (ii) any acquisition earn out obligations and (iii) liabilities accrued in the ordinary course of business or consistent with past practice, (d) in respect of Capitalized Lease Obligations, or (e) representing any Hedging Obligations, other than Hedging Obligations that are Incurred in the normal course of business and not for speculative purposes, and that do not increase the Indebtedness of the obligor outstanding at any time other than as a result of fluctuations in interest rates, commodity prices or foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder, if and to the extent that any of the foregoing indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability on a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with IFRS; *provided* that Indebtedness of any Parent appearing upon the balance sheet of the Issuer solely by reason of push-down accounting under IFRS shall be excluded;

(2) to the extent not otherwise included, any obligation of such Person to be liable for, or to pay, as obligor, guarantor or otherwise, on the obligations described in clause (1) of another Person (other than by endorsement of negotiable instruments for collection in the ordinary course of business or consistent with past practice or industry norm); and

(3) to the extent not otherwise included, obligations described in clause (1) of another Person secured by a Lien on any asset owned by such Person (whether or not such Indebtedness is assumed by such Person); *provided*, *however*, that the amount of such Indebtedness will be the lesser of (a) the Fair Market Value of such asset at such date of determination, and (b) the principal amount of such Indebtedness of such other Person;

provided that (a) Contingent Obligations Incurred in the ordinary course of business or consistent with past practice, (b) obligations under or in respect of Permitted Securitization Financings and factoring or similar arrangements which are non-recourse to the relevant Restricted Subsidiary except to the extent customary for such type of factoring or similar arrangements and for Standard Securitization Undertakings, (c) Obligations associated with workers' compensation claims, post-employment benefits and pension plans, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes, (d) [reserved], (e) in connection with the purchase by the Issuer or its Restricted Subsidiaries of any business, post-closing payment adjustments to which the seller may be entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing until 30 days after any such obligation becomes contractually due and payable, (f) deferred or prepaid revenues, (g) any Capital Stock (other than Disqualified Stock) and Subordinated Shareholder Debt, (h) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller, (i) premiums payable to, and advance commissions or claims payments from, insurance companies, (j) any asset retirement obligations, (k) obligations of such Person for the reimbursement of any obligor on any letter of credit or bank guarantee, bankers' acceptance, performance bond, advance payment bond, surety bond, completion or performance guarantee or similar transactions (to the extent that such letters, bonds, guarantees or similar credit transactions are not drawn upon, *provided* that, if any to the extent drawn upon, such obligations shall not be considered the incurrence of indebtedness if such obligation is satisfied within 30 days of incurrence), (l) (x) all intercompany liabilities having a term not exceeding 364 days (inclusive of any roll-over or extensions of terms) and made in the ordinary course of business or consistent with past practice or industry norm and (y) intercompany liabilities in connection with cash management, tax and accounting operations of the Issuer and its Restricted Subsidiaries, and (m) obligations in respect of Third Party Funds, shall (in each case) not constitute Indebtedness.

For the avoidance of doubt and notwithstanding the above, the term "Indebtedness" excludes any accrued expenses or trade payables.

"**Independent Financial Advisor**" means an accounting, appraisal or investment banking firm or consultant, in each case of internationally or nationally recognized standing that is, in the good faith determination of the Issuer, qualified to perform the task for which it has been engaged.

"**Initial Public Offering**" means an Equity Offering of common stock or other equity interests of the Issuer, any IPO Entity, or any parent or any successor of the Issuer or any Parent following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of such person are listed on an internationally recognized exchange or traded on an internationally recognized market. Notwithstanding the foregoing, an Initial Public Offering hereunder shall include the merger of the Issuer or any Parent into a person that has previously consummated a Public Offering and is a public company at the applicable time.

"**Initial Purchasers**" means the initial purchasers listed in this Offering Memorandum under "*Plan of Distribution*."

"**Intercreditor Agreement**" means the intercreditor agreement to be dated on or about the Issue Date, between, among others, the Issuer, the administrative agent under the Credit Agreement, the Trustee and the Security Agent, as amended from time to time. See "*Description of Certain Financing and Guarantee Agreements — Intercreditor Agreement*."

"**Investment Grade Rating**" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, or an equivalent rating by any other Rating Agency.

"**Investment Grade Securities**" means:

(1) securities issued or directly and fully guaranteed or insured by the U.S., Canadian, the United Kingdom, any country that is a member of the European Union or Switzerland government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities that have an Investment Grade Rating;

(3) investments in any fund that invests at least 95% of its assets in investments of the type described in clauses (1) and (2) which fund may also hold immaterial amounts of cash pending investment and/or distribution; and

(4) corresponding instruments in countries other than the United States customarily utilized for high quality investments.

"**Investments**" means, with respect to any specified Person, all investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees of loans), advances or capital contributions (excluding bank deposits, accounts receivable, trade credit, advances or extensions of credit to customers and vendors, commission, credit card, travel and similar advances to officers, directors, employees and consultants and any prepayments and other credits to suppliers or customers made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person and investments that are required by IFRS to be classified on the balance sheet of (excluding the footnotes) of such Person in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property. For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under "*— Certain Covenants — Limitation on Restricted Payments*":

(1) "Investments" shall include the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the Fair Market Value of the net assets of a Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided, however,* that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

    (a) Issuer's "Investment" in such Subsidiary at the time of such redesignation; *less*

    (b) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer, in each case as determined in good faith by the Issuer.

For the avoidance of doubt, a guarantee by the Issuer or a Restricted Subsidiary of the obligations of another Person (the "**primary obligor**") shall not be deemed to be an Investment by the Issuer or such Restricted Subsidiary in the primary obligor to the extent that such obligations of the primary obligor are in favor of the Issuer or any Restricted Subsidiary, and in no event shall a guarantee of a lease or other business contract of the Issuer or any Restricted Subsidiary be deemed an Investment.

"**IPO Event**" means the occurrence of an Initial Public Offering or a Listing.

"**IPO Market Capitalization**" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"**IPO Pushdown**" means the transactions and arrangements contemplated by "*— Certain Covenants — IPO Pushdown*."

"**Irrevocable Repayment**" means any repayment, repurchase or refinancing of Indebtedness with respect to which an irrevocable notice of repayment (or similar irrevocable notice) has been delivered.

"**Issue Date**" means December 14, 2021.

"**Italian Civil Code**" means the Italian civil code, enacted by Royal Decree No. 262 of March 16, 1942, as subsequently amended and supplemented.

"**Lien**" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or similar encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement or any lease in the nature thereof); *provided* that in no event shall an operating lease or an agreement to sell be deemed to constitute a Lien.

“**Listing**” means a listing of all or any part of the share capital of the Issuer or any Subsidiary or IPO Entity or Parent on a recognized investment exchange (as that term is used in the Financial Services and Markets Act 2000) or any other sale or issue by way of flotation or public offering in relation to the Issuer or any such Subsidiary or Parent in any jurisdiction or country.

“**Management Advances**” means loans, guarantees or advances made to or for the benefit of, or guarantees with respect to Indebtedness of or loans or advances made to or for the benefit of future, present or former directors, officers, managers, employees or consultants of any the Issuer or any Restricted Subsidiary or any Parent (i) pursuant to management and employee contracts or in respect of travel, entertaining, tax, payroll, benefits or moving and other expenses or similar expenses incurred in the ordinary course of business or consistent with past practice or industry practice or in connection with any closing or consolidation of any facility or office; (ii) for the purpose of funding any such Person’s purchase of Equity Interests or Subordinated Shareholder Debt (or similar obligations) in the Issuer or any Restricted Subsidiary or any Parent with the approval of the Board of Directors, including for the purchase of equity interests or indebtedness or pursuant to a management or employee equity or incentive plan, share option plan, unit trust, or other benefit plan or arrangement, and (iii) other loans, guarantees and advances to officers, directors, employees and consultants in an aggregate principal net amount not to exceed, at any one time outstanding, the greater of (x) €6 million and (y) 5% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of determination.

“**Management Agreement**” means one or more management services agreements, as in effect on the Issue Date between the Issuer or any of its Affiliates and the Sponsors and any other beneficial owner in the equity in the Issuer or any Parent as of the Issue Date, or a successor agreement between the Issuer or any of its Affiliates and such parties, as may be amended, supplemented or otherwise modified from time to time; *provided* that such amendments, supplements or modifications are not materially adverse to the noteholders taken as a whole as determined in good faith by the Issuer.

“**Management Group**” means the group consisting of the directors, executive officers and other management personnel of the Issuer or any Restricted Subsidiary or any Parent, as the case may be, on the Issue Date or on the Closing Date after giving effect to the Transactions together with (1) any new directors whose election by such boards of directors or whose nomination for election by the shareholders of the Issuer or any Parent, as applicable, was approved by a vote of a majority of the directors of the Issuer or any Parent, as applicable, then still in office who were either directors on the Issue Date after giving effect to the Transactions or whose election or nomination was previously so approved and (2) executive officers and other management personnel of the Issuer or any Parent, as applicable, hired at a time when the directors on the Issue Date after giving effect to the Transactions together with the directors so approved constituted a majority of the directors of the Issuer or any Parent, as applicable.

“**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 Restricted Payment 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 Restricted Payment.

“**Merger**” means the merger pursuant to Article 2501-bis of the Italian Civil Code of the Issuer and RdM, with MergerCo being the surviving entity, as described under “*Summary — The Transactions*” in this Offering Memorandum.

“**Merger Condition Precedent Documents**” means (1) an excerpt issued by the competent registry of companies (*registro delle imprese*), showing that the deed of merger (*atto di fusione*) relating to the Merger has been duly filed with and recorded into the same registry; and (2) a certified true copy (*copia autenticata*) of the shareholders resolutions passed by each of Rimini BidCo S.p.A. and RdM to approve the Merger, showing that the Merger will be effective (*efficace*) as from the date referred to under Article 2504-bis, second paragraph, first sentence, of the Italian Civil Code.

“**MergerCo**” means the entity resulting from the Merger.

“**Moody’s**” means Moody’s Investors Service, Inc. or any successor to the rating agency business thereof.

"**MTO Completion**" means the completion of the MTO, being the latest of (i) expiration and settlement of the MTO Subscription Period; (ii) expiration and settlement of the Sell Out Procedure, if applicable; and (iii) expiration and settlement of the Squeeze Out Procedure, if applicable.

"**Net Cash Proceeds**" means the aggregate cash proceeds and Fair Market Value of any other Cash Equivalents received by the Issuer or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash or other Cash Equivalents received in respect of or upon the sale or other disposition of any Designated Non-cash Consideration received in any Asset Sale and any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received, but excluding the assumption by the acquiring Person of Indebtedness relating to the disposed assets or other consideration received in any other non-cash form), net of (i) the direct costs relating to such Asset Sale and the sale or disposition of such Designated Non-cash Consideration (including, without limitation, legal, accounting and investment banking fees, payments made in order to obtain a necessary consent or required by law and brokerage and sales commissions), (ii) any relocation expenses Incurred as a result thereof, taxes paid or payable as a result thereof, including any payments to any Parent (after taking into account any available tax credits or deductions and any tax sharing arrangements related thereto), (iii) amounts required to be applied to the repayment of principal, premium (if any) and interest on Indebtedness required (other than pursuant to the second paragraph of the covenant described under "— *Certain Covenants — Asset Sales*") to be paid as a result of such transaction, (iv) any deduction of appropriate amounts to be provided by the Issuer or any of its Restricted Subsidiaries as a reserve in accordance with IFRS against any liabilities associated with the asset disposed of in such transaction and retained by the Issuer or any of its Restricted Subsidiaries after such sale or other disposition thereof, including, without limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction, and (v) all distributions and other payments required to be made to minority interest holders (other than the Issuer or any Restricted Subsidiary) in Subsidiaries or joint ventures as a result of such Asset Sale.

"**Net Income**" means, with respect to any specified Person, the net income (loss) attributable to such Person, determined in accordance with IFRS and before any reduction in respect of Preferred Stock dividends.

"**New Project**" means (x) each business, activity, production facility, jurisdiction, plant, facility, branch, office, business unit, data center, warehouse or distribution center which is either a new business, activity, production facility, jurisdiction, plant, facility, branch, office, business unit, data center, warehouse or distribution center or an expansion, relocation, remodeling, refurbishment or substantial modernization of an existing business, activity, production facility, jurisdiction, plant, facility, branch, office, business unit, data center, warehouse or distribution center operated by the Issuer or the Restricted Subsidiaries and (y) each creation (in one or a series of related transactions) of a business unit, store, product line or service offering or each expansion (in one or series of related transactions) of business into a new market or consumer base or through a new distribution method or channel, in each case, which is under development or otherwise in process.

"**Obligations**" means any principal, interest, penalties, fees, indemnifications, reimbursements (including, without limitation, reimbursement obligations with respect to letters of credit and bankers' acceptances), damages and other liabilities payable under the documentation governing any Indebtedness.

"**Officer**" means the Chairman of the Board, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, President, any Executive Vice President, Senior Vice President, Vice President or Assistant Vice President, the Controller, the Treasurer, the Assistant Treasurer or the Secretary of the relevant Person or any member of the Board of Directors or other individual designated as an "Officer" for purposes of the Indenture by the Board of Directors, as applicable.

"**Officer's Certificate**" means a certificate signed by an Officer.

"**Opinion of Counsel**" means an opinion from legal counsel which is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer or any Affiliate of the Issuer.

"**Parent**" means any Person of which the Issuer at any time is or becomes a Subsidiary and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"**Parent Expenses**" means:

(1) costs (including all professional fees and expenses) Incurred by or in respect of any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to indebtedness, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) director and employee remuneration, employee benefit and pension expenses and customary indemnification obligations of any Person owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to such Person or the Issuer and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to such Person or the Issuer and its Subsidiaries;

(4) general corporate overheads, fees, costs, taxes and expenses, including (a) professional and advisory fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries, (b) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, of the Issuer and its Restricted Subsidiaries by any Parent and/or (c) subsistence, establishment, administration and regulatory fees and costs;

(5) (A) other fees, taxes, expenses and costs payable in connection with the Transactions or (B) fees, taxes, expenses and costs relating directly or indirectly to activities or management of the Issuer and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Transactions or an IPO Event or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Debt of the Issuer, (x) in respect of underwriting, commitment, arrangement or other fees, costs or expenses, including any listing fees, incurred in connection with an IPO Event or (y) in an amount not to exceed in any fiscal year the greater of (A) €2.5 million and (B) 2% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation;

(6) [reserved];

(7) any non-cash dividends for the purposes of effecting tax efficiencies of the Issuer and its Restricted Subsidiaries and any Parent and other transactions undertaken in good faith (as certified by a responsible financial or accounting officer in an Officers' Certificate) for the purpose of improving the consolidated tax efficiency of the Issuer and its Subsidiaries and not for the purpose of circumventing any covenant set forth in the Indenture, any payment pursuant to the Tax Sharing Agreement or other tax payment which is permitted pursuant to the Indenture, and any income taxes to the extent attributable to the income of the Issuer and its Restricted Subsidiaries and, to the extent of the amount actually received in cash from Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries;

(8) expenses Incurred by any Parent in connection with any IPO Event or Public Offering or other sale of Capital Stock or indebtedness (whether or not successful); and

(9) amounts to finance Investments that would otherwise be permitted to be made pursuant to the covenant described above under "— *Certain Covenants — Limitation on Restricted Payments*" if made by the Issuer or a Restricted Subsidiary; *provided*, that (A) such Restricted Payment shall be made substantially concurrently with the closing of such Investment, (B) such Parent shall, immediately following the closing thereof, cause (1) all property acquired (whether assets or Capital Stock) to be contributed to the capital of the Issuer or one of its Restricted Subsidiaries or (2) the merger, consolidation or amalgamation of the Person formed or acquired into the Issuer or one of its Restricted Subsidiaries in order to consummate such Investment, (C) such Parent 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, (D) any property received by the Issuer or a Restricted Subsidiary shall not increase amounts available for Restricted Payments pursuant to clause (c) of the first paragraph of the covenant described under "— *Certain Covenants — Limitation on Restricted Payments*" and (E) such Investment shall be deemed to be made by the Issuer or such Restricted Subsidiary pursuant to a provision of the covenant described under "— *Certain Covenants — Limitation on Restricted Payments*" or pursuant to the definition of "Permitted Investments."

"**Pari Passu Indebtedness**" means: (a) with respect to the Issuer, the notes and any Indebtedness which ranks *pari passu* in right of payment to the notes; and (b) with respect to any Guarantor, its Guarantee and any Indebtedness which ranks *pari passu* in right of payment to such Guarantor's Guarantee.

"**Participating Member State**" means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"**Paying Agent**" means an office or agency maintained by the Issuer pursuant to the terms of the Indenture, where notes may be presented for payment.

"**Permitted Asset Swap**" means the substantially concurrent purchase and sale or exchange of Related Business Assets or a combination of Related Business Assets and cash or Cash Equivalents between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "— *Certain Covenants — Asset Sales*."

"**Permitted Collateral Liens**" means any of the following Liens (including on the Collateral):

(A) that are "Permitted Liens" other than "Permitted Liens" described in clauses (6), (18), (25), (26), (43) and (50) of the definition thereof;

(B) to secure Indebtedness or other obligations of the Issuer or a Restricted Subsidiary that are permitted to be Incurred under clauses (a) (which Indebtedness may have priority in respect of the proceeds from the enforcement of the Collateral on terms not materially less favorable to the holders of the notes than those contained in the Intercreditor Agreement or any Additional Intercreditor Agreement), (b) (other than any additional notes), (d). (i), (k), (l) (in the case of (l), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (n)(i), (p), (s) (but, in the case of Acquired Indebtedness, covering only the shares and assets of the acquired Person the Indebtedness of which is so secured), (t) or (x) of the second paragraph of the covenant described under "— *Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" and any Refinancing Indebtedness in respect of such Indebtedness; *provided, however*, that such Lien will not give an entitlement to be repaid with proceeds of enforcement of the Collateral in a manner which is inconsistent with the Intercreditor Agreement and any Additional Intercreditor Agreement, as applicable; *provided, further*, that Liens securing Indebtedness under clauses (i) or (n)(i) of the second paragraph of the covenant described under "— *Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" may have priority in respect of the proceeds from the enforcement of the Collateral on terms not materially less favorable to the holders of the notes than those contained in the Intercreditor Agreement or any Additional Intercreditor Agreement;

(C) securing Indebtedness incurred under the first paragraph of the covenant described under "— *Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" and any Refinancing Indebtedness in respect of such Indebtedness; *provided, however*, that such Lien will not give an entitlement to be repaid with proceeds of enforcement of the Collateral in a manner which is inconsistent with the Intercreditor Agreement and any Additional

Intercreditor Agreement, as applicable and Refinancing Indebtedness Incurred in respect of Indebtedness that was secured on a basis junior to the notes must also be secured on a basis that is junior to the notes;

(D) that secure Indebtedness on a basis junior to the notes, or which is given in respect of Indebtedness which is, subordinated to the notes under the Intercreditor Agreement; *provided* that the holders of such Indebtedness (or their representative) accede to the Intercreditor Agreement or an Additional Intercreditor Agreement giving effect to such priority; and

(E) that secures obligations that do not exceed at any one time outstanding the greater of (x) €18 million and (y) 15% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the time of determination.

provided that the secured parties (whether acting directly or through a respective creditor representative) to any Indebtedness referred to in clause (B) or (C) above, or any Refinancing Indebtedness thereof which, in each case is secured by Liens on the Collateral, will enter into the Intercreditor Agreement or an Additional Intercreditor Agreement to the extent required therein.

"**Permitted Combination**" means any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving the Issuer and any company that has common Capital Stock listed on a recognised stock exchange in which such public company becomes a Successor Company in a transaction that is not prohibited by the covenant described under "*— Merger, Consolidation or Sale of All or Substantially All Assets*" after the Issue Date; *provided* that:

(1) the Successor Company conducts no business or activities other than any such business or activity as would constitute a Permitted Holding Company Activity;

(2) the Successor Company directly owns 100% of the outstanding Capital Stock and other ownership interests of an entity ("**Opco**") which, in turns, shall own, directly or indirectly, the entire business of the Successor Company;

(3) the Successor Company shall grant Liens over the shares of such Opco substantially equivalent to the Liens over the shares of the Issuer in effect prior to such Permitted Combination (the "**New Share Pledge**"); and

(4) the New Share Pledge shall be subject to the same protections, including as to releases, that are applicable with respect to the pledge of shares of the Issuer in effect prior to such Permitted Combination.

"**Permitted Holders**" means, at any time, each of (i) the Sponsors, (ii) the Management Group, (iii) any Person that, directly or indirectly, holds or acquires 100% of the total voting power of the Voting Stock of the Issuer, and of which no other Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), other than any of the other Permitted Holders, holds more than 50% of the total voting power of the Voting Stock thereof, and any New Parent and its subsidiaries, (iv) any Person who is acting solely as an underwriter in connection with an Equity Offering, acting in such capacity and (v) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision) the members of which include any of the Permitted Holders specified in clauses (i), (ii), (iii) and (iv) above and that, directly or indirectly, hold or acquire beneficial ownership of the Voting Stock of the Issuer or a Permitted Holder specified in clause (iii) above (a "**Permitted Holder Group**"), so long as no Person or other "group" (other than Permitted Holders specified in clauses (i), (ii), (iii) and (iv) above) beneficially owns more than 50% on a fully diluted basis of the Voting Stock held by the Permitted Holder Group. Any Person or group whose acquisition of beneficial ownership constitutes (i) a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture or (ii) a Change of Control which is also a Specified Change of Control Event will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"**Permitted Holding Company Activity**" means:

(1) the entry into and performance of rights and obligations under and in connection with the Transactions and the Transaction Documents;

(2) holding shares and other debt and equity interests in Subsidiaries and the subscription for debt or equity in and the making of capital contributions to Subsidiaries;

(3) ownership of cash, Cash Equivalents, Investment Grade Securities and Designated Non-cash Consideration;

(4) the Incurrence of and liabilities and obligations in respect of Indebtedness, Investments and Liens not otherwise prohibited by the Indenture (including in respect of Permitted Investments and Permitted Liens) and activities reasonably incidental thereto (including, without limitation, the entry into and performance of the terms and conditions of, and any obligations under, any document in connection therewith);

(5) administrative, managerial, legal, treasury and accounting services, arrangements with shareholders and the employment and secondment of employees, including the entry into and performance of any employee incentive or benefit arrangements, the fulfilment of any audit, financial monitoring or reporting requirements, services agreements, tax consolidation agreements or arrangements, and any activities or requirements in connection with an IPO Event, and activities reasonably incidental to such services and arrangements (including entering into contracts with employees) and the ownership of assets necessary to provide such services as well as other holding company activities in the ordinary course of business;

(6) carrying out any transaction permitted or not otherwise prohibited by the Indenture, including the making or receipt of any payment, distribution or Investment permitted or not prohibited by the covenant described under "— *Limitation on Restricted Payments*" and any transaction permitted under the covenant described under "— *Merger, Consolidation or Sale of All or Substantially All Assets*" or under "— *Certain Covenants — Asset Sales*" or pursuant to an IPO Pushdown;

(7) owning, leasing, managing or operating any properties or assets related to administration, employees and functions incidental to its existence or properties and assets related to the business or operations as a holding company or as permitted by the other paragraphs of this definition;

(8) the incurrence and payment of any fees, costs, expenses and taxes relating to the activities of or services provided to or duties of the Issuer and any Restricted Subsidiaries (including, without limitation, overhead costs, management costs, filling fees, audit costs, taxes and other ordinary course fees, costs and expenses);

(9) other transactions, activities and arrangements related or reasonably incidental to the establishment and/or maintenance of its or the Issuer's or any Restricted Subsidiary's corporate existence (including the provision of holding company, corporate or performance guarantees) and otherwise consistent with the activities of a holding company and activities reasonably incidental thereto;

(10) the performance of obligations and exercise of rights under contracts or arrangements with any Parent, Permitted Holder or direct or indirect shareholder entered into in compliance with the Indenture;

(11) entry into, performance of and incurrence of liabilities under any Intercreditor Agreement and Additional Intercreditor Agreement and the Security Documents or any Permitted Lien or Permitted Collateral Lien or Liens in accordance with the covenant described under "— *Limitation on Liens*;"

(12) the issuance, offering, sale and listing of Capital Stock (including in a Public Offering) and conducting activities related or reasonably incidental to any IPO Event, including the maintenance of any listing of equity issued by any IPO Entity;

(13) the entry into and performance of any Tax Sharing Agreement, the making and receipt of Parent Expenses and any other transaction, activities and arrangements contemplated by the covenant described under "— *Limitation on Affiliate Transactions*;"

(14) Incurring or having assets, rights and/or liabilities under documents governing any Subordinated

Shareholder Debt, or other documents entered into pursuant to, or assets, rights and liabilities incurred in connection with, any new equity or Subordinated Shareholder Debt, or to facilitate the making of any such Investment; and

(15) other transactions, activities and arrangements consistent with the above or not specifically set out above that are de minimis in nature.

"**Permitted Investments**" means:

(1) any Investment in the Issuer (including the notes) or any Restricted Subsidiary;

(2) any Investment in Cash Equivalents or Investment Grade Securities;

(3) (x) any Investment by the Issuer or any Restricted Subsidiary of the Issuer in a Person if as a result of such Investment (a) such Person becomes a Restricted Subsidiary of the Issuer, or (b) such Person, in one transaction or a series of related transactions, is merged, consolidated or amalgamated with or into, or transfers or conveys all or substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary of the Issuer and (y) any Investment held by such Person; *provided* that such Investment was not acquired by such Person in contemplation of such acquisition, merger, consolidation or transfer;

(4) any Investment in securities or other assets, including earnouts, not constituting Cash Equivalents or Investment Grade Securities and received in connection with an Asset Sale made pursuant to the provisions of "*— Certain Covenants — Asset Sales*" or any other disposition of assets not constituting an Asset Sale;

(5) any Investment (x) existing on the Issue Date, (y) made pursuant to binding commitments or joint venture arrangements in effect on the Issue Date (including pursuant to or in lieu of the exercise of options, put and call arrangements, rights of first refusal and similar rights relating to interests and Investments in Existing Joint Ventures) and (z) that replaces, refinances, refunds, renews or extends any Investment described under either of the immediately preceding clauses (x) or (y); *provided* that any such Investment is in an amount that does not exceed the amount replaced, refinanced, refunded, renewed or extended except to the extent required by the terms of such Investment on the Issue Date;

(6) Management Advances;

(7) any Investment acquired by the Issuer or any of its Restricted Subsidiaries (a) consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business or consistent with past practice or industry norm, (b) in exchange for any other Investment or accounts receivable, or deposit held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the Issuer of such other Investment or accounts receivable or deposit (including any trade creditor or customer), (c) in good faith settlement of delinquent obligations of, and other disputes with Persons who are not Affiliates, (d) in satisfaction of judgments against Persons or (e) as a result of a foreclosure by the Issuer or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(8) Hedging Obligations permitted under clause (i) of the second paragraph under "*— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*;"

(9) any Investments by the Issuer or any of its Restricted Subsidiaries having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (9) that are at the time outstanding, not to exceed the greater of (x) €48 million and (y) 40% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding 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 an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, repurchases, redemptions, income

and similar amounts) actually received in respect of any such Investment; *provided*, *however*, that if any Investment pursuant to this clause (9) 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 clause (1) above and shall cease to have been made pursuant to this clause (9) for so long as such Person continues to be the Issuer or a Restricted Subsidiary;

(10) any purchase or other acquisition for value of Equity Interests of the Issuer or any direct or indirect parent company thereof under compensation plans approved by the Board of Directors in good faith and loans and advances in relation thereto;

(11) Investments the payment for which consists of, or is financed with the proceeds of the sale or issuance of, Equity Interests or Subordinated Shareholder Debt of the Issuer (other than Disqualified Stock) or any Parent, as applicable; *provided, however,* that such Equity Interests or Subordinated Shareholder Debt will not increase the amount available for Restricted Payments under clause (c) of the first paragraph of the covenant described under "— *Certain Covenants — Limitation on Restricted Payments*;"

(12) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with the provisions of the second paragraph of the covenant described under "— *Certain Covenants — Transactions with Affiliates*" (except transactions described in clauses (2), (5), (9)(b) and (23) of such paragraph);

(13) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;

(14) guarantees issued in accordance with the covenants described under "— *Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" and "— *Certain Covenants — Future Guarantors*," including (without limitation) any guarantee or other obligation issued or incurred in connection with any letter of credit or bank guarantee issued for the account of the Issuer or any Restricted Subsidiary (including with respect to the issuance of, or payment in respect of drawings under, such letter of credit or bank guarantee);

(15) Investments (including, without limitation, repurchases, tenders and other transactions) in respect of the Credit Agreement and the notes;

(16) Investments consisting of or to finance purchases and acquisitions and related guarantees of inventory, supplies, materials, energy, services and equipment (including without limitation prepayments to suppliers in the ordinary course of business) or purchases of contract rights or licenses or leases or contributions of intellectual property, in each case in the ordinary course of business;

(17) guarantees and counter-indemnities to landlords and in favor of financial institutions which have guaranteed rent obligations of the Issuer or any of its Restricted Subsidiaries and guarantees and counter-indemnities for the lease obligations of suppliers, customers, franchisees and licensees, in each case, in the ordinary course of business;

(18) Investments consisting of Securitization Assets or arising as a result of, or in connection with, Permitted Securitization Financings, including Investments of funds held in accounts permitted or required by the *arrangements* governing a Permitted Securitization Financing or any related Indebtedness and Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business;

(19) Investments resulting from the receipt of non-cash consideration in an Asset Sale received in compliance with the covenant described under "— *Certain Covenants — Asset Sales*;"

(20) (x) Investments in joint ventures in an aggregate amount not to exceed the greater of €48 million and 40% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding 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 an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, repurchases, redemptions, income and similar amounts) actually received in respect of any such Investment and (y) Investments in Similar Businesses in an aggregate amount not to exceed the greater of €42 million and 35% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding 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 an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, repurchases, redemptions, income and similar amounts) actually received in respect of any such Investment; *provided*, *however*, that if any Investment pursuant to this clause (20) is made in any Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (20) for so long as such Person continues to be a Restricted Subsidiary;

(21) Investments of a Restricted Subsidiary acquired after the Issue Date or of an entity merged into or consolidated with the Issuer or a Restricted Subsidiary in a transaction that is not prohibited by the covenant described under "— *Merger, Consolidation or Sale of All or Substantially All Assets*" after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation;

(22) advances in the form of a prepayment of expenses, so long as such expenses are being paid in accordance with customary trade terms of the Issuer or its Restricted Subsidiaries;

(23) any Investment in any Subsidiary of the Issuer or any joint venture or Existing Joint Venture, in connection with cash management arrangements or related activities arising in the ordinary course of business or consistent with past practice or industry norm;

(24) Investments in or constituting Bank Products;

(25) advances, loans, rebates and extensions of credit (including the creation of receivables) to suppliers, customers and vendors, and advance payment made and deferred consideration and performance guarantees, in each case in the ordinary course of business or consistent with past practice or industry norm;

(26) Investments in the ordinary course of business or consistent with past practice or industry norm consisting of Uniform Commercial Code Article 3 endorsements for collection or deposit and Uniform Commercial Code Article 4 customary trade arrangements with customers;

(27) customary indemnities and warranties contained in mandate, engagement and commitment letters, financing arrangements, facility agreements and purchase agreements;

(28) the acquisition of assets or Capital Stock solely in exchange for the issuance of common equity securities of the Issuer or a Restricted Subsidiary;

(29) comfort letters, keepwells and similar arrangements;

(30) any Investment required to be made by mandatory provision of law or regulation;

(31) other Investments, so long as the Consolidated Total Debt Ratio of the Issuer and its Restricted Subsidiaries on a consolidated basis is no greater than 3.15 to 1.00, determined on a *pro forma* basis for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of such Investments; and

(32) guarantees, indemnities and other Investments given or entered into pursuant to or in connection with the Private Acquisition or the MTO.

"**Permitted Liens**" means, with respect to any specified Person:

(1) (i) pledges or deposits and other Liens granted by such Person in the ordinary course of business or in connection with workmen's compensation laws, health, disability or other employee benefits, payroll, taxes, employment or unemployment insurance and other types of social security laws or similar legislation, employee source deductions, goods and services taxes, sales taxes, municipal taxes, corporate taxes and pension fund obligations, or good faith deposits, prepayments or cash pledges to secure bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, performance and return of money bonds and other similar obligations Incurred in the ordinary course of business, or deposits to secure public or statutory obligations of such Person or deposits of cash or government bonds to secure surety, stay, customs or appeal bonds or statutory bonds to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case Incurred in the ordinary course of business and (ii) pledges and deposits in the ordinary course of business securing liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance to the Issuer or any Restricted Subsidiary;

(2) Liens imposed or arising by operation of law, regulation, court order, judgment, attachment, injunction, security for costs, legal process or contract of similar effect, such as landlords', carriers', warehousemen's, materialmen's, repairmen's, construction contractors' and mechanics' and other like Liens in each case for sums not overdue for a period of more than 30 days or that are bonded or being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review if appropriate reserves required pursuant to IFRS have been made in respect thereof;

(3) Liens for Taxes, assessments or other governmental charges (i) not overdue for more than 60 days or (ii) which are being contested in good faith by appropriate proceedings if appropriate reserves required pursuant to IFRS have been made in respect thereof or (iii) that are immaterial to the Issuer and its Restricted Subsidiaries taken as a whole;

(4) Liens (i) in favor of issuers of performance, surety, bid, indemnity, warranty, release, appeal or similar bonds or with respect to other regulatory requirements, or letters of credit or bankers' acceptances issued, and completion guarantees provided for, in each case pursuant to the request of and for the account of such Person or other obligations of a similar nature Incurred in the ordinary course of its business or (ii) over goods and documents of title to goods arising in the ordinary course of letter of credit transactions entered into in the ordinary course of business or consistent with past practice or industry norm;

(5) minor survey exceptions, minor encumbrances, leases, protrusions, easements or reservations of, or rights of others for, licenses, rights-of-way, servitudes, sewers, electric lines, drains, telegraph and telephone and cable television lines, and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, 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 such Person or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person or consistent with past practice or industry norm;

(6) (a) Liens on assets of a Subsidiary that is not a Subsidiary Guarantor securing Indebtedness of a Subsidiary that is not a Subsidiary Guarantor permitted to be Incurred pursuant to the covenant described under "— *Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*;" and (b) Liens Incurred to secure Obligations in respect of Indebtedness permitted to be Incurred pursuant to clauses (d) or (k) of the second paragraph of the covenant described under "— *Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*;"

(7) Liens existing on the Issue Date and any replacement, extension, continuation or renewal thereof and Liens incurred in connection with any Refinancing Indebtedness in replacement of any such

Liens on substantially the same assets (and any refinancing thereof); provided that any Liens securing Indebtedness that is repaid and terminated after giving pro forma effect to the use of proceeds of the notes as described in this Offering Memorandum shall be extinguished no later than sixty (60) days after the Closing Date;

(8) Liens on assets, property or shares of stock of a Person at the time such Person becomes a Subsidiary (including Liens created, incurred or assumed in connection with or in contemplation of such acquisition or transaction); *provided, however,* that such Liens may not extend to any other property owned by the Issuer or any Restricted Subsidiary (other than pursuant to after-acquired property clauses in effect with respect to such Lien at the time of acquisition on property of the type that would have been subject to such Lien notwithstanding the occurrence of such acquisition);

(9) Liens on assets or on property at the time the Issuer or a Restricted Subsidiary of the Issuer acquired the assets or property, including any acquisition by means of a merger or consolidation with or into the Issuer or any Restricted Subsidiary of the Issuer (including Liens created, incurred or assumed in connection with or in contemplation of such acquisition or transaction); *provided, however,* that such Liens may not extend to any other assets or property owned by the Issuer or any Restricted Subsidiary (other than pursuant to after-acquired property clauses in effect with respect to such Lien at the time of acquisition on property of the type that would have been subject to such Lien notwithstanding the occurrence of such acquisition);

(10) Liens securing Indebtedness or other obligations of the Issuer or a Restricted Subsidiary owing to the Issuer or a Restricted Subsidiary permitted to be Incurred in accordance with the covenant described under *"— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*;"

(11) Liens securing Hedging Obligations and any payment or close out netting or set-off arrangement as part of such Hedging Obligations;

(12) Liens on inventory or other goods and proceeds of any Person securing such Person's obligations in respect of documentary letters of credit, bank guarantees or bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(13) leases, licenses, subleases and sublicenses of assets (including, without limitation, real property and intellectual property rights) in the ordinary course of business, consistent with past practice or industry norm or which do not materially interfere with the ordinary conduct of the business of the Issuer or any of its Restricted Subsidiaries (including rights granted to lessees related to quiet enjoyment and purchase rights at the end of such leasing arrangement);

(14) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases, consignments or other obligations not constituting Indebtedness entered into by the Issuer and/or its Restricted Subsidiaries in the ordinary course of business or purported Liens evidenced by the filing of precautionary Uniform Commercial Code financing statements or similar public filings;

(15) Liens in favor of the Issuer or any Restricted Subsidiary, as well as any related security interest over such Liens granted in favor of the Security Agent for the benefit of the secured parties;

(16) Liens in respect of Permitted Securitization Financings that extend only to the assets subject thereto and Liens on the Equity Interests of Special Purpose Securitization Subsidiaries and Liens Incurred to secure obligations in respect of Indebtedness of the type permitted to be Incurred pursuant to clause (r)(ii) of the second paragraph of the covenant described under *"— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*," and Standard Securitization Undertakings;

(17) pledges and deposits and other Liens made in the ordinary course of business to secure liability to insurance carriers under insurance or self-insurance arrangements;

(18) Liens on the Equity Interests and Indebtedness of Unrestricted Subsidiaries, Existing Joint Ventures and joint ventures that are not Restricted Subsidiaries;

(19) grants of software and other technology licenses in the ordinary course of business;

(20) judgment and attachment Liens not giving rise to an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(21) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(22) Liens in respect of Bank Products or to implement cash pooling arrangements or arising under the general terms and conditions of banks with whom the Issuer or any Restricted Subsidiary maintains a banking relationship or to secure cash management and other banking services, netting and set-off arrangements, and encumbrances over credit balances on bank accounts to facilitate operation of such bank accounts on a cash-pooled and net balance basis (including any ancillary facility under any Credit Agreement or other accommodation comprising of more than one account) and Liens of the Issuer or any Restricted Subsidiary under the general terms and conditions of banks and financial institutions;

(23) Liens on equipment of the Issuer or any Restricted Subsidiary granted in the ordinary course of business to the Issuer's or such Restricted Subsidiary's client at which such equipment is located;

(24) Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancings, refundings, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Permitted Lien; *provided, however,* that (x) such new Lien shall be limited to all or part of the same property (including any after acquired property to the extent it would have been subject to the original Lien) that secured the original Lien (plus proceeds or products of such property, improvements on such property, customary security deposits and any other assets pursuant to after-acquired property clauses to the extent such assets secured (or would have secured) the Indebtedness being refinanced, refunded, extended, renewed or replaced), and (y) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount or, if greater, committed amount of the Indebtedness at the time the original Lien became a Permitted Lien under the Indenture, and (B) an amount necessary to pay accrued and unpaid interest and any fees, costs and expenses, including any premium and defeasance costs, related to such refinancing, refunding, extension, renewal or replacement;

(25) Liens securing obligations which obligations do not exceed the greater of (x) €60 million and (y) 50% of EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the time of determination at any one time outstanding;

(26) Liens securing Indebtedness permitted to be Incurred pursuant to clause (a) or (dd) of the second paragraph of the covenant described under "— *Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*;"

(27) Liens on and in relation to receivables, accounts receivable and related assets (including proceeds thereof being sold in factoring arrangements entered into in the ordinary course of business) or pursuant to any factoring, securitization or receivables financing arrangement permitted to be Incurred by the Indenture;

(28) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooling, deposit or sweep accounts of the Issuer or any of its Restricted Subsidiaries to permit satisfaction of overdraft or similar obligations Incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(29) Liens encumbering 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 and not for speculative purposes;

(30) Liens deemed to exist in connection with Investments in repurchase agreements permitted under "— *Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*;" *provided* that such Liens do not extend to any assets other than those assets that are the subject of such repurchase agreement;

(31) restrictions on dispositions of assets to be disposed of pursuant to merger agreements, stock or asset purchase agreements and similar agreements;

(32) customary options, put and call arrangements, rights of first refusal and similar rights relating to interests and Investments in joint ventures, partnerships and similar investment vehicles;

(33) any amounts held by a trustee in the funds and accounts under an indenture securing any revenue bonds issued for the benefit of the Issuer or any Restricted Subsidiary;

(34) Liens (i) in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business or (ii) on specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances or letters of credit issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods in the ordinary course of business;

(35) Liens (i) of a collection bank arising under Section 4-210 of the Uniform Commercial Code (or similar filings in other applicable jurisdictions) on items in the course of collection; (ii) attaching to a commodity trading account in the ordinary course of business; and (iii) in favor of a banking or other financial institution arising as a matter of law or under customary general terms and conditions encumbering deposits or other funds maintained with a financial institution (including the right of set-off, bankers' Liens or similar rights and remedies as to deposit and other accounts) and which are within the general parameters customary in the banking industry (including, without limitation, any Lien arising by entering into standard banking arrangements);

(36) Liens solely on any money deposits made in connection with any letter of intent or purchase agreement in connection with an Investment permitted hereunder;

(37) customary Liens on and in respect of deposits required in connection with the purchase of property, equipment and inventory, in each case Incurred in the ordinary course of business;

(38) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness; *provided* that such defeasance, discharge or redemption is permitted hereunder;

(39) 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;

(40) Liens given to a public utility or any municipality or governmental authority when required by such utility or authority in connection with the operations of the Issuer or a Restricted Subsidiary in the ordinary course of business; *provided* that such Liens do not materially interfere with the operations of the Issuer and its Restricted Subsidiaries, taken as a whole;

(41) Liens arising out of or deemed to exist in connection with any financing transaction of the type described in clause (l) of the definition of "Asset Sale;"

(42) Liens securing the notes and the Guarantees and any proceeds loans (including the Proceeds Loan) related thereto;

(43) Permitted Collateral Liens;

(44) escrow arrangements and Liens over and in respect of amounts paid into or standing in an escrow,

cash collateral or deposit account by any third party or the Issuer or any of its Restricted Subsidiaries and Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(45) intercreditor arrangements and agreements to subordinate any interest of the Issuer or any Restricted Subsidiary;

(46) Liens securing insurance premium financing arrangements; *provided* that such Liens are limited to the applicable unearned insurance premiums;

(47) Liens (i) in favor of credit card companies pursuant to agreements therewith and (ii) in favor of customers;

(48) in the case of real property that constitutes a leasehold interest, any Lien to which the fee simple or freehold interest (or any superior leasehold interest) is subject;

(49) Liens (i) on inventory held by and granted to a local distribution company in the ordinary course of business and (ii) in accounts purchased and collected by and granted to a local distribution company that has agreed to make payments to the Issuer or any of its Restricted Subsidiaries for such amounts in the ordinary course of business;

(50) Liens in respect of Third Party Funds; and

(51) Liens arising under clause 24 or 25 of the general banking conditions *(algemene bankvoorwaarden)* of any member of the Dutch Banking Association.

"**Permitted Parent Reorganization**" means any transaction resulting in a new direct holder of the Capital Stock of the Issuer ("**New Holdco**") and the transfer of the Capital Stock or receivables, as applicable, of the Issuer held by TopCo to New Holdco; *provided* that (1) New Holdco shall be a person organized and existing under a Permitted Jurisdiction; (2) New Holdco will acquire the Capital Stock or receivables, as applicable, of the Issuer held by TopCo, (3) New Holdco shall have entered into (A) a confirmation deed or similar instrument confirming or creating (as applicable) the first-ranking pledge of such Capital Stock and receivables, as applicable, in favor of the holders of the notes and assuming all relevant obligations of TopCo under any Security Document, (B) if applicable, an accession deed or similar instrument assuming all relevant obligations of TopCo under the Intercreditor Agreement, (C) a Security Document granting, if relevant, a first-priority pledge over any intercompany receivables payable by the Issuer to New Holdco, (D) the Issuer will provide to the Trustee and the Security Agent an Officer's Certificate confirming that no Default is continuing or would arise as a result of such Permitted Parent Reorganization and (E) the Issuer will provide to the Trustee a certificate from the Board of Directors of New Holdco which confirms the solvency of New Holdco after giving effect to the Permitted Parent Reorganization. Upon such Permitted Parent Reorganization, TopCo shall be released from its obligations under the Notes Documents.

"**Permitted Securitization Documents**" means all documents and agreements evidencing, relating to or otherwise governing a Permitted Securitization Financing.

"**Permitted Securitization Financing**" means (A) one or more transactions pursuant to which (i) Securitization Assets or interests therein are sold or transferred to or financed by one or more Special Purpose Securitization Subsidiaries, and (ii) such Special Purpose Securitization Subsidiaries finance (or refinance) their acquisition of such Securitization Assets or interests therein, or the financing thereof, by selling or borrowing against Securitization Assets and any Hedging Obligations or hedging agreements entered into in connection with such Securitization Assets or (B) one or more transactions pursuant to which Securitization Assets or interests therein are sold or otherwise transferred by the Issuer, a Restricted Subsidiary or a Special Purpose Securitization Subsidiary in the form of factoring agreements or other similar transactions customary with respect to Securitization Assets.

"**Person**" means any natural person, corporation, limited partnership, general partnership, limited liability company, limited liability partnership, joint venture, association, joint stock company, trust, bank trust company, land trust, business trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"**Pre-Opening Expenses**" means, with respect to any fiscal period, the amount of expenses (other than interest expense) incurred that are classified as "pre-opening rent," "opening costs" or "pre-opening expenses" (or any similar or equivalent caption).

"**Preferred Stock**" means any Equity Interest with preferential right of payment of dividends or upon liquidation, dissolution, or winding up.

"**Private Acquisition Closing Date**" means October 26, 2021.

"**Proceeds Loan**" means the loan to be made on or as soon as reasonably practicable after the Closing Date by the Issuer to RdM with a portion of the proceeds of the offering of the notes, as described in this Offering Memorandum under "*Summary — The Transactions*," as amended, accreted or partially repaid from time to time.

"**Public Company Compliance**" means compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith, the provisions of the Securities Act and the Exchange Act, and the rules of national securities exchange listed companies (in each case, as applicable to companies with equity or debt securities held by the public), including procuring directors' and officers' insurance, legal and other professional fees, and listing fees.

"**Public Market**" means any time after:

(1) an Equity Offering or IPO Event has been consummated; and

(2) at least 20% of the total issued and outstanding ordinary shares or common equity of the IPO Entity has been distributed to investors other than the Permitted Holders or any other direct or indirect shareholders of the Issuer as of the Issue Date.

"**Public Offering**" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"**Rating Agency**" means (1) each of Moody's, Fitch and S&P and (2) if Moody's, Fitch or S&P ceases to rate the notes for reasons outside of the Issuer's control, a "nationally recognized statistical rating organization" as defined for purposes of Section 3(a)(62) of the Exchange Act selected by the Issuer or any Parent as a replacement agency for Moody's, Fitch or S&P, as the case may be.

"**Receivables Assets**" means accounts receivable (including any bills of exchange), accounts, payment intangibles and other rights to payment and related assets and property (including proceeds thereof) from time to time originated, acquired or otherwise owned by the Issuer or any Subsidiary.

"**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.

"**Related Business Assets**" means assets (other than cash or Cash Equivalents) used or useful in a Similar Business; *provided* that any assets received by the Issuer or a Restricted Subsidiary in exchange for assets transferred by the Issuer or a Restricted Subsidiary will not be deemed to be Related Business Assets if they consist of securities of a Person, unless upon receipt of the securities of such Person, such Person would become a Restricted Subsidiary.

"**Restricted Investment**" means an Investment other than a Permitted Investment.

"**Restricted Subsidiary**" means, at any time any direct or indirect Subsidiary of the Issuer that is not then an Unrestricted Subsidiary; *provided, however,* that upon an Unrestricted Subsidiary ceasing to be an Unrestricted Subsidiary, such Subsidiary shall be included in the definition of "Restricted Subsidiary."

"**Sale/Leaseback Transaction**" means any arrangement with any Person or Persons, whereby in contemporaneous or substantially contemporaneous transactions the Issuer or any Restricted Subsidiary thereof sells substantially all of its right, title and interest in any property and, in connection therewith, the Issuer or a Restricted Subsidiary thereof acquires, leases or licenses back the right to use all or a material portion of such property.

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor to the rating agency business thereof.

"**SEC**" means the U.S. Securities and Exchange Commission or any successor thereto.

"**Secured Indebtedness**" means Indebtedness that is secured by a Lien.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Securitization Assets**" means any of the following assets (or interests therein) from time to time originated, acquired or otherwise owned by the Issuer or any Restricted Subsidiary or in which the Issuer or any Restricted Subsidiary has any rights or interests, in each case, without regard to where such assets or interests are located: (1) Receivables Assets, (2) franchise fee payments and other revenues related to franchise agreements, (3) royalty and other similar payments made related to the use of trade names and other intellectual property, business support, training and other services, (4) revenues related to distribution and merchandising of the products of the Issuer and the Restricted Subsidiaries, (5) rents, real estate taxes and other non-royalty amounts due from franchisees, (6) intellectual property rights relating to the generation of any of the foregoing types of assets, (7) parcels of or interests in real property, together with all easements, hereditaments and appurtenances thereto, all improvements and appurtenant fixtures and equipment, incidental to the ownership, lease or operation thereof, (8) any Equity Interests of any Special Purpose Securitization Subsidiary or any Subsidiary of a Special Purpose Securitization Subsidiary and any rights under any limited liability company agreement, trust agreement, shareholders agreement, organization or formation documents or other agreement entered into in furtherance of the organization of such entity, (9) any inventory, equipment, contractual rights with unaffiliated third parties, website domains and associated property and rights necessary for a Special Purpose Securitization Subsidiary to operate in accordance with its stated purposes, (10) any rights and obligations associated with gift card or similar programs and (11) any other assets and property (or proceeds of such assets or property) to the extent capable of being included in securitization transactions of the relevant type in the applicable jurisdictions (as determined by the Issuer in good faith).

"**Security Documents**" means the security agreements, pledge agreements, debentures, share charges, and any other instrument and document, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

"**Senior Secured Debt**" means Consolidated Total Indebtedness for borrowed money of the Issuer and its Restricted Subsidiaries that is secured by a Lien on the Collateral on a basis *pari passu* with or senior to the Liens that secure the notes.

"**Significant Subsidiary**" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the Total Assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and its Restricted Subsidiaries' proportionate share of the Total Assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the Total Assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year;

provided, in no event shall a Special Purpose Securitization Subsidiary constitute a Significant Subsidiary.

"**Similar Business**" means any business, service or other activity engaged in by the Issuer, any Restricted Subsidiaries of the Issuer, or any Parent on the Issue Date and any business, service or other activities that are reasonably similar, ancillary, complementary or related to, or a natural outgrowth, reasonable extension, development or expansion of, the businesses in which the Issuer and the Restricted Subsidiaries are engaged on the Issue Date or any business that, in the good faith business judgment of the Issuer, constitutes a reasonable diversification of business conducted by the Issuer and its Subsidiaries.

"**Special Purpose Securitization Subsidiary**" means (i) a direct or indirect Subsidiary of the Issuer established in connection with a Permitted Securitization Financing for the acquisition of Securitization Assets or interests therein and/or Equity Interests in other Special Purpose Securitization Subsidiaries, and which is organized in a manner (as determined by the Issuer in good faith) intended to reduce the likelihood that it would be substantively consolidated with the Issuer or any of its Restricted Subsidiaries (other than Special Purpose Securitization Subsidiaries) in the event the Issuer or any such Restricted Subsidiary becomes subject to a proceeding under insolvency law and (ii) any Subsidiary of a Special Purpose Securitization Subsidiary.

"**Specified Change of Control Event**" means the occurrence of any event that would otherwise constitute a Change of Control pursuant to the definition thereof; *provided* that immediately thereafter and giving *pro forma* effect thereto, the Consolidated Total Debt Ratio would have been equal to or less than 3.9 to 1.00; *provided*, *further*, that when calculating the Consolidated Total Debt Ratio for the purposes of this definition, the Issuer shall be entitled at its option to make such calculations as it would if making calculations of baskets or ratios as described under the caption "*— Certain Covenants — Financial Calculations*," and the date of determination of the Consolidated Total Debt Ratio of the Issuer shall, upon such election by the Issuer, be the date of the definitive agreements in respect of such event with such *pro forma* adjustments as are appropriate and consistent with the *pro forma* provisions set forth in the definition of Fixed Charge Coverage Ratio after giving effect to such event and the other transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable period for purposes of determining the ability for such event to qualify as a Specified Change of Control Event. Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted under the Indenture after the Issue Date.

"**Sponsors**" means (i) one or more investment funds affiliated with Apollo Global Management, Inc. and any of their respective Affiliates other than any portfolio companies (collectively, the "**Apollo Sponsors**") and (ii) any Person that forms a group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision) with the Apollo Sponsors; *provided* that any Apollo Sponsor controls a majority of the voting power.

"**Standard Securitization Undertakings**" means representations, warranties, covenants, indemnities and guarantees of performance and other arrangements entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a receivables or securitization financing or for such type of factoring or similar arrangement including, without limitation, those relating to the servicing of the assets of a Special Purpose Securitization Subsidiary.

"**Stated Maturity**" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security upon the happening of a contingency).

"**Subordinated Indebtedness**" means (a) with respect to the Issuer, any Indebtedness of the Issuer which is by its terms contractually subordinated in right of payment to the notes, and (b) with respect to any Guarantor, any Indebtedness of such Guarantor which is by its terms contractually subordinated in right of payment to its Guarantee.

For purposes of the Indenture, no Indebtedness will be deemed to be subordinated in right of payment to any other Indebtedness solely by virtue of being a party to the Intercreditor Agreement or by virtue of being unsecured or by virtue of being secured on a junior priority basis or by virtue of being secured by persons who are not Guarantors, or due to the fact that the holders (or an agent, trustee or representative thereof) of any

Indebtedness have entered into intercreditor arrangements giving one or more of such holders priority over the other holders in the collateral held by them.

"**Subordinated Shareholder Debt**" means, collectively, (i) any funds or Fair Market Value of assets or property provided to the Issuer by a Parent or Permitted Holder in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, including, for the avoidance of doubt, any preferred equity or subordinated loans to be issued by a Parent, in connection with the Transactions, and (ii) any investment by a member of the Management Group pursuant to a management equity plan, 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 Debt; *provided*, *however*, that such Subordinated Shareholder Debt:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition);

(2) does not require, prior to the first anniversary of the Stated Maturity of the notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the notes;

(4) does not provide for or require any security interest or encumbrance over any asset of, or any guarantee by, the Issuer or any of its Restricted Subsidiaries; and

(5) is subordinated in right of payment to the notes, either pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement, or pursuant to the terms of its governing documents.

"**Subsidiary**" means, with respect to any Person, (1) any corporation, partnership, limited liability company, unlimited liability company, association, joint venture or other business entity (other than a partnership, joint venture or limited liability company) of which more than 50% of the total voting power of shares of stock or other ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Person or Persons (whether directors, managers, trustees or other Persons performing similar functions) having the power to direct or cause the direction of the management and policies thereof at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, and (2) any partnership, joint venture or limited liability company of which (x) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and 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 (y) such Person or any Restricted Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"**Subsidiary Guarantor**" means any Subsidiary of the Issuer that Incurs a Guarantee; *provided* that upon the release or discharge of such Person from its Guarantee in accordance with the Indenture, such Subsidiary ceases to be a Subsidiary Guarantor.

"**Swap Agreement**" means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; *provided* that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Issuer or any of the Subsidiaries shall be a Swap Agreement.

"**Tax**" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest, collection duties and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax). "**Taxes**" and "**Taxation**" shall be construed to have corresponding meanings.

"**Tax Sharing Agreement**" means any tax sharing or profit and loss pooling or similar agreement with customary arm's length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time and any tax grouping or tax consolidation arrangement (including as between any Parent, the Issuer any Restricted Subsidiaries and any other person which whom any Parent, the Issuer or any Restricted Subsidiaries file a consolidated tax return or with which any such Person is part of a group for tax purposes) or any tax advantageous group contribution made pursuant to applicable legislation.

"**Third Party Funds**" means any accounts or funds, or any portion thereof, received by the Issuer or any of its Subsidiaries as agent on behalf of third parties in accordance with a written agreement that imposes a duty upon the Issuer or one or more of its Subsidiaries to collect and remit those funds to such third parties.

"**Total Assets**" means the total consolidated assets of the Issuer and its Restricted Subsidiaries, as shown on the most recent consolidated balance sheet of the Issuer and its Restricted Subsidiaries (giving *pro forma* effect to any acquisitions or dispositions of assets or properties that have been made by the Issuer or any of its Restricted Subsidiaries subsequent to the date of such balance sheet, including through mergers or consolidations).

"**Transaction Documents**" means the Indenture, the notes (including any additional notes permitted to be Incurred under the Indenture), Debt Facilities, the Intercreditor Agreement and any Additional Intercreditor Agreement, the Security Documents, the documents relating to the Private Acquisition and the MTO, and any other document entered into in connection with the aforementioned documents (including in each case any exchange notes and any guarantees thereof) or in order to give effect to the Transactions.

"**Transactions**" means all the transactions as described in the Offering Memorandum under "*The Transactions*," including the acquisition of RdM by the Sponsor, the MTO, the Refinancing, borrowings under the Credit Agreement, the issuance of the notes, the lending, borrowing and discharge of the Proceeds Loan, the Merger, the repayment or redemption of certain indebtedness and the payment of any related fees and expenses.

"**Trustee**" means the respective party named as such in the Indenture until a successor replaces it and, thereafter, means the successor.

"**Uniform Commercial Code**" shall mean the Uniform Commercial Code as the same may from time to time be in effect in the State of New York or the Uniform Commercial Code (or similar code or statute) of another jurisdiction in the United States of America, to the extent it may be required to apply to any item or items of Collateral.

"**Unrestricted Subsidiary**" means:

(1) any direct or indirect Subsidiary of the Issuer that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided below; and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Issuer may designate any direct or indirect Subsidiary of the Issuer (including any existing Subsidiary and any newly acquired or newly formed direct or indirect Subsidiary of the Issuer or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein but not including the Issuer) to be an Unrestricted Subsidiary unless at the time of such designation such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on any property of, the Issuer or any other Restricted Subsidiary of the Issuer that is not a Subsidiary of the Subsidiary to be so designated (in each case at the time of designation); *provided, however,* that the Subsidiary to be so designated and its Subsidiaries do not at the time of designation have and do not thereafter Incur any Indebtedness pursuant to which the lender has recourse to any of the assets of the Issuer or any of its Restricted Subsidiaries unless otherwise permitted under the covenant described under "*— Limitation on Restricted Payments*;" *provided, further, however,* that either:

(a) the Subsidiary to be so designated has total consolidated assets of €1,000 or less; or

(b) if such Subsidiary has consolidated assets greater than €1,000, then such designation would be permitted under the covenant described under "— *Certain Covenants — Limitation on Restricted Payments*."

The Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided, however,* that immediately after giving effect to such designation:

(x) (1) the Issuer or a Restricted Subsidiary could Incur €1.00 of additional Indebtedness as Ratio Debt; or

(2) either (I) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would be greater than or equal to such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such designation or (II) the Consolidated Total Debt Ratio for the Issuer and its Restricted Subsidiaries would be less than or equal to such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such designation,

in each case on a *pro forma* basis taking into account such designation; and

(y) no Event of Default shall have occurred as a result of such designation.

"**U.S. GAAP**" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession.

"**Voting Stock**" of any Person as of any date means the Capital Stock of such Person that is at the time outstanding and normally entitled to vote in the election of the board of directors of such Person.

"**Wholly Owned Restricted Subsidiary**" means any Wholly Owned Subsidiary that is a Restricted Subsidiary.

"**Wholly Owned Subsidiary**" of any Person means a Subsidiary of such Person 100% of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares or shares or interests required to be held by foreign nationals or other third parties to the extent required by applicable law) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person.

BOOK-ENTRY, DELIVERY AND FORM

General

The Notes sold within the United States to QIBs in reliance on Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Rule 144A Global Notes**").

The Notes sold outside the United States pursuant to Regulation S will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). On the Issue Date, the Global Notes will be deposited with, or on behalf of, a common depositary (the "**Common Depositary**") for the accounts of Euroclear Bank SA/NV, as operator of the Euroclear system ("**Euroclear**"), and Clearstream Banking S.A. ("**Clearstream**") and registered in the name of the nominee of the Common Depositary. Except as set forth below, the Notes will be issued in registered, global form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes will be issued at the closing of this offering only against payment in immediately available funds.

Ownership of interests in the Rule 144A Global Notes (the "**Rule 144A Restricted Book Entry Interests**") and ownership of interests in the Regulation S Global Notes (the "**Regulation S Book Entry Interests**" and, together with the Rule 144A Restricted Book Entry Interests, the "**Book Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream, or persons that hold interests through such participants or otherwise in accordance with applicable transfer restrictions set out in the Indenture and any applicable securities laws of any state of the United States or any other jurisdiction. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of certificated Notes.

Book Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book entry form by Euroclear and Clearstream and their respective participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair your ability to own, transfer or pledge Book Entry Interests. In addition, while the Notes are in global form, holders of Book Entry Interests will not be considered the owners or "**holders**" of Notes for any purpose.

So long as the Notes are held in global form, the Common Depositary for Euroclear and/or Clearstream (or its nominees), as applicable, will be considered the sole holders of Global Notes for all purposes under the Indenture. In addition, participants in Euroclear and/or Clearstream must rely on the procedures of Euroclear and/or Clearstream, as the case may be, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture.

None of the Issuer, the Trustee, the Paying Agent, the Registrar, the Transfer Agent nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book Entry Interests.

Redemption of the Global Notes

In the event any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream (or their respective nominee), as applicable, will redeem an equal amount of the Book Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The Common Depositary will surrender such Global Note to the Paying Agent for a cancellation or, in the case of a partial redemption, the Common Depositary will request the Paying Agent to mark down, endorse and return the applicable Global Note to reflect the reduction in the principal amount of such Global Note as a result of such partial redemption. The redemption price payable in connection with the redemption of such Book Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate; provided, however, that, subject to applicable procedures of Euroclear and Clearstream, no Book Entry Interest of less than €100,000 in principal amount may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional interest, if any) to the Paying Agent who will make payment to or to the order of the Common Depositary or its nominee for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes — Additional Amounts*." If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes — Additional Amounts*," the Issuer will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book Entry Interest, as the case may be, absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee, the Paying Agent, the Registrar, the Transfer Agent or any of their respective agents will treat the registered holders of the Global Notes (*i.e.*, the Common Depositary (or its nominee)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Paying Agent, the Registrar, the Transfer Agent nor any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book Entry Interest; or
- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book Entry Interests held through participants are the responsibility of such participants.

Currency of Payment for the Global Notes

Except as may otherwise be agreed between Euroclear and/or Clearstream and any holder, the principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euros.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. Neither the Issuer nor the Trustee nor the Initial Purchasers nor any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

Action by Owners of Book Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and

Clearstream reserves the right to exchange the Global Notes for definitive registered Notes in certificated form (the "**Definitive Registered Notes**"), and to distribute such Definitive Registered Notes to its participants.

Transfers

Transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of Euroclear and Clearstream and their respective direct or indirect participants, which rules and procedures may change from time to time.

The Global Notes will bear a legend to the effect set forth in "*Transfer Restrictions*." Book Entry Interests in the Global Notes will be subject to the restrictions on transfers as discussed in "*Transfer Restrictions.*"

Transfers of Restricted Book Entry Interests to persons wishing to take delivery of Restricted Book Entry Interests will at all times be subject to the transfer restrictions contained in the legend appearing on the face of the Rule 144A Global Note, as set forth in "*Transfer Restrictions*."

Restricted Book Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A or any other exemption (if available) under the Securities Act.

In connection with transfers involving an exchange of a Regulation S Book Entry Interest for a Restricted Book Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Any Book Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book Entry Interest in any other Global Note will, upon transfer, cease to be a Book Entry Interest in the first mentioned Global Note and become a Book Entry Interest in such other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book Entry Interests in such other Global Note for as long as it remains such a Book Entry Interest.

The Notes represented by the Global Notes are expected to be admitted to trading on the Exchange's Euro MTF Market and to be listed on the Official List of the Exchange upon their issuance. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures, which rules and operating procedures may change from time to time.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee, the Paying Agent, the Registrar, the Transfer Agent, nor any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Definitive Registered Notes

Under the terms of the Indenture, owners of Book Entry Interests will receive Definitive Registered Notes if:

- Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue as depositary for the Global Notes, and the Issuer fails to appoint a successor;
- Euroclear or Clearstream so requests following an event of default under the Indenture; or
- the owner of a Book Entry Interest requests such exchange in writing delivered through either Euroclear or Clearstream, as applicable, following an event of default under the Indenture.
- Euroclear has advised the Issuer that upon request by an owner of a Book Entry Interest, its current procedure is to request that the Issuer issue or cause to be issued Notes in definitive registered form to all owners of Book Entry Interests.

In such an event, the Registrar will issue Definitive Registered Notes (subject to receipt of the same from the Issuer), registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book Entry Interests), and such Definitive Registered Notes will bear the restrictive legend set forth in "*Transfer Restrictions*," unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, the Issuer, the Trustee, the Paying Agent, the Registrar, the Transfer Agent and any of their respective agents shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it to the Registrar. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; *provided* that no Definitive Registered Note in a denomination less than €100,000 and in integral multiples of €1,000, in excess thereof, will be issued. The Issuer will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes. Holders of the Book Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of a Transfer Agent, the Issuer will issue and the Trustee (or its authenticating agent) will authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and the Issuer to protect the Issuer, the Trustee, the Paying Agent or the Registrar appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for the expenses of replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer in its discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book Entry Interests in a Global Note only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Transfer Restrictions*."

So long as the Notes are admitted to trading on the Exchange's Euro MTF Market and listed on the Official List of the Exchange and the rules of the Exchange so require, the Issuer will publish a notice of any issuance of Definitive Registered Notes in a newspaper having general circulation. Payment of principal, any repurchase price, premium and interest on Definitive Registered Notes will be payable at the office of the Paying Agent in Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom so long as the Notes are admitted to trading on the Exchange's Euro MTF Market and listed on the Official List of the Exchange and the rules of the Exchange so require.

Global Clearance and Settlement Under the Book Entry System

Initial Settlement

Initial settlement for the Notes will be made in euros. Book Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional euro bonds in registered form. Book Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving Notes through Euroclear or Clearstream on days when those systems are open for business.

In addition, because of time zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Notes, or to receive or make a payment or delivery of Notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or Brussels if Euroclear is used.

Clearing Information

The Issuer expects that the Notes will be accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification numbers and common codes numbers for the Notes are set out under "*Listing and General Information.*"

Information Concerning Euroclear and Clearstream

The following description of the operations and procedures of Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. Neither the Issuer, Trustee nor the Initial Purchasers nor their respective agents take any responsibility for these operations and procedures and the Issuer urges investors to contact the systems or their participants directly to discuss these matters.

The Issuer understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream also interface with domestic securities markets in several countries. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Euroclear and Clearstream have no record of or relationship with persons holding through their account holders. Since Euroclear and Clearstream only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The Issuer understands that, under existing industry practices, if either the Issuer or the Trustee requests any action by owners of Book Entry Interests or if an owner of a Book Entry Interest desires to give or take any action that a holder is entitled to give or take under the Indenture, Euroclear and Clearstream would authorize participants owning the relevant Book Entry Interest to give or take such action, and such participants would authorize indirect participants to give or take such action or would otherwise act upon the instructions of such indirect participants.

The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

CERTAIN TAX CONSIDERATIONS

OECD Common Reporting Standards

The Organization for Economic Co-operation and Development ("**OECD**") has developed a common reporting standard ("**CRS**") to achieve a comprehensive and multilateral automatic exchange of information on a global basis. A number of jurisdictions (including Italy) signed the OECD's multilateral competent authority agreement ("**Agreement**") to automatically exchange information under the CRS.

The CRS requires certain financial institutions to report information regarding certain accounts (which may include the Notes credited to such accounts) to their local tax authority and follow related due diligence procedures. A jurisdiction that has signed the Agreement may provide this information to other jurisdictions that have signed the Agreement.

Consequently, holders of the Notes may be requested to provide certain information and certifications to any financial institution resident in a jurisdiction that has signed the Agreement (including Italy) through which payments on the Notes are made.

The holders of Notes who are in any doubt as to their position should consult their professional advisors on the individual impact of CRS on their position.

Certain Italian Tax Considerations

The statements herein regarding Italian taxation are based on the laws in force and published practices of the Italian tax authorities in force in Italy as of the date of this Offering Memorandum and are subject to any changes in law and interpretation occurring after such date, which changes could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in laws and if such changes occur the information in this summary may become invalid. The following summary does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to additional or special rules. Prospective purchasers of the Notes are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of the Notes. The following summary assumes that the Issuer is resident only in Italy for tax purposes and that the Notes will be listed on the Exchange's Euro MTF Market upon their issuance.

In any case, Italian legal concepts may not be identical to the concepts described by the same English term as they exist under terms of different jurisdictions and any legal concept expressed by using the relevant Italian term shall prevail over the corresponding concept expressed in English terms.

Tax Treatment of the Notes Issued by the Issuer

Decree 239 provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as "**Interest"**) deriving from Notes falling within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*), pursuant to Article 44 of Italian Presidential Decree No. 917 of 22 December 1986, as amended and supplemented ("**Decree 917"**), according to which securities qualify as *obbligazioni o titoli similari alle obbligazioni* (bonds or securities similar to bonds), if they:

(i) incorporate an unconditional obligation to pay at maturity an amount not lower than their nominal value or principal amount;

(ii) attribute to the holders no direct or indirect right to control or participate in the management of the Issuer or in the management of the business in respect of which the Notes have been issued; and

(iii) not provide for a remuneration which is entirely linked to profits of the Issuer, or other companies belonging to the same group or to the business in respect of which the Notes have been issued.

Decree 239 regulates the tax treatment of Interest related to bonds or similar securities to the extent they are, *inter alia*:

(A) issued by companies whose shares are listed on a regulated market or on a multi-lateral trading platform of EU Member States or of the States party to the EEA Agreement included in the White List; or

(B) listed on a regulated market or on a multilateral trading platform of EU Member States or of the States party to the EEA Agreement included in the White List; or

(C) subscribed, transferred to and held by qualified investors (as defined under Article 100 of the Financial Services Act) only.

Tax Treatment of Interest — Italian Resident Noteholders

Noteholders not engaged in an entrepreneurial activity

Where the beneficial owner of the Notes (the "**Noteholder**") is an Italian resident and is:

(i) an individual not engaged in an entrepreneurial activity to which the Notes are connected;

(ii) a partnership (other than a *società in nome collettivo or società in accomandita semplice* or similar partnership) or a *de facto* partnership not carrying out commercial activities (*società semplice*) or professional association;

(iii) a non-commercial private or public institution, trusts not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or

(iv) an investor exempt from Italian corporate income taxation,

Interest deriving from the Notes and accrued during the relevant holding period, is subject to a withholding tax, referred to as *imposta sostitutiva*, levied at the rate of 26% (either when Interest is paid or obtained upon disposal of the Notes) unless the Noteholder holds the Notes in a discretionary investment portfolio managed by an authorized intermediary and, under certain conditions, has validly opted for the application of the *risparmio gestito* regime provided for by Article 7 of Decree 461 (see "*Capital gains tax*" below).

Subject to certain limitations and requirements (including a minimum holding period), Interest 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 individuale di risparmio a lungo termine*) that meets the requirements set forth by Italian law as amended and supplemented from time to time.

Noteholders engaged in an entrepreneurial activity

In the event that the Italian resident Noteholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be subject to 26% *imposta sostitutiva* on a provisional basis and will then be included in the relevant Italian resident noteholder's annual income tax return. As a consequence, Interest will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a credit that can be offset against the income tax due.

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an Intermediary (as defined below), Interest from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to the Italian corporate tax ("**IRES**") and, in certain circumstances, depending on the "status" of the Noteholder, the regional tax on productive activities ("**IRAP**").

Real estate investment funds and real estate SICAFs

Payments of Interest deriving from the Notes made to Italian resident real estate investment funds and Italian real estate investment companies with fixed capital (*società di investimento a capitale fisso* or "**SICAFs**") established pursuant to Article 37 of the Financial Services Act, as amended and supplemented, or Article 14-bis of Law No. 86 of 25 January 1994 (together the "**Real Estate Funds**") provided that the Notes, together with the coupons relating thereto, are timely deposited directly or indirectly with an Intermediary (as defined below) are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Real Estate Funds. Subsequent distributions made in favour of unitholders or shareholders and income realized by the unitholders or shareholders in the event of redemption or sale of the units or shares will be subject, in certain circumstances, to a withholding tax of 26%. Moreover, subject to certain conditions, depending on the status of the investor and percentage of participation, income realized by Real Estate Funds is attributed to the relevant investors and subject to tax in their hands irrespective of its actual collection and in proportion to the percentage of ownership of units or shares on a tax transparency basis.

Funds, SICAVs and non-real estate SICAFs

If the Noteholder is resident in Italy and is an open-ended or closed-ended investment fund (other than a Real Estate Funds), a SICAF (other than a Real Estate Funds) or an investment company with variable capital (*società di investimento a capitale variabile,* or "**SICAV**") established in Italy (together, the "**Funds**") and either (i) the Funds or (ii) their manager are subject to the supervision of a regulatory authority and the relevant Notes are deposited with an Intermediary (as defined below), Interest accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, nor to any other income tax in the hands of the Funds. Subsequent distributions made in favour of unitholders or shareholders and income realized by the unitholders or shareholders in the event of redemption or sale of the units or shares will be subject, in certain circumstances, to a withholding tax of 26%.

Pension funds

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an Intermediary (as defined below), Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva* but must be included in the result of the relevant portfolio accrued at the end of the tax period to be subject to a 20% substitute tax on the increase in value of the managed assets accrued at the end of each tax year. Subject to certain conditions and requirements (including minimum holding period requirement) 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 by Italian tax law as amended and supplemented from time to time.

Application of the imposta sostitutiva

Pursuant to Decree 239, the *imposta sostitutiva* is applied by Italian resident banks, investment companies (*società di intermediazione mobiliare*, or "**SIM**"), fiduciary companies, asset management companies (*società di gestione del risparmio,* or "**SGR**"), stockbrokers and other entities identified by a decree of the Ministry of Finance or Italian permanent establishment of equivalent foreign entities (each an "**Intermediary**").

An Intermediary must:

(A) be (i) resident in Italy; or (ii) a permanent establishment in Italy of a non-Italian resident financial intermediary; or (iii) an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Italian Tax Authorities having appointed an Italian representative for the purposes of Decree 239; and

(B) intervene, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by the relevant Intermediary paying Interest to a Noteholder or, absent that, by the Issuer and gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct the suffered *imposta sostitutiva* from income taxes due.

Tax Treatment of Interest — Non-Italian Resident Noteholders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies, provided that the non-Italian resident Noteholder is either:

(i) the beneficial owner of relevant Interest and is resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy listed in the White List; or

(ii) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

(iii) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or

(iv) an institutional investor which is established in a country which allows for a satisfactory exchange of information with Italy listed in the White List, even if it does not possess the status of taxpayer therein and provided that they timely file with the relevant depositary an appropriate self-declaration of being an institutional investor.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of 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 the Financial Services Act) for the purposes of the application of Decree 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 the rate of 26% (or at the reduced rate provided for by the applicable double tax treaty, if any, and subject to timely filing of the required documentation) to Interest accrued by Noteholders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy listed in the White List.

Payments Made by an Italian Resident Guarantor

With respect to payments on the Notes made to Noteholders by an Italian resident Guarantor, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to Interest may be subject to a withholding tax at the rate of 26% levied as a final or provisional tax (*a titolo d'imposta* or *a titolo di acconto*) depending on the "status" and the tax residence of the beneficial owner of the Notes, pursuant to Italian Presidential Decree No. 600 of 29 September 1973, as subsequently amended. Double taxation treaties entered into by Italy may also apply, allowing for a lower (or, in certain cases, nil) rate of withholding tax in case of payments to non-Italian resident Noteholders, subject to compliance with relevant subjective and procedural requirements.

In accordance with an alternative interpretation, any such payment made by the Italian resident Guarantor will be treated, in certain circumstances, as a payment by the Issuer and will thus be subject to the Italian tax regime described above.

Fungible Issues

Pursuant to Article 11, paragraph 2 of Decree 239, where the relevant Issuer issues a new tranche of notes forming part of a single series with a previous tranche of notes, for the purposes of calculating the amount of Interest subject to *imposta sostitutiva*, the issue price of the new tranche of notes will be deemed to be the same amount as the issue price of the original tranche of notes. This rule applies where (a) the new tranche of notes is issued within twelve months of the issue date of the previous tranche of notes and (b) the difference between the issue price of the new tranche of notes and that of the original tranche of notes does not exceed 1% multiplied by the number of years of the duration of the notes.

Tax Treatment of Capital Gains — Italian Resident Noteholders

Noteholders not engaged in an entrepreneurial activity

Where an Italian resident Noteholder is (i) an individual holding the Notes not in connection with an entrepreneurial activity, (ii) a non-commercial partnership (*società semplice*) or (iii) a non-commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva* provided for by Decree 461, levied at the rate of 26% ("**CGT**"). Under certain conditions and limitations Noteholders may set off capital losses with their capital gains.

In respect of the application of CGT, taxpayers may choose one of the three regimes described below:

(A) under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individual 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, realised by the investor pursuant to all sales or redemptions of the Notes carried out during any given tax year. The relevant Noteholder must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss of the same kind, in their annual tax return and pay CGT on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years;

(B) as an alternative to the tax declaration regime, Italian resident individual not engaged in an entrepreneurial activity to which the Notes are connected may elect to pay the CGT separately on capital gains realised on each sale or redemption of the Notes (*risparmio amministrato* regime provided for by Article 6 of Decree 461). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with an Italian bank, SIM or certain authorised financial intermediary (including permanent establishments in Italy of foreign intermediaries) and (ii) a valid express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for CGT in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount 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, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted only from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

(C) any capital gains realised by Italian resident individual not engaged in an entrepreneurial activity to which the Notes are connected who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so called risparmio *gestito* regime provided for by Article 7 of Decree 461 will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a substitute tax at a rate of 26%, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at 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 realised in its annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected may be exempt from Italian capital gain taxes, including the CGT, on capital gains realised upon sale, transfer or redemption of the Notes, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth by Italian law, as amended and implemented from time to time.

Noteholders engaged in an entrepreneurial activity

Any capital gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected), Italian resident commercial partnership 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 realised by a Noteholder who is a Real Estate Fund will be subject neither to CGT nor to any other income tax at the level of the Real Estate Fund. Subsequent distributions made in favour of unitholders or shareholders and income realized by the unitholders or shareholders in the event of redemption or sale of the units or shares will be subject, in certain circumstances, to a withholding tax of 26%. Moreover, subject to certain conditions, depending on the status of the investor and percentage of participation, income realized by Real Estate Funds is attributed to the relevant investors and subject to tax in their hands irrespective of its actual collection and in proportion to the percentage of ownership of units or shares on a tax transparency basis.

Funds

Any capital gains realised by a Noteholder who is a Fund will not be subject to CGT but will be included in the result of the relevant portfolio accrued at the end of the relevant tax period which is exempt from income tax. Subsequent distributions made in favour of unitholders or shareholders and income realized by the unitholders or shareholders in the event of redemption or sale of the units or shares will be subject, in certain circumstances, to a withholding tax of 26%.

Pension funds

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20% substitute tax. Subject to certain conditions and limitations (including minimum holding period requirement), 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 by Italian law, as amended and supplemented from time to time.

Tax Treatment of Capital Gains — Non-Italian Resident Noteholders

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes traded on regulated markets in Italy or abroad are neither subject to the CGT nor to any other Italian income tax (subject to timely filling of required documentation (in particular, a self-declaration that the Noteholder is not resident in Italy for tax purposes) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty). Italian tax authorities have clarified (Italian Revenue Agency Circular Letter No. 32 of 23 December 2020) that the notion of multilateral trading facility (MTF) under EU Directive 2014/65/CE (so called MiFID II) can be assimilated to that of "regulated market" for income tax purposes; conversely, organized trading facilities (OTF), not falling in the definition of MTF under MiFID II, cannot be assimilated to "regulated market" for income tax purposes.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes not traded on regulated markets and held in Italy are not subject to the CGT, provided that the effective beneficiary is:

(i) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy listed in the White List;

(ii) an international entity or body set up in accordance with international agreements which have entered into force in Italy;

(iii) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or

(iv) an institutional investor which is established in a country which allows for a satisfactory exchange of information with Italy listed in the White List, even if it does not possess the status of taxpayer therein and provided that they timely file with the relevant depositary an appropriate self-declaration of being an institutional investor.

In order to ensure gross payment, non-Italian resident Noteholders must satisfy the same conditions set forth above to benefit from the exemption from the *imposta sostitutiva* in accordance with Decree 239 (see "*Tax treatment of interest*").

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders from the sale, transfer or redemption of the Notes not traded on regulated markets and held in Italy are subject to the CGT at the current rate of 26%. In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of the Notes.

Italian Inheritance and Gift Taxes

Pursuant to Law No. 346 of 31 October 1990 and Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including the Notes) as a result of gift, donation or succession of Italian residents and non-Italian residents (but in such latter case limited to assets held within the Italian territory — which, for presumption of law, includes bonds issued by Italian resident issuers) are subject to Italian inheritance and gift taxes as follows:

(a) transfers in favour of the spouse and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4% on the value of the inheritance or the gift exceeding, for each beneficiary, a threshold of €1,000,000;

(b) transfers in favour of relatives up to the fourth degree or relatives-in-law up to the third degree are subject to an inheritance and gift tax at a rate of 6% on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6% inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, a threshold of €100,000; and

(c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8% on the entire value of the inheritance or the gift.

With respect to Notes listed on regulated markets (including multilateral trading facilities), the value for inheritance and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (a), (b) and (c) on the value exceeding, for each beneficiary, a threshold of €1,500,000.

The transfer of financial instruments as a result of death is exempt from inheritance tax when such financial instruments are included in a long-term saving account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth by Italian law, as amended and supplemented from time to time.

Transfer Tax

Contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €200.00; and (ii) private deeds are subject to fixed registration tax at a rate of €200.00 only in the case of voluntary registration (*registrazione volontaria*), explicit reference (*enunciazione*) or case of use (*caso d'uso*).

Stamp Duty

Pursuant to Article 13 of the Tariff Part I attached to Italian Presidential Decree No. 642 of 26 October 1972, as amended and supplemented, a proportional stamp duty applies, on an annual basis, to the periodic reporting communications and reports sent by Italian financial intermediaries to their clients in relation to the financial products (including the Notes) that are deposited which such intermediaries. The stamp duty applies at a rate of 0.2% (a minimum stamp tax of €34.20 is due on a yearly basis, where no specific exemptions applies) and cannot exceed €14,000 for taxpayers other than individuals.

This stamp duty is determined on the basis of the market value or — if no market value is available — on the nominal value or the redemption amount of any financial product or financial instruments or in the case the nominal 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 (determined in proportion to the reporting period).

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory. Stamp duty applies both to Italian resident and to non-Italian resident investors, to the extent that the relevant securities (including the Notes) are held with an Italian-based financial intermediary (and not directly held by the investor outside Italy, in which case Italian wealth tax (see below under "*Wealth Tax on securities deposited abroad*") applies to Italian-resident noteholders only).

Wealth Tax on Securities Deposited Abroad

Pursuant to Article 13 of the tariff Part I attached to Presidential Decree no. 642 of 26 October 1972 and Article 19 of Decree No. 201 of 6 December 2011 ("**Decree 201/2011**"), converted with Law No. 214 of 22 December 2011, individuals, certain non-commercial entities, including trusts and foundations, and so called *società semplici* (and similar partnerships pursuant to Article 5 of Decree 917) resident in Italy for tax purposes holding financial assets, including the Notes, outside the Italian territory are required to declare in its own annual tax return and pay a wealth tax (**IVAFE**) at a rate of 0.2% (determined in proportion to the period of ownership).

The tax is calculated on the market value of the financial assets (including the Notes) at the end of the relevant year (or at the end of the holding period) or, if no market value is available, on the nominal value or redemption value or in the case the nominal or redemption values cannot be determined, on the purchase value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the IVAFE due).

Pursuant to the provision of Article 134 of Law Decree 34 of May 19, 2020, the wealth tax cannot exceed €14,000 per year for taxpayers different from individuals.

EU Savings Tax Directive and Implementation of the Automatic Exchange of Information in Italy

On 10 November 2015, the Council of the European Union approved the Council Directive 2015/2060/EU (published in the Official Journal of the EU on November 18, 2015) which has repealed the Council Directive 2003/48/EU (the **EU Savings Tax Directive**) from January 1, 2016 in the case of all Member States other than Austria and from January 1, 2017 in the case of Austria. This was intended to prevent overlap between the EU Savings Tax Directive and the new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Common Reporting Standard (**CRS**) released by the Organization for Economic Cooperation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the EU Saving Tax Directive, although it does not impose withholding taxes.

Italy has enacted Italian Law No. 95 of June 18, 2015 (**Law 95/2015**), implementing the CRS (and the amended EU Directive on Administrative Cooperation) Italian Ministerial Decree dated December 28, 2015, which has entered into force on January 1, 2016, has implemented Law 95/2015 and has provided for the exchange of information starting from the calendar year 2016.

In the event that holders of the Notes hold the Notes through an Italian financial institution (as defined in the Italian Ministerial Decree of December 28, 2015 implementing Law 95/2015), they may be required to provide additional information to such financial institution to enable it to satisfy its obligations under the Italian implementation of the CRS.

Italian Tax Monitoring Obligations

Italian resident individuals (and certain other entities) are required, in certain circumstances, to report in their yearly income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return), according to Legislative Decree No. 167 of 28 June 1990, converted with amendments into law by Law No. 227 of August 4, 1990, as amended, for tax monitoring purposes, the amount of securities, including notes, held abroad (or beneficially owned abroad under Italian anti-money laundering provisions). This also applies in the case that at the end of the tax year, securities are no longer held by the above Italian resident individuals and entities.

However, the above reporting obligation is not required where (i) the securities are deposited for management with qualified Italian financial intermediaries and with respect to contracts entered into through their intervention, provided that the same intermediaries apply a withholding tax or *imposta sostitutiva* on any income derived from the securities or (ii) one of such intermediaries intervenes, also as a counterpart, in their transfer, provided that income deriving from such financial assets has been subject to the applicable withholding tax or substitute tax by the same intermediaries or (iii) the foreign financial investments are only composed by deposits and/or bank accounts having an aggregate value not exceeding an €15,000.00 threshold throughout the year.

The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the beneficial owner of the instrument.

Certain U.S. Federal Income Tax Considerations

The discussion below is a summary of current U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes. The following summary addresses only U.S. Holders (as defined herein) who purchase the Notes for cash at the "issue price" (the first price at which a substantial amount of Notes is sold for money, excluding sales to underwriters, placement agents or wholesalers) in the initial offering and hold the Notes as capital assets within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"). This summary does not address the tax consequences to subsequent purchasers of the Notes.

As used herein, the term "**U.S. Holder**" means a beneficial owner of Notes that is (i) an individual who is a citizen or resident of the United States as determined for U.S. federal income tax purposes, (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust (a) that is subject to the primary supervision of a U.S. court and one or more U.S. persons has the authority to control all of the substantial decisions of the trust or (b) that has made a valid election in effect under applicable U.S. Treasury Regulations ("**Treasury Regulations**") to be treated as a U.S. person.

This summary is based upon provisions of the Code and Treasury Regulations, rulings and judicial decisions as of the date hereof, all of which are subject to change (possibly with retroactive effect), so as to result in U.S. federal income tax consequences different from those summarized below. The discussion below does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including the impact of the unearned income Medicare contribution tax or the alternative minimum tax), nor does it address any tax consequences arising under U.S. federal estate and gift tax laws or under the laws of any state, local, non-U.S. or other taxing jurisdiction. In addition, this summary does not address tax consequences to U.S. Holders who may be subject to special tax treatment, such as banks, dealers, traders that elect to mark to market, insurance companies, financial institutions, regulated investment companies, real estate investment trusts, grantor trusts, U.S. expatriates, tax-exempt entities, persons holding the Notes as part of a hedge, straddle, conversion or other integrated financial transaction, investors in partnerships or other pass-through entities for U.S. federal income tax purposes, holders that are required to take certain amounts into income no later than the time such amounts are reflected on an applicable financial statement or U.S. Holders whose "functional currency" is not the U.S. dollar.

For U.S. federal income tax purposes, income earned through a U.S. or non-U.S. partnership or other pass-through entity is attributed to its partners or owners. Accordingly, if a partnership or other pass-through entity holds the Notes, the U.S. federal income tax treatment of a partner or owner of such entity will generally depend on the status of the partner or other owner and the activities of the partnership or other pass-through entity that holds the Notes. Tax consequences to partners or owners of a partnership or other pass-through entity that is a U.S. Holder are not discussed in this summary, and such investors are urged to consult their own tax advisors.

The summary of U.S. federal income tax consequences set out below is for general information only and does not constitute, and should not be considered as, legal or tax advice. Prospective investors should consult their own tax advisors concerning the particular U.S. federal income tax consequences to them of owning the Notes, as well as the consequences to them arising under the laws of any other taxing jurisdiction or due to changes in tax law.

Characterization of the Notes

In certain circumstances the Issuer may be obligated to make payments on the Notes in excess of stated interest and principal. The Issuer intends to take the position that there is no more than a remote chance that it will make such payments and the Notes should accordingly not be treated as contingent payment debt instruments ("**CPDIs**") for U.S. federal income tax purposes because of these additional payments. The Issuer's position is binding on a U.S. holder, unless the U.S. holder discloses in the proper manner to the Internal Revenue Service ("**IRS**") that it is taking a different position. Assuming such position is respected, U.S. Holders would be required to include in income the amount of any such additional payments at the time such payments are received or accrued in accordance with their method of accounting for U.S. federal income tax purposes. If the IRS successfully challenged this position, and the Notes were treated as CPDIs, U.S. Holders could be required to accrue interest income at a rate higher than the stated interest rate on the Note and to treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange or redemption of the Note. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments. Prospective investors are urged to consult their own tax advisors regarding the potential application to the Notes of the CPDI rules and the consequences thereof.

Payments of Stated Interest

Euro-Denominated Stated Interest

Each payment of "**qualified stated interest**" (including any amounts withheld and any Additional Amounts paid in respect of withholding taxes imposed on payments on the Notes) will generally be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes. The term "**qualified stated interest**" generally means stated interest that is unconditionally payable at least annually at a qualifying rate during the entire term of the Note. Stated interest on the Notes will be treated as qualified stated interest.

The amount of income recognized by a cash basis U.S. Holder with respect to a payment of stated interest denominated in euros will be the U.S. dollar value of the interest payment based on the "**spot rate**" (as such term is defined in Treasury Regulations) on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. A cash basis U.S. Holder generally will not recognize exchange gain or loss on the interest payment but may recognize exchange gain or loss when it disposes of any euros it receives (as discussed below under "— *Disposition of Euros*").

An accrual basis U.S. Holder may determine the amount of income recognized with respect to a payment of stated interest denominated in euros in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average spot rate in effect during the interest accrual period or periods (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within each taxable year). Under the second method, the accrual basis U.S. Holder may elect to determine the amount of income accrued on the basis of the spot rate on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the spot rate on the last day of the portion of the accrual period within each taxable year). Additionally, if the interest payment is actually paid or received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the spot rate on the day of actual payment or receipt. Any such election will apply 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 receives a stated interest payment denominated in euros (including a payment attributable to accrued but unpaid interest upon the sale, retirement or other taxable disposition of a Note), may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) in respect of such accrual period and the U.S. dollar value of the amount of such stated interest payment previously accrued during such accrual period, regardless of whether the payment is in fact converted into U.S. dollars. Any such foreign currency exchange gain or loss generally will 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

Stated interest paid by the Issuer on the Notes (including any amounts withheld and any Additional Amounts paid in respect of withholding taxes imposed on payments on the Notes) and OID (as defined below) will generally be considered income from sources outside the United States and, for purposes of the

U.S. foreign tax credit, generally will be considered passive category income. Any non-U.S. withholding tax paid by or on behalf of a U.S. holder at the rate applicable to such holder may be eligible for foreign tax credits (or deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations (including holding period and at risk rules). There are significant complex limitations on a U.S. Holder's ability to claim foreign tax credits. Prospective investors should consult their tax advisors concerning the applicability of the U.S. foreign tax credit and source of income rules to income attributable to the Notes.

Original Issue Discount

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

The Notes will be treated as issued with OID if the stated principal amount of the Notes exceeds their issue price (as defined above) by an amount equal to or more than a statutorily defined *de minimis* amount (generally, 0.0025 multiplied by the stated principal amount and the number of complete years to maturity from the issue date). U.S. Holders of the Notes with less than the *de minimis* amount of discount will include the discount on such Notes in income, as capital gain, when principal payments are made on the Note.

In the event the Notes are issued with OID, the amount of OID includible in income by a U.S. Holder is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion thereof in which such U.S. Holder holds such Note ("**accrued OID**"). A daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID that accrued in such period. The "accrual period" of a Note may be of any length and may vary in length over the term of the Note, *provided that* each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or last day of an accrual period. The amount of OID that accrues with respect to any accrual period is the excess of (i) the product of the Note's "adjusted issue price" at the beginning of such accrual period and its yield to maturity, determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of such period, over (ii) the amount of qualified stated interest allocable to such accrual period. The adjusted issue price of a Note at the start of any accrual period is equal to its issue price, increased by the accrued OID for each prior accrual period.

For purposes of determining OID accruals and adjusted issue price only, the amounts of stated interest and OID are determined by assuming that the interest rate on the Notes is a fixed rate based on the value of the floating rate applicable to the Notes as of the issue date.

OID, if any, on the Notes will be determined for any accrual period in euros and then translated into U.S. dollars in accordance with either of the two alternative methods applicable to accrual basis U.S. Holders described above under "*— Payments of Stated Interest — Euro Denominated Stated Interest*."

A U.S. Holder will recognize exchange gain or loss when OID is paid (including, upon the sale of a Note, the receipt of proceeds that include amounts attributable to OID previously included in income) to the extent of the difference, if any, between the U.S. dollar value of the Euro payment received, determined based on the spot rate on the date such payment is received, and the U.S. dollar value of the accrued OID, as determined in the manner described above. Exchange gain or loss generally will be treated as U.S. source ordinary income or loss and generally will not be treated as an adjustment to interest income or expense.

Disposition of Notes

On a sale, retirement or other taxable disposition of a Note, a U.S. Holder will generally recognize gain or loss equal to the difference between (i) the amount realized on the disposition (less any amount equal to any accrued but unpaid stated interest, which will be taxable as stated interest income as described above to the extent not previously included in income by a U.S. Holder) and (ii) the U.S. Holder's adjusted tax basis in the Note, in each case as determined in U.S. dollars.

A U.S. Holder's adjusted tax basis in a Note will generally equal the "U.S. dollar cost" of the Note to such holder increased by any previously accrued OID and decreased by any cash payments on the Note other than qualified stated interest. U.S. Holders should consult their own tax advisors about how to account for proceeds received on the sale, retirement or other taxable disposition of Notes that are not paid in U.S. dollars

Except as discussed below with respect to exchange gain or loss on a Note attributable to currency fluctuations, any gain or loss recognized by a U.S. Holder on a taxable disposition of a Note will generally be treated as U.S.-source capital gain or loss and will be long-term capital gain or loss if, at the time of the disposition, the Note was held by the U.S. Holder for more than one year. In the case of an individual U.S. Holder, any long-term capital gain will generally be subject to preferential U.S. federal income tax rates. The deductibility of capital losses is subject to significant limitations. Prospective investors should consult their own tax advisors as to the foreign tax credit implications of the sale, retirement or other taxable disposition of the Notes.

The gain or loss that a U.S. Holder realizes on the taxable disposition of a Note that is attributable to fluctuations in currency exchange rates will be taxable as ordinary income or loss and generally will be treated as U.S.-source for U.S. foreign tax credit limitation purposes. Such exchange gain or loss will generally equal the difference, if any, between the U.S. dollar value of the purchase price of the Note based on the spot rate of exchange on (i) the date of the disposition and (ii) the date on which the U.S. Holder acquired the Note. In addition, upon the sale, retirement or other taxable disposition of a Note, a U.S. Holder may realize exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest and accrued OID, if any, which will be treated as discussed above under "— *Payments of Stated Interest*" or "— *Original Issue Discount*," as applicable. However, a U.S. Holder will only realize exchange gain or loss upon the disposition of a Note (including any exchange gain or loss attributable to the principal amount of a Note and any exchange gain or loss attributable to accrued and unpaid stated interest and accrued OID) to the extent of the total gain or loss realized by such holder on the disposition. Prospective investors should consult their own tax advisors regarding the proper calculation of exchange gain or loss realized in connection with their acquisition and disposition of the Notes.

Disposition of Euros

Euros received as interest on a Note or upon the sale, retirement or other taxable disposition of a Note generally will have a tax basis equal to their U.S. dollar value at the time they are received. Any gain or loss recognized on a sale, retirement or other taxable disposition of the euros (including their use to purchase Notes or upon their exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Satisfaction and Discharge

If we were to obtain a discharge of the Indenture within one year of maturity or the redemption date with respect to all of the Notes then outstanding, as described herein under "*Description of Notes — Satisfaction and Discharge*" such discharge would generally be deemed to constitute a taxable exchange of the Notes outstanding for other property. In such case, a U.S. Holder would be required to recognize capital gain or loss in connection with such deemed exchange. In addition, after such deemed exchange, a U.S. Holder might also be required to recognize income from the property deemed to have been received in such exchange over the remaining life of the transaction in a manner or amount that is different than if the discharge had not occurred. U.S. Holders should consult their tax advisors as to the specific consequences arising from a discharge in their particular situations.

Reportable Transactions

Under the Treasury Regulations, certain "reportable transactions" (as defined in the regulations) are required to be reported to the IRS including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a Note or foreign currency received in respect of a Note to the extent that such disposition results in a tax loss in excess of a threshold amount. Prospective investors should consult with their own tax advisor to determine the tax return obligations, if any, with respect to their acquisition, holding or disposition of the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Additional Tax on Passive Income.

Certain U.S. Holders that are individuals, trusts, or estates will be required to pay a 3.8% tax on, among other things, interest and capital gain from the sale, exchange, retirement or other taxable disposition of a Note. U.S. Holders should consult their own tax advisors regarding the application of this tax to their ownership of the Notes.

Foreign Asset Disclosure

Individuals (which may include certain entities treated as individuals for the purposes of these rules) that own "specified foreign financial assets" with an aggregate value in excess of $50,000 on the last day of the tax year or more than $75,000 at any time during the tax year (or such larger values as specified in the relevant rules) generally are required to file an information report with respect to such assets with their tax returns. 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.

U.S. Holders are urged to consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance.

Back-Up Withholding and Information Reporting

Generally, information reporting requirements will apply to all payments of principal and interest (including the accrual of OID, if any) on, or the proceeds from a sale of, a Note, unless the U.S. Holder is an exempt recipient, such as a corporation. Additionally, if a U.S. Holder fails to provide its taxpayer identification number, or in the case of interest payments, fails either to report in full previous dividend and interest income or to make certain certifications, it may be subject to back-up withholding.

Back-up withholding is not an additional tax. Any amounts withheld under the back-up 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. U.S. Holders are urged to consult their own tax advisors regarding backup withholding and information reporting requirements relating to their ownership of the Notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the "**Purchase Agreement**") entered into in connection with the Notes, the Issuer has agreed to sell the Notes to the Initial Purchasers and the Initial Purchasers have agreed, severally and not jointly, to purchase the Notes from the Issuer.

The Purchase Agreement provides that the Initial Purchasers are obligated, severally and not jointly, to purchase all the Notes, if any are purchased. In the event that an Initial Purchaser fails or refuses to purchase the Notes which it has agreed to purchase, the Purchase Agreement provides that the purchase commitments of the other Initial Purchasers may be increased up to a specified amount or that the Purchase Agreement may be terminated.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. The Initial Purchasers may offer and sell the Notes through certain of their affiliates.

The Issuer has agreed to pay the Initial Purchasers certain customary fees for their services in connection with the Offering and to reimburse them for certain out of pocket expenses.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the Offering price set forth on the cover page hereof.

The Purchase Agreement provides that the Issuer will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. We have agreed, subject to certain limited exceptions, not to offer, sell, contract to sell, issue or otherwise dispose of any debt securities issued by the Issuer or any of its subsidiaries that are substantially similar to the Notes for a period of 40 days after the Issue Date.

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.

The Notes have not been and will not be registered under the Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes (i) in the United States to "qualified institutional buyers" within the meaning of Rule 144A; and (ii) outside the United States in offshore transactions to non U.S. persons in compliance with Regulation S. Any offer or sale of Notes in the United States in reliance on Rule 144A will be made by broker dealers who are registered as such under the Exchange Act. Until 40 days after the commencement of this Offering, an offer or sale of Notes within the United States by a dealer (whether or not it is participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under "*Transfer Restrictions*."

Each Initial Purchaser has represented, warranted and agreed that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the UK Financial Services and Markets Act 2000, as amended (the "**FSMA**") received by it in connection with the issuance or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer;
- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

- the offering of the Notes has not been registered with the CONSOB and that (i) it has not and will not offer, sell or deliver the Notes in the Republic of Italy to any natural persons nor to entities other than to qualified investors (*investitori qualificati*) as defined by Article 2, paragraph (e) of the EU Prospectus Regulation and in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the EU Prospectus Regulation, Article 34-*ter* of CONSOB Regulation No. 11971 of May 14, 1999, as amended from time to time, and the applicable Italian laws; and (ii) it has not and will not issue, distribute or publish in the Republic of Italy any document relating to the Notes, except under circumstances that will result in compliance with this Offering Memorandum and all applicable laws, orders, rules and regulations.

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes in the European Economic Area to retail investors, defined as a person who is one (or more) of: (i) a "retail client" as defined in point (11) of Article 4(1) of MiFID II; or (ii) a "customer" within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "qualified investor" as defined in the EU Prospectus Regulation.

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes in the United Kingdom to retail investors, defined as a person who is one (or more) of: (i) a "retail client", as defined in point (8) of Article 2 of Regulation (EU) 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a "customer" within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a "qualified investor" as defined in Article 2 of the UK Prospectus Regulation.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes described in this Offering Memorandum has led to the conclusion that: (i) the target market for such Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of such Notes to eligible counterparties and professional clients are MiFID II appropriate. The target market and distribution channel(s) may vary in relation to sales outside the EEA in light of local regulatory regimes in force in the relevant jurisdiction. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes described in this Offering Memorandum has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, as defined in the COBS, and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are UK MiFIR appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to 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.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this Offering Memorandum and resale of the Notes. See "*Transfer Restrictions*."

The Issuer has also agreed that it will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities for which there currently is no market. Application has been made to list the Notes on the Official List of the Exchange in accordance with the rules and regulations of the Exchange. We cannot assure you that the Notes will be approved for listing or that such listing will be maintained.

The Initial Purchasers have advised us that they intend to make a market for the Notes as permitted by applicable law after completing the Offering. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. We cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price, which will be favorable to you.

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Memorandum, which will be ten business days (as such term is used for purposes of Rule 15c6-1 of the Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "T+10"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Memorandum or the next seven succeeding business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

The Stabilizing Manager may engage in over allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the Exchange Act. Over allotment involves sales in excess of the Offering size, which creates a short position for the relevant Initial Purchaser. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Stabilizing Manager to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers and/or their respective affiliates have engaged, and may in the future engage, including in the context of the MTO and/or in the ordinary course of business, in lending, advisory, investment banking, corporate finance services, commercial banking transactions and/or other commercial dealings with, and may provide services to, us and our affiliates and/or to the parties directly or indirectly involved in the Offering as well as in the MTO. In addition, in the ordinary course of their business activities, the Initial Purchasers and/or their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve our securities and/or instruments or those of our affiliates. The Initial Purchasers and/or their respective affiliates that have a lending relationship with us may routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, the Initial Purchasers and/or their respective affiliates would hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in securities, including, potentially, the Notes. Any such short positions could adversely affect future trading prices of the Notes and would bear the costs deriving from a possible (total or partial) cancellation of the bond hedging swaps. The Initial Purchasers and/or their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For example: (i) the Initial Purchasers and/or their respective affiliates are bookrunners and mandated lead arrangers and lenders with respect to the Bidco Loan which will be refinanced with a portion of the proceeds of the Notes; and (ii) the Initial Purchasers and/or their respective affiliates have provided commitments with respect to certain bridge loan financing in relation to the Refinancing that we expect will be cancelled following the issuance of the Notes; and (iii) the Initial Purchasers and/or their respective affiliates are bookrunners and mandated lead arrangers and lenders with respect to the Revolving Credit Facility. They have received, and expect to receive, customary fees and commissions for these transactions, certain of which are payable with proceeds from the issuance of the Notes.

In addition, Intesa Sanpaolo S.p.A. acts as a leading intermediary bank for the Issuer in connection with the MTO and will receive commissions for these activities rendered in the context of such offer. Moreover, currently Intesa Sanpaolo S.p.A. is a specialist to RdM with respect to the financial instruments issued by the company.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes offered hereby.

The Notes have not been and will not be registered under the Securities Act, or the securities laws of any state of the United States or any other jurisdiction, and, therefore unless so registered, may not be offered, sold, pledged, taken up, resold, transferred or delivered, directly or indirectly, in or into the United States or to, or for the account or benefit of, U.S. persons except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable securities laws of such state or other jurisdiction. Accordingly, the Issuer is offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

(a) in the United States, to "**qualified institutional buyers,**" commonly referred to as "**QIBs**," as defined in Rule 144A in compliance with Rule 144A; and

(b) outside the United States, to non U.S. persons in offshore transactions in accordance with Regulation S (and only to investors who, if resident in a Member State of the EEA, are not retail investors, defined as a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the EU Prospectus Regulation; and only to investors who, if resident in the United Kingdom, are not retail investors, defined as a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules and regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation.).

We use the terms "**offshore transaction**," "**U.S. person**" and "**United States**" with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

(1) It understands and acknowledges that the Notes are being offered for resale in a transaction not involving a public offering in the United States within the meaning of the Securities Act, that the Notes have not been and will not be registered under the Securities Act and, unless so registered, may not be offered, resold, pledged or otherwise transferred, except in compliance with the registration requirements of the Securities Act or any other applicable securities laws pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set out in paragraphs (5) and (6) below.

(2) It is neither the Issuer's "**affiliate**" (as defined in Rule 144 of the Securities Act), nor acting on its behalf and that either:

  (a) it is a QIB, within the meaning of Rule 144A and is aware that any sale of these Notes to it will be made in reliance on Rule 144A, and such acquisition of Notes will be for its own account or for the account of another QIB; or

  (b) (i) it is a non-U.S. person purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S; and

    (ii) if resident in a Member State of the EEA or the United Kingdom, it is not a retail investor.

(3) It acknowledges that none of the Issuer nor the Initial Purchasers, nor any person representing any of them, has made any representation to it with respect to the Issuer and its subsidiaries or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum,

which Offering Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this Offering Memorandum. It has had access to such financial and other information concerning the Issuer and its subsidiaries and the Notes that it deems necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act, or in any transaction not subject to the Securities Act.

(5) It agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "**Resale Restriction Termination Date**") that is, in the case of the Rule 144A Notes, one year after the later of the original issue date of such Notes, the original issue date of any additional Notes and the last date on which the Issuer or any of its affiliates were the owner of such Notes (or any predecessor thereto) or, in the case of the Regulation S Notes, 40 days after the later of the original issue date of such Notes (or, if later, the issue date of any additional Notes) and the last date on which such Notes were first offered to persons other than distributors (as defined in Rule 902 of Regulation S), only (i) to the Issuer or a guarantor (if any); (ii) pursuant to a registration statement that has been declared effective under the Securities Act; (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A; (iv) to non-U.S. persons pursuant to offers and sales that occur outside the United States in offshore transactions in compliance with Regulation S; or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) above to require the delivery of an opinion of counsel, certification and other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

(6) Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE 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. THE HOLDER OF THIS NOTE, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT (A) IT IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) OR (B) IT IS A NON-U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "**OFFSHORE TRANSACTION**" PURSUANT TO RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**"), AND (2) AGREES ON ITS OWN BEHALF AND

ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTES, PRIOR TO THE DATE (THE "**RESALE RESTRICTION TERMINATION DATE**"), WHICH IS IN THE CASE OF REGULATION S NOTES, 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR, IF LATER, THE ISSUE DATE OF ANY ADDITIONAL NOTES) AND THE DATE ON WHICH THIS NOTE WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S), AND IN THE CASE OF RULE 144A NOTES, ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE), ONLY (A) TO THE ISSUER OR THE GUARANTORS (IF ANY), (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) TO NON-U.S. PERSONS PURSUANT TO OFFERS AND SALES THAT OCCUR TO NON-U.S. PERSONS OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN ACCORDANCE WITH REGULATION S, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRANSFER AGENT; AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "**U.S. PERSON,**" "**OFFSHORE TRANSACTION**" AND "**UNITED STATES**" HAVE THE MEANING GIVEN TO THEM BY REGULATION S.

BY ITS ACQUISITION OF THIS NOTE OR ANY INTEREST HEREIN, THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED AND COVENANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE AND HOLD THIS NOTE OR INTEREST THEREIN CONSTITUTES ASSETS OF ANY "**EMPLOYEE BENEFIT PLAN**" SUBJECT TO TITLE I OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, ("**ERISA**"), ANY PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR ARRANGEMENT SUBJECT TO SECTION 4975 OF THE UNITED STATES INTERNAL REVENUES CODE OF 1986, AS AMENDED (THE "**CODE**"), AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "**PLAN ASSETS**" OF SUCH PLANS, ACCOUNTS OR ARRANGEMENTS OR A GOVERNMENTAL PLAN, NON-U.S. PLAN OR OTHER PLAN NOT SUBJECT TO THE FOREGOING, THAT IS SUBJECT TO PROVISIONS UNDER ANY SIMILAR LAWS (EACH SUCH PLAN, ACCOUNT OR ARRANGEMENT, A "**PLAN**") OR (2)(I) THE ACQUISITION, HOLDING AND DISPOSITIONS OF THIS NOTE OR INTEREST THEREIN WILL NOT CONSTITUTE OR RESULT IN A NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR SIMILAR VIOLATION UNDER ANY

APPLICABLE SIMILAR LAWS, AND (II) NONE OF THE ISSUER, THE TRUSTEE, THE SECURITY AGENT, THE REGISTRAR, THE TRANSFER AGENT, THE INITIAL PURCHASERS, THE ESCROW AGENT OR THE GUARANTORS OR ANY OF THEIR RESPECTIVE AFFILIATES IS ACTING AS A FIDUCIARY TO ANY PLAN WITH RESPECT TO THE DECISION TO PURCHASE OR HOLD THIS NOTE OR IS UNDERTAKING TO PROVIDE IMPARTIAL INVESTMENT ADVICE OR GIVE ADVICE IN A FIDUCIARY CAPACITY WITH RESPECT TO THE DECISION TO PURCHASE OR HOLD THIS NOTE.

A purchaser of Notes, will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(7) It understands that the issuance of Additional Notes under the Indenture may have the effect of extending the Resale Restriction Termination Date.

(8) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on the transfer of such Notes.

(9) It acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

(10) It acknowledges that the Transfer Agent or the Registrar will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to the Issuer, the Transfer Agent and the Registrar that the restrictions set out therein have been complied with.

(11) It acknowledges that the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of the acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate, it shall promptly notify the Issuer and the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(12) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set out under "*Plan of Distribution*" and "*Notice to Certain European Investors*."

(13) It confirms that it, or the investor account for which it acts, is not a EEA retail investor. For the purposes of this paragraph, the expression "**EEA retail investor**" means a person who is one (or more) of the following: (i) a "**retail client**" as defined in point (11) of Article 4(1) of MiFID II); or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "**qualified investor**" as defined in the EU Prospectus Regulation.

(14) It confirms that it, or the investor account for which it acts, is not a UK retail investor. For the purposes of this paragraph, the expression "**UK retail investor**" means a person who is one (or more) of the following: (i) a "retail client", as defined in point (8) of Article 2 of Regulation (EU) 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a "customer" within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as

defined in point (8) of Article 2(1) of Regulation (EU) 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a "**qualified investor**" as defined in Article 2 of the UK Prospectus Regulation.

(15) It understands that: (i) the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any "**EEA retail investor**" (as defined in paragraph (13) above) in the EEA; (ii) no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to EEA retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation; (iii) 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 "**UK retail investor**" (as defined in paragraph (14) above) in the United Kingdom; and (iv) no key information document required by the UK PRIIPs Regulation for offering or selling the Notes or otherwise making them available to UK retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or making them available to any UK retail investor in the United Kingdom may be unlawful under the U.K. PRIIPs Regulation.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND THE SECURITY INTERESTS AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The following is a summary of certain limitations on the validity and enforceability of any Guarantees and the security interests being provided for the Notes, and a summary of certain insolvency law considerations in Italy. The description below is only a summary, and does not purport to be complete or to discuss all the limitations or considerations that may affect the validity and enforceability of the Notes or any Guarantees or security interests being provided for the Notes. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations.

European Union and the United Kingdom

The Issuer, TopCo and RdM are incorporated under the laws of Italy, which is a member state of the European Union (a "**Member State**").

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

Limitations on granting security interests and on enforcement under Italian Law

Under Italian law, the entry into a transaction (including the creation of a security interest or the granting of a guarantee) by a company incorporated under Italian law must be permitted by the applicable laws and by its by-laws (*statuto sociale*) and is subject to compliance with the rules on corporate benefit, corporate authorization and certain other Italian mandatory provisions. If a security interest or a guarantee is being provided in the context of an acquisition, group reorganization, refinancing or restructuring, financial assistance issues may also be triggered.

<u>Corporate benefit</u>

An Italian company entering into a transaction (including granting a guarantee or a security interest) must receive a real and adequate benefit in exchange for the guarantee or the security interest being provided by such company. The concept of real and adequate benefit is not defined in the applicable legislation, is assessed and determined by a factual analysis on a case by case basis and its existence is a business decision of the directors and the statutory auditors, if any. As a general rule, corporate benefit is to be assessed at the level of the relevant company on a stand-alone basis, although upon certain circumstances and subject to specific rules the interest of the group to which such company belongs may also be taken into consideration. While corporate benefit for downstream guarantee or security (*i.e.*, a guarantee guaranteeing or a security interest granted to secure financial obligations of direct or indirect subsidiaries of the relevant grantor) is usually self-evident, the validity and effectiveness of up-stream or cross stream security or guarantee (*i.e.*, security or guarantee granted to secure financial obligations of the direct or indirect parent or sister companies of the relevant grantor) granted by an entity organized under the laws of Italy depend on the existence of a real and adequate benefit in exchange for the granted security interest or guarantee and may be challenged unless it can be proved that the grantor may derive adequate benefits or advantages from the granting of such guarantee or security. In particular, in case of an up-stream and cross-stream guarantee or security for the financial obligations of group companies, examples may include financial consideration in the form of access to cash flows through intercompany loans from other members of the group, while transactions featuring debt financings of distributions to shareholders are largely untested in Italian courts, and, therefore, limited guidance is provided as to whether and to what extent such transactions could be challenged for lack of corporate benefit and conflict of interest. Generally, the risk assumed by an Italian grantor of security or guarantor under a guarantee must not be disproportionate to the direct or indirect economic benefit to it.

As a general rule, absence of a real and adequate benefit could render the transaction (including granting a security interest or a guarantee entered into) by an Italian company *ultra vires* and potentially affected by a conflict of interest and the related corporate resolutions adopted by the shareholders and directors may be the subject matter of challenges and annulment. Civil liabilities may be imposed on the directors of an Italian grantor if a court holds that it did not act in the best interest of the grantor and that the acts carried out do not fall within the corporate purpose of the company or were against mandatory provisions of Italian law. The lack of corporate benefit could also result in the imposition of civil liabilities on those companies or persons ultimately exercising control over an Italian grantor 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 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 (if any) (the "**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, the obligations of a guarantor incorporated under the laws of Italy under its Guarantee may be significantly less than amounts payable with respect to the Notes, or such Italian guarantor may have effectively no obligation under its Guarantee.

In particular, regarding any Italian guarantor, given the above limitation in relation to Italian financial assistance law and corporate benefit, notwithstanding anything to the contrary provided in the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement, including, following completion of the Merger pursuant to Article 2501-bis of the Italian Civil Code, any Italian subsidiary of MergerCo:

(i) the Guarantee and security interests granted by the relevant Italian Guarantor shall not exceed at any time an amount equal to the aggregate principal amount of any intercompany loans or other financial support in any form (such term, for the avoidance of doubt, not including equity contributions) advanced or made available from time to time to such Italian Guarantor (or any of its direct or indirect subsidiaries pursuant to Article 2359, paragraph 1 and 2, of the Italian Civil Code) by the Issuer (whether directly or indirectly) on or following the Completion Date which are outstanding at the time of the enforcement of the relevant Guarantee or security interest and in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility and/or the Intercreditor Agreement and/or received upon the enforcement of any security interests granted by the relevant Italian Guarantor; provided further that such Italian Guarantor shall be liable as a Guarantor and/or security provider in respect of any amounts in excess of the amount that such Italian Guarantor is entitled to (and permitted under the Indenture, Facility Agreement and Inctercreditor Agreement to immediately) set-off against its claims of recourse or subrogation (*regresso* or *surrogazione*) arising as a result of any payment made by such Italian Guarantor under the relevant Guarantee and/or as a result of the enforcement of any security interests granted by it;

(ii) without prejudice to the limitation set out in (i) above, the maximum amount guaranteed and/or secured by any Italian Guarantor, also in accordance with Article 1938 of the Italian Civil Code (where applicable), will not exceed 120% of the outstanding principal amount of the Notes;

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

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

In addition, notwithstanding anything to the contrary provided in the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement, until the Merger is completed pursuant to Article 2501-bis of the Italian Civil Code:

(i) the Guarantee and security interests granted by RdM will only guarantee and secure a portion of the Issuer's obligations under the Notes not exceeding the amount of Tranche A (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 Proceeds Loan) (or other financial support in any form, not including equity contributions) advanced or made available from time to time to RdM (or any of its direct or indirect subsidiaries pursuant to Article 2359 of the Italian Civil Code) by the Issuer (whether directly or indirectly) on or following the Issue Date which are outstanding at the time of the enforcement of the relevant Guarantee or security interest and in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility and/or the Intercreditor Agreement and/or received upon the enforcement of any security interests granted by RdM; provided further that RdM shall not be liable as a Guarantor and/or security provider in respect of any amounts in excess of the amount that it is entitled to (and permitted under the Indenture, Facility Agreement and Intercreditor Agreement to immediately) set-off against its claims of recourse or subrogation (*regresso* or *surrogazione*) arising as a result of any payment made by RdM under the relevant Guarantee and/or as a result of the enforcement of any security interests granted by it;

(ii) without prejudice to the limitation set out in (i) above, the maximum amount guaranteed and/or secured by RdM, 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 A (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 A (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 RdM 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 RdM 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 RdM 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 by RdM 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 a portion of the amounts and/or payment obligations under the Notes not exceeding the amount of Tranche A (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 RdM 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 RdM. Should the Guarantee and/or the security interests granted by RdM be deemed by a court or public authority to be contrary to any provisions regulating financial assistance, including Articles 2358 and 2474, as applicable, of the Italian Civil Code, such Guarantee and/or security interests could be declared null and void and the Notes documents will provide that, if and to the extent such Guarantee 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 RdM 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 limitarions 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 of the holders of the Notes which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

In addition, as the holders of the Notes are not direct parties to the Indenture, there is the risk that the appointment of the Security Agent in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code is not upheld by an Italian court and that therefore an Italian court may determine that the holders of the Notes at the time of enforcement are not secured by the security under the Security Documents and/or that the *rappresentante* cannot exercise the rights and enforce the Collateral also in the name and on behalf of the holders of the Notes. In addition, the provisions and the subject matter of paragraph 3 of Article 2414-*bis*, paragraph 3, of the Italian Civil Code are new and, as such, untested by Italian Courts and, therefore, even if the appointment of the *rappresentante* is upheld by an Italian Court, it cannot be excluded that an Italian Court may take a different view and interpretation and determine that, where the Collateral is granted in favor of the *rappresentante*, the holders of the Notes at the time of enforcement are not secured by the Collateral and/or cannot enforce that Collateral.

Furthermore, to date, the Italian courts have not considered whether a common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code may be validly appointed by means of a contractual arrangement (such as the Indenture) and the validity and enforceability of such appointment may not be upheld by a court.

Moreover, it is uncertain and untested in the Italian courts whether, under Italian law, a security interest can be created and perfected: (i) in favor of creditors (such as the holders of the Notes) which are neither directly parties to the relevant security documents or are not specifically identified therein or in the relevant share certificates and corporate documents or public registries; and (ii) in favor of a "trustee," since there is no established concept of "trust" or "trustee" under Italian law and the precise nature, effect and enforceability of the duties, rights and powers of a "trustee" as trustee under security interests granted over Italian assets is uncertain under Italian law.

Certain 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 and security interests given by it or by way of a trust or parallel debt obligation could be subject to potential challenges by the appointed bankruptcy receiver or by other creditors under the rules of ineffectiveness or avoidance or clawback of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or clawback of transactions made by the debtor during a certain legally specified period (the "*the suspect period*"). For a more detailed explanation of the terms, conditions and consequences of clawback actions in an insolvency scenario, see "— *Certain Italian insolvency laws considerations*" 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, among others, 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 (the "**Legislative Decree**"), which implements the guidelines contained in Law No. 155 dated October 19, 2017, 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 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* (*"Procedure di allerta e di composizione assistita della crisi," 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, published in the *Gazzetta Ufficiale* No. 202 of August 24, 2021, as converted into law pursuant to Law No. 147 of October 21, 2021, published in the *Gazzetta Ufficiale* No. 254 of October 23, 2021 (the "**Law Decree 118/2021**").

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 competent pursuant to Article 9 of the Italian Bankruptcy Law to confirm or modify the protective measures provided for pursuant to Article 6 of the Law Decree 118/2021 (the "**Protective Measures**") on the same day of the publication of the petition and the Expert's acceptance (as defined below) in the relevant Companies' Register (*Registro delle Imprese*), 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 5 of the Law Decree 118/2021, *inter alia*, the entrepreneur or the enterprise filing for a *composizione negoziata della crisi* (i) shall certify that no requests for the admission to a *concordato preventivo* procedure nor for the sanctioning of an *accordo di ristrutturazione dei debiti* have been previously filed to the court in such respect and (ii) in the event that the application for a *composizione negoziata della crisi* is dismissed, may not submit a new request before one year has elapsed after the aforementioned dismissal.

Pursuant to Article 13 of the Law Decree 118/2021, the *composizione negoziata della crisi* may also apply to corporate groups in order to provide for the possibility of the *composizione negoziata della crisi* to take place in a unitary form. It should be noted that Paragraph 10 of such provision provides for the group companies – at the end of the negotiations – to either enter, as a whole group, into one of the agreements referred to in Article 11, Paragraph 1, of the Law Decree 118/2021 (as set out below), or enter separately as single companies into the solutions referred to in Article 11 of the Law Decree 118/2021.

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 a third party and independent expert (the "**Expert**"), through a digital platform (the "**Platform**"). Together with the petition, the enterprises must file the documents listed under Article 5, Paragraph 3 of the Law Decree 118/2021, collectively aimed at giving a clear representation of their financial status and indebtedness.

Pursuant to Article 23, Paragraph 2 of the Law Decree 118/2021, access to the *composizione negoziata della crisi* is prevented for enterprises having filed a request for the admission to a *concordato preventivo* procedure or for the approval of an *accordo di ristrutturazione dei debiti* also pursuant to Article 161, Paragraph 6 of the Italian Bankruptcy Law, or pursuant to Article 182 *bis*, Paragraph 6 of the Italian Bankruptcy Law, or a request for the admission to the procedures of over-indebtedness restructuring agreement or liquidation of assets referred to in Articles 7 and 14-*ter* of Law No 3 of 27 January 2012 (*i.e.*, *procedimenti di composizione della crisi da sovraindebitamento e di liquidazione del patrimonio*) pending such procedures.

Pursuant to Article 4 of the Law Decree 118/2021 the person who acted as Expert in the context of a *composizione negoziata della crisi*, shall not have or maintain professional relations with the entrepreneur during the two years following the dismissal of the *composizione negoziata della crisi*. The Expert assesses his/her independence, the adequacy of his/her professional expertise and his/her time availability with respect to the prospected assignment, and, if the outcome of the assessment is positive, notifies his/her acceptance to the entrepreneur and uploads it on the Platform. In case of negative outcome, the Expert confidentially notifies it to the commission, which appoints a new Expert. If the Expert accepts the appointment, he/she meets with the entrepreneur in order to assess whether there are concrete chances of recovery. The entrepreneur attends the meeting personally, and can be assisted by its counsels.

If the Expert finds that there are concrete chances of recovery (*risanamento*), he/she meets with the parties involved in the entrepreneur's recovery process and presents the possible strategies, scheduling periodic meetings close in time to one another. During the negotiations, all the parties involved must act in good faith and with fairness, must cooperate and are bound by confidentiality on the entrepreneur's situation, on the actions carried out or planned by the entrepreneur and on the information received in the course of the negotiations. The entrepreneur must provide a complete and clear representation of his/her situation, and manage his/her assets without causing unfair prejudice to the creditors. Banks and financial intermediaries, their agents, and, in case of credit assignment and/or transfer, their assignees or transferees, must take part in the negotiations actively and in an informed manner, and the access to the *composizione negoziata della crisi* does not, by itself, constitute ground for withdrawal of overdraft facilities. Specific provisions apply to negotiations involving employment contracts.

If the Expert finds that there are not concrete chances of recovery (*risanamento*), after the meeting with the entrepreneur or thereafter, he/she notifies the entrepreneur and the secretary general of the chamber of commerce, which provides for the dismissal of the entrepreneur's petition.

The Expert's appointment is considered terminated if, after 180 days from its appointment, the parties have not agreed on a solution (that can also be proposed by the Expert) for overcoming the entrepreneur's distressed situation. However, the Expert's appointment can continue up to further 180 days (pursuant to Article 5, Paragraph 7 of the Law Decree 118/2021) if ***(i)*** all the parties involved in the negotiations require so and the Expert agrees, or ***(ii)*** the prosecution of the appointment is required by the fact that the entrepreneur has filed a petition to the court pursuant to Article 7 and/or Article 10 of the Law Decree 118/2021.

Pursuant to Article 5, Paragraph 8 of the Law Decree 118/2021, at the end of his/her appointment the Expert issues a final report (the "**Final Report**"), uploads it on the Platform, and notifies it to the entrepreneur and to the court that has granted the Protective Measures and Interim Measures (if any) which declares the termination of their related effects.

Pursuant to Article 6 of the Law Decree 118/2021, together with the petition for appointment of the Expert, or with a subsequent petition, the entrepreneur can request the application of Protective Measures. The relevant petition is published in the companies' register together with the Expert's acceptance. The Protective Measures consist of the following: from the date of publication of the relevant petition, preexisting creditors cannot obtain preemption rights (*diritti di prelazione*) unless agreed upon by the entrepreneur and all enforcement and interim actions are stayed. However, as opposed to what happens in the *concordato preventivo*, payment of preexisting creditors is not forbidden. The Protective Measures do not apply to employees' claims.

From the date of publication of the petition requesting the application of the Protective Measures until the date of conclusion of the negotiations or dismissal of the petition for appointment of the Expert, the entrepreneur cannot be declared bankrupt nor insolvent by the court.

The creditors whose rights are affected by the Protective Measures cannot unilaterally refuse to perform their obligations under the contracts in place with the entrepreneur, nor terminate such contracts, nor anticipate their expiration date, nor amend them with detrimental consequences for the entrepreneur, solely on the ground of the missed payment of claims arisen prior to the publication of the petition requesting the application of the Protective Measures.

On the same date of the publication of the petition and the Expert's acceptance in the relevant Companies' Register (*Registro delle Imprese*) pursuant to Article 6, Paragraph 1, of the Law Decree 118/2021, the entrepreneur requests the court to confirm or amend of the Protective Measures, and, if necessary, to enact the Interim Measures.

If the entrepreneur fails to file (or delays the filing of) such petition to the court, the Protective Measures are ineffective. Additionally, if the entrepreneur fails to request the publication of the case number (*numero di ruolo generale*) assigned by the court within 30 days from the publication of the petition with the companies' register, the petition requesting the application of the Protective Measures is canceled from the Companies' Register.

Within 10 days from the filing of the petition requesting to confirm or amend the Protective Measures, and, if necessary, to enact the Interim Measures, the courts schedules a hearing, and upon failure of scheduling such hearing the Protective Measures will become ineffective. At the hearing, the court hears the parties, the Expert and the creditors whose rights are affected by the Protective Measures and the Interim Measures. The court can appoint a court expert (*ausiliario*) and carry out all the relevant investigation measures. The duration of the Protective Measures and, if necessary, the Interim Measures, is established by an order of the court in a range between 30 and 120 days, and, upon request of the parties and after obtaining the opinion of the Expert, can be extended for the time required to positively finalize the negotiations up to a maximum of 240 days.

Upon request of the entrepreneur or of one or more creditors, or upon report of the Expert, the Protective Measures and the Interim Measures can be revoked, or their duration can be reduced, if they do not satisfy the purpose of a positive finalization of the negotiations, or appear to be disproportionate compared to the prejudice caused to the creditors that file the relevant request.

Pending the negotiations, the entrepreneur may carry out acts pertaining to ordinary activity, and, upon written notice to the Expert, carry out acts pertaining to extraordinary activity or make payments non-consistent with the negotiations nor with the perspectives of recovery, in such a way as to avoid prejudicing the economic and financial sustainability of the business. Furthermore, if during the course of the negotiations, it appears that the entrepreneur is insolvent but there are real prospects of recovery, the entrepreneur shall manage the enterprise in the best interests of the creditors, subject to his liabilities.

If the Expert believes that a certain act causes prejudice to the creditors, to the negotiations or to the perspectives of recovery, he/she reports it in writing to the entrepreneur and to the enterprise's control body. If, notwithstanding the Expert's report, the entrepreneur carries out the relevant act, the entrepreneur gives immediate notice to the Expert, who may file his/her dissent for the registration with 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. However, in such case it will be for the court itself to identify the measures it considers appropriate, taking also into account the requests of the parties concerned, in order to protect all the interests involved.

The Expert may invite the parties to renegotiate in good faith the conditions of certain contracts (other than employment contracts) if, as a consequence of the COVID-19 pandemic, such contracts pose an excessive burden on the entrepreneur. If the parties do not agree, the entrepreneur can file a petition asking the court to amend the conditions of such contracts.

Pursuant to Article 11 of the Law Decree 118/2021, the *composizione negoziata della crisi* can terminate as follows:

(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. In such case, the independent expert's report (*attestazione*) provided under Article 67, Paragraph 3, letter d) of the Italian Bankruptcy Law, shall not be required.

At the end of the negotiations, the entrepreneur may 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, which pursuant to Article 11 of the Law Decree 118/2021 can be filed only following the end of the negotiations;

(c) enter into one of the insolvency proceedings provided under the Italian Bankruptcy Law or in the so-called Prodi-*bis procedure* or *Marzano procedure*.

Pursuant to Article 12 of the Law Decree 118/2021:

(i) the acts authorized by the court pursuant to Article 10 of the Law Decree 118/2021 maintain their effects in the event of subsequent sanctioned debt restructuring agreement with creditors (*accordo di ristrutturazione dei debiti omologato*), sanctioned court-supervised pre-bankruptcy composition with creditors (*concordato preventivo omologato*), bankruptcy (*fallimento*), compulsory administrative winding-up (*liquidazione coatta amministrativa*), extraordinary administration for large insolvent companies (*amministrazione straordinaria*) or *concordato semplificato per la liquidazione del patrimonio*;

(ii) the payments of debts that are immediately due and payable, any onerous transactions and the granting of security interests made after the Expert accepted its appointment, are exempted from claw-back actions pursuant to Article 67, Paragraph 2, of the Italian Bankruptcy Law if they are consistent with the development and the status of the negotiations and with the perspectives of recovery (*risanamento*) in place at the time the payment/transaction/granting of security interest was made;

(iii) acts pertaining to the entrepreneur's extraordinary activity and payment made after the Expert accepted its appointment are subject to claw-back actions pursuant to Article 66 and Article 67 of the Italian Bankruptcy Law if the Expert has registered his/her dissent in the companies' register or if the court has denied its authorization pursuant to Article 10 of the Law Decree 118/2021;

(iv) payment and transactions made after the Expert accepted its appointment, which the Expert assesses to be consistent with the development of the negotiations and with the perspectives of recovery (*risanamento*) of the enterprise, or which have been authorized by the court pursuant to Article 10 of the Law Decree 118/2021, benefit of exemptions from the potential application of certain criminal sanctions provided for pursuant to Articles 216, Paragraph 3, and 217 of the Italian Bankruptcy Law.

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 but have been conducted according to fairness and in good faith, 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 to the competent court of the place where the company has its registered office a petition for admission to the *concordato semplificato per la liquidazione del patrimonio*, together with a liquidation plan and the documents listed under Article 161, Paragraph 2, letters *a)*, *b)*, *c)* and *d)* of the Italian Bankruptcy Law which may contain the division of the creditors into classes. The petition for *concordato semplificato per la liquidazione del patrimonio* is then published in the companies' register within the day following the filing with the court. From the date of such publication, the effects provided under Articles 111, 167, 168 and 169 of the Italian Bankruptcy Law apply.

The court verifies the formal correctness of the proposal, acquires the Expert's Final Report and an opinion of the Expert on the possible outcome of the liquidation and the relevant guarantees offered thereunder, and ***(i)*** appoints a court expert (*ausiliario*), ***(ii)*** gives order to the entrepreneur to notify the proposal, together with the Expert's Final Report, to the creditors resulting from the list that was attached to the petition for the appointment of the Expert pursuant to Article 5, Paragraph 3 of the Law Decree 118/2021 and ***(iii)*** schedules the hearing for the sanctioning (*omologazione*) of the *concordato semplificato per la liquidazione del patrimonio*.

The court issues a decree sanctioning (*omologazione*) the *concordato semplificato per la liquidazione del patrimonio* when it finds that ***(i)*** the proceeding has been carried out in accordance with relevant laws and regulations and the adversarial principle among the parties (*contraddittorio*); ***(ii)*** the proposal is compliant with preemption rights (*cause di prelazione*) and the liquidation plan is feasible, and ***(iii)*** the proposal does not cause a prejudice to the creditors compared to what they would receive in case of insolvent liquidation of the entrepreneur, and, in any case, ensures that each creditor receives a certain recovery.

The parties may file an objection (*opposizione*) to the above-mentioned decree within 30 days after having been notified of the same.

Apart from the Law Decree 118/2021 and the Insolvency Code, the most recent reforms that have been implemented by the Italian government on the main Italian bankruptcy legislation as defined below are: (i) the reform approved on June 23, 2015, through a Law Decree containing urgent reforms applicable, *inter alia*, to Italian Bankruptcy Law (the "**Decree 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 on August 21, 2015 (the date after its publication in the *Gazzetta Ufficiale*); and (ii) the amendments implemented by means of the adoption of (a) the Law Decree No. 59 of May 3, 2016, converted into law by Italian Law No. 119 of June 30, 2016, and (b) Italian Law No. 232 of December 11, 2016.

The two primary aims of the Italian Bankruptcy Law are to liquidate the debtor's assets and protect the goodwill of the going concern (if any) for the satisfaction of creditors' claim as well as, in case of the "*Prodi-bis*" procedure or "*Marzano*" procedure, to maintain employment. These competing aims have often been balanced by the sale of businesses as going concerns and ensuring that employees are transferred along with the businesses being sold. However, the Italian Bankruptcy Law has been recently amended with a view to promoting rescue procedures rather than liquidation, focusing on the continuity and survival of financially distressed businesses and enhancing pre-bankruptcy restructuring options.

Under the Italian Bankruptcy Law, bankruptcy (*fallimento*) must be declared by a court, based on the insolvency (*insolvenza*) of a company upon a petition filed by the company itself, the public prosecutor and/or one or more creditors. Insolvency, as defined under Article 5 of the Italian Bankruptcy Law, occurs when a debtor is no longer able to regularly meet its obligations as they come due. This must be a permanent, rather than a temporary status of insolvency, in order for a court to hold that a company is insolvent.

In cases where a company is facing financial difficulties or temporary cash shortfall and, in general, financial distress, it may be possible for it to enter into out-of-court arrangements with its creditors, which may safeguard the existence of the company, but which are susceptible of being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions.

In addition to the *composizione negoziata della crisi* and to the *concordato semplificato per la liquidazione del patrimonio* described above, the following debt restructuring and bankruptcy measures are available under Italian law for companies in a state of crisis and for insolvent companies.

The amendments to the Italian Bankruptcy Law introduced by the Law Decree 118/2021, which anticipate certain provisions of the Insolvency Code, will be examined in the following sections.

Restructuring outside of a judicial process (accordi stragiudiziali)

Restructuring generally takes place through a formal judicial process because it is more favorable for the debtor and because informal 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 attestati di risanamento) prepared by companies in order to restructure their indebtedness and to ensure the recovery of their financial condition. An independent expert appointed directly by the debtor must verify the feasibility of the restructuring plan and the truthfulness of the business data provided by the company. There is no need to obtain court approval to appoint the expert. The expert must possess certain specific professional requisites and qualifications and meet the requirements set forth by Article 2399 of the Italian Civil Code and may be subject to liability in case of misrepresentation or false certification.

Out-of-court debt restructuring agreements are not under any form of judicial control or approval and, therefore, no application is required to be filed with the court or supervising authority. Out-of-court debt restructuring agreements are not required to be approved and consented to by a specific majority of all outstanding claims.

The terms and conditions of these plans are freely negotiable, provided that they are finalized at restructuring the debtor's indebtedness and rebalancing its capital structure. Unlike court supervised pre-bankruptcy composition agreement with creditors and debt restructuring agreements, out-of-court reorganization plans do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third-party creditors. The Italian Bankruptcy Law provides that, should these plans fail and the debtor be declared bankrupt, the payments and/or acts carried out, and/or security interest granted for the implementation of the reorganization plan, subject to certain conditions (a) are not subject to claw-back action; and (b) are exempted from the potential application of certain criminal sanctions. Neither ratification by the court nor publication in the Companies' Register are needed (although publication in the Companies' Register is possible upon a debtor's request and would allow to certain tax benefits), and, therefore, the risk of bad publicity or disvalue judgments are lower than in case of a court supervised pre-bankruptcy composition with creditors or a debt restructuring agreement.

Debt restructuring agreements with creditors pursuant to Article 182-bis of the Italian Bankruptcy Law (accordi di ristrutturazione dei debiti)

The debtor may negotiate debt restructuring agreements with creditors holding at least 60% of the total amount of claims or debts outstanding, subject to court's sanctioning (*omologazione*). An independent expert appointed by the debtor must assess the truthfulness of the business and accounting data provided by the company and declare that the agreement is feasible and that it ensures that the debt of non-adhering creditors can be fully satisfied within the following terms: (a) 120 days from the date of approval of the agreement by the court, in the case of debts which are due and payable to the non-adhering creditors as of the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court; and (b) 120 days from the date on which the relevant debts fall due, in case of debts which are not yet due and payable to the non- adhering creditors as at the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court. Only a debtor who is insolvent or in a situation of "financial distress" (*i.e.*, facing financial crisis which does not yet amount to insolvency) can initiate this process and request the court's sanctioning (*omologazione*) of the debt restructuring agreement entered into with its creditors.

The agreement is published in the companies' register and is effective as of the day of its publication. Starting from the date of such publication and for 60 days thereafter, creditors cannot start or continue any conservative or enforcement actions against the assets of the debtor in relation to pre-existing receivables and cannot obtain any security interest (unless agreed) in relation to preexisting debts. The Italian Bankruptcy Law does not expressly provide for any indications concerning the contents of the debt restructuring agreement. The plan can therefore provide, among others, either for the prosecution of the business by the debtor or by a third party, or the sale of the business to a third party, and may contain refinancing agreements, moratoria, write-offs and/or postponements of claims. The debt restructuring agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

The 60-days moratorium can also be requested by the debtor, pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law, while negotiations with creditors are pending (*i.e.*, prior to the above-mentioned publication of the agreement), subject to the fulfillment of certain conditions. Such moratorium request must be published in the companies' register and becomes effective as of the date of publication. The court, having verified the completeness of the documentation filed by the debtor, sets the date for a hearing within 30 days of the publication and orders the company to supply the relevant documentation in relation to the moratorium to the creditors. 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 Italian Decree 83/2015, as amended by Law 132/2015 modified the basis for calculation of the 60% of the outstanding debtor's debt threshold required for courts' sanctioning of debt restructuring agreements (*accordi di ristrutturazione dei debiti*), easing the requirements with respect to financial creditors.

The new Article 182 *bis*, Paragraph 8 of the Italian Bankruptcy Law, as amended by Italian Law No. 69 of May 21, 2021, and subsequently replaced by the Law Decree 118/2021, sets the rule for when substantial amendments are made to the plan.

If substantial amendments are made to the plan prior to the court's sanctioning (*omologazione*), ***(i)*** the independent expert carries out a new assessment on the truthfulness of the business and accounting data, the feasibility of the agreement and its attitude to allow payment of the non-adhering creditors within the terms provided under Article 182 bis, Paragraph 1, of the Italian Bankruptcy Law, and ***(ii)*** the debtor requests the creditors to confirm their adherence to the debt restructuring agreement. The independent expert carries out a new assessment also in case of substantial amendments to the debt restructuring agreement.

If substantial amendments are made to the plan after to the court's sanctioning (*omologazione*), the debtor amends the plan in order to ensure the performance of the obligations provided under the debt restructuring agreement, and requests the independent expert to carry out a new assessment. In this case, the new plan and the new assessment of the independent expert are published in the companies' register and notice of such publication is given to the creditors by means of certified mail or certified email. Creditors may oppose the new plan within 30 days from the notice of the publication.

Pursuant to Article 182 *bis*, Paragraph 4, of the Italian Bankruptcy Law, as amended by the Law Decree 118/2021, the court can sanction the debt restructuring agreement also if the Italian Tax Authority or the Italian Social Security Authority do not adhere, provided that their adherence is essential in order to reach the percentage of 60% provided under Article 182 bis, Paragraph 1, of the Italian Bankruptcy Law and that the claims of the non-adhering Italian Tax Authority and Italian Social Security Authority are likely to be satisfied to a greater extent as a result of the debt restructuring agreement than as what would be the case in bankruptcy. The adherence of the Italian Tax Authority and of the Italian Social Security Authority must occur within 90 days from the filing of the debt restructuring agreement proposal.

Pursuant to the new Article 182 *novies* of the Italian Bankruptcy Law, introduced by the Law Decree 118/2021, the percentage of 60% provided under Article 182 *bis*, Paragraph 1, of the Italian Bankruptcy Law is reduced to the 30% if the debtor (a) waives the 120-day term for the satisfaction of its creditors provided for under Article 182 bis, Paragraph 1, letters (a) and (b) of the Italian Bankruptcy Law; (b) does not previously file a petition for admission to the *concordato in bianco* pursuant to Article 161, Paragraph 6, of the Italian Bankruptcy Law, and does not request the 60-days moratorium pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law.

The Law Decree 118/2021 significantly amended Article 182 *septies* of the Italian Bankruptcy Law and introduced in the Italian Bankruptcy Law the new Article 182 *octies*, Article 182 *novies* and Article 182 *decies*, thus anticipating some of the provisions of the Insolvency Code.

Pursuant to the new Article 182-*septies* of the Italian Bankruptcy Law, debtors are entitled to enter into debt restructuring agreements by obtaining 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-adhering creditors shall be satisfied to a no lesser extent than what they would be in the context of liquidation alternative. The law also provides that ***(i)*** the agreement shall be of a non-liquidating nature, ***(ii)*** the agreement shall contemplate the direct or indirect continuation of the business activity as a going concern, and ***(iii)*** all the creditors belonging to the relevant category have been duly notified of the beginning of the negotiations, have been kept informed and have been notified the debt restructuring agreement and the sanctioning decree (*decreto di omologa*). If these conditions are met, the remaining 25% of non-adhering creditors belonging to the same class of creditors are crammed down; however, non-adhering crammed-down creditors can challenge the agreement and refuse to be forced into it.

The percentage of 75% is lowered to 60% if the reach of the debt restructuring agreement results from the Final Report issued by the Expert at the end of the negotiations pertaining to the *composizione negoziata della crisi*.

Pursuant to the new Article 182 *septies,* Paragraph 5, of the Italian Bankruptcy Law, a special provision is set forth for debtors whose financial indebtedness is at least 50% of their total indebtedness: in this situation the debt restructuring agreement may identify one or more categories of creditors which are banks and financial intermediaries and have a homogeneous legal position and economic interests and extend the effects of the agreement to non-adhering creditors who are part of the same category. In such instance, the agreement is valid even if it does not contemplate the direct or indirect continuation of the business activity as a going concern.

Similarly, pursuant to the new Article 182 *octies* of the Italian Bankruptcy Law, a standstill agreement (*convenzione di moratoria*) entered into between a debtor and creditors representing 75% of the same class would also bind the non-adhering creditors, provided that (A) an independent expert meeting the requirements provided under Article 67, Paragraph 3(d) of the Italian Bankruptcy Law certifies ***(i)*** the truthfulness of the business data, ***(ii)*** the attitude of the standstill agreement to temporarily regulate the effects of the crisis and ***(iii)*** the fact that the non-adhering creditors suffer a prejudice that is proportionate and consistent with the recovery strategies undertaken by the debtor, and (B) certain further conditions are met (*e.g.*, all the creditors belonging to the relevant category have been duly noticed of the beginning of the negotiations and have been kept informed). Non-adhering crammed-down creditors can challenge the standstill agreement within 30 days after having been notified of the same.

The debt restructuring agreement provided under Article 182 *septies* of the Italian Bankruptcy Law and the standstill agreement provided under Article 182 *octies* of the Italian Bankruptcy Law shall not impose new obligations, the granting of new overdraft facilities, the maintenance of the possibility to utilize existing facilities or the utilization of new facilities on non-adhering creditors.

Pursuant to the new Article 182 *decies* of the Italian Bankruptcy Law, introduced by the Law Decree 118/2021, Article 1239 of the Italian Civil Code applies to the creditors that have adhered to the debt restructuring agreements. Non-adhering creditors maintain their claims towards ***(i)*** those who are jointly and severally liable with the debtor, ***(ii)*** the debtor's guarantors and ***(iii)*** debtors by way of right of recourse (*regresso*). Unless agreed otherwise, debt restructuring agreements produce effect towards the shareholders who are jointly liable with non-limited liability companies, provided that, if such shareholders have granted guarantees, they will remain liable as guarantors.

Pursuant to Article 182-*quater* of the Italian Bankruptcy Law, financing granted to the debtor pursuant to the approved debt restructuring agreement (or a court-supervised pre-bankruptcy composition with creditors) enjoy priority status in cases of subsequent bankruptcy (such status also applies to financing granted by shareholders, but only up to 80% of such financing). Financing granted "in view of" (*i.e.*, before) presentation of a petition for a debt restructuring agreement or a court-supervised pre-bankruptcy composition with creditors may be granted such priority status provided that it is envisaged by the relevant plan or agreement and that such priority is expressly provided for by the court at the time of approval of the plan or sanctioning (*omologazione*) of the agreement or the approval of the pre-bankruptcy composition with creditors. The same provisions apply to financings granted by shareholders up to 80% of their amount.

Pursuant to Article 182-*quinquies* of the Italian Bankruptcy Law, the Court, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182-*bis*, Paragraph 1, of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, Paragraph 6, of the Italian Bankruptcy Law or a petition pursuant to Article 161 of the Italian Bankruptcy Law (in relation to the court supervised pre-bankruptcy composition with creditors described below) may authorize the debtor, if so expressly requested to: (i) incur in new super senior (*prededucibile*) indebtedness subject to authorization by the court; (ii) secure such indebtedness with in rem security (*garanzie reali*), or by assigning claims, provided that the expert appointed by the debtor, having verified the overall financial needs of the company until the sanctioning (*omologazione*), declares that the new financing aims at providing a better satisfaction of the rights of the creditors; and (iii) pay pre-existing debts deriving from the supply of services or goods, to the extent already payable and due, provided that the expert declares that such payment is essential for the keeping of the company's activities and to ensure the best satisfaction for all creditors. The aforementioned authorization may be given also before the filing of the additional documentation required pursuant to Article 161, Paragraph 6 of the Italian Bankruptcy Law.

The provision of Article 182-*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 sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182-*bis*, Paragraph 1 of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law or a petition pursuant to Article 161, Paragraph 6, of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, the court may also authorize the debtor to incur in new super senior (so-called *prededucibile*) indebtedness, aimed at supporting urgent financial needs related to the company's business. The debtor, while filing such request of authorization, is required to specify (i) the purpose of the financing; (ii) that it is unable to otherwise obtain the required funds and (iii) that the absence of such financing will entail an imminent and irreparable prejudice to the debtor. The court must decide on the request within 10 days from the filing of the application after consultation with the judicial commissioner and, if deemed necessary, the principal creditors.

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 precautionary actions and interim measures sought by the creditors, whose title arose beforehand, are stayed. Preexisting creditors cannot obtain security interests (unless authorized by the court) and mortgages registered within the 90 days preceding the date on which the petition for the *concordato preventivo* is published in the company's register are ineffective against such pre-existing creditors.

The composition proposal filed in connection with the petition may provide for: (i) the restructuring and payment of debts and the satisfaction of creditors' claims in any manner (provided that, in any case, it will ensure payment of at least 20% of the unsecured receivables, except for the case of composition with creditors with continuity of the going concern (*concordato con continuità aziendale*) pursuant to Article 186-*bis* of the Italian Bankruptcy Law), including through extraordinary transactions, such as the granting to creditors and to their subsidiaries or affiliated companies of shares, bonds (including bonds convertible into shares), or other financial instruments and debt securities); (ii) the transfer to a receiver (*assuntore*) of the operations of the debtor company making the composition proposal; (iii) the division of creditors into classes; and (iv) different treatment of creditors belonging to different classes. The composition proposal may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

The filing of the petition for the *concordato preventivo* may be preceded by the filing of a preliminary petition for a *concordato preventivo* (so-called *concordato in bianco*), pursuant to Article 161, Paragraph 6, of the Italian Bankruptcy Law. The debtor company may file such petition along with: (i) its financial statements from the latest three financial years; and (ii) the list of creditors with the reference to the amount of their respective receivables, reserving the right to submit the underlying plan, the proposal and all relevant documentation within a period assigned by the court between 60 and 120 days from the date of the filing of the preliminary petition, subject to only one possible further extension of up to 60 days, where there are reasonable grounds for such extension (*giustificati motivi*).

In advance of such deadline, the debtor may also file a petition for the approval of a debt restructuring agreement (pursuant to Article 182-*bis* of the Italian Bankruptcy Law). If the court accepts such preliminary petition, it may: (i) appoint a judicial commissioner (*commissario giudiziale*) to overview the company, who, in the event that the debtor has carried out one of the activities under Article 173 of the Italian Bankruptcy Law (for example, concealment of part of assets, omission to report one or more claims, declaration of nonexistent liabilities or commission of other fraudulent acts), will report it to the court, which, upon further verification, may reject the petition at court for a *concordato preventivo*; and (ii) set forth reporting and information duties of the company during the abovementioned period. The statutory provisions providing for the stay of enforcement and interim relief actions by the creditors referred to in respect of the *concordato preventivo* also apply to preliminary petitions for *concordato preventivo* (so-called *concordato in bianco*).

The debtor company may not file such preliminary petition where it had already done so in the previous two years without the admission to the *concordato preventivo* having followed. The decree setting the term for the presentation of the documentation contains also the periodical information requirements (also relating to the financial management of the company and to the activities carried out for the purposes of the filing of the application and the restructuring plan) that the company has to fulfill, at least on a monthly basis, until the lapse of the term established by the court. The debtor company will file, on a monthly basis, the company's financial position, which is published, the following day, in the company's register.

Noncompliance with these requirements results in the application for the composition with creditors being declared inadmissible and, upon request of the creditors or the public prosecutor and provided that the relevant requirements are verified, in the adjudication of the distressed company into bankruptcy. If the activities carried out by the debtor company appear to be clearly inappropriate to the preparation of the application and the restructuring plan, the court may, *ex officio*, after hearing the debtor and — if appointed — the judicial commissioner, reduce the time for the filing of additional documents.

Following the filing of the preliminary petition and until the decree of admission to the composition with creditors, the distressed company may: (i) carry out acts pertaining to its ordinary activity; and (ii) seek the court's authorization to carry out acts pertaining to its non-recurring activity, to the extent they are urgent.

Claims arising from acts lawfully carried out by the distressed company and new super senior indebtedness authorized by the court aimed at supporting urgent financial needs related to the company's business, pending the *concordato in bianco*, as well as the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182-*bis*, Paragraph 1 of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, are treated as super-senior (so-called *prededucibili*) pursuant to Article 111 of the Italian Bankruptcy Law and the related acts, payments and security interests granted are exempted from the claw-back action provided under Article 67 of the Italian Bankruptcy Law.

The composition proposal may propose that: (i) the business continues to be run by the debtor as a going concern; or (ii) the business is transferred to one or more companies and any assets which are no longer necessary to run the business are liquidated (*concordato con continuità aziendale*). In these cases, the petition for the *concordato preventivo* should fully describe the costs and revenue that are expected as a consequence of the continuation of the business as a going concern, as well as the financial resources and support which will be necessary. The report of the independent expert will also certify that the continuation of the business is conducive to the satisfaction of creditors' claims to a greater extent than if such composition proposal was not implemented. Furthermore, the going concern-based arrangements with creditors can provide for, among others, the winding up of those assets that are not functional to the business allowed.

If the court determines that the composition proposal is admissible, it appoints a judge (*giudice delegato*) to supervise the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls a creditors' meeting. During the implementation of the proposal, the company generally continues to be managed by its corporate bodies (usually its board of directors), but is supervised by the appointed judicial officers and judge. The debtor is allowed to carry out urgent extraordinary transactions only upon the prior judge's authorization, while ordinary transactions may be carried out without authorization. Third-party claims, related to the interim acts legally carried out by the debtor, are super-senior (so-called *prededucibili*) pursuant to Article 111 of the Italian Bankruptcy Law.

The *concordato preventivo* is voted on at a creditors' meeting and must be approved with the favorable vote of (a) the creditors representing the majority of the receivables admitted to vote and, also in the event that the plan provides for more classes of creditors, and (b) the majority of the classes. The *concordato preventivo* is approved only if the required majorities of creditors expressly voted in favor of the proposal. Creditors who did not exercise their voting rights in the creditors' meeting can do so (even via email) within 20 days of the closure of the minutes of the creditors' meeting and, after such term, creditors who have did not exercise their voting right will be deemed not to approve the *concordato preventivo* proposal. In relation to voting by the holder of the Notes in the *concordato* 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 their claim (provided that they receive, at least, an amount equal to the fair market value of their secured assets, as assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. The court may also approve the *concordato preventivo* (notwithstanding the circumstance that one or more classes objected to it) if: (i) the majority of classes has approved it; and (ii) the court deems that the interests of the dissenting creditors would be adequately safeguarded through it compared to other solutions. If an objection to the implementation of the *concordato preventivo* is filed by 20% of the creditors or, in case there are different classes of creditors, by a creditor belonging to a dissenting class, entitled to vote, the court may nevertheless sanction the *concordato preventivo* if it deems that the relevant creditors' claims are likely to be satisfied to a greater extent as a result of the *concordato preventivo* than would otherwise be the case.

The Decree 83/2015, as amended by Law 132/2015, introduced the possibility for creditors (except for individuals or entities controlled, controlling or under common control of the debtor) holding at least 10% of the aggregate claims against a debtor to present an alternative plan to the debtor's plan in a pre-bankruptcy court-supervised composition with creditors (*concordato preventivo*) subject to certain conditions being met, including, in particular, that the proposal of the debtor do not ensure recovery of at least (i) 40% of the unsecured claims (*crediti chirografari*) in case of pre-bankruptcy court-supervised composition with creditors proposal with liquidation purpose (*concordato liquidatorio*), or (ii) 30% of the unsecured claims (*crediti chirografari*) in case of pre-bankruptcy court-supervised composition with creditors proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

In addition, in order to strengthen the position of the unsecured creditors, a pre-bankruptcy court-supervised composition with creditors proposal with liquidation purpose (*concordato liquidatorio*) (*i.e.*, a pre-bankruptcy court supervised composition with creditors proposal aiming at transferring all the assets to the creditors and having such assets sold in their interest by the judicial commissioner) must ensure that the unsecured creditors are paid in a percentage of at least 20% of their claims.

This provision does not apply to pre-bankruptcy court-supervised composition with creditors proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

To the extent the alternative plan is approved by the creditors and sanctioned (*omologato*), the court may grant special powers to the judicial commissioner to implement the plan if the debtor does not cooperate, including by taking all corporate actions required.

In addition, Article 163-*bis* of the Italian Bankruptcy Law, introduced by the Decree 83/2015, as amended by Law 132/2015, provides that, if a plan in pre-bankruptcy composition with creditors (*concordato preventivo*), pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, includes an offer for the sale of the debtor's assets or of a going concern of the debtor to an identified third party, the judicial commissioner may request to the court the opening a competitive bidding process to the extent that it would be in the best interest of the creditors. After the approval by the creditors' meeting, the court (having settled possible objections raised by the dissenting creditors, if any) confirms the *concordato preventivo* proposal by issuing a confirmation order.

Pursuant to Article 169-*bis* of the Italian Bankruptcy Law, the debtor may request the competent court to be authorized to terminate outstanding agreements (*contratti ancora ineseguiti o non compiutamente eseguiti*), except for certain agreements which are excluded from the scope of the above provision (for example, employment agreements (*rapporti di lavoro subordinato*), residential real estate preliminary sale agreements (*contratti preliminari di vendita aventi ad oggetto immobili ad uso abitativo*) and real estate lease agreements (*contratti di locazione di immobili*). The request may be filed with the competent court at the time of the filing of the application for the *concordato preventivo* or to the judge (*giudice delegato*), if the application is made after admission to the procedure. Upon the debtor's request, the pending agreements can also be suspended for a period of time not exceeding 60 days, renewable just once. In such circumstances, the other party has the right to receive an indemnification equivalent to the damages suffered for the non-fulfillment of the agreement. Such indemnification would be paid according to the *concordato preventivo* proposal.

If the creditors' meeting does not approve the *concordato preventivo*, the court may, upon request of the public prosecutor or a creditor, and having decided that the appropriate conditions apply, declare the company bankrupt.

Impacts of the Covid-19 emergency on Insolvency Proceedings

In response to the Covid-19 pandemic, the Italian Government adopted new urgent measures, inter alia, on insolvency matters (in addition to the Law Decree 118/2021 mentioned above) in order to (i) preserve the continuity of companies throughout the Covid-19 pandemic and after its end, with particular regard to those that were trading on a going concern basis before the Covid-19 pandemic, and (ii) ensure the successful outcome of certain insolvency proceedings already pending during the Covid-19 pandemic or already approved by the beginning of the Covid-19 pandemic.

Among such legislative measures, the Italian Government enacted the Liquidity Decree.

Article 9 of the Liquidity Decree provides, among other things, the extension of 6 months of the deadlines for fulfillment of the obligations provided in a sanctioned *concordato preventivo* or *accordo di ristrutturazione dei debiti* based on a plan expiring after February 23, 2020. In the procedures for the sanctioning (*omologazione*) of *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, are stayed and creditors must file claims within a defined period;
- under certain circumstances secured creditors may execute against the secured property as soon as their claims are admitted as preferred claims. Secured claims are paid out of the proceeds of liquidation of the secured assets, together with the applicable interest and subject to any relevant expenses. In case the sale price is not high enough to determine a full satisfaction of their credits, any outstanding balance will be considered unsecured and rank *pari passu* with all of the bankrupt's other unsecured debt. Secured creditors may sell the secured asset only with the authorization of the designated judge. After hearing the bankruptcy receiver (*curatore fallimentare*) and the creditors' committee, the designated judge decides whether to authorize the sale, and sets forth the relevant timing in its decision;
- the administration of the debtor and the management of its assets are transferred to the bankruptcy receiver (*curatore fallimentare*);
- continuation of business may be authorized by the court if an interruption would cause greater damage to the company, but only if the continuation of the company's business does not cause damage to creditors;
- any act (including payments, pledges, and issuance of guarantees) made by the debtor after (and in certain cases even before for a limited period of time) the commencement of the proceedings, other than those made through the receiver, become ineffective against creditors; and
- the execution of certain contracts and/or transactions pending as of the date of the bankruptcy declaration is suspended until the receiver decides whether to take them over.

Although the general rule is that the bankruptcy receiver is allowed to decide whether to continue or terminate contracts where some or all of the obligations have not been performed by the parties, certain contracts are subject to specific rules expressly provided for by Italian Bankruptcy Law.

Bankruptcy proceedings are carried out and supervised by a court-appointed bankruptcy receiver, a designated judge (*giudice delegato*) and a creditors' committee. The bankruptcy receiver is not a representative of any one of the creditors, and is responsible for the liquidation of the assets of the debtor to the satisfaction of creditors as a whole. The proceeds from the liquidation are distributed in accordance with statutory priority. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real estate properties. In this respect, Law 132/2015 amended the relevant provision of the Italian Bankruptcy Law which sets forth the requirements applicable to the liquidation procedure and as a consequence the timing for the liquidation of a debtor is shortened. Italian Bankruptcy Law provides for priority of payment to certain preferential creditors, including employees, the Italian treasury, and judicial and social authorities. Such priority of payment is provided under mandatory provisions of law (as a consequence it is untested and it is unlikely that priority of payments such as those commonly provided in intercreditor contractual arrangements would be recognized by an Italian bankruptcy estate to the extent they are inconsistent with the priorities provided by law). Unsecured creditors are satisfied after payment of preferential and secure creditors, out of available funds and assets (if any) as below indicated.

- **Bankruptcy composition with creditors (*concordato fallimentare*).** Bankruptcy proceedings can terminate prior to liquidation through a bankruptcy composition proposal with creditors. The relevant petition can be filed by one or more creditors or third parties starting from the declaration of bankruptcy, whereas the debtor or its subsidiaries are admitted to file such a proposal only after one year following such declaration but before the lapse of two years from the decree giving effectiveness to the bankruptcy's estate (*stato passivo*). Secured creditors are not entitled to vote on the proposal of *concordato fallimentare*, unless and to the extent they waive their security or the *concordato fallimentare* provides that they will not receive full satisfaction of their claim (provided that they receive, at least, an amount equal to the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. The petition may provide for the division of creditors into classes (thereby proposing different treatments among the classes), and the satisfaction of creditors' claims in any manner. The petition may provide that secured claims are paid only in part, 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 the claims (and, if classes are formed, by a majority (by value) of the claims in a majority of the classes). Final court confirmation is also required.

- **Statutory priorities**. The statutory priority assigned to creditors under the Italian Bankruptcy Law may be different from the priorities in the United States, the United Kingdom and certain other EU jurisdictions. Article 111 of the Italian Bankruptcy Law establishes that proceeds of liquidation shall be allocated according to the following order: (i) for payments of "*predeductible*" claims (*i.e.*, claims originated in the insolvency proceeding, such as costs related to the procedure); (ii) for payment of claims which are privileged, such as claims of secured creditors; and (iii) for the payment of unsecured creditors' claims. Under Italian law, the highest priority claims (after the costs of the proceedings are paid) are the claims of preferential creditors, including, *inter alia*, a claim whose priority is legally acquired (*i.e.*, repayment of rescue or interim financing) the claims of the Italian tax authorities and social security administrators, and claims for employee wages. The remaining priorities of claims are, in order of priority, those related to secured creditors (*creditori privilegiati*; a preference in payment in most circumstances, but not exclusively, provided for by law), mortgages (*creditori ipotecari*), pledges (*creditori prignoratizi*) and, lastly, unsecured creditors (*crediti chirografari*). Under Italian law, the proceeds from the sale of the bankrupt's estate are distributed according to legal rules of priority. Neither the debtor nor the court can deviate from these priority rules by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles. 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 until the ineffectiveness of the transaction is sanctioned by a court. Any interested person may challenge the registration before the designated judge for violation of law; and (ii) Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are deemed ineffective *vis-à-vis* creditors, if made by the bankrupt entity within the two-year period prior to the insolvency declaration.
- **Acts that could be declared ineffective at the request of the bankruptcy receiver / court commissioner.**

(a) The following acts and transactions, if done or made during the period specified below, may be clawed back (*revocati*) *vis-à-vis* the bankruptcy as provided for by Article 67 of the Italian

Bankruptcy Law and be declared ineffective, unless the non-insolvent party proves that it had no actual or constructive knowledge of the debtor's insolvency at the time the transaction was entered into:

(i) onerous transactions entered into in the year before the insolvency declaration, when the value of the debt or the obligations undertaken by the bankrupt entity exceeds 25% of the value of the consideration received by and/or promised to the debtor;

(ii) payments of debts, due and payable, which were not made by the debtor in cash or by other customary means of payment in the year prior to the insolvency declaration;

(iii) pledges and mortgages granted by the bankrupt entity in the year prior to the insolvency declaration in order to secure pre-existing debts which were not yet due at the time when the new security was granted; and

(iv) pledges and mortgages granted by the bankrupt entity in the six months prior to the insolvency declaration in order to secure pre-existing debts which had already fallen due at the time when the new security was granted.

(b) The following acts and transactions, if made during the period specified below, may be clawed back (*revocati*) and declared ineffective if the bankruptcy receiver proves that the non-insolvent party knew that the bankrupt entity was insolvent at the time of the act or transaction:

(i) payments of debts that are immediately due and payable and any onerous transactions entered into or made within six months prior to the insolvency declaration; and

(ii) granting of security interest for debts incurred in the six months prior to the insolvency declaration.

(c) The following transactions are exempt from claw-back actions:

(i) payments for goods or services made in the ordinary course of business according to market practice;

(ii) a remittance on a bank account; provided that it does not materially and permanently reduce the bankrupt entity's debt towards the bank;

(iii) 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 party, the third party was aware of such prejudice (and, if the transaction was entered into prior to the date on which the claim was originated, such third party participated in the fraudulent design). The burden of proof is entirely with the receiver.

Article 2929-*bis* of the Italian Civil Code provides for a "simplified" clawback action for the creditor with respect to certain types of transactions put in place by the debtor with the aim to subtract (registered) assets from the attachment by its creditors. In particular, the creditor can now start enforcement proceedings over the relevant assets without previously obtaining a Court decision clawing back/ nullifying the relevant (fraudulent) transaction, to the extent that such transaction had been carried out without consideration (*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.

Extraordinary Administration for Large Insolvent Companies (Amministrazione Straordinaria delle Grandi Imprese in Stato di Insolvenza)

The extraordinary administration procedure is available under Italian law for large industrial and commercial enterprises; this procedure is commonly referred to as the "*Prodi-bis procedure.*" To be eligible, companies must be insolvent although able to demonstrate serious recovery prospects, have employed at least 200 employees in the previous year preceding the commencement of the procedure, and have debts equal to at least two-thirds of its assets as shown in its financial statements and two-thirds of its income deriving from sales and services during its last financial year. The procedure may be commenced by petition of the creditors, the debtor, a court or the public prosecutor. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to an extraordinary administration proceeding. Preferential payment is granted to those credits (even unsecured) accrued to allow the conduct of the company's business activity. Extraordinary administration procedures involve two main phases — a judicial phase and an administrative phase.

In the judicial phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints up to three judicial receivers (*commissario giudiziale*) to investigate whether there are serious prospects for recovery via a business sale or reorganization. The judicial receiver files a report to the court within 30 days, and within 10 days from such filing, the Ministry of the Economic Development (the "**Ministry**") may release an opinion on the admission of the company to the extraordinary administration proceeding. The court then decides (within 30 days from the filing of the judicial receiver's report) whether to admit the company to the procedure or to place it into bankruptcy.

If the company is admitted to the extraordinary administration procedure, the administrative phase begins and the extraordinary commissioner(s) appointed by the Ministry prepare a restructuring plan. The plan can provide either for the sale of the business as a going concern within one year (unless extended by the Ministry) (the "**Disposal Plan**") or a reorganization leading to the company's economic and financial recovery within two years (unless extended by the Ministry) (the "**Recovery Plan**"). It may also include a composition with creditors (*concordato*). The plan must be approved by the Ministry within 30 days from submission by the extraordinary commissioner(s). In addition, the extraordinary commissioner draws up a report every six months on the inancial condition and interim management of the company and sends it to the Ministry. The procedure ends upon successful completion of either a Disposal Plan or a Recovery Plan; however, should either plan fail, the company will be declared bankrupt.

Industrial restructuring of large insolvent companies (ristrutturazione industriale di grandi imprese in stato di insolvenza)

Introduced in 2003 pursuant to Law Decree No. 347 of December 23, 2003, as converted into Italian Law No. 39 of 2004 and subsequently amended, this procedure is also known as the "*Marzano procedure.*" It is complementary to the *Prodi-bis* procedure and, except as otherwise provided, the same provisions apply. The

Marzano procedure is intended to work faster than the *Prodi-bis* procedure. For example, although a company must be insolvent, the application to the Ministry can be made before the court commences the judicial phase.

The Marzano procedure only applies to large insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure is commenced and at least €300 million of debt (including those from outstanding guarantees). The decision whether to open a Marzano procedure is taken by the Ministry following the debtor's request (who must also file an application for the declaration of insolvency). The Ministry assesses whether the relevant requirements are met and then appoints the extraordinary commissioner(s) who will manage the company. The court also decides on the company's insolvency.

The extraordinary commissioner(s) has/have 180 days (or 270 days if the Ministry so agrees) to submit a Disposal Plan or Recovery Plan. The restructuring through the Disposal Plan or the Recovery Plan must be completed within, respectively, one year (extendable to two years) and two years. If no Disposal or Recovery Plan is approved by the Ministry, the court will declare the company bankrupt and open bankruptcy proceedings.

Compulsory administrative winding-up (liquidazione coatta amministrativa)

A compulsory administrative winding-up (liquidazione coatta amministrativa) is only available for public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions, none of which can be wound up pursuant to bankruptcy proceedings. It is irrelevant whether these companies belong to the public or the private sector. A compulsory administrative winding-up is special insolvency proceedings in that the entity is liquidated not by the bankruptcy court but by the relevant administrative authority that oversees the industry in which the entity is active. The procedure may be triggered not only by the insolvency of the relevant entity, but also by other grounds expressly provided for by the relevant legal provisions (*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.

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.

Germany

Insolvency

Certain Guarantors are organized under the laws of Germany, have their registered offices in Germany and substantially all of their assets are located in Germany (such Guarantors, the "**German Guarantors**"). Consequently, in the event of insolvency of such German Guarantor, any main insolvency proceedings would most likely be initiated in Germany. Such proceedings would then be governed by German law. Under certain circumstances, insolvency proceedings may also be opened in Germany in accordance with German law over the assets of companies that are not organized under German law (for example, if the centre of main interests of such company is within Germany) or, vice versa, insolvency over the German Guarantors may be opened in other jurisdictions.

The insolvency laws of Germany and, in particular, the provisions of the German Insolvency Code (Insolvenzordnung), may not be as favorable to your interests as creditors as the insolvency laws of the United States or another jurisdiction with which you may be familiar, including in respect of priority of creditors' claims, the ability to obtain post-petition interest as well as in certain circumstances priority recovery for secured creditors and the duration of the insolvency proceedings, and thus may limit your ability to recover payments due on the Notes to an extent exceeding the limitations arising under other insolvency laws.

The following is a brief description of certain aspects of the insolvency laws of Germany:

Under German insolvency law, insolvency proceedings are not initiated by the competent insolvency court *ex officio*, but require that the debtor and/or a creditor files a petition for the opening of insolvency proceedings (*Antrag auf Eröffnung des Insolvenzverfahrens*). Insolvency proceedings must be initiated by the debtor and can be initiated by a creditor in the event of over-indebtedness (*Überschuldung*) of the debtor or in the event of illiquidity (*Zahlungsunfähigkeit*), meaning that, according to German case law, the debtor is unable to pay 10% or more of its debts as and when they fall due within the next three weeks for a period longer than three weeks.

A debtor is over-indebted when its liabilities exceed the value of its assets (based on their liquidation values) unless, based on the prevailing circumstances, a continuation of the business is predominantly likely (*überwiegend wahrscheinlich*) for a prognosis period covering the next twelve months (*positive Fortführungsprognose*).

A company is considered to be illiquid if it is unable to pay its debt when they fall due. In addition, only the debtor can file for the opening of insolvency proceedings in case of impending illiquidity (*drohende Zahlungsunfähigkeit*), if there is the imminent risk for the company of being unable to pay its debt as and when they fall due, whereas impending illiquidity does not give rise to an obligation for the management of the debtor to file for insolvency proceedings.

If a GmbH (*Gesellschaft mit beschränkter Haftung*), a public limited liability company (*Aktiengesellschaft*), a European law stock corporation based in Germany (*Societas Europaea*) or any other company not having an individual as a personally liable shareholder or partner gets into a situation of illiquidity and/or over-indebtedness, the managing director(s) or under certain circumstances the shareholders of such company must file a petition for the opening of insolvency proceedings without undue delay; however, in the case of illiquidity at the latest within three weeks after illiquidity occurred and in the case of over-indebtedness at the latest six weeks after over-indebtedness occurred. The management of a debtor can be exposed to criminal sanctions as well as damage claims in the event that filings for insolvency are delayed or not made at all. In addition, imminent illiquidity (*drohende Zahlungsunfähigkeit*) is a valid insolvency reason under German law which exists if the company currently is able to service its payments obligations, but will presumably (predominant likelihood) not be able to continue to do so at some point in time within a certain prognosis period (such period generally being 24 months). However, in the case of imminent illiquidity only the debtor, but not the creditors, is entitled (but not obliged) to file for the opening of insolvency proceedings.

A company may also file for preliminary "debtor-in-possession" proceedings (*vorläufige Eigenverwaltung*), if, in general, the company has developed a comprehensive and conclusive turnaround plan to be implemented by way of debtor-in-possession proceedings and the insolvency court is not aware of any circumstances that indicate that key aspects of the filed turn-around plan are based on incorrect assumptions. If a company faces imminent illiquidity and/or is over-indebted it may also file for a preliminary protection scheme (*Schutzschirmverfahren*) unless — from a third-party perspective — there is no reasonable chance of a successful restructuring. In such case and upon request of the debtor, the court will appoint a preliminary custodian (*vorläufiger Sachwalter*) and prohibit enforcement measures (other than with respect to immoveable assets). It may also implement other preliminary measures to protect the debtor from creditor enforcement actions for up to three months. During that period of either preliminary debtor-in-possession proceedings (*vorläufige Eigenverwaltung*) or the preliminary protection scheme (*Schutzschirmverfahren*), the debtor must prepare an insolvency plan which will ideally be implemented in formal debtor-in-possession proceedings (*Eigenverwaltung*) after formal insolvency proceedings have been opened. In addition, for an interim period until December 31, 2021, debtors have access to the preliminary protection scheme (*Schutzschirmverfahren*) even in the state of illiquidity (*Zahlungsunfähigkeit*) if such illiquidity occurred due to COVID-19.

The insolvency proceedings are court-controlled, and, upon receipt of the insolvency petition, the insolvency court may take preliminary protective measures to secure the property of the debtor during the preliminary proceedings (*Insolvenzeröffnungsverfahren*). The court may prohibit or suspend any measures taken to enforce individual claims against the debtor's assets during these preliminary proceedings.

The Act to Temporarily Suspend the Obligation to File for Insolvency and to Limit Directors' Liability in the Case of Insolvency Caused by the COVID-19 Pandemic, which was adopted on March 27, 2020 (as amended the "**COVInsAG**"), provided, *inter alia*, for a suspension of the obligation to file for insolvency until April 30, 2021. The suspension — as in force from January 1, 2021 until April 30, 2021 — applied to debtors who, in the period from November 1, 2020 to February 28, 2021, have applied for financial assistance under state assistance programs to mitigate the consequences of the COVID-19 pandemic or have been prevented, as eligible debtors, from filing such application for legal or factual reasons, unless the insolvency is not caused by consequences of the COVID-19 pandemic and there is obviously no prospect of obtaining the state financial assistance or the assistance that can be obtained is insufficient to eliminate the over-indebtedness or illiquidity. The COVInsAG also provides for a certain relief from claw-back provisions, if the debtor fulfilled the requirements for the suspension of filing duties, for the satisfaction of claims or the provision of collateral for these claims, which the creditor was entitled to receive and unless the creditor knew that the restructuring and refinancing efforts of the debtor were not suitable to eliminate an existing illiquidity of the debtor in the meaning of section 17 of the German Insolvency Code (*Insolvenzordnung*). Furthermore, for an interim period until December 31, 2021, the COVInsAG reduces the forecast period (*Fortführungsprognose*) relevant for determining whether a continuation of the debtor's business is predominantly likely (*überwiegend wahrscheinlich*) for the purposes of the assessment of the insolvency ground of over-indebtedness from twelve months to four months provided that the debtor's over-indebtedness is caused by the COVID-19 pandemic, which is assumed if (i) the debtor was not illiquid (*zahlungsunfähig*) as of December 31, 2019, (ii) the debtor's result from its ordinary business activity was positive in the last financial year prior to January 1, 2020 and (iii) the revenue from the debtors' ordinary business activity in calendar year 2020 was more than 30% lower than the revenue in calendar year 2019.

Further, following heavy rainfall and flooding in parts of Germany in July 2021, on September 7, 2021 the German Bundestag passed an Act, which was approved by the German Bundesrat on September 10, 2021, to establish a special fund "Aufbauhilfe 2021" of up to €30 billion to finance aids for private households, companies and other facilities affected by the heavy rainfall and floodings (*Aufbauhilfegesetz 2021 — AufbhG 2021*). To further supplement those financial measures, the above-mentioned Act also contains a temporary suspension of the obligation to file for insolvency until January 31, 2022 if a debtor's illiquidity or over-indebtedness directly results from the impact of the heavy rainfall and floodings in July 2021 and the relevant debtor conducts serious financing or restructuring negotiations and therefore has reasonable prospects for a successful reconstruction.

Unless the debtor has applied for debtor-in possession-proceedings (*Eigenverwaltung*) (in which event the court will generally only appoint a preliminary trustee (*vorläufiger Sachwalter*) who will supervise the management of the affairs by the debtor) the insolvency court will in most cases appoint a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*). The rights and duties of the preliminary administrator depend on the decision of the court. The duties of the preliminary administrator may be, in particular, to safeguard and preserve the debtor's property and to assess whether the debtor's net assets will be sufficient to cover the costs of the insolvency proceedings. Depending on the decision of the court, even the right to manage and dispose of the business and assets of the debtor may pass to the preliminary insolvency administrator. This only applies, where the debtor has not applied for so-called debtor-in-possession proceedings (*Eigenverwaltung*), in which event the court will only appoint a preliminary custodian (*vorläufiger Sachwalter*), who will supervise the management of the affairs by the debtor.

During preliminary insolvency proceedings, a "preliminary creditors' committee" (*vorläufiger Gläubigerausschuss*) generally will be appointed by the court if the debtor satisfies two of the following three requirements:

- a balance sheet total in excess of €6,000,000 (after deducting an equity shortfall if the debtor is over-indebted);
- revenue of at least €12,000,000 in the 12 months prior to the last day of the financial year preceding the filing; and/or
- 50 or more employees on an annual-average basis.

The requirements apply to the entity subject to the proceedings without taking into account the assets of other group companies. The preliminary creditors' committee will be able to participate in certain important decisions taken during the preliminary insolvency proceedings. It will, for example, have the power to influence the following: the selection of a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*) or an insolvency administrator (*Insolvenzverwalter*), orders for debtor-in-possession proceedings (*Anordnung der Eigenverwaltung*), and the appointment of a preliminary custodian (*vorläufiger Sachwalter*). The court opens formal insolvency proceedings (*Insolvenzeröffnung*) if certain formal requirements are met (in particular, but not limited to, evidence being provided of an existing cause of insolvency) and there are sufficient assets to cover at least the cost of the insolvency proceedings. If the assets of the debtor are not expected to be sufficient, the insolvency court will only open main insolvency proceedings if third parties, for instance creditors, advance the costs themselves. In the absence of such advancement, the petition for opening of insolvency proceedings will usually be refused for insufficiency of assets (*Abweisung mangels Masse*).

Upon the opening of the insolvency proceedings, an insolvency administrator (*Insolvenzverwalter*) is usually appointed by the court who has full administrative and disposal authority over the debtor's assets unless debtor-in-possession proceedings (*Eigenverwaltung*) are ordered. In the absence of a debtor-in-possession status, the right to administer the debtor's business affairs and to dispose of the assets of the debtor passes to the insolvency administrator with the insolvency creditors (*Insolvenzgläubiger*) only being entitled to change the individual appointed as insolvency administrator at the occasion of the first creditors' assembly (*erste Gläubigerversammlung*) with such change requiring that (i) a simple majority of votes cast (by heads and amount of insolvency claims) has voted in favor of the proposed individual to become insolvency administrator and (ii) the proposed individual being eligible as officeholder, *i.e.*, sufficiently qualified, business-experienced and impartial. The insolvency administrator may raise new financial indebtedness and incur other liabilities to continue the debtor's operations or may deem it necessary to wind down the debtor. Satisfaction of these liabilities as preferential debts of the estate (*Masseverbindlichkeiten*) will be preferred to any insolvency liabilities created by the debtor prior to the opening of insolvency proceedings.

For the holders of the Notes, the most important consequences of such opening of formal insolvency proceedings against a company subject to the German insolvency regime would be the following:

- unless the court orders debtor-in-possession proceedings (*Eigenverwaltung*), the right to administer and dispose of assets of a German subsidiary of the Issuer would generally pass to the insolvency administrator (*Insolvenzverwalter*) as sole representative of the insolvency estate;
- if the court does not order debtor-in-possession proceedings (*Eigenverwaltung*), disposals effected by management of a German subsidiary of the Issuer after the opening of formal insolvency proceedings are null and void by operation of law;
- if, during the final month preceding the date of filing for insolvency proceedings, a creditor in the insolvency proceedings acquires through execution (*e.g.*, attachment) a security interest in part of a German subsidiary of the Issuer's property that would normally form part of the insolvency estate, such security becomes null and void by operation of law upon the opening of formal insolvency proceedings;
- claims against German subsidiaries of the Issuer may generally only be pursued in accordance with the rules set forth in the German Insolvency Code (*Insolvenzordnung*); and
- any person that has a right for separation (*Aussonderung*), *i.e.*, the relevant asset of this person does not constitute part of the insolvency estate, does not participate in the insolvency proceedings; the claim for separation must be enforced in the course of ordinary court proceedings against the insolvency administrator.

Certain of these consequences could be achieved by decision of the insolvency court following the insolvency petition and prior to the opening of insolvency proceedings.

Under German insolvency law, termination rights, automatic termination events or "escape clauses" entitling one party to terminate an agreement, or resulting in an automatic termination of an agreement, upon the opening of insolvency proceedings in respect of the other party, the filing for insolvency or the occurrence of reasons justifying the opening of insolvency proceedings (*insolvenzbezogene Kündigungsrechte oder Lösungsklauseln*) may be invalid if they frustrate the election right of the insolvency administrator whether or not to perform the contract (*Wahlrecht des Insolvenzverwalters*) unless they reflect termination rights applicable under statutory law. This may also relate to agreements that are not governed by German law.

Any person that has a right to segregation (*Aussonderung*), *i.e.*, the relevant asset of this person does not constitute part of the insolvency estate, does not participate in the insolvency proceedings; the claim for segregation must be enforced in the course of ordinary court proceedings against the insolvency administrator.

All other creditors, whether secured or unsecured (unless they have a right to segregate an asset from the insolvency estate (*Aussonderungsrecht*) as opposed to a preferential right (*Absonderungsrecht*)) who wish to assert claims against the debtor need to participate in the insolvency proceedings. Any individual enforcement action brought against the debtor by any of its creditors is — in principle — subject to an automatic stay once the insolvency proceedings have been opened (and, if so ordered by a court, also between the time when an insolvency petition is filed and the time when insolvency proceedings commence). Unsecured creditors may file their claims in the insolvency proceedings and will be paid on a pro rata basis from the insolvency estate (to the extent sufficient assets are available). Certain secured creditors have preferential rights regarding the enforcement of their security interests, but German insolvency law imposes certain restrictions on their ability to enforce their security interests outside the insolvency proceedings and in many cases the insolvency administrator will have the sole right to enforce the security. Whether or not a secured creditor remains entitled, after the initiation of insolvency proceedings, to enforce security granted to it by the relevant debtor depends on the type of security.

The insolvency administrator generally has the sole right (i) to realize any moveable assets within its possession which are subject to preferential rights (*Absonderungsrechte*) (*e.g.*, pledges over movable assets and rights (*Mobiliarpfandrechte*)) as well as (ii) to collect any claims that are subject to security assignment agreements (*Sicherungsabtretungen*). If such enforcement right is vested in the insolvency administrator, the enforcement proceeds, less certain contributory charges for (i) assessing the value of the secured assets (*Feststellungskosten*) and (ii) realizing the secured assets (*Verwertungskosten*) which, in the aggregate, usually add up to 9% of the gross enforcement proceeds (plus VAT (if any)), are paid to the creditor holding the relevant security interest in the relevant collateral up to an amount equal to its secured claims. The unencumbered assets of the debtor serve to satisfy the costs of the insolvency proceeding (*Massekosten*) first and afterwards the preferred creditors of the insolvency estate (*Massegläubiger*). Typically, liabilities resulting from acts of the insolvency administrator after commencement of formal insolvency proceedings constitute liabilities of the insolvency estate. Thereafter, all other claims (insolvency claims (*Insolvenzforderungen*)), in particular claims of unsecured creditors, will be satisfied on a pro rata basis if and to the extent there is cash remaining in the insolvency estate (*Insolvenzmasse*). A different distribution of enforcement proceeds can be proposed in an insolvency plan (*Insolvenzplan*) that can be submitted by the debtor or the insolvency administrator and which requires, among other things and subject to certain exceptions, the consent of the debtor and the consent of each class of creditors in accordance with specific majority rules.

Under German insolvency laws, it is possible to implement a debt-to-equity swap through an insolvency plan. However, it will not be possible to force a creditor into a debt-to-equity swap with regards to the debt owed to it by the debtor if it does not consent to such swap. Creditors secured by pledges over shares in subsidiaries of the debtor are entitled to preferential satisfaction with regard to the proceeds realized in an enforcement process which has to be effected by means of a public auction outside the insolvency process. However, in the absence of authoritative case law, it is uncertain whether the secured creditors are entitled to initiate the enforcement process in respect of the pledged shares on their own or, as far as the pledged assets are part of any insolvency estate, whether the insolvency administrator has standing to realize the pledges on behalf of and for the benefit of the secured creditors. Even if the law vests the right of disposal regarding the relevant collateral in the insolvency administrator, the secured creditor retains the right of preferred satisfaction with regard to the disposal proceeds (*Absonderungsrecht*). Consequently, the enforcement proceeds minus certain contributory charges as described above are paid to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. Remaining amounts will be allocated to the insolvency estate (*Insolvenzmasse*) and would, after deduction of the costs of the insolvency proceedings (as described above) and after satisfaction of certain preferential liabilities be distributed among the non-preferential unsecured creditors, including, to the extent their claims exceed the enforcement proceeds of the security interests, the holders of the Notes. If a German subsidiary or a subsidiary subject to German insolvency proceedings grants security over its assets to creditors other than the holders of the Notes, such security may result in a preferred treatment of creditors secured by such security. The proceeds resulting from such collateral securing creditors other than the holders of the Notes may not be sufficient to satisfy the holders of the Notes under the Guarantees granted by the German Guarantors after satisfaction of such secured creditors.

The right of a creditor to preferred satisfaction (*Absonderungsrecht*) may not necessarily prevent the insolvency administrator from using a moveable asset that is subject to this right. The insolvency administrator, however, must compensate the creditor for any loss of value resulting from such use. It may take several years before an insolvency dividend, if any, is distributed to unsecured creditors. An alternative distribution of enforcement proceeds can be proposed in an insolvency plan (*Insolvenzplan*) that can be submitted by the debtor or the insolvency administrator and requires, in principle, the consent of the debtor and the consent of each class of creditors in accordance with specific majority rules.

Under German insolvency law, there is no consolidation of the assets and liabilities of a group of companies in the event of insolvency. In the case of a group of companies, each entity, from an insolvency law point of view, has to be dealt with separately (*i.e.*, there is no group insolvency concept under German insolvency law). As a consequence, there is, in particular, no pooling of claims among the respective entities of a group, but rather claims of and *vis-à-vis* each entity have to be dealt with separately. Recently a new insolvency law on group of companies has entered into force on April 21, 2018 to facilitate the mastering of group insolvencies (*Gesetz zur Erleichterung der Bewältigung von Konzerninsolvenzen*), mainly intended to provide for a better coordination of and cooperation between insolvency proceedings of group companies. It does not provide for a consolidation of the insolvency proceedings of the insolvent group companies, or a consolidation of the assets and liabilities of a group of companies or pooling of claims among the respective entities of a group, but rather stipulates four key amendments of the German Insolvency Code

(*Insolvenzordnung*) in order to facilitate an efficient administration of group insolvencies: (i) a single court may assume jurisdiction for other group company insolvency proceedings (*Gruppen-Gerichtsstand*); (ii) the appointment of a single person as insolvency administrator for all group companies is facilitated; (iii) certain coordination obligations are imposed on insolvency courts, insolvency administrators and creditors' committees; and (iv) certain parties may apply for "coordination proceedings" (*Koordinationsverfahren*) and the appointment of a "coordination insolvency administrator" (*Verfahrenskoordinator*) with the ability to propose a "coordination plan" (*Koordinationsplan*).

German insolvency law provides for certain creditors to be subordinated by law (in particular, but not limited to, claims made by shareholders (unless privileged) of the relevant debtor for the return of funds or payment of a consideration), while claims of a person who becomes a creditor of the insolvency estate only after the opening of insolvency proceedings generally rank senior to the claims of regular, unsecured creditors. See also below under "— *Satisfaction of Subordinated Claims.*"

Powers of attorney granted by the relevant debtor and certain other legal relationships cease to be effective upon the opening of insolvency proceedings. Certain executory contracts become unenforceable at such time unless and until the insolvency administrator opts for performance.

Limitation on Validity and Enforceability of Guarantees and other Security

The granting of guarantees and of any other security by German subsidiary guarantors is subject to certain limitations under German law.

Any guarantee or other security granted by a German Guarantor incorporated in the form of a limited liability company (*Gesellschaft mit beschränkter Haftung*) ("**GmbH**") is subject to certain provision of the Limited Liability Company Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*) ("**GmbHG**").

As a general rule, sections 30 and 31 of the GmbHG ("**Sections 30 and 31**") prohibit a GmbH from disbursing its assets to its (direct or indirect) shareholders to the extent that the amount of the GmbH's net assets determined in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch*) (*i.e.*, assets minus liabilities and liability reserves) is or would fall below, or increases or would increase an existing shortfall of, the amount of its stated share capital (*Begründung oder Vertiefung einer Unterbilanz*). Guarantees and any other security granted by a GmbH in order to secure the liabilities of a direct or indirect parent or sister company are considered disbursements under Sections 30 and 31. Therefore, in order to enable German subsidiaries to secure the liabilities of a direct or indirect parent or sister company without the risk of violating Sections 30 and 31 and to protect management from personal liability, it is standard market practice for credit agreements, indentures, guarantees and security documents to contain so-called "limitation language" in relation to subsidiaries incorporated in Germany in the legal form of a GmbH. Pursuant to such limitation language, the beneficiaries of the guarantees or security interest agree to enforce the guarantees or security interest against the German subsidiary only to the extent that such enforcement would not result in the GmbH's net assets falling below, or increasing an existing shortfall of, its stated share capital (provided that the determination and calculation of such shortfall is subject to certain adjustments and exemptions). Accordingly, any security and Guarantee provided by a (direct or indirect) subsidiary of the Issuer in the legal form of a GmbH (incorporated or established in Germany) will contain such limitation language in the manner described. This could lead to a situation in which the respective Guarantee or security granted by a GmbH cannot be enforced at all.

Furthermore, it cannot be ruled out that the case law of the German Federal Supreme Court (*Bundesgerichtshof*) regarding so-called destructive interference (*existenzvernichtender Eingriff*) (*i.e.*, a situation where a shareholder deprives a German limited liability company of the liquidity necessary for it to meet its own payment obligations) may be applied by courts with respect to the enforcement of a guarantee or security interest granted by a German (direct or indirect) subsidiary of the Issuer. In such case, the amount of proceeds to be realized in an enforcement process may be reduced, even to zero. According to a decision of the German Federal Supreme Court (*Bundesgerichtshof*), *inter alia*, a security agreement may be void due to tortious inducement of breach of contract if a creditor knows about the distressed financial situation of the debtor and anticipates that the debtor will only be able to grant collateral by disregarding the vital interests of its other business partners. It cannot be ruled out that German courts may apply this case law with respect to the granting of subsidiary guarantees by the German Guarantors. Furthermore, the beneficiary of a transaction effecting a repayment of the stated share capital of the grantor of the subsidiary guarantee could moreover become personally liable under exceptional circumstances. The German Federal Supreme Court (*Bundesgerichtshof*) ruled that this could be the case if for example the creditor were to act with the intention of detrimentally influencing the position of the other creditors of the debtor in violation of the legal principle of *bonos mores* (*Sittenwidrigkeit*). Such intention could be present if the beneficiary of the transaction was aware of any circumstances indicating that the grantor of the guarantee is close to collapse (*Zusammenbruch*) or had reason to enquire further with respect thereto.

German capital maintenance, liquidity maintenance and financial assistance rules are subject to evolving case law. Future court rulings may further limit the access of shareholders to assets of their subsidiaries constituted in the form of a GmbH, which can negatively affect the ability of German (direct or indirect) subsidiaries of the Issuer to make payment on the Notes, of the subsidiaries to make payments on the guarantees, of the secured parties to enforce the collateral or of the beneficiaries of the guarantees to enforce the guarantees.

Notwithstanding that the incurrence of the Guarantees by (German) direct or indirect subsidiaries of the Issuer should, as of today, not result in any illiquidity (*Zahlungsunfähigkeit*) of such German Guarantor, the enforcement of the Guarantees and security interests granted by such German Guarantors may be excluded, according to certain provisions contained in the limitation language, if any high court decisions (*höchstrichterliche Entscheidung*) of a German Higher Regional Court (*Oberlandesgericht*) or the German Federal Court of Justice (*Bundesgerichtshof*) holding that the granting of a guarantee and/or security to secure any obligation of an affiliated company within the meaning of Section 15 AktG of such guarantor and/or security grantor (other than any of its direct or indirect subsidiaries) in comparable circumstances may nevertheless in case of the enforcement of such guarantee and/or security trigger any personal liability of the relevant German Guarantor's managing directors pursuant to (former) section 64 sentence 3 GmbHG, now contained in section 15b paragraph 5 of the German Insolvency Code (*Insolvenzordnung*).

The limitations set out above apply *mutatis mutandis* if the Guarantee or security is granted by a German Guarantor incorporated or established in Germany as a limited liability partnership (*Kommanditgesellschaft*) with a general partner (*Komplementär*) organized in the legal form of (i) a GmbH (*Gesellschaft mit beschränkter Haftung*) or (ii) an entrepreneurs company with limited liability (*Unternehmergesellschaft (haftungsbeschränkt)*), in relation to such general partner (*Komplementär*).

Parallel Debt; Security Interests

Under German law, certain "accessory" security interests such as pledges (*Pfandrechte*) require that the pledgee and the creditor of the secured claim be the same person. Such security interests cannot be held for the benefit of a third party by a pledgee which does not itself hold the secured claim. The holders of interests in the Notes from time to time will not be parties to the security documents. In order to permit the holders of the Notes from time to time to benefit from pledges granted to the Security Agent under German law, the Intercreditor Agreement provides for the creation of a "parallel debt." Pursuant to such parallel debt, the Security Agent becomes the holder of a claim equal to the sum of any amounts payable by any obligors under, in particular, the Notes and the Indenture (the "**Parallel Debt Obligation**"). The pledges governed by German law will directly and exclusively (to the extent the Notes are concerned) secure the Parallel Debt Obligation, rather than secure the obligations under the Notes or the holders of the Notes directly. The Parallel Debt Obligation is in the same amount and payable at the same time as the obligations of the Issuer and the security providers under the Notes and the Guarantees (the "**Principal Obligations**"), and any payment in respect of the Principal Obligations will discharge the corresponding Parallel Debt Obligation and any payment in respect of the Parallel Debt Obligation will discharge the corresponding Principal Obligations. Although the Security Agent will have, pursuant to the parallel debt, a claim against the Issuer and the security providers for the full principal amount of the Notes, there are no published court decisions confirming the validity of the parallel debt structure and of the pledges granted under German law to secure such parallel debt, and hence there is no certainty that German courts will uphold such pledges. Therefore, the ability of the Security Agent to enforce the Collateral may be restricted. In addition, holders of the Notes bear some risk associated with a possible insolvency or bankruptcy of the Security Agent.

German law does not generally permit the appropriation of pledged assets by the pledgee upon enforcement of the pledge. The enforcement of a share pledge under German law usually requires the sale of the asset constituting the collateral through a formal process involving a public auction to which certain waiting periods and notice requirements apply. Under German law, it is unclear whether the security interest in the collateral gives the Security Agent the right to prevent other creditors of the entities having granted such security from foreclosing on and realizing the asset constituting the collateral. Some courts have held that certain types of security interests only give their holders priority (according to their ranking) in the distribution of any proceeds from the realization of the asset constituting the collateral and no right to intervene (*i.e.*, the right to request the court to impose a stay on proceedings initiated by other creditors).

Hardening Periods and Fraudulent Transfer

In the event of insolvency proceedings with respect to a company, which would be based on and governed by the insolvency laws of Germany, the security interests granted as well as a guarantee provided by that entity could be subject to potential challenges by an insolvency administrator (*Insolvenzverwalter*) under the rules of avoidance as set out in the German Insolvency Code (*Insolvenzordnung*).

On the basis of these rules, an insolvency administrator may challenge (anfechten) transactions which are deemed detrimental to insolvency creditors and which were effected prior to the commencement of insolvency proceedings, subject to specific periods. Such transactions can include the payment of any amounts to the holders of the Notes as well as granting them any security interest (including guarantees). The administrator's right to challenge transactions can, depending on the circumstances, extend to transactions during the ten-year period prior to the commencement of insolvency proceedings. If the Notes, the Guarantees or the security were avoided, holders of the Notes would only have a general unsecured claim in insolvency proceedings in the amount of their original investment and the holders of the Notes would be under an obligation to repay the amounts received by the insolvency estate or to waive such Guarantee or security interest.

In particular, an act (*Rechtshandlung*) or a transaction (*Rechtsgeschäft*) (which terms also include the provision of security or the repayment of debt) may be avoided according to the German Insolvency Code (*Insolvenzordnung*) in the following cases:

- any act (*Rechtshandlung*) granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction for a debt (*Befriedigung*) if such act was taken (i) during the last three months prior to the filing of the petition for the opening of insolvency proceedings, provided that the debtor was illiquid (*zahlungsunfähig*) at the time when such act was taken and the creditor knew of such illiquidity (or of the circumstances that imperatively suggested that the debtor was illiquid) at such time, or (ii) after the filing of the petition for the opening of insolvency proceedings, if the creditor knew of the debtor's illiquidity or the filing of such petition (or of circumstances that imperatively suggested such illiquidity or filing);
- any act (*Rechtshandlung*) granting an insolvency creditor, or enabling an insolvency creditor, to obtain security (or guarantees) (*Sicherung*) or satisfaction for a debt (*Befriedigung*) to which such creditor was not entitled, or which was granted or obtained in a form or at a time to which or at which such creditor was not entitled to such security or satisfaction, if (i) such act was taken during the last month prior to the filing of the petition for the opening of insolvency proceedings or after such filing, (ii) such act was taken during the second or third month prior to the filing of the petition and the debtor was illiquid at such time, or (iii) such act was taken during the second or third month prior to the filing of the petition for the opening of insolvency proceedings and the creditor knew at the time such act was taken that such act was detrimental to the other insolvency creditors (or had knowledge of circumstances that imperatively suggested such detrimental effect);
- a transaction (*Rechtsgeschäft*) by the debtor that is directly detrimental to the insolvency creditors or by which the debtor loses a right or the ability to enforce a right or by which a proprietary claim against a debtor is obtained or becomes enforceable, if it was entered into (i) during the three months prior to the filing of the petition for the opening of insolvency proceedings and the debtor was illiquid at the time of such transaction and the counterparty to such transaction knew of the illiquidity at such time, or (ii) after the filing of the petition for the opening of insolvency proceedings and the counterparty to such transaction knew of either the debtor's illiquidity or such filing at the time of the transaction;
- any act (*Rechtshandlung*) by the debtor without (adequate) consideration (*e.g.*, whereby a debtor grants security or a guarantee for a third-party debt, which might be regarded as having been granted

gratuitously (unentgeltlich)), if it was effected in the four years prior to the filing of the petition for the opening of insolvency proceedings;

- any act (*Rechtshandlung*) performed by the debtor during the ten years prior to the filing of the petition for the opening of insolvency proceedings or at any time after the filing, if the debtor acted with the intent to prejudice its insolvency creditors (*vorsätzliche Gläubigerbenachteiligung*) and the beneficiary knew of such intention at the time of such act. In the case that the relevant act granted a creditor, or enabled a creditor to obtain, security or satisfaction for a debt, the avoidability of acts is limited to four years. "Knowledge by the beneficiary of the act" in terms of such provision is presumed if the other party knew that the debtor was imminently illiquid (*drohende Zahlungsunfähigkeit*) and that the relevant act disadvantaged the other creditors. In case the relevant act granted a creditor, or enabled a creditor to obtain, security or satisfaction in a form or at a time to which or at which such creditor was entitled, the "knowledge by the beneficiary of the act" is presumed if the beneficiary knew that the debtor was actually illiquid (*eingetretene Zahlungsunfähigkeit*) and that the relevant act disadvantaged the other creditors. The fact that the creditor agreed on a payment plan with the debtor or agreed to deferred payments shall establish the rebuttable presumption that he had no knowledge of the debtor being illiquid at this time;
- any non-gratuitous contract concluded between the debtor and a related party of the debtor which directly operates to the detriment of the creditors can be avoided unless such contract was concluded more than two years prior to the filing for the opening of insolvency proceedings or the other party had no knowledge of the debtor's intention to disadvantage its creditors; in terms of corporate entities, the term "related party" includes, subject to certain limitations, members of the management or supervisory board, shareholders owning more than 25% of the debtor's share capital, persons or companies holding comparable positions that give them access to information about the economic situation of the debtor, and other persons that are spouses, relatives or members of the household of any of the foregoing persons;
- any act (*Rechtshandlung*) that provides security or satisfaction for a shareholder loan (*Gesellschafterdarlehen*) made to the debtor or an economically equivalent claim if (i) in case of the provision of security, the act took place during the ten years prior to the filing of the petition for the opening of insolvency proceedings or after the filing of such petition, or (ii) in the case of satisfaction, the act took place during the last year prior to the filing of the petition for the opening of insolvency proceedings or after the filing of such petition. It being understood, that the regulation for shareholder loans does not apply (i) to shareholders which own 10% or less of the shares or interest and are not engaged in management and (ii) until the successful restructuring of the debtor in case a creditor for the first time acquires shares during over indebtedness, illiquidity or imminent illiquidity for the purpose of restructuring the debtor; and
- any act (*Rechtshandlung*) whereby the debtor grants satisfaction for a loan claim or an economically equivalent claim to a third party if (i) the transaction was effected in the last year prior to the filing of a petition for the opening of insolvency proceedings or thereafter, and (ii) a shareholder of the debtor had granted security or was liable as a guarantor (*Bürge*) (in which case the shareholder has to compensate the debtor for the amounts paid (subject to further conditions)).

In this context, "knowledge" is generally deemed to exist if the other party is aware of the facts from which the conclusion must be drawn that the debtor was unable to pay its debt generally as they fell due, that a petition for the opening of insolvency proceedings had been filed, or that the act was detrimental to, or intended to prejudice, the insolvency creditors, as the case may be. With respect to a "related party," there is a general statutory presumption that such party had "knowledge." Any amounts obtained from transactions that have been challenged would have to be repaid to the insolvency estate.

The COVInsAG, however, provides for privileged treatment of new financing and shareholder loans under German insolvency law clawback provisions during a certain time during the COVID-19 pandemic. On that basis, the repayment (including reasonable interest payments) of third-party financing and shareholder loans by September 30, 2023 shall not be considered disadvantageous to creditors if the relevant financing was granted between March 1, 2020 and April 30, 2021 and the debtor fulfilled the requirements for the suspension of the filing duties at the time. This privilege also covers the provision of collateral in favor of third party financing providers, but does not apply in case of the provision of collateral in favor of a shareholder loan or receivables from economically similar acts.

Furthermore, even in the absence of an insolvency proceeding, a third-party creditor who has obtained an enforcement order (*Vollstreckungstitel*) but has failed to obtain satisfaction of its enforceable claims by a levy of execution, under certain circumstances, has the right to void certain transactions, such as the payment of debt and the granting of security pursuant to the German Code on Avoidance (*Anfechtungsgesetz*). The conditions for avoidance under the German Code on Avoidance differ to a certain extent from the above-described rules under the German Insolvency Code (*Insolvenzordnung*) and the avoidance periods are calculated from the date when a creditor exercises its rights of avoidance in the courts.

Preventive Restructuring Framework

On June 20, 2019, the European Parliament and the Council have adopted a new directive, which aims to ensure that minimum restructuring measures are available in the Member States to enable debtors in financial distress to solve their problems at an early stage and to avoid formal insolvency proceedings (Directive of the European Parliament and the Council EU 2019/1023 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending directive (EU) 2017/1132 (the "**Preventive Restructuring Directive**")).

In Germany, the Preventive Restructuring Directive was implemented by the law on the Further Development of the German Restructuring and Insolvency Laws, which became effective on January 1, 2021. An essential part of the law is the introduction of a new Act on a Stabilisation and Restructuring Framework for Enterprises ("**Company Stabilisation and Restructuring Act**"), which establishes a comprehensive legal framework for out-of-court restructurings in Germany. Proceedings under the Company Stabilisation and Restructuring Act ("**Restructuring Proceedings**") are initiated through a notification by the respective debtor to affected creditors or the competent restructuring court (*Anzeige des Restrukturierungsvorhabens*).

A debtor can access the new restructuring tools of the Company Stabilisation and Restructuring Act upon the occurrence of imminent illiquidity (*drohende Zahlungsunfähigkeit*) which is triggered when it is likely that the debtor will not be able to meet its future payment obligations that fall due over (generally) the next 24 months. The debtor's management is not obliged to make use of the tools of the Company Stabilisation and Restructuring Act. Therefore, the debtor may alternatively file for regular insolvency proceedings if the respective requirements are met (see above under "— *Insolvency*").

Unlike insolvency proceedings, the tools under the Company Stabilisation and Restructuring Act do not necessarily cover all of a debtor's liabilities, as the debtor has a certain amount of flexibility under the Company Stabilisation and Restructuring Act to adapt the scope of the available tools to cover either all of the debtor's liabilities, only certain types (*e.g.*, financial liabilities, including under the Notes or the Guarantees), or only selected liabilities. In addition and depending on the extent to which a debtor requires to make use of certain legal tools available under the Company Stabilisation and Restructuring Act, the involvement of the competent restructuring court can be kept to a minimum and the tools can — under certain circumstances — even be used without the need for any public notices despite being binding on affected creditors. The tools available under the Company Stabilisation and Restructuring Act may in the case of a group of companies only be used for each entity separately (an important exception is the ability to extend the effect of certain tools to cover security granted by entities that are connected entities (*verbundene Unternehmen*) of the debtor). However, the Company Stabilisation and Restructuring Act provides for a respective application of the provisions of the German Insolvency Code which implemented the law to facilitate the mastering of group insolvencies (see above under "— *Insolvency*").

The core component of the Company Stabilisation and Restructuring Act is an out-of-court restructuring of a debtor's liabilities via a restructuring plan, including, *e.g.*, by way of changes to the principal amounts, interest rates or maturities of liabilities. Such restructuring plan may also negatively impact (including, *e.g.*, a release of) collateral granted for the benefit of the Notes by the debtor as well as its subsidiaries and parent and sister companies. A restructuring plan can generally be adopted and become binding for creditors upon being approved by the required majority or majorities of a debtors' creditors. The restructuring plan will be voted on in classes. The adoption of the restructuring plan requires, in principle, that in each class a majority of three-quarters of the voting rights approve the plan (whereas voting rights are determined by the amount of the claim, the value of the security and, in the case of share or membership rights, the share of the subscribed capital of the debtor). However, if more than one class is formed, the restructuring plan can even be adopted and become binding on creditors if creditor class(es) have not approved the plan, provided certain requirements are met and the restructuring court confirms the restructuring plan (*cross-class cramdown*).

The Company Stabilisation and Restructuring Act provides for additional tools that may be used by the debtor so as to facilitate the preparation, negotiations and implementation of a restructuring plan. These tools include a stabilisation order by the restructuring court (which is granted upon the application by the debtor). Such stabilisation order can restrict enforcement measures by certain or all creditors. The stabilisation order can initially be granted for a maximum period of up to three months, with subsequent orders to extend the stabilisation order up to a maximum of eight months subject to certain conditions being satisfied.

For the holders of the Notes, among the relevant consequences of the use of any tools available under the Company Stabilisation and Restructuring Act by the Issuer or any of its subsidiaries would be the following:

- the negotiation and drafting of a restructuring plan by the debtor is potentially subject to no or only limited review or supervision by a court;
- restrictions on individual enforcement or foreclosure actions for all or certain creditors for a period of up to eight months due to a stabilisation order;
- any claims and rights of the holder of the Notes can be subject to and potentially be compromised by the restructuring plan (*e.g.*, in relation to claims in the form of a reduction in principal or interest or a deferral and in relation to security rights in the form of a release and an adjustment of the ranking of the security right);
- any collateral granted by the debtor as well as intra-group collateral may be subject to Restructuring Proceedings potentially leading to a negative impact on the respective collateral; and
- a restructuring plan can be adopted and the measures therein can become binding on any holder of the Notes without the consent of each holder of the Notes and, if the prerequisites for a cross-class cramdown are fulfilled, even without the consent of any of the holders of the Notes.

Restructuring plans which are public and confirmed by a German restructuring court will be recognized in any EU member state pursuant to the EU Insolvency Proceedings Regulation (Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings) upon such proceeding being included as a recognized proceeding in Exhibit A of that Regulation. In any other case, the recognition of the restructuring plan is subject to certain rules and regulations under applicable international private law.

Satisfaction of Subordinated Claims

The insolvency estate shall serve to satisfy the liquidated claims held by the personal creditors against the debtor on the date when the insolvency proceedings were opened. The following claims shall be satisfied ranking below the other claims of insolvency creditors in the order given below, and according to the proportion of their amounts if ranking with equal status: (i) interest and penalty payments accrued on the claims of the insolvency creditors from the day of the opening of the insolvency proceedings; (ii) costs incurred by individual insolvency creditors due to their participation in the proceedings; (iii) fines, regulatory fines, coercive fines and administrative fines, as well as such incidental legal consequences of a criminal or administrative offence binding the debtor to pay money; (iv) claims to the debtor's gratuitous performance of a consideration and (v) claims for restitution of a shareholder loan (*Gesellschafterdarlehen*) or claims resulting from legal transactions corresponding in economic terms to such a loan.

The CovInsAG, however, suspends the statutory subordination of shareholder loans and receivables from economically similar acts in insolvency proceedings applied for up until September 30, 2023 for newly granted shareholder loans that were granted between March 1, 2020 and September 30, 2020 or were granted between September 1, 2020 and December 31, 2020 if the debtor had been overindebted but not illiquid or were granted between January 1 and April 30, 2021 if the debtor had submitted an application for state aid under the

German aid scheme on reasonable grounds and the state aid had been sufficient to prevent for the insolvency and, in each case, and where the debtor fulfilled the requirements for the suspension of the filing duties at the time.

The Netherlands

Insolvency Considerations

Subject to the limitations described under "— *European Union*," where a company incorporated in the Netherlands or elsewhere) has its "centre of main interests" or an "establishment" in The Netherlands, it may be subjected to Dutch insolvency proceedings. This is particularly relevant for Fineska B.V., Eska International B.V., Eska USA B.V. and Eska B.V., which each have its corporate seat (*statutaire zetel*) in The Netherlands, and are therefore presumed (subject to proof to the contrary) to have its "centre of main interests" in The Netherlands. Dutch insolvency law differs significantly from insolvency proceedings in the U.S. and other jurisdictions, and may make it more difficult for holders of Notes to recover the amount they would normally expect to recover in a liquidation or bankruptcy proceeding in the U.S. or another jurisdiction.

The following is an outline of certain aspects of Dutch law and practice relating to insolvency laws. This is not a complete summary of currently applicable Dutch law or practice, and should not be treated as a substitute for professional advice. Prospective holders of Notes who are in any doubt as to any matter described in this Offering Memorandum should consult their own professional advisors.

General

There are three applicable corporate insolvency regimes under Dutch law in relation to corporations: (a) suspension of payments (*surseance van betaling*), which is intended to facilitate the reorganization of a debtor's debts and enable the debtor to continue as a going concern, (b) statutory composition proceedings, which is also intended to facilitate the reorganization of a debtor's debts and enable the debtor to continue as a going concern and (c) bankruptcy (*faillissement*), which is primarily designed to liquidate and distribute the debtor's assets to its creditors. In practice a suspension of payments can result in the bankruptcy of the debtor. All insolvency regimes are set forth in the Dutch Bankruptcy Act (*Faillissementswet*). A general description of the principles of those insolvency regimes is set out below.

Suspension of Payments

An application for a suspension of payments ("**moratorium**") can only be made by the debtor itself, if it foresees that it will be unable to continue to pay its payable debts. Once the request for a suspension of payments is filed, a court will immediately (*dadelijk*) grant a provisional suspension of payments and appoint one or more administrators (*bewindvoerders*). A meeting of creditors is required to decide on the definitive suspension of payments. If a draft composition (*ontwerpakkoord*) is filed simultaneously with the application for a suspension of payments, the court can order that the composition will be processed before a decision about a definitive suspension of payments.

If the composition is accepted and subsequently ratified by the court (gehomologeerd), the provisional suspension of payments ends. The definitive suspension of payments will generally be granted unless a qualified minority (*i.e.*, more than one quarter of the amount of claims held by creditors represented at the creditors' meeting or more than one-third of the number of creditors represented at such creditors' meeting) of the unsecured non-preferential creditors declare against it. The granting of a definitive suspension of payments can also be withheld if there is a valid fear that the debtor will try to prejudice the creditors during a suspension of payments or if there is no prospect that the debtor will be able to satisfy its creditors in the (near) future.

A suspension of payments takes effect retroactively from 0.00 hours on the day on which the court has granted the provisional suspension of payments.

The suspension of payments is only effective with regard to unsecured non-preferential creditors. Under Dutch law secured and preferential creditors (including tax and social security authorities) may enforce their rights against assets of the company in suspension of payments to satisfy their claims as if there were no suspension of payments. A recovery under Dutch law could, therefore, involve a sale of assets that does not reflect the going concern value of the debtor. However, at the request of an interested party or by its own volition the court can order a "cooling down period" (*afkoelingsperiode*) for a maximum period of two months (which can be extended by the court once for another period of two months) during which enforcement actions by secured or preferential creditors are barred.

Also in a definitive suspension of payments, a composition (*akkoord*) may be offered to creditors. A composition will be binding for all unsecured and non-preferential creditors if it is approved by (i) a simple majority (*gewone meerderheid*) of the number of creditors represented at the creditors' meeting, representing at least 50% in amount of the claims that are acknowledged and admitted in the suspension of payments, and (ii) subsequently ratified (*gehomologeerd*) by the court.

Consequently, Dutch insolvency law could preclude or inhibit the ability of the holders of the Notes to effect a restructuring and could reduce the recovery of a holder of Notes in a Dutch suspension of payments proceeding. Interest accruing after the date on which a suspension of payments is granted, cannot be claimed in a composition.

Under Dutch law, as soon as a definitive suspension of payments is granted or the composition is ratified by a court, in principle, all pending executions of judgments against the relevant debtor, as well as all attachments on the debtor's assets (other than with respect of secured creditors and certain other creditors, as described above), will be suspended or cancelled by operation of law.

Statutory Composition Proceedings

With the entry into force of the Act on Court Confirmation of Extrajudicial Restructuring Plans (*Wet homologatie onderhands akkoord*) (the "**WHOA**") on January 1, 2021, debtors now have the possibility to offer a composition outside of formal insolvency proceedings. The WHOA is inspired by the UK Scheme of Arrangements and the U.S. Chapter 11 procedure and it offers debtors additional possibilities to restructure their debt. Unlike a composition in suspension of payments and in bankruptcy proceedings, a composition under the WHOA can be offered to secured creditors as well as shareholders. The WHOA provides, *inter alia*, for cross class cramdown, the restructuring of group company obligations through aligned proceedings, the termination of onerous contracts, the suspension of certain ipso facto clauses in contracts and supporting court measures. A WHOA composition may result in claims against the Issuer and the Guarantors being compromised if the relevant majority votes in favor of such a composition and it is subsequently confirmed by the Dutch courts. A composition plan under the WHOA can extend to claims against entities that are not incorporated under Dutch law and/or are residing outside The Netherlands. Accordingly, the WHOA can affect the rights of the Trustee and/or the holders of the Notes under the Indenture and therefore the Notes.Voting on a WHOA composition plan is done in classes. A class is deemed to accept the plan if two third of the total amount of the debt of that class or, in the case of a class of shareholders, two thirds of the share capital of that class, participating in the vote, votes in favor. The WHOA provides for the possibility for a composition plan to be binding on a dissenting class (*i.e.*, cross class cramdown). Under the WHOA, the court will confirm a composition plan if at least one class of creditors (other than a class of shareholders) that can be expected to receive a distribution in case of a bankruptcy of the debtor approves the plan, unless there is a statutory ground for refusal. The court can, *inter alia*, refuse confirmation of a composition plan on the basis of (i) a request by a dissenting creditor, if the value of the distribution that such creditor receives under the plan is lower than the distribution it can be expected to receive in case of a bankruptcy of the debtor or (ii) a request of a dissenting creditor in a dissenting class, if the plan provides for a distribution of value that deviates from the statutory or contractual ranking and priority to the detriment of that class, unless there is a reasonable ground to do so. There is one mandatory refusal ground specifically applicable to secured financial creditors. If the composition plan entails a debt-for-equity swap to which such creditors do not want to ascribe, and these creditors do not have the right to opt for a different kind of distribution, the court will refuse confirmation of such plan on the request of such creditor.

Under the WHOA, the court may grant a stay on enforcement of a maximum of four months, with a possible extension of four months. For the duration of such moratorium, all enforcement action against the assets of (or in the possession of) the debtor is suspended unless with the court's approval, including action to enforce security over the assets of the debtor or, in case of an undisclosed right of pledge over receivables, the collection, or notification to the debtors. Furthermore, any petitions for bankruptcy in respect of the debtor are suspended and the court may lift attachments on the debtor's assets at the request of the debtor or restructuring expert.

Bankruptcy

Under Dutch law, a debtor can be declared bankrupt when it has ceased to pay its debts. Bankruptcy can be requested by a creditor of the debtor or the holder of a security interest over a claim from such creditor, when there is at least one other creditor. At least one of the claims (of the creditor requesting bankruptcy or the other creditor) needs to be due and payable. Bankruptcy can also be declared in certain circumstances when a debtor is subject to a suspension of payments. The debtor can request the application of bankruptcy proceedings itself, provided it has obtained prior approval of its general meeting to file an application for its bankruptcy. The articles of association of the debtor can preclude the necessity of such general meeting approval. Furthermore, the Public Prosecution Service (*het Openbaar Ministerie*) can request the application of bankruptcy proceedings for reasons of public interest (*openbaar belang*).

There is no legal duty for a debtor to file for its own bankruptcy. However, if the managing board of a company realizes that the company is or will be unable to pay its debts when they come due, it is required to take appropriate measures, which could include the cessation of trading, notification of creditors and the filing for either bankruptcy or a suspension of payments (see above).

As a result of a bankruptcy, the debtor loses all rights to administer and dispose of its assets. A bankruptcy order takes effect retroactively from 0.00 hours on the day the order is rendered.

During a Dutch bankruptcy proceeding, the assets of a debtor are generally liquidated and the proceeds distributed to the debtor's creditors in accordance with the respective rank and priority of their claims. The general principle of Dutch insolvency law is the *paritas creditorum* (principle of equal treatment), which means that all creditors have an equal right to payment and that the proceeds of bankruptcy proceedings shall be distributed in proportion to the size of their respective claims. However, certain creditors (such as secured creditors and tax and social security authorities) will have special rights that take priority over the rights of other creditors. Consequently, Dutch insolvency laws could reduce a holder of a Note's potential recovery in a Dutch bankruptcy proceeding.

All unsecured, pre-bankruptcy claims, need to be submitted to the receiver in bankruptcy for verification, and the receiver in bankruptcy makes a determination as to the existence, ranking and value of the claim and whether and to what extent it should be admitted in the bankruptcy proceedings. The valuation of claims that otherwise would not have been payable at the time of the bankruptcy proceeding may be based on a net present value analysis. Interest accruing after the date of the bankruptcy cannot be verified unless secured by a pledge or mortgage, in which case interest will be admitted *pro memoria*. The existence, value and ranking of any claims submitted by the holders of the Notes may be challenged in a Dutch bankruptcy proceeding. Generally, in a creditors' meeting (*verificatievergadering*), the bankruptcy receiver (*curator*), the insolvent debtor and all verified creditors may dispute the verification of claims of other creditors. Creditors whose claims or value thereof are disputed in the creditors' meeting may be referred to separate court proceedings (*renvooiprocedure*). These *renvooi* proceedings could cause holders of the Notes to recover less than the principal amount of their Notes or less than they could recover in other liquidation proceedings. Such *renvooi* proceedings could also cause payments to the holders of the Notes to be delayed compared with holders of undisputed claims. Creditors of secured claims and preferential creditors with respect to certain assets of a debtor, who expect that the proceeds of a future enforcement against the assets subject to the security or their preferred rights, as the case may be, will be insufficient to satisfy their claim in full, may request to receive the same rights as unsecured and non-preferential creditors with respect to the expected remainder of their claim, with preservation of their rights as a secured or preferential creditor in respect of the secured asset or the asset the relevant preferential right relates to. If a secured creditor enforces its security rights prior to the expiry of the period for submitting claims for verification, and the proceeds of such enforcement are insufficient to satisfy its claim in full, the remainder of that claim may be submitted to the receiver in bankruptcy in order to be verified.

Secured creditors may enforce their rights against assets of the debtor to satisfy their claims under a Dutch bankruptcy as if there is no bankruptcy. As in suspension of payments proceedings the supervisory judge (*rechtercommissaris*) can order a "cooling down period" for a maximum of two months (pursuant to Article 63a of the Dutch Bankruptcy Act (*Faillissementswet*)) (which can be extended once for another period of two months) during which enforcement actions by secured creditors are barred unless such creditors have obtained leave for enforcement from the supervisory judge. Furthermore, a bankruptcy receiver can force a secured creditor to foreclose its security interest within a reasonable period of time (as determined by the bankruptcy receiver pursuant to Article 58(1) of the Dutch Bankruptcy Act (*Faillissementswet*)), failing which the receiver will be entitled to sell the relevant rights or assets and distribute the proceeds to the secured party after a deduction of liquidation costs (which may be significant). Excess proceeds of enforcement must be returned to the bankruptcy estate; they may not be set-off against an unsecured claim of the secured creditor in the bankruptcy. To the extent that Dutch law applies, a legal act performed by a debtor (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having a similar effect) can be challenged in an insolvency proceeding or otherwise and may be nullified by any of its creditors or its trustee in bankruptcy. See below "— *Hardening Periods and Fraudulent Transfer*."

Under Dutch law, as soon as a debtor is declared bankrupt, in principle, all pending executions of judgments against such debtor, as well as all attachments on the debtor's assets (other than with respect to secured creditors and certain other creditors, as described above), will be terminated by operation of law. Simultaneously with the opening of the bankruptcy, a bankruptcy receiver will be appointed. The proceeds resulting from the liquidation of the bankruptcy estate may not be sufficient to satisfy unsecured creditors under the guarantees granted by an insolvent guarantor after the secured and the preferential creditors have been satisfied. In principle, litigation pending on the date of the bankruptcy order is automatically stayed.

As in suspension of payments proceedings, in the bankruptcy of a company a composition may be offered to creditors, which shall be binding on unsecured non-preferential creditors if it is (i) approved by a simple majority (*gewone meerderheid*) in number of the creditors represented at the creditors' meeting, representing at least 50% in amount of the claims that are acknowledged and conditionally admitted, and (ii) subsequently confirmed by the court. The Dutch Bankruptcy Act (*Faillissementswet*) does not in itself acknowledge the concept of classes of creditors. Remaining proceeds, if any, after satisfaction of the secured and the preferential creditors are distributed among the unsecured non-preferential creditors, who will be satisfied on a pro rata basis. Contractual subordination may to a certain extent be given effect in Dutch insolvency proceedings. The actual effect depends largely on the way such subordination is construed.

Parallel Debt

Under Dutch law, it is uncertain whether security interests can be granted to a party other than the creditor of the claim which is purported to be secured by such security interests. For that reason, the Intercreditor Agreement provides for the creation of "parallel debt" obligations in favor of the Security Agent (the "**Parallel Debt**") mirroring the obligations of the Issuer and the Guarantors (as principal obligors) towards the Holders under or in connection with the Indenture, and a pledge under any Dutch security document will be granted to the Security Agent to secure only the Parallel Debt. The parallel debt concept has not been tested in Dutch courts, and there is no certainty that it will eliminate or mitigate the risk of unenforceability of a Dutch security document posed by Dutch law. However, the mechanism of Parallel Debt is commonly accepted and applied in Dutch market practice.

To the extent that the validity or enforceability of a Dutch security document is successfully challenged, Holders will not be entitled to receive on this basis any proceeds from an enforcement of a Dutch security document. In addition, the Holders bear the risks associated with the possible insolvency or bankruptcy of the Security Agent as the beneficiary of the Parallel Debt.

Limitation on Enforcement

Under Dutch law, the validity and enforceability of the Guarantees and the security interests over the Collateral may, in whole or in part, also be affected or limited to the extent that the obligations of Fineska B.V., Eska International B.V., Eska USA B.V. and Eska B.V. which are incorporated under Dutch law (the "**Dutch Guarantors**") are not within the scope of its objects and the relevant counterparty was aware or ought to have been aware (without inquiry) of this fact. The articles of association of each Dutch Guarantor permit the provision of guarantee and security. However, the determination of whether a legal act (such as the issuing of a note or the granting of a guarantee or security interest) is within the objects of a company may not be based solely on the description of the articles of association of such company, but must take into account all relevant circumstances, including, in particular, the question of whether the interests of such company are served by the relevant legal act. If the entering into a legal act by a company, in light of the benefits, if any, derived by such company from entering into such legal act, would have an adverse effect on the interest of the company, the legal act may be found to be voidable or the obligation resulting from such legal act unenforceable upon the request of the relevant company or its administrator in bankruptcy. As a result, no assurance can be given that a court would conclude that the granting of the Guarantees or the granting of the security interests over the Collateral is indeed within the corporate object and in the interest of such companies. To the extent that a Dutch Guarantor or the administrator of such Dutch Guarantor successfully invokes the voidability or unenforceability of a Guarantee or a security interest, such Guarantee or security interest would be limited to the extent any portion of it is not nullified and remains enforceable.

If Dutch law applies, a guarantee or security governed by Dutch law may be voided by a court, if the document was executed through undue influence (*misbruik van omstandigheden*), fraud (*bedrog*), duress (*bedreiging*) or mistake (*dwaling*) of a party to the agreement contained in that document. Whether or not a guarantor is insolvent in the The Netherlands, pursuant to Dutch law, payment under a guarantee or following enforcement of foreclosure of security granted may, regardless of an insolvency situation occurring or not, be withheld under the doctrines of reasonableness and fairness (*redelijkheid en billijkheid*), force majeure and unforeseen circumstances (*onvoorziene omstandigheden*). Other impeding factors include dissolution (*ontbinding*) of contract and set off (*verrekening*).

In addition, a guarantee issued by a Dutch Guarantor and security interest provided by a Dutch Guarantor may be suspended (*schorsen*) by the Enterprise Chamber of the Court of Appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) on the mention of a holder or holders of 10% or more of the shares in such company or shares or depositary receipts issued therefor with a nominal value of €225,000 or more or such lesser amount as provided in the company's articles of association. If the company has an issued share capital of at least €22.5 million, such motion may be made by a holder or holders of 1% or more of the shares in such company or, provided those are listed on a qualifying trading venue shares or depositary receipts issued therefor with a value of €20 million or more or such lesser amount as provided in the company's articles of association. A trade union, and other entities or persons entitled thereto in the articles of association of, or an agreement with, the relevant Dutch company as well as the company itself may also submit a motion to the Enterprise Chamber for this purpose. Likewise, the guarantee or security itself may be upheld by the Enterprise Chamber, yet actual payment under it may be suspended or avoided.

The enforceability of the obligations of the Dutch Guarantor may also be limited under the 1977 Sanction Act (*Sanctiewet 1977*) or otherwise by international sanctions and in proceedings in a Dutch court for the enforcement of a Dutch law security interest, the court may mitigate amounts due in respect of litigation, enforcement and collection costs.

Enforcement of Security Interests

In the event of the occurrence of certain events, the Security Agent may enforce the security interests created pursuant to the relevant security documents.

In general, mortgages and pledges rank above other rights of priority (other than senior ranking security and other liens), including the general priority right of the Dutch tax authorities on the tax debtor's assets. However, Dutch law provides for exceptions. For example, under certain circumstances, the Dutch tax authorities' priority right ranks above a non-possessory pledge on inventory (not including stock) found on the premises of the tax debtor (*bodemzaken*). Schemes often used to interfere with these tax authorities' priority, most notably the lease of the debtor's premises (*bodemverhuurconstructie*), have been restrained by recent legislation. Creditors intending to make use of this scheme, now must inform the tax authority of their intention and may not carry out the scheme during a period of four weeks after the moment the tax authorities have been informed.

Enforcement of security rights in a Dutch court is subject to Dutch rules of civil procedure. In addition, foreclosure on security rights created under Dutch law (including allocation of the proceeds) is subject to

Dutch law. Under Dutch law, security rights are in principle enforced through a public auction of the relevant assets. This auction has to be effected in accordance with the applicable provisions of the Dutch Civil Code (*Burgerlijk Wetboek*) and the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). Under Dutch law, shares in a Dutch private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) may only be transferred upon foreclosure in accordance with Dutch law and the relevant pledged company's articles of association as they read at the time of foreclosure. Undisclosed rights of pledge on claims can, in principle, only be enforced (through collection of the claims) after the pledge has been disclosed to the debtor.

The Security Agent or (unless it has waived such right) the relevant security provider may request the competent court to approve a private sale of the encumbered assets. In the event of pledged assets, the Security Agent and the relevant security provider may agree to an alternative enforcement procedure once the pledge has become enforceable. The Security Agent may also request the competent court to determine that the pledged assets shall accrue to it for a price determined by the court.

Hardening Periods and Fraudulent Transfer

Dutch law contains specific provisions, known as "*actio pauliana*", dealing with fraudulent conveyance both in and outside of bankruptcy. The actio pauliana provisions offer creditors protection against a decrease in their means of recovery. A legal act performed by a person (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having similar effect) can be challenged in or outside bankruptcy of the relevant person and may be nullified by the bankruptcy receiver in a bankruptcy of the relevant person or by any of the creditors of the relevant person outside bankruptcy, if: (i) the person performed such acts without a prior existing legal obligation to do so (*onverplicht*); (ii) the creditor(s) concerned or, in the case of the person's bankruptcy, any creditor, was prejudiced in its means of recovery as a consequence of the act; and (iii) at the time the act was performed the person and, unless the act was conducted for no consideration (*om niet*), the counterparty to the transaction knew or should have known that one or more of its creditors (existing or future) would be prejudiced in their means of recovery. Also to the extent that Dutch insolvency law applies, a guarantee or security interest may be nullified by the bankruptcy receiver on behalf of and for the benefit of all creditors of the insolvent debtor, and in such case the beneficiary of the guarantee or security interest is presumed (subject to evidence to the contrary) to have known that creditors of the debtor would be prejudiced if the bankruptcy follows within a year of the granting and for no consideration.

The foregoing requirements for invoking fraudulent transfer outside of a bankruptcy apply *mutatis mutandis* when invoking fraudulent transfer provisions during a bankruptcy.

In addition, the bankruptcy receiver may challenge the guarantee or security interest if it was granted on the basis of a prior existing legal obligation to do so (*verplichte rechtshandeling*), if (i) the guarantee or security interest was granted at a time that the beneficiary of such guarantee or security interest knew that a request for bankruptcy had been filed or (ii) if such guarantee or security interest was granted as a result of deliberation between the debtor and the beneficiary of such guarantee or security interest with a view to give preference to the beneficiary over the debtor's other creditors. If a Dutch court found that the granting of the Guarantees or security interest involved a fraudulent conveyance that did not qualify for any defense under Dutch law, then the granting of the Guarantees or security rights could be nullified. Consequently, the validity of any guarantees or security interests granted by a Dutch legal entity may be challenged and it is possible that such challenge would be successful. In addition, under such circumstances, holders of the Notes might be held liable for any damages incurred by prejudiced creditors of the Dutch Guarantor as a result of the fraudulent conveyance.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

The Issuer is incorporated under the laws of Italy. TopCo and RdM are incorporated under the laws of Italy *The documents relating to the Collateral will be governed by the laws of Italy and any jurisdiction where the Collateral is located and the documents relating to Escrow Account will be governed by the laws of England and Wales, while the Escrow Account Charge will be governed by the law of Germany. The Indenture, the Notes and the Guarantees (if any) will be governed by New York law. The Intercreditor Agreement and the Revolcing 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, TopCo and RdM and its and their directors and executive officers, are located outside the United States, any judgment obtained in the United States against the Issuer, TopCo and RdM 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 and 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 cours of foreign jurisdiction. It may be possible for investors to effect service of process within other jurisdictions upon those persons or 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, TopCo and RdM, 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.

Germany

We have been advised by our German counsel that there is doubt as to the enforceability in Germany of civil liabilities based on federal or state securities laws of the United States, either in an original action or in an action to enforce a judgment obtained in U.S. federal or state courts. The United States and the Federal Republic of Germany currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final judgment for payment given by any federal or state court in the United States, whether or not predicated solely upon U.S. federal or state securities laws, would not automatically be enforceable, either in whole or in part, in Germany. A conclusive judgment by a U.S. federal or state court, however, may be recognized and enforced in Germany in an action before a court of competent jurisdiction in accordance with the proceedings set forth by the German Code of Civil Procedure (*Zivilprozeßordnung*). In such an action, a German court generally will not reinvestigate the merits of the original matter decided by a U.S. court, except as noted below. The recognition and enforcement of the U.S. judgment by a German court is conditional upon a number of factors, including the following:

- U.S. courts could take jurisdiction of the case in accordance with the principles of jurisdictional competence according to German law;
- the document commencing the proceedings was duly served and made known to the defendant in a timely manner that allowed for adequate defense, or in case of non-compliance with such requirement, (i) the defendant does not invoke such non-compliance or (ii) has nevertheless appeared in the proceedings;
- the judgment is not contrary to (i) any judgment which became *res judicata* rendered by a German court or (ii) any judgment which became *res judicata* rendered by a foreign court which is recognized in Germany and the procedure leading to the applicable judgment does not contradict any such judgment under (i) and (ii) or a proceeding previously commenced in Germany;
- the effects of its recognition will not be in conflict with material principles of German law, including, without limitation, fundamental rights under the constitution of the Federal Republic of Germany (*Grundrechte*);
- the reciprocity of enforcement of judgments is guaranteed; and
- the judgment became *res judicata* in accordance with the law of the place where it was pronounced.

Enforcement and foreclosure based on U.S. judgments may be sought against German defendants after having received an *exequatur* decision from a competent German court in accordance with the above principles. Subject to the foregoing, investors may be able to enforce judgments in Germany in civil and commercial matters obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be enforceable. Enforcement is also subject to the effect of any applicable bankruptcy, insolvency, reorganization, liquidation, moratorium as well as other similar laws affecting creditors' rights generally. In addition, it is doubtful whether a German court would accept jurisdiction and impose civil liability in an original action predicated solely upon U.S. federal securities laws.

In addition, in the past the recognition and enforcement of punitive damages has been denied by German courts as incompatible with the substantial foundations of German law. Moreover, a German court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages.

Furthermore, German civil procedure differs substantially from U.S. civil procedure in a number of aspects. With respect to the production of evidence, for example, U.S. federal and state law and the laws of several other jurisdictions based on common law provide for pre-trial discovery, a process by which parties to the proceedings may, prior to trial, compel the production of documents by adverse or third parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under German law.

If the party in whose favor such final judgment is rendered brings a new lawsuit in a competent court in Germany, such party may submit to the German court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against the Issuer or such persons will be regarded by a German court only as evidence of the outcome of the dispute to which such judgment relates. A German court may choose to re-hear the dispute and may render a judgment not in line with the judgment rendered by a federal or state court of the United States.

The Netherlands

Each Dutch Guarantor is incorporated under Dutch law and has its registered seat in The Netherlands. Civil liabilities based on the securities laws of the United States may not be enforceable in The Netherlands, either in an original action or in an action to enforce a judgment obtained in U.S. courts.

The United States and The Netherlands currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final judgment for payment given by any court in the United States, whether or not predicated solely upon U.S. securities laws, would not be enforceable in The Netherlands. In order to obtain a judgment which is enforceable in The Netherlands, the claim must be re-litigated before a competent Dutch court. A Dutch court will, under current practice, generally grant the same judgment without substantive re-examination or relitigation analysis on the merits if (i) the foreign court rendering that judgment has jurisdiction over the matter on internationally acceptable grounds and has conducted the proceedings in accordance with generally accepted principles of fair trial, (ii) that judgment does not contravene public policy (*openbare orde*) of The Netherlands, (iii) the foreign judgment is not in conflict with a decision rendered by a Dutch court between the same parties, or with an earlier judgment rendered by a foreign court in proceedings involving the same cause of action and between the same parties, provided that the earlier decision can be recognized in The Netherlands, and (iv) the foreign judgment is — according to the law of its country of origin — final and conclusive in such a way that all appeals have been exhausted and no other remedy could be obtained from a competent judicial body have been exhausted and no other remedy could be obtained from a competent judicial body.

Subject to the foregoing and provided that service of process occurs in accordance with applicable treaties, investors may be able to enforce in The Netherlands judgments in civil and commercial matters obtained from U.S. federal or state courts. However, no assurance can be given that such judgments will be enforceable. In addition, it is doubtful whether a Dutch court would accept jurisdiction and impose civil liability in an original action commenced in The Netherlands and predicated solely upon U.S. federal securities laws.

Any enforcement of agreements governed by foreign law and any foreign judgments in The Netherlands will be subject to the rules of Dutch civil procedure. Judgments may be rendered in a foreign currency but enforcement is executed in euros at the applicable rate of exchange. Enforcement of obligations in The Netherlands will be subject to the nature of the remedies available in the courts of The Netherlands. Under certain circumstances, a Dutch court has the power to stay proceedings (*aanhouden*) or to declare that it has no jurisdiction, if concurrent proceedings are being brought elsewhere.

A Dutch court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses and damages.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon for us by Paul, Weiss, Rifkind, Wharton & Garrison LLP as to matters of United States federal and New York State law and by Allen & Overy Studio Legale Associato as to matters of Italian law. Certain legal matters in connection with this Offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP, as to matters of U.S. federal and New York law and by Latham & Watkins LLP as to matters of Italian law.

INDEPENDENT AUDITORS

Independent auditors of the Issuer

The independent auditors of the Issuer are PricewaterhouseCoopers S.p.A., independent accountants. As of the date of this Offering Memorandum, PricewaterhouseCoopers S.p.A. has not performed an audit or a review of any financial statements of the Issuer. PricewaterhouseCoopers S.p.A. is registered under No. 119644 in the Register of Accountancy Auditors (Registro dei Revisori Legali), held by the Ministry of Economy and Finance, in compliance with the provisions of the Legislative Decree of 27 January 2010, No. 39. PricewaterhouseCoopers S.p.A., which is located at Piazza Tre Torri 2, 20145, Milan, Italy, is also a member of ASSIREVI, the Italian association of auditing firms.

Independent auditors of RdM

The independent auditors of RdM starting in 2021 are PricewaterhouseCoopers S.p.A., independent accountants. PricewaterhouseCoopers S.p.A. performed a limited review on RdM's interim condensed consolidated financial statements as of and for the nine months ended September 30, 2021 included in this Offering Memorandum. PricewaterhouseCoopers S.p.A. is registered under No. 119644 in the Register of Accountancy Auditors (Registro dei Revisori Legali), held by the Ministry of Economy and Finance, in compliance with the provisions of the Legislative Decree of 27 January 2010, No. 39. PricewaterhouseCoopers S.p.A., which is located at Piazza Tre Torri 2, 20145, Milan, Italy, is also a member of ASSIREVI, the Italian association of auditing firms.

The independent auditors of RdM for the years ended December 31, 2018, 2019 and 2020 were Deloitte & Touche S.p.A., independent accountants, as stated in their audit reports relating to RdM's consolidated financial statements as of and for the years ended December 31, 2018, 2019 and 2020 included in this Offering Memorandum. Deloitte & Touche S.p.A., with registered office in Via Tortona 25, Milan, is registered under No. 132587 in the Register of Accountancy Auditors (*Registro Revisori Legali*) by the Italian Ministry of Economy and Finance, in compliance with the provisions of Legislative Decree of 27 January 2010, No. 39. Deloitte & Touche S.p.A. is also a member of ASSIREVI, the Italian association of auditing firms.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum acknowledges that:

(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 contained herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with any of the Initial Purchasers in connection with its investigation of the accuracy of such information or its decision to invest in the Notes; and

(3) except as provided pursuant to paragraph (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which we are not subject to Section 13 or 15(d) under the Exchange Act, make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act, upon the written request of any such holder or beneficial owner. We are not currently subject to the periodic reporting or other information requirements of the Exchange Act.

The additional documents and information specified in "*Listing and General Information*" herein and not included in this Offering Memorandum will be available to be inspected and obtained by holders at the specified office of the listing agent in Luxembourg during normal business hours on any weekday.

LISTING AND GENERAL INFORMATION

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit to trading on the Euro MTF Market upon their issuance in accordance with the rules and regulations of that exchange. The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will publish or make available any notices (including financial notices) to the public in written form at the places indicated by announcements to be published in a leading newspaper having a general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or on the website of the Luxembourg Stock Exchange or by any other means considered equivalent by the Luxembourg Stock Exchange.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, copies of the following documents may be inspected and obtained at the specified office of the listing agent in Luxembourg during normal business hours on any weekday:

- the organizational documents of the Issuer;
- the organizational documents of RdM;
- the audited financial statements included in this Offering Memorandum;
- the annual and interim financial statements required to be provided under the captions "*Description of the Notes — Certain Covenants — Reports and Other Information*;"
- the indenture governing the Notes;
- the Intercreditor Agreement;
- the Revolving Credit Facility Agreement;
- the documents relating to the Collateral; and
- other material agreements described in this Offering Memorandum as to which we specify that copies thereof will be made available;
- The Guarantors by-laws/articles of incorporation
- The Offering Memorandum (free of charge).

We have appointed Deutsche Bank Luxembourg S.A., as Registrar and Luxembourg Listing Agent and Deutsche Bank AG, London Branch as Paying Agent, Calculation Agent and Transfer Agent, to make payments on, when applicable, and transfers of, the Notes. We reserve the right to vary such appointments in accordance with the terms of the Indenture.

Litigation

Except as disclosed in this Offering Memorandum, none of the Issuer or, as far as the Issuer is currently aware, RdM are involved, or has been involved during the twelve months preceding the date of this Offering Memorandum, in any litigation, arbitration or administrative proceedings which would, individually or in the aggregate, have a material adverse effect on their results of operations, condition (financial or other) or general affairs and, so far as each is aware, having made all reasonable inquiries, there are no such litigation, arbitration or administrative proceedings pending or threatened.

No Material Changes

Except as disclosed in this Offering Memorandum:

- there has been no material adverse change in the financial or trading position or prospects of the Issuer, or RdM since November 30, 2021; and
- none of the Issuer or, as far as the Issuer is aware, RdM, has been involved in any governmental, legal, administrative or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had during the twelve months preceding the date of this Offering Memorandum, a significant effect on our financial position or profitability.

Clearing Information

The Notes have been accepted for clearance through Euroclear and Clearstream under common code 241748677 for the Notes sold pursuant to Regulation S and under common code 241749983 for the Notes sold pursuant to Rule 144A. The ISIN for the Notes sold pursuant to Regulation S is XS2417486771 and the ISIN for the Notes sold pursuant to Rule 144A is XS2417499832.

Legal Information

The Issuer

The Issuer is a joint stock company (*società per azioni*) incorporated under laws of Italy on June 30, 2021 with a duration until December 31, 2050 (and LEI code: 815600E0EAFAEE1B3F69), with registered office in Via Alessandro Manzoni 38, 20121 Milan, Italy, under registration number and fiscal code with the Companies' Register of Milan (*Milano-Monza-Brianza-Lodi*) 11853400965, whose share capital amounts to €50,000.00 and is divided into 50.000 ordinary shares each with a nominal value of €1.00. As of November 29, 2021, the Issuer holds directly 295,761,812 ordinary shares in the share capital of RdM, representing 78.285% of the issued share capital of RdM.

The Additional Guarantors

Fineska B.V. has its registered office in Noorderstraat 394, 9611AW Sappemeer, The Netherlands. Eska B.V. has its registered office in Noorderstraat 394, 9611AW Sappemeer, The Netherlands. Eska International B.V. has its registered office in Noorderstraat 394, 9611AW Sappemeer, The Netherlands. Eska USA B.V. has its registered office in Noorderstraat 394, 9611AW Sappemeer, The Netherlands. R.D.M. Arnsberg GmbH has its registered office in Hellefelder Straße 51, 59821 Arnsberg, Germany

General

The Offering was authorized by a resolution (*delibera*) of the board of directors of the Issuer passed on November 23, 2021 and by a determination of a delegated director (*determina*) of the Issuer adopted on November 30, 2021.

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Reno De Medici S.p.A.

Reno De Medici S.p.A.
Unaudited Interim Condensed Consolidated Income Statement
For the nine months ended September 30, 2021 and 2020

(thousands of Euros)	Note	09.30.2021	09.30.2020*
Revenues from sales	1	544,090	429,871
– of which related parties		*11,757*	*8,809*
Other revenues and income		11,424	7,769
– of which related parties		*56*	*65*
Change in inventories of finished goods		(4,304)	(9,345)
Cost of raw materials and services	2	(440,112)	(297,752)
Personnel costs		(79,721)	(66,651)
Other operating costs		(2,765)	(4,196)
Gross operating profit		**28,612**	**59,696**
Depreciation and amortization		(25,220)	(22,230)
Operating profit		**3,392**	**37,466**
Financial expense		*(2,495)*	*(575)*
Gains (losses) on foreign exchange		*217*	*(511)*
Financial income		*3,182*	*10*
Net financial income (expense)		904	(1,076)
Gains (losses) on investments		9,150	
Taxes		(565)	(8,114)
Profit (loss) for the period before discontinued operations		**12,881**	**28,276**
Discontinued operations		2,633	5,623
Profit (loss) for the period		**15,514**	**33,899**
Total profit (loss) for the period attributable to:			
– Group		15,514	33,899
– Minority interests			

(*) On 30 April 2021, 100% of the investment held in RDM La Rochette S.A.S. was sold. Therefore, in accordance with IFRS 5, the related business income was presented in the line "Discontinued Operations". Consequently, the data at 30 September 2020 were reclassified in order to make them comparable with the data at 30 September 2021.

Reno De Medici S.p.A.
Unaudited Interim Condensed Consolidated Statement of Comprehensive Income
For the nine months ended September 30, 2021 and 2020

(thousands of Euros)	09.30.2021	09.30.2020
Profit (loss) for the period	**15,514**	**33,899**
Other components of comprehensive profit (loss)		
Other components that may be transferred to the income statement in subsequent financial years:	**783**	**31**
Change in fair value of cash flow hedges	*559*	*169*
Profit (loss) on translation of financial statements of foreign investee companies	*224*	*(138)*
Other components that will not be transferred to the income statement in subsequent financial years:		
Actuarial gain (loss) on employee benefits		
Total other components of comprehensive profit (loss)	**783**	**31**
Total comprehensive profit (loss)	**16,297**	**33,930**
Total comprehensive profit (loss) attributable to:		
– Group	*16,297*	*33,930*
– Minority interests		

All figures in the table are shown after deducting the related tax effects.

Reno De Medici S.p.A.
Unaudited Interim Condensed Consolidated Statement of Financial Position
As of September 30, 2021 and December 31, 2020

(thousands of Euros)	Note	09.30.2021	12.31.2020
ASSETS			
Non-current assets			
Tangible fixed assets	3	287,970	220,745
Right-of-use asset	4	13,641	15,166
Goodwill	5	90,670	4,389
Intangible fixed assets	6	16,634	14,013
Intangible assets with an indefinite useful life	6	3,165	2,736
Equity investments		723	950
Deferred tax assets		3,796	243
Financial assets held for sale		374	
Trade receivables		230	
Other receivables		9,713	5,823
Total non-current assets		**426,916**	**264,065**
Current assets			
Inventories		116,010	102,231
Trade receivables		113,194	59,959
Receivables from associates and joint ventures		9,629	6,272
Other receivables		31,493	18,774
Other receivables from associates and joint ventures		1	
Derivative instruments		4,176	712
Cash and cash equivalents	7	25,357	62,985
Total current assets		**299,860**	**250,933**
TOTAL ASSETS		**726,776**	**514,998**

Reno De Medici S.p.A.
Unaudited Interim Condensed Consolidated Statement of Financial Position
As of September 30, 2021 and December 31, 2020

(thousands of Euros)	Note	09.30.2021	12.31.2020
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital		140,000	140,000
Other reserves		28,708	26,400
Retained earnings (losses)		61,563	34,176
Profit (loss) for the period		15,514	33,551
Shareholders' equity attributable to the Group		**245,785**	**234,127**
Minority interests			
Total shareholders' equity	8	**245,785**	**234,127**
Non-current liabilities			
Payables to banks and other lenders	7	136,949	50,845
Derivative instruments	7	138	388
Other payables		997	
Deferred taxes		8,121	7,231
Employee benefits		33,330	37,245
Non-current provisions for risks and charges	9	7,146	5,380
Total non-current liabilities		**186,681**	**101,089**
Current liabilities			
Payables to banks and other lenders	7	57,853	21,062
Derivative instruments	7	206	517
Trade payables		202,522	130,811
– of which related parties			*1*
Other payables		30,514	23,205
Other payables to associates and joint ventures		101	101
Current taxes		2,252	2,447
Employee benefits			113
Current provisions for risks and charges	9	862	1,526
Total current liabilities		**294,310**	**179,782**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**726,776**	**514,998**

Reno De Medici S.p.A.
Unaudited Interim Condensed Statement of Changes in Shareholders' Equity
For the nine months ended September 30, 2021 and 2020

(thousands of Euros)	Share capital	Treasury shares reserve	Legal reserve	Other reserves	Retained earnings (losses)	Profit (loss) for the period	Hedging reserve	Reserve for "Actuarial gain/(loss)"	Total Shareholders' Equity (Group)	Total Shareholders' Equity (minority shareholders)	Total shareholders' equity
Shareholders' equity 12.31.2019	**140,000**	**(1,060)**	**2,375**	**36,548**	**22,403**	**15,597**	**(887)**	**(9,498)**	**205,478**		**205,478**
Dividends distributed . . .						(3,009)			(3,009)		(3,009)
Allocation of profit (loss) for the year			797		11,791	(12,588)					
Purchase of treasury shares less the shares assigned		(477)							(477)		(477)
Stock Grant Reserve				(671)					(671)		(671)
IFRS 9 Reserve											
Other movements					(10)				(10)		(10)
Profit (loss) for the period						33,899			33,899		33,899
Other components of comprehensive profit (loss)				(138)			169		31		31
Total comprehensive profit (loss)				(138)		33,899	169		33,930		33,930
Shareholders' equity 09.30.2020	**140,000**	**(1,538)**	**3,172**	**35,739**	**34,184**	**33,899**	**(718)**	**(9,498)**	**235,240**		**235,240**
Shareholders' equity 12.31.2020	**140,000**	**(1,539)**	**3,172**	**35,985**	**34,176**	**33,551**	**(548)**	**(10,670)**	**234,127**		**234,127**
Dividends distributed . . .						(5,263)			(5,263)		(5,263)
Allocation of profit (loss) for the year			1,137		27,151	(28,288)					
Purchase of treasury shares less the shares assigned											
Stock Grant Reserve				388					388		388
IFRS 9 Reserve											
Other movements					236				236		236
Profit (loss) for the period						15,514			15,514		15,514
Other components of comprehensive profit (loss)				224			559		783		783
Total comprehensive profit (loss)				224		15,514	559		16,297		16,297
Shareholders' equity 09.30.2021	**140,000**	**(1,539)**	**4,309**	**36,597**	**61,563**	**15,514**	**11**	**(10,670)**	**245,785**		**245,785**

Reno De Medici S.p.A.
Unaudited Interim Condensed Consolidated Cash Flow Statement
For the nine months ended September 30, 2021 and 2020

(Euro thousand)	09.30.2021	09.30.2020
Profit (Loss) for the year	15,514	33,899
Taxes	565	8,869
Depreciation and amortization	25,220	23,444
Financial charges (income)	(904)	1,413
Write-downs (write-ups) of financial assets	(299)	
Capital losses (gains) on the disposal of fixed assets	(448)	5
Capital loss on the disposal of the RDM La Rochette business unit	1,665	
Badwill on the acquisition of Paprinsa business unit	(8,852)	
Changes in employee severance indemnities, other provisions including the allowance for doubtful accounts	(311)	1,778
Change in inventories	319	9,085
Change in receivables	(31,920)	(6.534)
– of which to related parties	*(3,357)*	
Change in payables	47,993	(21,175)
Overall change in working capital	**16,392**	**(18,624)**
Gross cash flow	**48,542**	**50,784**
Interest (paid) collected during the year	(1,297)	(1,702)
Taxes paid during the year	(7,415)	(6,904)
Cash flow from operating activities	**39,830**	**42,178**
Investments in other investee companies		(6)
Investments after divestments of tangible and intangible fixed assets	(16,120)	(13,348)
Dividends collected	189	138
Cash from the disposal of the RDM La Rochette business unit	5,000	
Change in consolidation	(155,564)	
Cash flow from investing activities	**(166,495)**	**(13,216)**
Dividends paid	(5,263)	(3,009)
Change in other financial assets and liabilities and short-term bank payables	91,220	(18,680)
Repayments of lease liabilities	(2,361)	(2,498)
Cash flow from financing activities	**83,596**	**(24,187)**
Currency exchange differences	**224**	**(103)**
Change in unrestricted cash and cash equivalents	**(42,845)**	**4.672**
Unrestricted cash and cash equivalents at the beginning of the period	**62,985**	**40,382**
Cash transferred following the disposal of the RDM La Rochette business unit	**(7,831)**	
Cash transferred following the acquisition of Eska and Paprinsa business unit	**13,048**	
Unrestricted cash and cash equivalents at the end of the period	**25,357**	**45,054**

6. Explanatory Notes

Reno De Medici S.p.A. is a legal entity organized according to the legal framework of the Italian Republic. The RDM Group mainly operates in Europe. The Group is engaged in the production and distribution of packaging cardboard made from recycled fiber. Following the sale of the equity investment in RDM La Rochette, which took place in April, the RDM Group has no operations in the virgin fiber segment any longer.

The registered office of Reno De Medici S.p.A. is in Milan, Italy.

Reno De Medici S.p.A. shares are listed on the Star segment of Borsa Italiana S.p.A. and on the Madrid stock exchange.

The RDM Group's condensed consolidated financial statements at 30 September 2021 were approved by the Board of Directors of RDM on 8 November 2021, which authorized the publication thereof.

6.6.1 Accounting Standards and Value Measurement Criteria

The condensed consolidated financial statements at 30 September 2021 were prepared on a going-concern basis.

The main recognition, classification and value measurement criteria and accounting standards adopted for the preparation of the Condensed Consolidated Financial Statements were the same as those adopted for the preparation of the Annual Consolidated Financial Statements, to which reference should therefore be made, with the exception of:

a) income taxes, which were recorded according to IAS 34, i.e., by estimating the effective rate expected on an annual basis;

b) standards and amendments set out in the following paragraph, possibly applicable with effect from January 1, 2021, as they have become mandatory following the completion of the related approval procedures by the competent authorities.

The Group did not adopt in advance any standards, interpretations or improvements, issued but not yet in force.

The preparation of interim financial statements requires senior management to make estimates and assumptions that may affect the values of revenues, costs, assets and liabilities stated in the financial statements and the information relating to contingent assets and liabilities at the date of the interim financial statements. Should such estimates and assumptions, which are based on the senior management's best evaluation, become obsolete in the future due to a different evolution of the operating environment with respect to the forecasts, they would consequently be modified in the period in which the changes occur. For a more extensive description of the Group's most relevant value measurement processes, please refer to the chapter "Estimates and Special Valuations" of the Consolidated Financial Statements at 31 December 2020.

It should also be noted that some valuation processes, in particular more complex processes such as the computation of any impairment value of non-current assets, are generally carried out more thoroughly only when preparing the annual financial statements, as all detailed information is available at such time, or in the event that there are loss indicators that require an immediate assessment of permanent value impairment, if any.

The Group's equity, economic and financial position is presented in Euro thousand.

NEW IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ALREADY APPROVED BY THE EUROPEAN UNION

- Amendment to IFRS 4 — *Insurance contracts*

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 — *Interest Rate Benchmark Reform*
- Amendment to IFRS 16 — *Leases: Covid-19-Related Rent Concessions*
- Amendment to IFRS 3 — Business Combinations.
- Amendment to IAS 16 — Property, Plant and Equipment.
- Amendment to IAS 37 — Provisions, Contingent Liabilities and Contingent Assets.
- *Annual Improvements* 2018-2020

No impacts were booked in the condensed consolidated half-year financial statements following the introduction of the above standards and amendments.

IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION

- IFRS 17 — *Insurance Contracts*
- Amendment to IAS 1 — *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*
- Amendment to IAS 8 — *Accounting policies, Changes in Accounting Estimates and Errors*
- Amendment to IAS 12 — *Income taxes*

The Company is currently performing the qualitative analyses required to define the probable effects of application of the above standards.

6.6.2 Financial Risk Management Policy

As all industrial companies, the Group is exposed to risks associated with the general macroeconomic environment.

Financial year 2021, just as financial year 2020 before, was characterized by the Covid-19 emergency which, especially in the first pandemic wave, caused the temporary closure of many production sectors and a resulting recessionary effect. Thanks to the high exposure of the sector in which the Group operates towards production sectors considered strategic, especially food and pharmaceuticals, financial year 2021 did not record negative trends in terms of volumes. The general economic situation and persistence of the health emergency in any case suggest not to rule out possible negative effects on volumes. Given that risk cannot be eliminated and is now in any case much lower than at the beginning of the emergency, the trend in selling prices and actions put in place by the Group will make it possible to mitigate the effects of this risk. With regard to raw materials, after the sharp price reductions in previous financial years, the year 2021 reported a very strong increase in the prices of all raw materials and, in particular, of recycled-based fibers. The reasons for this increase can be found in the strong demand for corrugated cardboard due to the expansion of e-commerce and collection even lower than pre-pandemic levels. The Group addressed the commodity price increase with four selling price increases and a further increase announced in October. The deferred effect of the increase in selling prices, also due to the high level of orders, did not allow the Group to recover margins in the short term but will allow it to return to margins in line with expectations in the following financial year. In terms of energy prices, they recorded a sharp decrease in 2020, especially of gas, electricity and coal, after they had reached a peak in recent years, i.e., 2018. In the first three quarters of 2021 on the other hand, there was a strong increase in the price of all energy components and in particular of gas and CO_2. Further increases are also expected in the last quarter of the financial year. In this scenario, the Group will continue its energy efficiency policies and investment policies aimed at reducing energy consumption. The strong increases in energy costs were, as usual, taken into consideration in the various selling price increases implemented in financial year 2021, for which reference should be made to the paragraph "Credit Risk".

Risks associated with the Group's performance

It should be noted that there are no specific risks connected to the structure and/or nature of the RDM Group.

Risks associated with the demand for financial resources

Currently, the Group has sufficient financial means to meet its reasonably foreseeable demand due to the Group's financial situation, despite the recent acquisitions and credit market conditions, which are still very favourable despite the recent health emergency.

Interest rate risk

The Group's exposure to interest rate risk mainly concerns medium / long-term credit facilities, on which the Group's financial funding is based today. At 30 September 2021, the Group had a net debt of €165.1 million due to the acquisitions of the Eska Group and the Paprinsa and the consolidation of their net financial positions at 30 September 2021. The Group started to use short-term facilities with favourable rates and continues to make use of programmes for the transfer of trade receivables without recourse (factoring without recourse). Medium / long-term debt amounted to €147.3 million at 30 September 2021; of these, €110.7 million were not hedged at variable rates. The increase in long-term debt is entirely due to the acquisition of the Eska Group with the resulting conclusion of a loan agreement for €100 million in total. Cash and cash equivalents amounted to €25.4 million at 30 September 2021.

In the Euro area, the expected evolution for 2021 promises to maintain interest rates at current levels at least until the end of the financial year.

Liquidity risk

Liquidity risk is defined as the risk of being unable to fulfil obligations associated with one's liabilities. Prudent management of liquidity risk requires maintaining adequate levels of available cash and the possibility to gain access to the necessary funding to support operating activities.

To cope with this risk, the Group's Treasury Department ensures the flexibility of funding by resorting to diversified debt sources. At 30 September 2021, the RDM Group had a negative net financial position of €165.1 million, However, this is not worrying if compared to the level of EBITDA generated in recent financial years.

Credit risk

Credit risk is substantiated in the Group's exposure to its customers' insolvency. This risk is above all present in Italy, which remains one of the most fragile European economies, historically characterized by very long payment terms and consequently by high exposures to customers. Due to the situation generated following the spread of the Covid-19 (Coronavirus) epidemic, the Group cannot, according to information available, rule out that at least part of its customers may have to face financial tensions with repercussions, at least in the short term, on the timeliness of payments and credit quality, although this risk did not in fact come about throughout the year 2020 and up to September 2021. The RDM Group uses several tools to manage this risk effectively: insurance contracts were entered into with a leading credit insurance company; various contracts for the assignment of receivables without recourse were also signed. Any uninsured and/or non-insurable accounts are constantly monitored by the competent corporate departments, also with the support, as regards Italian customers, of external information and monitoring sources. To contain this risk, the Group adopts a policy of careful and accurate control of accounts considered at risk.

Even though the policies adopted so far have made it possible to contain credit losses, this risk cannot be completely ruled out.

Currency risk

This risk consists in the Group's exposure to fluctuations in exchange rates for costs and revenues denominated in currencies other than the Euro. In regard of the Group, its exposure is mainly linked to US dollar fluctuations, the currency in which a significant part of its revenues from "Overseas" markets and, with regard to costs, the purchases of some raw materials and certain energy inputs are denominated. Given the expected volumes of costs and revenues denominated in US dollars, or whose evolution is in any case linked to the US dollar, it is believed that the Group's net exposure is not significant in relation to the overall size of its business.

Capital risk

It is believed that the Group is adequately capitalized in relation to its target market and size.

Risks associated with climate change

The paper production process is energy-intensive and contributes to the emission of greenhouse gases, the main cause of climate change. We have adopted energy management systems (ISO 50001) for various Group plants, certified by accredited third parties. We are particularly sensitive to these issues and therefore we have started a transition process towards production processes and energy sources with a lower environmental impact. The use of high thermal efficiency cogeneration plants, greater energy efficiency and the use of cleaner fuels will allow us to contain the risk of volatility in the purchase prices of emission permits within the Emission Trading System (EU-ETS). The presence of paper mills at locations potentially subject to events linked to climate change, such as the rise in river flows and increase in the frequency and intensity of storms, exposes us to the risk that our operations may be disrupted. To reduce impacts related to natural disasters, including fires, we have implemented a prevention programme that involves conducting third-party audits to assess exposure to this type of risk and identify specific action plans for each of the Group's paper mills.

Cyber security

Cyber security has been a global priority for several years. Risks associated with cyber security may have a significant effect for us too and are thus subject to continuous monitoring. The migration of IT infrastructures to the cloud, as well as the extent of cyber attacks, the nature of which is constantly changing, not only affect the Group's IT infrastructure and business operations but may lead to possible breaches or theft of sensitive and personal data. To ensure business continuity, we have implemented an IT security management and control system to prevent the loss of the entire Group's relevant and personal data and information, including through backup systems and cloud servers, and we have adopted advanced systems to prevent unauthorized access to company databases.

Risks linked to epidemics and pandemics

In recent years, the world has had to contend with an increasing number of epidemics and infectious diseases. In the absence of a true global response plan to possible emergencies, countries had to manage the initial phases of the Covid-19 crisis in a reactive way. The RDM Group responded promptly to government instructions, assessing risks, preparing all the protocols necessary for the prevention of infections and setting up supervisory committees on the correct adoption of internal procedures. Thanks to such Covid-19 emergency management, no Group plant or site witnessed outbreaks of the Coronavirus infection. The structured management of the emergency allowed the Group to define rules and emergency procedures for possible future epidemiological or pandemic crises. The strict management of infectious risks allowed the RDM Group to reliably play the role of an "essential" operator by providing continuous support to the food and pharmaceutical chain, two key sectors in emergency management and the ones most served by the RDM Group's paper mills.

6.6.3 Scope of Consolidation

The table below contains a list of fully consolidated subsidiaries with the related control percentages:

				Control percentage			
			Share capital	09.30.2021		12.31.2020	
Business name	**Registered office**	**Activities**	**(Eur/1000)**	**Direct**	**Indirect**	**Direct**	**Indirect**
RDM Arnsberg GmbH	Arnsberg (D)	Industrial	5,113	94%	6%	94%	6%
RDM Blendecques S.A.S.	Blendecques (F)	Industrial	5,037	100%		100%	
Cascades Grundstück GmbH & Co. KG	Arnsberg (D)	Services	38	100%		100%	
RDM Magenta S.r.l.	Milan (I)	Industrial	3,700	100%		100%	
RDM Ovaro S.p.A.	Milan (I)	Industrial	12,625	99.01%		99.01%	
RDM La Rochette S.A.S.	La Rochette (F)	Industrial					100%
Barcelona Cartonboard S.A.U.	Barcelona (E)	Industrial	14,943	100%		100%	
Fineska B.V.	Hoogezand-Sappemeer (NL)	Industrial		100%			
Eska B.V.	Hoogezand-Sappemeer (NL)	Industrial	1,056		100%		
Eska Italy B.V.	Hoogezand-Sappemeer (NL)	Industrial			100%		
Eska USA B.V.	Hoogezand-Sappemeer (NL)	Industrial	21		100%		
Eska International B.V.	Hoogezand-Sappemeer (NL)	Industrial			100%		
Eska Power B.V.	Hoogezand-Sappemeer (NL)	Industrial	18		100%		
Eska Board Iberica S.A.	Gavà (E)	Industrial	270		100%		
Eska Board UK Limited	Northampton (UK)	Industrial			100%		
Eska Germany GmbH	Essen (D)	Industrial	26		100%		
Eska Hong Kong Ltd	Hong Kong (HK)	Industrial			100%		
Papelera del Principado S.A.	Mollerussa (E)	Industrial	419		100%		
Ondupacart S.A.	Mollerussa (E)	Industrial	166		100%		
Cogeneracio del Pla S.A.	Mollerussa (E)	Industrial	506		100%		
Fergerdell S.L.	Mollerussa (E)	Real estate	761		100%		
PAC Service S.p.A.	Vigonza (I)	Industrial	1,000	100%		100%	
RDM Marketing France S.A.S.	Saint – Denis (F)	Commercial	337	100%		100%	
RDM Marketing Germany GmbH	Krefeld (D)	Commercial	210	100%		100%	
RDM Marketing Spain S.L.U.	El Prat de Llobregat (E)	Commercial	26	100%		100%	

Business name	Registered office	Activities	Share capital (Eur/1000)	Control percentage 09.30.2021 Direct	Control percentage 09.30.2021 Indirect	Control percentage 12.31.2020 Direct	Control percentage 12.31.2020 Indirect
RDM Marketing UK Ltd	Wednesbury (UK)	Commercial		100%		100%	
RDM Marketing Czech Republic s.r.o.	Prague (CZ)	Commercial	20	100%		100%	
RDM Marketing Hungaria Kft.	Budapest (HU)	Commercial	17	100%		100%	
RDM Marketing Poland Sp. z o.o.	Warsaw (P)	Commercial	11	100%		100%	
RDM Marketing Portugal Unipessoal Lda	Lisbon (PT)	Commercial	3		100%		100%

The following equity investments in affiliated companies and companies subject to joint control were included in the condensed consolidated financial statements at 30 September 2021 according to the equity-based method:

Business name	Registered office	Activities	Share capital (Eur/1000)	Control percentage 09.30.2021 direct	Control percentage 09.30.2021 indirect	Control percentage 12.31.2020 direct	Control percentage 12.31.2020 indirect
Affiliated companies							
Emmaus Pack S.r.l.	Milan (I)	Industrial	200	34.39%		34.39%	
Companies under joint control (Joint Ventures)							
RECOG.SEL.PAP. Y CART. C., A.I.E.	Barcelona (E)	Industrial	3		50.00%		50.00%

It should be noted that at 30 September 2021 the scope of consolidation changed due to the completion of the following sales and acquisition transactions:

- On 1 July 2021, the RDM group finalized the purchase of 100% of the share capital in four companies incorporated under Spanish law on the part of the subsidiary RDM Barcelona Cartonboard S.A.U. The acquisition concerned one of the main European players in the glossy Cartonboard sector, Papelera del Principado S.A. and three small-sized companies operating in related businesses, Ondupacart S.A., Cogeneracio del Pla S.A., Fergerdell S.L. The final price was €8.9 million of which 3 million concerned to the adjustment price that will be paid during the fourth quarter. The acquisition was financed by the RDM Group using its own financial sources.

The net book value of assets may be broken down as follows:

(thousands of Euros)	Value at the acquisition date
Tangible fixed assets	29,707
Intangible fixed assets	1,407
Right-of-use assets	328
Financial fixed assets	35
Financial assets available for sale	663
Prepaid taxes	2,566
Trade receivables	230
Inventories	6,617
Trade receivables	14,047
Other receivables	390
Cash and cash equivalents	2,516
Payables to banks and other lenders (non-current part)	(7,124)
Deferred taxes	(361)
Provisions for long-term risks and charges	(797)
Payables to banks and other lenders (current portion)	(16,676)
Trade payables	(13,486)
Other payables	(2,285)
Current taxes	(21)
Net value	**17,756**
Badwill	**8,851**
Total price paid	**8,905**

The temporary badwill, amounting to €8.9 million, from the acquisition of the Paprinsa due to the difference between the price paid, i.e., €8.9 million, and the net assets acquired, i.e., €17.8 million, was recognized in the income statement under the item "Income and charges from equity investments". Any adjustments deriving from the completion of the fair value measurement process of assets and liabilities were recognized within twelve months from the acquisition date.

The RDM Group incurred acquisition costs of €0.7 million for the purpose of the acquisition.

The breakdown of liquidity relating to the acquisition is provided below:

(thousands of Euros)	
Price paid for the acquisition	**8,905**
Liabilities acquired	
Total price	**8,905**

- On 13 July, Reno De Medici S.p.A. finalized the agreement for the purchase of 100% of the share capital of the Dutch company Fineska B.V., holding company of the "Eska" business group. The final price paid, after all adjustments set forth in the agreement, amounted to €146.7 million, of which €7.1 million were paid into an escrow account to secure any contingent liabilities. The acquisition was financed through third-party debt of €100 million in total and, for the remainder, using the available cash at the closing date.

The net book value of goods may be broken down as follows:

(thousands of Euros)	**Value at the acquisition date**
Tangible fixed assets	53,373
Intangible fixed assets	1,461
Right-of-use assets	3,486
Inventories	24,284
Trade receivables	20,556
Other receivables	5,469
Cash and cash equivalents	10,533
Payables to banks and other lenders (non-current part)	(11,803)
Other payables	(997)
Deferred taxes	(657)
Employee benefits	(204)
Payables to banks and other lenders (current portion)	(5,151)
Trade payables	(29,977)
Other payables	(8,632)
Current taxes	(1,364)
Net value	**60,377**
Goodwill	**86,282**
Total price paid	**146,659**

The temporary goodwill resulting from the acquisition, i.e., €86.3 million, is attributable to the high profitability of the acquired business and synergies that are expected to be achieved by the integration of Fineska B.V. into the existing group. Any adjustments deriving from the completion of the fair value measurement process of assets and liabilities were recognized within twelve months from the acquisition date.

For the purposes of the acquisition, the RDM Group incurred acquisition costs of €1.5 million.

The breakdown of liquidity relating to the acquisition is provided below:

(thousands of Euros)	
Price paid for the acquisition	46,659
Liabilities acquired	100,000
Total price	**146,659**

- On 30 April 2021, the RDM Group, through the subsidiary RDM Blendecques S.A.S., finalized the agreement for the sale of 100% of the share capital held in the French company RDM La Rochette S.A.S. to Bonaparte Holding S.A.S, wholly-owned by Mutares SE & Co. KgaA.

The final disposal price, already including post-closing adjustments, amounted to €12.3 million. Furthermore, the contract provides for an earn-out, variable price component, on the higher EBITDA that will be realized compared to the reference one in the next three financial years. The situation at 30 September 2021 includes the earn-out receivable of €2.9 million, of which €1.2 million represent the current portion and €1.7 million the non-current portion.

It should also be noted that part of the above final disposal price will be paid in the form of a loan (vendor loan) granted by the subsidiary RDM Blendecques S.A.S. to the aforementioned Bonaparte Holding S.A.S. The total value of the vendor loan measured at amortized cost, which will expire within three years from completion of the transaction, amounted to €6.5 million, of which €2.2 million represent the current portion and €4.3 million the non-current portion.

The final disposal price, including the estimated "earn-out", resulted in a loss of €1.7 million at 30 September 2021, in addition to the write-down of €3.7 million, which had already been recorded in the financial statements at 31 December 2020 in order to align the book value of La Rochette CGU with its presumed realizable value.

It should be noted that the disposal of the company RDM La Rochette S.A.S. resulted in the RDM Group leaving the FBB — Folding Box Board segment (cardboard for folding cartons obtained with virgin fibers) and therefore the related business performance at 30 September 2021 and 30 September 2020 was reclassified in one line only of the income statement "Discontinued operations".

Details of discontinued operations are as follows:

(thousands of Euros)	09.30.2021
Gain (loss) on RDM La Rochette S.A.S.	4,298
Capital loss on RDM La Rochette S.A.S.	(1,665)
Discontinued operations	**2,633**

The income statement, balance sheet and cash flow statement of RDM La Rochette S.A.S. are shown below:

(thousands of Euros)	04.30.2021	09.30.2020
Sales revenues	42,376	88,344
Other revenues	2,002	2,295
Change in inventories of finished products	(2,378)	(3,285)
Cost of raw materials and services	(30,227)	(65,472)
Personnel costs	(5,686)	(13,146)
Other operating costs	(500)	(807)
Depreciation and amortization	(587)	(1,214)
Net financial income (charges)	(71)	(321)
Taxes	(631)	(755)
Discontinued operations	**4,298**	**5,639**

(thousands of Euros)	04.30.2021
Tangible fixed assets	13,164
Right-of-use assets	3,880
Equity investments	340
Other non-current receivables	2,073
Total non-current assets	**19,457**
Inventories	16,894
Trade receivables	8,207
Other receivables	2,415

(thousands of Euros)	04.30.2021
Cash and cash equivalents	7,831
Total current assets	**35,347**
Total assets	**54,804**

(thousands of Euros)	04.30.2021
Shareholders' equity	20,567
Total shareholders' equity	**20,567**
Payables to banks and other lenders	6,738
Provisions for risks and charges	28
Employee benefits	3,914
Total non-current liabilities	**10,680**
Payables to banks and other lenders	2,700
Trade payables	14,704
Other payables	5,564
Provisions for risks and charges	50
Current taxes	539
Total current liabilities	**23,557**
Total Shareholders' equity and liabilities	**54,804**

(thousands of Euros)	04.30.2021	09.30.2020
Cash Flow from operating activities	4,563	7,502
Cash Flow from investing activities(*)	4,273	(1,766)
Cash Flow from financing activities	(225)	(1,444)
Net Cash Flow	**8,611**	**4,292**

* Investing activities include the cash generated from the disposal of the company RDM La Rochette S.A.S.

Business Sector Disclosure Statement

Following the disposal of RDM La Rochette S.A.S., the RDM Group has no operations in the FBB, Folding Box Board, segment any longer and consequently the reports used internally by the directors show the Group's performance in the Recycled Board, operating sector only represented by the factories in France, Germany, Spain, the Netherlands and all the factories operating in Italy.

Economic information by geographic sector at 30 September 2021 and 30 September 2020 is given below:

Reno De Medici S.p.A.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements
As of and for the nine months ended September 30, 2021 (continued)

Income statement 09.30.2021 (thousands of Euros)	Recycled Board	FBB	Other	Consolidated
Revenues from sales	**542,600**		**1,490**	**544,090**
Intercompany by segment	15		(15)	
Revenues from sales from third parties	**542,615**		**1,475**	**544,090**
Gross operating profit	**28,577**		**35**	**28,612**
Depreciation and amortization	25,208		12	25,220
Operating profit	**3,369**		**23**	**3,392**
Net financial income (expense)	908		(4)	904
Gains (losses) on investments	9,150			9,150
Taxes	(539)		(26)	(565)
Profit (loss) for the year before discontinued operations	**12,888**		**(7)**	**12,881**
Discontinued operations		2,633		2,633
Profit (loss) for the year	**12,888**	**2,633**	**(7)**	**15,514**
Portions of profit or loss of equity-accounted investments	299			299

Income statement 09.30.2020 (thousands of Euros)	Recycled board	FBB	Other	Consolidated
Revenues from sales	**429,871**			**429,871**
Intercompany by segment				
Revenues from sales from third parties	**429,871**			**429,871**
Gross operating profit	**59,696**			**59,696**
Depreciation and amortization	(22,230)			(22,230)
Operating profit	**37,466**			**37,466**
Net financial income (expense)	(1,076)			(1,076)
Taxes	(8,114)			(8,114)
Profit (loss) for the year before discontinued operations	**28,276**			**28,276**
Discontinued operations		5,623		5,623
Profit (loss) for the year	**28,276**	**5,623**		**33,899**
Portions of profit or loss of equity-accounted investments				

Notes

1. Sales Revenues

The following table shows the breakdown of net revenues originating from cardboard sales, broken down by geographical area of destination.

(thousands of Euros)	09.30.2021	09.30.2020*	Variation	%
Italy	155,464	142,510	12,954	9%
European Union	295,658	221,646	74,012	33%
Rest of the world	92,968	65,715	27,253	41%
Total revenues from sales	**544,090**	**429,871**	**114,219**	**27%**

(*) On 30 April 2021, 100% of the investment held in RDM La Rochette S.A.S. was sold. Therefore, in accordance with IFRS 5, the related business income was presented in the line "Discontinued Operations". Consequently, the data at 30 September 2020 were reclassified in order to make them comparable with the data at 30 September 2021.

Sales revenues amounted to €544.1 million, compared to €429.9 million in the same period of 2020. The increase of €114.2 million is attributable, for €70.2 million, to the changed scope of consolidation and, for the remaining €44 million, to the increase in volumes sold and initial effects of the increases in selling prices implemented during the first three quarters of 2021 compared to the same period in the previous financial year.

2. Cost of Raw Materials and Services

Details of the costs incurred for raw materials and services are shown below:

(thousands of Euros)	30.09.2021	% Valore della produzione(**)	30.09.2020*	% Valore della produzione(**)
Cost for raw materials	252,541	46.79%	163,799	38.95%
Cost for services	186,100	34.48%	133,305	31.70%
Cost for use of third-party assets	1,471	0.27%	648	0.15%
Total	**440,112**	**81.53%**	**297,752**	**70.80%**

(*) On 30 April 2021, 100% of the investment held in RDM La Rochette S.A.S. was sold. Therefore, in accordance with IFRS 5, the related business income was presented in the line "Discontinued Operations". Consequently, the data at 30 September 2020 were reclassified in order to make them comparable with the data at 30 September 2021.

(**) Value of production = Sales revenues plus change in inventories of finished products

The **cost of raw materials and services** amounted to €440.1 million, i.e., an increase of €142.4 million compared to the first three quarters of 2020 (€297.8 million), mainly due to the increase in the prices of waste paper and, to a lesser extent, energy and other production inputs, as well as to the larger scope of consolidation.

3. Tangible Fixed Assets

The following table shows the changes in tangible fixed assets:

(thousands of Euros)	Lands	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under costruction	Total
Historical cost	45,134	91,533	733,289	1,583	15,719	11,632	898,890
Accumulated depreciation/ write-downs	(1,515)	(63,793)	(597,008)	(1,407)	(14,422)		(678,145)
Net book value as at 12.31.2020	**43,619**	**27,740**	**136,281**	**176**	**1,297**	**11,632**	**220,745**
Increase	49	177	5,185	6	84	11,472	16,973
Decrease	(3,726)	(221)	(256)	(3)	(22)		(4,228)
Change in consolidation of the historical cost	3,883	50,230	160,225	12	7,082	7,258	228,690
Change in consolidation of the prevision for acc. Depr./write-downs		(38,136)	(110,882)	(12)	(5,345)		(154,375)
Reclassification of cost	(100)	158	2,559		8	(2,625)	
Depreciation for the period		(2,192)	(19,399)	(24)	(199)		(21,814)
Decrease in provision for acc. Depr./write-downs	1,515	221	215	2	22		1,975
Exchange differences			3		1		4
Value as at 09.30.2021							
Historical cost	45,240	141,877	901,005	1,598	22,872	27,737	1,140,329
Accumulated depreciation/ write-downs		(103,900)	(727,074)	(1,441)	(19,944)		(852,359)
Net book value as at 09.30.2021	**45,240**	**37,977**	**173,931**	**157**	**2,928**	**27,737**	**287,970**

(*) The amount includes depreciation of RDM La Rochette S.A.S. up to 30 April 2021.

(thousands of Euros)	Lands	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under costruction	Total
Historical cost	45,062	92,524	714,349	1,507	15,065	13,151	881,658
Accumulated depreciation/write-downs		(61,867)	(571,619)	(1,382)	(14,204)		(649,072)
Net book value as at 12.31.2019	**45,062**	**30,657**	**142,730**	**125**	**861**	**13,151**	**232,586**
Increase	80	276	3,081	7	347	8,587	12,378
Decrease			(18)		(13)		(31)
Reclassification of cost	19	1,899	10,468	191	158	(9,291)	3,444
Depreciation for the period		(2,219)	(17,180)	(17)	(162)		(19,578)

(thousands of Euros)	Lands	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under costruction	Total
Decrease in provision for acc. Depr./write-downs			9		8		17
Reclassification of provision for acc. Depr./write-downs		(1,766)	(1,392)	(150)	(136)		(3,444)
Value as at 09.30.2020							
Historical cost	45,161	94,699	727,880	1,705	15,557	12,447	897,449
Accumulated depreciation/write-downs		(65,852)	(590,182)	(1,549)	(14,494)		(672,077)
Net book value as at 09.30.2020	**45,161**	**28,847**	**137,698**	**156**	**1,063**	**12,447**	**225,372**

4. Right-of-use assets

The following table shows the changes in right-of-use assets:

(thousands of Euros)	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Software	Total
Historical cost	13,401	5,261	46	1,194	1,058	20,960
Accumulated depreciation/write-downs	(2,847)	(1,819)	(11)	(454)	(663)	(5,794)
Net book value as at 12.31.2020	**10,554**	**3,442**	**35**	**740**	**395**	**15,166**
Increase	87	752	21	355	39	1,254
Decrease	(336)	(304)	11	(129)		(758)
Change in consolidation of the historical cost	(1,286)	(243)	51	191		(1,287)
Change in consolidation of the prevision for acc. Depr./write-downs	1,030	191	(1)	1		1,221
Depreciation for the period	(1,078)	(940)	(19)	(301)	(285)	(2,623)
Decrease in provision for acc. depr./write-downs	300	304	(11)	80		673
Other movements	(5)					(5)
Value as at 09.30.2021						
Historical cost	11,861	5,466	129	1,611	1,097	20,164
Accumulated depreciation/write-downs	(2,595)	(2,264)	(42)	(674)	(948)	(6,523)
Net book value as at 09.30.2021	**9,266**	**3,202**	**87**	**937**	**149**	**13,641**

(*) The amount includes the depreciation of RDM La Rochette S.A.S. up to 30 April 2021.

(thousands of Euros)	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Software	Total
Historical cost	9,698	4,024	18	947	966	15,653
Accumulated depreciation/write-downs	(1,460)	(1,223)	(8)	(269)	(322)	(3,282)
Net book value as at 12.31.2019	**8,238**	**2,801**	**10**	**678**	**644**	**12,371**
Increase	333	1,906		351	92	2,682
Decrease	(51)	(374)		(125)		(550)
Depreciation for the period	(1,229)	(913)	(6)	(254)	(255)	(2,657)
Decrease in provision for acc. depr./write-downs	23	294		86		403
Other movements	(28)			(3)		(31)
Value as at 09.30.2020						
Historical cost	9,952	5,556	18	1,170	1,058	17,754
Accumulated depreciation/write-downs	(2,666)	(1,842)	(14)	(437)	(577)	(5,536)
Net book value as at 09.30.2020	**7,286**	**3,714**	**4**	**733**	**481**	**12,218**

5. Goodwill

The item goodwill amounted to €90.7 million and refers to the company PAC Service S.p.A. for an amount equal to €4.4 million and to the company Fineska BV, for an amount equal to €86.3 million, in regard of which reference should be made to the contents of paragraph 6.6.3. Scope of Consolidation.

6. Intangible Fixed Assets

The following table shows the changes in intangible fixed assets:

(thousands of Euros)	Concessions, licenses, trademarks, and similar rights	Other	Assets under construction	Total intangible assets with a definite useful life	Intangible assets with an indefinite useful life
Net book value as at 12.31.2020	**4,380**	**2,483**	**7,150**	**14,013**	**2,736**
Increases	424		1,127	1,551	
Decreases	(9)	(8)		(17)	
Change in consolidation	294	2,146		2,440	429
Depreciations for the period	(1,213)	(157)		(1,370)	
Decrease in provision for acc. depr./write-downs	9	8		17	
Net book value as at 09.30.2021	**3,885**	**4,472**	**8,277**	**16,634**	**3,165**

(thousands of Euros)	Concessions, licenses, trademarks, and similar rights	Other	Assets under construction	Total intangible assets with a definite useful life	Intangible assets with an indefinite useful life
Net book value as at 12.31.2019	**4,195**	**2,674**	**6,763**	**13,632**	**2,736**
Increases	31	16	928	975	

(thousands of Euros)	Concessions, licenses, trademarks, and similar rights	Other	Assets under construction	Total intangible assets with a definite useful life	Intangible assets with an indefinite useful life
Reclassification of cost	363		(363)		
Depreciations for the period	(1,053)	(155)		(1,208)	
Net book value as at 09.30.2020	**3,536**	**2,535**	**7,328**	**13,399**	**2,736**

7. Net Financial Position

Consolidated net financial debt at 30 September 2021 amounted to €165.1 million.

The Group's net financial debt includes the following:

(thousands of Euros)	09.30.2021	12.31.2020	Variation
Cash	15	13	2
Bank deposits	25,342	62,972	(37,630)
A. Cash and cash equivalents	**25,357**	**62,985**	**(37,628)**
Other financial receivables	3,446	243	3,203
Current derivative financial instruments	4,176	712	3,464
B. Current financial receivables	**7,622**	**955**	**6,667**
1. Current payables to banks	*28,561*		*28,561*
2. Current portion of medium and long-term loans	*20,500*	*17,498*	*3,002*
3. Other current financial liabilities	*4,897*	*617*	*4,280*
4. Payables to other lenders for current Right-of-use asset	*3,895*	*2,947*	948
Payables to banks and other lenders (1+2+3+4)	57,853	*21,062*	36,791
Other payables to other companies	2,968		2,968
Derivatives – current financial liabilities	206	517	(311)
C. Current financial debt	**61,027**	**21,579**	**39,448**
D. Net current financial debt (C-A-B)	**28,048**	**(42,361)**	**70,409**
1. Non-current portion of medium and long-term loans	*125,957*	*38,233*	*87,724*
2. Other non-current financial liabilities	*19*		*19*
Payables to banks and other lenders (1+2)	125,976	38,233	87,743
Derivatives – non-current financial liabilities	138	388	(250)
Payables to other lenders for non current Right-of-use asset	10,973	12,612	(1,639)
E. Non-current financial debt	**137,087**	**51,233**	**85,854**
F. Net non-current financial debt	**137,087**	**51,233**	**85,854**
G. Net financial debt (D+F)	**165,135**	**8,872**	**156,263**

In accordance with IAS 7 "Cash Flow Statement", the changes in liabilities deriving from financing activities are shown below:

			Non-cash transactions		
(thousands of Euros)	12.31.2020	Cash flow(*)	Exchange rate translation differences	Fair Value Variation	09.30.2021
Current financial receivables	**955**	**3,203**		**3,464**	**7,622**
Current financial debt	**21,579**	**39,759**		**(311)**	**61,027**
Non-current financial debt	**51,233**	**86,104**		**(250)**	**137,087**
Net liabilities from financing activities	**71,857**	**122,660**		**(4,025)**	**190,492**
Cash and cash equivalents	**62,985**	**(37,628)**			**25,357**
Net financial debt	**8,872**	**160,288**		**(4,025)**	**165,135**

(*) Cash flow shown in the cash flow statement.

The table below shows the outstanding medium- and long-term loans, broken down by due date and recognized at nominal value:

(thousands of Euros)	within 12 months	more than 12 months	over 60 months	Total
Banque Palatine 1067376	604	303		907
Banque Palatine 1067377	405	204		609
Intesa San Paolo		100,000		100,000
FRIE 1	414			414
FRIE 3	113	227		340
FRIE 4	136	545	68	749
FRIE 5	71	284	676	1,031
Banca Popolare Milano	2,857	1,429		4,286
Unicredit	7,000	14,000		21,000
Banca Intesa	1,667	2,500		4,167
Unicredit	76			76
Agence de L'eau	58	53		111
Be Spoken	2,001	990		2,991
Endesa Energia SAU	4			4
Friulia		512		512
Bankinter	419			419
Santander	306	77		383
Caixabank	442	103		545
Santander	380			380
Caixabank	122	31		153
Santander	58	132		190
Sabadel	378	254		632
Bankia	371	375		746
BBVA	95	82		177
Caixabank	622	878		1,500

(thousands of Euros)	within 12 months	more than 12 months	over 60 months	Total
BBVA	311	439		750
Caixabank	364	637		1,001
BBVA	308	445		753
Bankinter	331	560		891
Deudas	1,099			1,099
Sabadel		1,000		1,000
Total nominal debt	**21,012**	**126,060**	**744**	**147,816**
Amortized cost effect	(512)	(847)		(1,359)
Total debt using the amortized cost method	**20,500**	**125,213**	**744**	**146,457**

The Group's financial indebtedness mainly consists of medium- and long-term loans, which provide the Group with the stability of the necessary financial sources to adequately support

its operations, and, in particular, capital expenditure, as well as possible projects to take advantage of strategic investment opportunities.

Some loans require certain financial covenants to be respected based on the following ratios:

- Net financial position/Shareholders' equity
- Net financial position/Gross operating profit
- Gross operating profit/Net financial expense
- Shareholders' equity/Medium-to-long-term debt
- Shareholders' equity/Shareholders' equity at December 31, 2016

The financial ratios are calculated half-yearly or annually, depending on the loan, based on the figures of the Group's consolidated financial statements. The half-year calculations of the Group's Gross operating profit and net financial expense are based on the 12-month period ending on the last day of the half-year concerned.

In the event of non-compliance with the financial covenants, the lending banks may terminate the loan agreements.

In terms of collateral, the Parent Company loan agreement requires RDM, *inter alia*, to provide mortgages on mills, in the total amount of €130.3 million and a pledge on Fineska shares.

In order to reduce the variability of borrowing charges, interest rate swaps have been taken out on the loans outstanding as at September 30, 2021.

The table below shows the main features of the IRS derivative instruments outstanding as at September 30, 2021:

Company	Counterparty	Currency	Due date	Notional value (€/000)	Interest	Liquidation of interest	Fair value of derivative (€/000)
Reno De Medici S.p.A.	Banca Popolare di Milano	Eur	12.30.2022	4,286	0,45% fisso Euribor 6m	Half-yearly	(41)

Company	Counterparty	Currency	Due date	Notional value (€/000)	Interest	Liquidation of interest	Fair value of derivative (€/000)
Reno De Medici S.p.A.	Unicredit S.p.A.	Eur	07.31.2024	21,000	0,385% fisso Euribor 6m	Half-yearly	(303)
							(344)

The table below shows the main features of the commodity swap outstanding as at September 30, 2021:

Company	Counterparty	Currency	Due date	Quantity (MT)	Contractual price	Spread settlement	Fair value of derivative (€/000)
R.D.M. Arnsberg GmbH	UniCredit S.p.A.	USD	12.31.2021	3,000	90,4 USD/MT	Monthly	312
RDM Barcelona Cartonboard S.A.U.	Axpo Iberia S.L.	EUR	12.31.2021	813,312	EUR/MWH	Monthly	3,864

Below is the hierarchy of levels for the measurement of the fair value of derivatives:

- level 1: inputs used in measurements are represented by quoted prices in active markets for identical assets and liabilities to those subject to measurement.
- level 2: inputs other than quoted prices included in level 1 that are observable for the financial asset or liability, both directly (prices) and indirectly (derived from prices);
- level 3: in the event that observable inputs are not available, and therefore market activity is modest or non-existent for the asset or liability subject to measurement, the inputs are non-observable.

			Fair value as at the date of the financial statements based on:		
(thousands of Euros)	Classification	09.30.2021	Level 1	Level 2	Level 3
Derivative instruments on interest rates	Non-current derivative instruments	**(138)**		(138)	
Derivative instruments on interest rates	Current derivative instruments	**(206)**		(206)	
Derivative instruments on commodities	Current derivative instruments	**4,176**		4,176	

8. Shareholders' Equity

The Group's share capital, which amounted to €140 million at 30 September 2021, is as follows:

	Number	Overall value
Common shares	377,568,824	139,913,966
Saving shares	232,170	86,034
Total	**377,800,994**	**140,000,000**

9. Short and Long-Term Portions of Provisions for Risks and Charges

The balance at 30 September 2021 is as follows:

(thousands of Euros)	12.31.2020	Change in scope of consolidation	Provision	Release	Utilization	Other movements	09.30.2021
Provisions for supplementary agents' commission	2,051	798	87	(14)	(21)		2,901
Non-current provision for future charges	3,329	(78)	1,197		(169)	(34)	4,245
Total non-current provisions for risks and charges	**5,380**	**720**	**1,284**	**(14)**	**(190)**	**(34)**	**7,146**
Provisions for supplementary agents' commission	75				(75)		0
Current provision for future charges	1,451	(88)	122	(70)	(385)	(168)	862
Total current provisions for risks and charges	**1,526**	**(88)**	**122**	**(70)**	**(460)**	**(168)**	**862**
Total	**6,906**	**632**	**1,406**	**(84)**	**(650)**	**(202)**	**8,008**

10. Non-Recurring Transactions

The Group's economic, equity and financial position was not affected by significant non-recurring events and transactions as defined in C.O.N.S.O.B. Communication No. DEM / 6064293, with the exception of what is described in the paragraph "Main Significant Events".

11. Contingent Liabilities and Commitments and Other Guarantees Granted to Third Parties

With regard to the main disputes in progress, reference should be made to the contents of paragraph 6.8.

The following positions should be mentioned among commitments and guarantees granted to third parties:

- sureties of €5.3 million issued for the benefit of the Provincial Authorities of Belluno relating to a landfill located at the Santa Giustina (BL) plant;
- sureties of €9 million issued to the Comieco consortium;
- sureties of €67 thousand issued for the benefit of the Customs Department;
- surety of €450 thousand issued for the benefit of Terna S.p.A.;
- surety of €90 thousand issued for the benefit of the Provincial Authorities of Milan;
- sureties of €524 thousand issued for real estate lease agreements;
- surety of €400 thousand issued to Banca Intesa for the benefit of the former subsidiary RDM La Rochette S.A.

6.7 Related-Party Transactions

As already highlighted in section "Intra-group and related-party transactions", there were no transactions with related parties or other parties that were atypical or unusual or extraneous to normal business operations or such as to cause harm to the Group's income, financial position or cash flow.

In the condensed consolidated half-yearly financial statements, related-party transactions occurred with:

- the Parent Company;
- associates;
- joint ventures;
- other related parties.

Transactions between Reno De Medici S.p.A. and its consolidated subsidiaries were eliminated from the condensed consolidated half-year financial statements and are therefore not shown in these Notes.

Transactions carried out with the related parties identified above are part of normal business operations in the usual area of activity of each party involved from time to time and are governed under arm's length conditions.

These transactions include commercial relations with the company Emmaus Pack S.r.l. for the sale of cardboard.

Pursuant to Consob Resolution No. 15519 of July 27, 2006, the transactions described above are shown in the tables below:

Related-party receivables and payables

	Current assets			Current liabilities		
09.30.2021 (thousands of Euros)	**Trade receivables**	**Receivables from associates and joint ventures**	**Other receivables from associates and joint ventures**	**Trade payables**	**Payables to associates and joint ventures**	**Other payables to associates and joint ventures**
Emmaus Pack S.r.l.		9,629				
Recogida Sel.Pap.YCart.C.A.I.E.						101
Total		**9,629**				**101**
Impact on item total		**100%**				**100%**

	Current assets			Current liabilities		
12.31.2020 (thousands of Euros)	**Trade receivables**	**Receivables from associates and joint ventures**	**Other receivables from associates and joint ventures**	**Trade payables**	**Payables to associates and joint ventures**	**Other payables to associates and joint ventures**
Emmaus Pack S.r.l.		6,272				
Recogida Sel.Pap.YCart.C.A.I.E.						101
Total		**6,272**				**101**
Impact on item total		**100%**				**100%**

Related-party costs and revenues

09.30.2021 (thousands of Euros)	**Revenues from sales**	**Other revenues and income**	**Financial income**
Emmaus Pack S.r.l.	11,757	56	

09.30.2021 (thousands of Euros)	Revenues from sales	Other revenues and income	Financial income
Total	**11,757**	**56**	
Impact on item total	**2.16%**	**0.49%**	

09.30.2020 (thousands of Euros)	Revenues from sales	Other revenues and income	Financial income
Emmaus Pack S.r.l.	9,204	65	
Total	**9,204**	**65**	
Impact on item total	**1.80%**	**0.64%**	

09.30.2020 (thousands of Euros)	Cost of raw materials and services	Financial expense
Cascades Canada Ulc	68	
Total	**68**	
Impact on item total	**0%**	

The fees due to the Directors and Statutory Auditors of Reno De Medici S.p.A. for the performance of their duties amounted respectively to €415 thousand and €173 thousand.

6.8. Judicial and Arbitration Proceedings

Risks and pending disputes

Nothing to report

6.9. Subsequent Events

On 26 October 2021, the disposal of approximately 66.68% of the share capital held in Reno De Medici S.p.A. from its two largest shareholders, namely Cascades Canada ULC and Caisse de dépôt et placement du Quebec was completed, as previously notified to the market on 5 July 2021, to a company, Rimini BidCo S.p.A., controlled by funds managed by subsidiary companies of Apollo Global Management Inc. Also on 26 October 2021, Rimini BidCo S.p.A. filed the offer document with CONSOB relating to the mandatory full takeover bid. Please refer to the press releases published for more details.

7. List of Equity Investments in Subsidiary and Associated Companies

Pursuant to Article 126 of Consob Resolution No. 11971 of May 14, 1999, as subsequently amended and supplemented, below is the list of equity investments held at June 30, 2021 in companies with unlisted shares or in limited-liability companies, exceeding 10% of the capital.

LIST OF EQUITY INVESTMENTS IN SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Subsidiaries

RDM Blendecques S.A.S.
Blendecques — France
Direct ownership percentage: 100%

R.D.M. Ovaro S.p.A.
Ovaro — Italy
Direct ownership percentage: 99,01%

R.D.M. Arnsberg GmbH
Arnsberg — Germany
Direct ownership percentage: 94%
Indirect ownership 6% (through Cascades Grundstück GmbH & Co.KG)

R.D.M. Magenta S.r.l.
Milan — Italy
Direct ownership percentage: 100%

Pac Service S.p.A.
Vigonza — Padua — Italy
Direct ownership percentage: 100%

R.D.M. Barcelona Cartonboard S.A.U.
Barcelona — Spain
Direct ownership percentage: 100%

Fineska B.V.
Sappemeer — Olanda
Direct ownership percentage: 100%

Papelera del Principado S.A.
Mollerussa — Spagna
Indirect ownership percentage: 100%

Ondupacart S.A.
Mollerussa — Spagna
Indirect ownership percentage: 100%

Cogeneracio del Pla S.A.
Mollerussa — Spagna
Percentuale di possesso diretto 100%

Fergerdell S.L.
Mollerussa — Spagna
Percentuale di possesso diretto 100%

Cascades Grundstück Gmbh & Co.KG
Arnsberg — Germany
Direct ownership percentage: 100%

R.D.M. Marketing Germany Gmbh
Krefeld — Germany
Direct ownership percentage: 100%

R.D.M. Marketing France S.A.S.
Paris — France
Direct ownership percentage: 100%

R.D.M. Marketing Spain S.L.U.
Prat de Llobregat — Barcelona — Spain
Direct ownership percentage: 100%

R.D.M. Marketing UK Limited
Wednesbury — United Kingdom
Direct ownership percentage: 100%

R.D.M. Marketing Czech Republic S.r.o.
Prague — Czech Republic
Direct ownership percentage: 100%

R.D.M. Marketing Hungaria KFT
Budapest — Hungary
Direct ownership percentage: 100%

R.D.M. Marketing Poland SP z.o.o.
Warsaw — Poland
Direct ownership percentage: 100%

R.D.M. Marketing Portugal Unipessoal Lda
Lisbon — Portugal
Indirect ownership percentage: 100% (through R.D.M. Barcelona Cartonboard S.A.U.)

LIST OF EQUITY-ACCOUNTED INVESTMENTS

Emmaus Pack S.r.l.
Milan — Italy
Direct ownership percentage: 34.39%

Recogida Sel. Pa. YCart. C. A.I.E.
Barcelona — Spain
Indirect ownership percentage: 50%

LIST OF INVESTMENTS IN OTHER COMPANIES

Cartonnerie Tunisienne S.A.
Les Berges Du Lac — Tunis
Direct ownership percentage: 5.274%

Consortiums

Gas Intensive S.c.r.l.
Milan — Italy
Consortium share

Comieco
Milan — Italy
Consortium share

Conai
Milan — Italy
Consortium share

Consorzio Filiera Carta
Frosinone — Italy
Consortium share

C.I.A.C. S.c.r.l.
Valpenga (Turin) — Italy
Consortium share

Idroenergia S.c.r.l.
Aosta — Italy
Consortium share
Paper Interconnector

Milan — Italy
Consortium share

Università Carlo Cattaneo
Castellanza (Varese) — Italy
Consortium share

Interconnector Energy Italia S.C.p.A
Rome — Italy
Consortium share

Reno De Medici Group Consolidated Financial Statements as at December 31, 2020
Consolidated Statement of Income

(thousands of Euros)	Note	12.31.2020	12.31.2019
Revenues from sales	1	679,461	701,591
– of which related parties	32	*12,046*	*11,752*
Other revenues and income	2	12,725	10,604
– of which related parties	32	*80*	*88*
Change in inventories of finished goods	3	(10,464)	3,637
Cost of raw materials and services	4	(484,547)	(533,446)
– of which related parties	32	*(69)*	*(103)*
Personnel costs	5	(108,016)	(104,132)
Other operating costs	6	(5,348)	(5,899)
Gross operating profit		**83,811**	**72,355**
Depreciation and amortization	7	(31,672)	(31,657)
Write-downs and revaluations	8	(5,188)	(10,280)
Operating profit		**46,951**	**30,418**
Financial expense		*(2,952)*	*(5,808)*
Gains (losses) on foreign exchange		*(575)*	*123*
Financial income		*2,296*	*311*
Net Financial income (expense)	9	(1,231)	(5,374)
Gains (losses) on investments	10	271	179
Taxes	11	(12,440)	(9,626)
Profit (loss) for the year before discontinued operations		**33,551**	**15,597**
Profit (loss) for the year		**33,551**	**15,597**
Total profit (loss) for the year attributable to:			
– Group		33,551	15,597
– Minority interests			
Average number of shares			
Basic		375,421,052	375,283,384
Diluted		375,421,052	375,283,384
Basic earning (loss) per ordinary share (Euros)		0.09	0.04
Diluted earning (loss) per ordinary share (Euros)		0.09	0.04

Reno De Medici Group Consolidated Financial Statements as at December 31, 2020
Consolidated Statement of Comprehensive Income

(thousands of Euros)	12.31.2020	12.31.2019
Profit (loss) for the year	**33,551**	**15,597**
Other components of comprehensive profit (loss)		
Other components that may be transferred to the income statement in subsequent financial years:	**214**	**(419)**
Change in fair value of cash flow hedges	*339*	*(431)*
Profit (loss) on translation of financial statements of foreign investee companies	*(125)*	*12*
Other components that will not be transferred to the income statement in subsequent financial years:	**(1,172)**	**(3,082)**
Actuarial gain (loss) on employee benefits	*(1,172)*	*(3,082)*
Total other components of comprehensive profit (loss)	**(958)**	**(3,501)**
Total comprehensive profit (loss)	**32,593**	**12,096**
Total comprenhensive profit (loss) attributable to:		
– Group	*32,593*	*12,096*
– Minority interests		

All values in the table are stated net of related tax effects.

Reno De Medici Group Consolidated Financial Statements as at December 31, 2020
Consolidated Statement of Financial Position

(thousands of Euros)	Note	12.31.2020	12.31.2019
ASSETS			
Non-current assets			
Tangible fixed assets	12	220,745	232,586
Right-of-use asset	13	15,166	12,371
Goodwill	14	4,389	4,389
Intangible fixed assets	15	14,013	13,632
Intangible assets with an indefinite useful life	15	2,736	2,736
Equity investments	16	950	810
Deferred tax assets	17	243	389
Other receivables	19	5,823	5,518
Total non-current assets		**264,065**	**272,431**
Current assets			
Inventories	20	102,231	108,948
Trade receivables	18	59,959	70,317
Receivables from associates and joint ventures	18	6,272	6,812
Other receivables	19	18,774	16,552
Derivative instruments	23	712	
Cash and cash equivalents	21	62,985	40,382
Total current assets		**250,933**	**243,011**
TOTAL ASSETS		**514,998**	**515,442**

Reno De Medici Group Consolidated Financial Statements as at December 31, 2020
Consolidated Statement of Financial Position (Continued)

(thousands of Euros)	Note	12.31.2020	12.31.2019
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital		140,000	140,000
Other reserves		26,400	27,478
Retained earnings (losses)		34,176	22,403
Profit (loss) for the year		33,551	15,597
Shareholders' equity attributable to the Group		**234,127**	**205,478**
Total shareholders' equity	22	**234,127**	**205,478**
Non-current liabilities			
Payables to banks and other lenders	21	50,845	63,986
Derivative instruments	23	388	752
Deferred taxes	25	7,231	8,660
Employee benefits	26	37,245	36,410
Non-current provisions for risks and charges	27	5,380	4,221
Total non-current liabilities		**101,089**	**114,029**
Current liabilities			
Payables to banks and other lenders	21	21,062	25,610
Derivative instruments	23	517	2,211
Trade payables	28	130,811	141,209
– of which related parties	32	*1*	*2*
Other payables	24	23,205	22,952
Other payables to associates and joint ventures	24	101	101
Current taxes	29	2,447	2,884
Employee benefits	26	113	98
Current provisions for risks and charges	27	1,526	870
Total current liabilities		**179,782**	**195,935**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**514,998**	**515,442**

Reno De Medici Group Consolidated Financial Statements as at December 31, 2020
Consolidated Statement of Cash Flow

(thousands of Euros)	Note	12.31.2020	12.31.2019
Profit (Loss) for the year before taxes		45,991	15,597
Depreciation, amortization and write-downs	7 – 8	36,860	41,937
Losses (gains) from equity investments	10	(271)	(179)
Financial expense (income)	9	1,231	5,374
Capital losses (gains) on sale of fixed assets		32	(115)
Change in provisions for in employee benefits and in other provisions including the provision for bad and doubtful receivables		1,017	(4,020)
Change in inventories	20	7,205	(1,626)
Change in receivables	18	7,120	3,373
– of which related parties		*540*	*(34)*
Change in payables	28	(12,526)	5,529
Total change in working capital		**1,799**	**7,276**
Gross cash flows		**86,659**	**75,496**
Interest (paid) collected in the year		(2,349)	(1,999)
Taxes paid in the year		(11,610)	(12,376)
Cash flow from operating activities		**72,700**	**61,121**
Other equity investments	16	(7)	1
Investment net of disinvestment in tangible and intangible assets	12 – 15	(21,904)	(29,170)
Dividends received		138	62
Cash flow from investing activities		**(21,773)**	**(29,107)**
Dividends paid		(3,027)	(2,633)
Treasury shares		(478)	
Change in medium/long-term loans	21	(24,728)	(20,168)
Cash flow from financing activities		**(28,233)**	**(22,801)**
Exchange rate translation differences		**(91)**	**(12)**
Change in unrestricted cash and cash equivalents		**22,603**	**9,201**
Unrestricted cash and cash equivalents at the beginning of the year		**40,382**	**31,181**
Unrestricted cash and cash equivalents at the end of the year		**62,985**	**40,382**

Reno De Medici Group Consolidated Financial Statements as at December 31, 2020
Consolidated Statement of Shareholders' Equity

(thousands of Euros)	Share capital	Treasury shares reserve	Legal reserve	Other reserves
Shareholders' equity at 12.31.2018 restated	**140,000**	**(1,060)**	**1,477**	**36,536**
Dividends distributed				
Allocation of profit (loss) for the year			898	
IFRS 9 Reserve				
Profit (loss) for the year				
Other components of comprehensive profit (loss)				12
Total comprehensive profit (loss)				12
Shareholders' equity at 12.31.2019	**140,000**	**(1,060)**	**2,375**	**36,548**
Dividends distributed				
Allocation of profit (loss) for the year			797	
Purchase of treasury shares less the shares assigned		(479)		
Stock Grant Reserve				(438)
Profit (loss) for the year				
Other components of comprehensive profit (loss)				(125)
Total comprehensive profit (loss)				(125)
Shareholders' equity at 12.31.2020	**140,000**	**(1,539)**	**3,172**	**35,985**

Reno De Medici Group Consolidated Financial Statements as at December 31, 2020
Consolidated Statement of Shareholders' Equity (continued)

Retained earnings (losses)	Profit (loss) for the year	Hedging reserve	Reserve for "Actuarial gain/(loss)"	Total Shareholders' Equity (Group)	Total Shareholders' Equity (minority shareholders)	Total shareholders' equity
(2,457)	**28,367**	**(456)**	**(6,416)**	**195,991**		**195,991**
	(2,633)			(2,633)		(2,633)
24,836	(25,734)					
24				24		24
	15,597			15,597		15,597
		(431)	(3,082)	(3,501)		(3,501)
	15,597	(431)	(3,082)	12,096		12,096
22,403	**15,597**	**(887)**	**(9,498)**	**205,478**		**205,478**
	(3,027)			(3,027)		(3,027)
11,773	(12,570)					
				(479)		(479)
				(438)		(438)
	33,551			33,551		33,551
		339	(1,172)	(958)		(958)
	33,551	339	(1,172)	32,593		32,593
34,176	**33,551**	**(548)**	**(10,670)**	**234,127**		**234,127**

Notes to the Financial Statements

Structure and content

Reno De Medici S.p.A. is a company which is established as a legal entity under Italian law. The RDM Group operates mainly in Europe and the business of the Group is the production and distribution of carton board for packaging made from both recycled fibers and virgin fibers. Distribution and sale operations are carried out through a network of agents and the internal sales force under the subsidiary R.D.M Marketing Group.

Reno De Medici S.p.A. has its registered office in Milan, Italy.

The shares of the Parent company Reno De Medici S.p.A. are listed on the Star segment of Borsa Italiana S.p.A. and on the Madrid stock exchange.

The consolidated financial statements of the RDM Group were approved and authorized for publication by the Board of Directors of Reno De Medici S.p.A. on, March 19, 2021.

The consolidated financial statements of the RDM Group are presented in Euros (rounded to the nearest thousand), as this is the prevailing currency in the countries where the Group carries out most of its activities. Subsidiaries are included in the consolidated financial statements on the basis of the principles described in the section "Accounting Principles".

The 2020 consolidated financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and approved by the European Union, and on the basis of provisions issued to implement Article 9 of Legislative Decree 38/205. IFRS also includes all revised international accounting standards ("IAS"), all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including those previously issued by the Standing Interpretations Committee ("SIC").

The RDM Group applied the same accounting principles as for the Annual Financial Report at December 31, 2019.

ACCOUNTING PRINCIPLES, AMENDMENTS AND INTERPRETATIONS EFFECTIVE FROM JANUARY 1, 2020 SPECIFYING ANY IMPACT IN THESE SEPARATE FINANCIAL STATEMENTS FOR EACH OF THEM:

- "Definition of Material (Amendments to IAS 1 and IAS 8)" document. This document introduced an amendment to the definition of "significant" in IAS 1.
- Amendment to "References to the Conceptual Framework in IFRS Standards";
- Amendment to principles: IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform;
- Amendment to IFRS 3 "Definition of a Business";
- Amendment to IFRS 16; "Covid-19 Related Rent Concessions".

IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EUROPEAN UNION BUT NOT YET OBLIGATORILY APPLICABLE AND NOT SUBJECT TO EARLY ADOPTION BY THE GROUP:

- Amendment to IFRS 4; "Extension of the Temporary Exemption from Applying IFRS 9";
- Amendments to IFRS 9, IFRS 39, IFRS 7, IFRS 4, IFRS 16: "Interest Rate Benchmark Reform — Phase 2".

AS AT THE DATE OF THIS ANNUAL FINANCIAL REPORT, THE COMPETENT BODIES OF THE EUROPEAN UNION HAD NOT YET COMPLETED THE APPROVAL PROCESS REQUIRED FOR THE ADOPTION OF THE FOLLOWING ACCOUNTING STANDARDS AND AMENDMENTS:

- IFRS 17 — Insurance Contracts, which is intended to replace IFRS 4 — Insurance Contracts;

- Amendment to IAS 1: "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current";
- Amendment to IFRS 3; "Business Combinations";
- Amendment to IAS 16: "Property, Plant and Equipment";
- Amendment to IAS 37: "Provisions, Contingent Liabilities and Contingent Assets."
- IFRS 14 — Regulatory Deferral Accounts;
- Annual Improvements 2018-2020: Amendments were made to IFRS 1 — "First-time Adoption of International Financial Reporting Standards", IFRS 9 — "Financial Instruments", IAS 41 — "Agriculture" and Illustrative Examples of IFRS 16 — "Leases".

The financial statements are prepared on a historical cost basis with the exception of derivative financial instruments and financial assets held for sale, which are recognized at fair value, and financial liabilities, which are recognized at amortized cost. The carrying amount of hedged assets and liabilities which are qualified for hedge accounting is adjusted to take into account changes in the fair value due to hedged risks.

The financial statements were prepared with clarity and truthfully and accurately represent the RDM Group's results, assets and liabilities, and cash flows. The financial statements were prepared on the going-concern assumption.

Preparing the consolidated financial statements in accordance with the IFRS may require the use of specific estimates and valuations, as well as management's reasonable judgment in applying accounting policies. More complex matters and/or those that require greater use of assumptions and estimates are discussed in the section "Estimates and Valuations".

The Group has chosen to present the structure and content of its consolidated financial statements in the following manner:

- the consolidated statement of financial position is presented with separate sections for assets, liabilities and shareholders' equity. Assets and liabilities are then presented on the basis of their classification as current, non-current or held for sale;
- the consolidated income statement is presented in a vertical format with items broken down by nature, as this provides reliable and more relevant information than a classification by function;
- the consolidated statement of comprehensive income is presented separately from the consolidated income statement, and each item is shown net of the tax effect;
- the consolidated statement of cash flows is presented using the indirect method;
- the consolidated statement of changes in shareholders' equity is presented by showing separately the profit or loss for the year and any income and expense recognized directly in equity and not in the income statement, in accordance with specific IAS/IFRS requirements. It also shows separately the transactions with shareholders.

Scope of consolidation

The consolidated financial statements include the financial statements of all subsidiaries, from the date on which control is acquired until the date that such control ceases to exist.

The accounting period and the reporting date of the consolidated financial statements correspond to those of the Parent company and of all the entities included in the scope of consolidation.

The following table provides a list of subsidiaries consolidated on a line-by-line basis with the respective percentage holdings:

Corporate name	Registered office	Assets	Share capital (Eur/1000)	Control percentage 12.31.2020 direct	Control percentage 12.31.2020 indirect	Control percentage 12.31.2019 direct	Control percentage 12.31.2019 indirect
R.D.M. Arnsberg GmbH	Arnsberg (DE)	Industrial	5,113	94%	6%	94%	6%
RDM Blendecques S.A.S.	Blendecques (FR)	Industrial	5,037	100%		100%	
Cartiera Alto Milanese S.r.l. in liquidation	Milan (IT)	Commercial				100%	
Cascades Grundstück GmbH & Co. KG	Arnsberg (DE)	Services	33	100%		100%	
R.D.M. Magenta S.r.l.	Milan (IT)	Industrial	3,700	100%		100%	
R.D.M. Ovaro S.p.A.	Milan (IT)	Industrial	12,625	99.01%		95%	
R.D.M. La Rochette S.A.S.	La Rochette (FR)	Industrial	4,000		100%		100%
RDM Barcelona Cartonboard S.A.U.	Barcelona (ES)	Industrial	14,943	100%		100%	
R.D.M. Marketing Portugal Unipessoal Lda.	Lisbon (PT)	Commercial	3		100%		100%
PAC Service S.p.A.	Vigonza (IT)	Industrial	1,000	100%		100%	
R.D.M. Marketing France S.A.S.	Saint-Denis (FR)	Commercial	337	100%		100%	
R.D.M. Marketing Germany GmbH	Krefeld (DE)	Commercial	210	100%		100%	
R.D.M. Marketing Spain S.L.U.	El Prat de Llobregat (ES)	Commercial	26	100%		100%	
R.D.M. Marketing UK Ltd	Wednesbury (UK)	Commercial		100%		100%	
R.D.M. Marketing Czech Republic s.r.o.	Prague (CZ)	Commercial	19	100%		100%	
R.D.M. Marketing Hungaria Kft.	Budapest (HU)	Commercial	16	100%		100%	
R.D.M. Marketing Poland Sp. z o.o.	Warsaw (PL)	Commercial	11	100%		100%	

The scope of consolidation changed on December 31, 2020.

- On 15 June 2020, in accordance with the agreements signed with Friulia S.p.A. in 2017, Reno De Medici S.p.A. repurchased, at a price of €692,682, the last stake, equal to 5%, of the shareholding owned by Friulia S.p.A. in R.D.M. Ovaro S.p.A. After this transaction, the company R.D.M. Ovaro S.p.A. is wholly owned by Reno De Medici S.p.A.

In order to keep the partnership with Friulia S.p.A., on December 16, 2020 the Shareholders' Meeting of R.D.M. Ovaro S.p.A. resolved to increase the overall share capital to €12,625,000 through the issue of 125,000 preference shares that were subscribed by the "Finanziaria Regionale Friuli-Venezia Giulia — Joint Stock Company — FRIULIA S.p.A." ("Friulia"). After this transaction, Friulia S.p.A. acquired a 0.99% stake in R.D.M. Ovaro S.p.A.

More details on this can be found in the section "Contingent liabilities, commitments, and other guarantees given to third parties".

On November 10, 2020, the company liquidator Cartiera Alto Milanese S.r.l. under liquidation canceled it from the Company Register.

The following table provides a list of associates and joint ventures valued at equity:

Corporate name	Registered office	Assets	Share capital (Eur/1000)	Control percentage 12.31.2020 direct	Control percentage 12.31.2020 indirect	Control percentage 12.31.2019 direct	Control percentage 12.31.2019 indirect
Associates							
Emmaus Pack S.r.l.	Milano (I)	Industriale	200	34.39%		34.39%	
Joint ventures							
RECOG.SEL.PAP. Y CART. C., A.I.E.	Barcellona (S)	Industriale	3		50%		50%

Accounting principles

CONSOLIDATION PRINCIPLES

The financial position, results and cash flows of RDM Group include the financial position, results and cash flows of Reno De Medici S.p.A. and of the companies over which it has the right to exercise control. The definition of control is not based solely on the concept of legal ownership. According to IFRS 10, the definition of control is based on three elements: (a) power over the business purchased; (b) exposure or rights, at variable returns resulting from involvement with the latter; (c) capacity to utilize the power to influence the amount of these returns. IFRS 10 stipulates that in order to evaluate whether it has control over the acquired business, an investor should focus only on activities that materially affect returns and rights which are substantial, i.e., can be exercised in practice when important decisions have to be taken with regard to the acquired business. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is acquired until the date that such control ceases to exist. The portions of shareholders' equity and profit or loss attributable to minority interests are shown separately in the consolidated statement of financial position, consolidated income statement, and consolidated statement of comprehensive income.

The main consolidation principles adopted are as follows:

- the carrying amount of each investment consolidated on a line-by-line basis is eliminated against the related equity, with the assets, liabilities, income and expense of the subsidiary being added to those of the Parent company, regardless of the size of the investment; the shares of subsidiaries' capital and reserves and of subsidiaries' profit or loss attributable to minority interests are shown separately in the consolidated statement of financial position and the consolidated income statement;
- the acquisition of subsidiaries is accounted for using the purchase method as provided for by IFRS 3 (Revised) (see "Business Combinations");
- all balances and transactions between Group companies are eliminated, as are any profits and losses (unless losses indicate an impairment of the sold asset requiring recognition) arising from commercial or financial intragroup transactions not yet realized with third parties;
- any increases or decreases in a subsidiary's equity arising from its post-acquisition results are recorded upon elimination in the "Retained earnings (losses)" equity reserve;
- dividends distributed by Group companies were eliminated from the income statement upon consolidation;
- In the event of loss of control, the Group will eliminate the assets and liabilities of the subsidiary, any third- party interests, and the other components of equity relative to the subsidiaries. The profit or loss from the loss of control will be recognized in the profit or loss for the year. Any equity interest maintained in the former subsidiary will be measured at fair value on the date that control is lost. Measurement will subsequently be through the equity method.

CONSOLIDATION OF FOREIGN COMPANIES

The financial statements of each affiliated are prepared in the currency of the economic area they mainly operate in (the functional currency).

All non-Euro assets and liabilities of foreign companies within the scope of consolidation are translated using the exchange rates as at the reporting date (the current-rate method). Income and expenses are translated at the average rate for the year. The exchange differences resulting from the use of this approach are recognized in a dedicated equity reserve in "Other components of comprehensive income" until the disposal of the investment.

The exchange rates used to translate into Euros the financial statements of companies within the scope of consolidation are set out in the table below.

Currency	Start-of-period exchange rate	Average exchange rate	Exchange rate at period end 12.31.2020
GBP	0.8508	0.9062	0.8990
PLN	4.2568	4.4786	4.5597
CZK	25.4080	26.3114	26.2420
HUF	330.53	359.01	363.89

EQUITY INVESTMENTS

This item includes equity investments in associates and joint ventures, valued using the equity method, and investments in other companies valued at cost.

The consolidated financial statements include the Group's share of the results of associates in which its investments are valued with equity method, from the date that significant influence or joint control is acquired until the date that it ceases to exist. The Group's share of unrealized profits from transactions between Group companies is eliminated. Unrealized losses from transactions between Group companies are eliminated unless they represent actual impairment of the asset sold.

Losses in excess of shareholders' equity are accounted for insofar as the investor has a commitment to the investee to abide by legal or constructive obligations or in any other way to cover its losses.

ASSOCIATES

Associates refer to those companies in which the Group exercises a significant influence, which is assumed to exist when the investment is between 20% and 50% of the voting rights.

JOINT VENTURES

Joint ventures are companies which feature a joint control agreement in which the participants have a right to a portion of the net assets or the economic results arising from the agreement. Joint ventures are valued through equity method using the Group's accounting principles.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. Under this method, the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred and liabilities assumed by the Group and the equity instruments issued in exchange for control of the acquiree. Acquisition-related costs are generally recognized in the income statement at the time they are incurred.

The assets acquired and the liabilities assumed are recognized at their fair value as at the acquisition date.

Goodwill is measured as the excess of the aggregate of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the income statement as a bargain purchase gain.

At the acquisition date, non-controlling interest is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice between the two methods is made on a transaction-by-transaction basis.

Any contingent consideration arrangement in the business combination is measured at its acquisition-date fair value and included as part of the consideration transferred in the business combination in order to determine goodwill. Subsequent changes in the fair value are recognized in the income statement.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at their original cost of purchase, production or contribution, including directly incurred accessory costs required to bring an asset into a condition for use. Cost is reduced by accumulated depreciation and any impairment.

Costs for improvements, modernization and transformation incurred after the initial recognition of the asset acquired or produced internally are ascribed to fixed assets and depreciated across their useful life, provided they derive from separate analytical accounting measurements and when it is probable that the future economic benefits expected from the asset will increase.

Replacement costs of identifiable components of complex assets are ascribed to fixed assets and depreciated across their useful life. The residual value of the replaced component is ascribed to the income statement. Maintenance and repair costs are ascribed to the income statement in the year they are incurred. Assets acquired under finance leases, which assign to the Group substantially all the risks and rewards of ownership, are recognized as tangible fixed assets at the lower of their current value and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as financial debt.

Depreciation is calculated on a straight-line basis over the estimated useful lives of assets, determined on the basis of the period during which the asset will be used by the company. Land is not depreciated, even if acquired together with buildings.

The useful life applied to each category for the purpose of amortization and depreciation is highlighted below:

Category		Years
Buildings	Industrial buildings	40 – 33
	Small structures	20
Plant and machinery	General plant and machinery	25 – 5
	Specific plant and machinery	25 – 5
Industrial and commercial equipment	Miscellaneous equipment	5 – 4
Other assets	Furniture and ordinary office machines	12 – 8
	Electronic office machines	6 – 5
	Means of internal transport	5
	Motor vehicles	6 – 4

The Group checks at least once a year if there is any indication that tangible assets have suffered impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss, as described in the section "Impairment" below.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognized when the recoverable amount is lower than the carrying amount. If the reasons for previous write-downs no longer exist, the assets are revalued at the lower of the recoverable value and the previous book value net of depreciation that would have been recorded in the absence of a write-down, with the adjustment being made on the income statement.

RIGHTS OF USE

"Rights of use" is recorded under assets on the effective lease date, which is the date a lessor makes the underlying asset available to the lessee. This item is initially measured at cost and includes the initial measurement of the Financial liability for leased assets. The Right of Use is systematically amortized each financial year on the basis of the contractual duration. The commencement of amortization occurs on the effective date of the lease.

ASSETS/LIABILITIES HELD FOR SALE

Assets and liabilities and groups of assets and liabilities whose carrying amount will be recovered principally through a sale rather than through continuing use are presented separately from other assets and liabilities in the statement of financial position. These assets and liabilities are classified as "Assets held for sale" and are valued at the lower value between their carrying amount and their fair value less costs to sell. Profits or losses, net of related tax effects, resulting from the valuation or sale of these assets and liabilities, are recorded under a dedicated item in the income statement.

INTANGIBLE FIXED ASSETS

Intangible assets consist of identifiable assets without physical substance which are controlled by the Group and from which future economic benefits are expected.

Intangible assets are recognized when the cost of an asset can be measured reliably, in accordance with IAS 38 Intangible Assets.

Intangible assets with a definite useful life are measured at cost and amortized on a straight-line basis over their useful life, i.e., the estimated period during which the asset will be used by the Group.

The useful life applied to each category for the purpose of amortization and depreciation is highlighted below:

Category		Years
Concessions, licenses, trademarks and similar rights	Software licenses	5
Other intangible assets	miscellaneous multi-year charges	12 – 5

Intangible assets with an undefined useful life are not amortized but are subject to impairment testing at least once a year, as explained in the "Impairment" section below. An intangible asset is considered to have an undefined useful life when there is no foreseeable limit to the period over which the asset is expected to generate positive cash flows for the Group.

IMPAIRMENT

At each balance sheet reporting date, the Group reviews the carrying amount of its tangible and intangible assets with a finite useful life to assess whether there are any signs that these assets may have lost value (impairment indicators). If any such signs exist, the Group estimates the recoverable amount of such assets to determine the write-down amount (impairment test). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. The fair value is estimated by taking into account the provisions contained in accounting standard IFRS 13 Fair Value Measurement.

In estimating the value in use, expected future cash flows are discounted to present value using a post- tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the estimated recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The resulting impairment loss is recognized in the income statement.

When there is no longer any reason for an impairment loss to be recognized, the carrying amount of an asset (or cash-generating unit) is increased to a new carrying amount based on its estimated recoverable value, which may not exceed the net carrying amount that would have been determined if no impairment loss had been recognized. The reversal of the impairment loss is recognized in the income statement.

Goodwill and intangible assets with an indefinite useful life, are tested for impairment on an annual basis, or more frequently if there is any indication that an asset may be impaired.

DERIVATIVE INSTRUMENTS

Derivative instruments consist of assets and liabilities measured at fair value.

In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only if all of the following apply:

- the hedging relationship is formally designated and documented at its inception;
- the hedge is expected to be highly effective;
- effectiveness can be reliably measured;
- the hedge is highly effective throughout the financial reporting periods for which it is designated.

When derivative instruments qualify for hedge accounting, the following accounting treatment applies:

- for a fair-value hedge (e.g., where a derivative instrument is designated as a hedge of the exposure to changes in the fair value of assets or liabilities yielding or bearing a fixed rate), the derivative instrument is measured at fair value and any gain or loss is recognized in the income statement. At the same time, the carrying amount of the hedged assets or liabilities is adjusted to reflect the changes in fair value with respect to the hedged risk;
- for a cash flow hedge (e.g., where a derivative instrument is designated as a hedge of the exposure to variability in the cash flows of assets or liabilities due to variations in exchange rates), the changes in fair value of the instrument are initially recognized in a dedicated equity reserve in "Other components of comprehensive income" and are subsequently reclassified to the income statement in line with the effects of the hedged transaction on profit or loss.

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately in the income statement.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are non- derivative financial instruments which are explicitly designated as available for sale or cannot be classified in any of the preceding categories, and which are included in non-current assets unless it is management's intention to sell them in the 12 months following the reporting date.

Available-for-sale financial assets, which consist of investments in other companies and other non-current financial assets, are measured at fair value with changes recorded in equity. Where there is objective evidence that a financial asset is impaired significantly or for an extended period, the impairment loss is recognized in the income statement even if the asset has not been sold. Where fair value cannot be reliably measured, equity investments are measured at cost as adjusted for any impairment losses.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially measured at the fair value of the amount to be received. Subsequent adjustments are made to account for any write-downs. Non-current trade and other receivables are subsequently measured at amortized cost.

INVENTORIES

Inventories are measured at the lower of purchase or production cost, determined on a weighted-average basis, and estimated realizable value, determined from market trends.

In the case of raw materials, market value means replacement cost; for finished goods and semi- finished goods, market value means net realizable value (net of the costs necessary to make the sale) representing the amount that the Group would expect to obtain from the sale of these goods as part of its normal business.

CASH AND CASH EQUIVALENTS

This item consists of available cash on hand and bank deposits, shares in liquid funds and other highly liquid securities which can be readily converted into cash and which are subject to an insignificant risk of change in value.

EMPLOYEE BENEFITS

The benefits subsequent to the termination of the employment relationship are based on plans that, depending on their features, are either defined-contribution plans or defined-benefit plans.

In defined-contribution plans, such as the TFR (severance pay) accrued after the 2007 Italian Finance Law came into force, the obligation of the Company, limited to the payment of a contribution to the State, or to an asset or to a separate legal entity ("fund"), is determined based on contributions owing after any amounts already paid.

Defined-benefit plans, such as TFR accrued before the 2007 Italian Finance Law came into force, are plans for benefits subsequent to the termination of the employment relationship that are a future obligation and for which the Company bears the relevant actuarial and investment risks. The TFR fund is measured at the actuarial value of the liability of the Company, in accordance with current legislation and with the national collective and company-specific labor agreements. The actuarial valuation, based on demographic, financial and turnover assumptions, is entrusted to independent actuaries. From January 1, 2012, actuarial gains/losses are recorded under "Other Components of Comprehensive Income" in accordance with the IAS 19 following early adoption thereof, instead of transiting from the income statement.

PROVISIONS FOR RISKS AND CHARGES

The Group records provisions for risks and charges when it has a legal or constructive obligation, arising from a past event, where it is probable that a cost will be incurred to fulfill that obligation and when a reliable estimate of the amount can be made. Provisions are measured at the best estimate of the amount that, at the reporting date, the Group could reasonably expect to pay to extinguish the obligation or transfer it to a third party.

Where resources are expected to be used beyond the following financial year, the liability is recorded at actuarial value, as determined by discounting expected cash flows at a rate that also takes into account the cost of borrowing and the risk of the liability.

Provisions for supplementary agents' commission represent the calculation of liabilities based on actuarial techniques performed by independent actuaries.

Changes in estimates are recognized in the income statement of the period in which the change occurs.

The costs that the Company expects to incur to carry out restructuring plans are recorded in the financial year in which the Group formally defined such plans and gave to the entities concerned a valid expectation that the restructuring will take place.

The risks where a liability is merely possible are described in the section "Contingent Liabilities, Commitments and Other Guarantees Given to Third Parties", but no provision is made.

PAYABLES TO BANKS AND OTHER LENDERS

This item includes financial liabilities made up of bank loans, bonds and payables to other lenders, including payables arising from finance leases. Payables to banks and other lenders are measured at amortized cost.

Financial liabilities are initially recognized at cost, represented by the fair value of the amount received net of accessory loan arrangement charges. After initial recording, loans are subsequently measured at amortized cost, which is calculated using the effective interest method taking into account issue costs and any settlement discount or premium.

TRADE AND OTHER PAYABLES

These liabilities are initially measured at the fair value of the amount to be paid. Subsequent measurement is at amortized cost using the effective interest method.

REVENUE RECOGNITION

Revenues are recognized where it is probable that the Company will obtain the economic benefits associated with the sale of goods or provision of services, and where the relevant amount can be reliably determined. Revenues are recorded at the fair value of the consideration received or expected, taking into account any volume of other commercial discounts and premiums.

As regards the sale of goods, revenues are recognized when the Company has transferred to the purchaser the main risks and benefits of ownership.

As regards the provision of services, revenues are recognized at the time the services are rendered.

TAXES

Current income taxes are based on an estimate of the taxable income for the year and on current legislation in the countries where the Group operates. The expected liability, net of any payments in advance or withholding tax incurred, is recognized under "Current taxes".

Deferred tax assets and liabilities reflect the temporary differences between the carrying amount of an asset or liability and its tax base.

"Deferred tax liabilities" consist of deferred tax liabilities arising from temporary differences which will be taxed in future years in accordance with prevailing tax legislation.

"Deferred tax assets" consist of taxes which, despite being recoverable in future years, refer to the current year and are recognized where it is probable that future taxable income will be sufficient to absorb their recovery.

Deferred tax liabilities were offset by deferred tax assets where conditions specified in IAS 12 were met, notably where the two items relate to income taxes levied by the same tax authority and where there is a legally enforceable right to offset in this manner.

Income taxes are recognized in the income statement unless they relate to items directly credited or charged to shareholders' equity, in which case the tax effect is recognized directly in that item.

Deferred tax assets are recognized for the carry- forward of unused tax losses where it is probable that future taxable income will be available against which the unused tax losses can be used.

Reno De Medici S.p.A. and some of its Italian subsidiaries (R.D.M. Ovaro S.p.A. and R.D.M. Magenta S.r.l.) participated in the national tax consolidation scheme pursuant to Article 117 et seq. of the Consolidated Income Tax Act (TUIR). The Company acts as the consolidating company and becomes a single taxable base for the group of adhering companies, thereby enabling this group to offset taxable income against tax losses in a single tax return. Each company participating in the national tax consolidation agreement transfers its taxable income or tax loss to the consolidating company: as a consequence of this transfer, Reno De Medici S.p.A. recognizes a receivable or a payable corresponding to IRES (corporate income tax), net of any payments on account, from or to the participating company, depending on whether it contributes taxable income or a tax loss.

The subsidiary RDM Blendecques S.A.S is also part of the national tax consolidation agreement that includes the subsidiaries R.D.M. La Rochette S.A.S. and R.D.M. Marketing France S.A.S. on the basis of French "Article 223a of the General Tax Code".

FOREIGN EXCHANGE DIFFERENCES

Transactions in foreign currencies are recorded using the exchange rate on the date of the transaction. Assets and liabilities denominated in foreign currencies are converted into Euros using the exchange rate on the reporting date, with the relevant gain or loss recorded on the income statement.

DIVIDENDS

Dividends are recognized at the date on which their distribution is approved by shareholders.

TREASURY SHARES

The treasury shares repurchased are recognized at cost and deducted from the shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement.

EARNINGS PER SHARE

Basic earnings per share are defined as the ratio between the Group's result for the period attributable to the shares and the weighted number of shares outstanding during the financial year.

Diluted earnings per share are calculated by taking into account the effect of all the potential ordinary shares with dilutive effect. In the case of the RDM Group, this is equal to the basic earnings per share.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

With regard to the disclosure document required by IFRS 7 tenet "Financial Instruments: Supplementary Information", which requires extensive disclosures about the nature of credit, liquidity and market risks and how these risks are managed, reference is made to the "Financial Instruments and Risk Management" section of the Explanatory Notes to the Consolidated Financial Statements.

ESTIMATES AND VALUATIONS

The preparation of the financial statements and the related notes in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on experience and other factors that are considered to be relevant. Actual results could differ from those estimates.

Estimates are used to measure any provisions for doubtful receivables, inventory obsolescence, depreciation and amortization, write-downs, employee benefits, restructuring funds, taxes, other provisions, funds, and valuations of derivative instruments.

Estimates and assumptions are reviewed periodically, and the effects of any changes are recognized in the income statement in the period in which the estimate is revised (if the revision affects only that period) or in the period of the revision and future periods (if the revision affects both current and future periods). In this respect, the situation caused by the present economic and financial crisis has led to the need to make assumptions regarding future performance which are characterized by significant uncertainty; as a consequence, therefore, actual results next year may differ from the estimates. Although not foreseeable at present, this could have a significant effect on the carrying amounts of the items in question as shown in this Report.

Valuation methods

The valuation methods and the main assumptions used by management in applying accounting standards which relate to the future development of operations are described below. These methods and assumptions may have significant effects on the amounts recognized in the consolidated financial statements, meaning that adjustments may need to be made in future years, with similarly significant effects on these amounts.

FAIR VALUE OF DERIVATIVE CONTRACTS AND FINANCIAL INSTRUMENTS

The fair value of financial instruments which are not listed on a regulated market is determined by employing various valuation techniques. In this respect, the RDM Group uses those techniques which it believes are the most reasonable in connection with the specific financial instruments that have to be valued, and it adopts assumptions and makes estimates based on market conditions at the reporting date.

TAXES

The overall determination of tax expense may require the use of estimates and valuations, including those relating to any specific tax liabilities which may not be determinable at the time the individual transactions are carried out. Additionally, in order to calculate deferred tax assets, the RDM Group employs estimates and valuations which also take into account expectations of future events.

IMPAIRMENT TESTS

At each reporting date, the Group reviews the carrying amount of its tangible and intangible assets to assess whether there are any impairment indicators. If any such indicators exist, the recoverable amount of such assets is estimated through an impairment test to determine the write-down amount.

The RDM Group has used the procedure described in IAS 36 to identify the cash-generating units representing the smallest identifiable groups of assets which generate cash flows that are largely independent within the consolidated financial statements.

The lowest segregation of assets for cash- generating units (CGU) is represented by the individual mills.

The recoverability of carrying amounts at this level of aggregation is tested by comparing the net carrying amount of the Net Invested Capital of the individual Cash Generating Units with the value in use represented by the current value of the estimated future cash flows from the continuing use of the assets making up the Cash Generating Units and that of their terminal value.

The impairment test relating to the Cash Generating Units (CGU) is carried out from the Asset Side perspective, estimating the operating value or the enterprise value of the CGUs. Note that the scope of the CGUs coincides with an entire legal entity, as in the case of the foreign companies R.D.M. Arnsberg GmbH, RDM Blendecques S.A.S., R.D.M. La Rochette S.A.S., Barcelona Cartonboard S.A.U. and the Italian companies R.D.M. Ovaro S.p.A. and PAC Service S.p.A., or with the production plants of Santa Giustina (BL) and Villa Santa Lucia (FR), belonging to the Parent company Reno de Medici S.p.A.

It should be noted that as at December 31, 2020 no impairment indicators were identified and therefore the company did not prepare any impairment test. However, against the signing of an option contract for the sale of R.D.M.. La Rochette S.A.S., held through the subsidiary RDM Blendecques S.AS., wrote down some of tangible assets related to the subsidiary subject to options for a total of EUR 3.7 million in order to align its carrying amount using the fair value method deduced from the sale costs. This value represents the best estimate of the directors on the basis of the data that was available on the date of the valuation, including the variable components of the sale price earn out) determined on the higher EBITDA realized in financial years 2021-2023, compared with the reference value.

Additionally, an impairment test is conducted annually on the PAC Service S.p.A. CGU as a result of the goodwill of €4.4 million allocated to it at the time of acquisition. Based on the impairment test conducted, no need for any write-down was identified.

The main assumptions used by the Group in measuring the recoverable amount (value in use) are:

a) estimates of future operating cash flows;

b) the discount rate;

c) the final growth rate.

In making these forecasts, RDM Group used assumptions based on the following key variables: the estimate of future sales volumes, variable costs of energy and packaging, the trend in sales prices, margins, capital expenditure and macroeconomic variables.

The Group has used a net rate of 6.04% when discounting cash flows, which reflects current market assessments and also takes into account the specific risks of the sector.

During the development of the impairment test, the terminal value was determined by using a growth rate (g rate) of 1.5%.

The result of the impairment test, approved by Board of Directors, is based on information currently available and estimates regarding changes in a series of variables. For this reason, based on the recommendations included in Joint Document no. 4 of the Bank of Italy, Consob and ISVAP of March 4, 2010, the Group prepared sensitivity analyses on the results of the tests, basing these on changes in the underlying assumptions (use of the growth rate in calculating the terminal value and discount rate) that affect the value in use of the cash generating units. There has been no need for a write-down following these sensitivity analyses.

Moreover, as indicated in the Directors' Report on Operations, following the spread of Covid-19, that has impacted the national and international scenario since January 2020, further sensitivity analyses on the forecasts of future economic- financial flows and on the main scenarios used to test the capital assets have been made. Based on these analyses, any elements have not been identified that could constitute an impairment of cash generating units.

Considering that recoverable amounts are calculated on the basis of estimates of future growth, the Group cannot be certain that a revision of these estimates, and the resulting adjustment to values, will not be required. The Group will continually monitor the changing situation in order to make any necessary revision to the assumptions underlying the estimates.

Segment Information

The following segment information has been prepared on the basis of the reports that company management uses and reviews to assess performance and to make its main strategic decisions.

The RDM Group's business is divided into two sectors, white lined chipboard (WLC) based on recycled fibers and folding box board (FBB) based on virgin fibers.

The reporting used by the directors highlights the results in the two operating segments, WLC, represented by the plants in France, Germany and Spain, and by all the plants operating in Italy, and FBB in which the company RDM La Rochette S.A.S. operates.

The Group assesses the performance of its operating segments, both level one and level two, on the basis of gross operating profit, operating profit and the profit/(loss) for the year.

Displayed revenues by segment are those earned directly by or attributable to the segment and arising from ordinary operations; they include revenues from transactions with third parties and revenues from transactions with other segments, measured at market prices. Segment costs are the costs of segment operations incurred with third parties and with other operating segments, or those directly attributable to the segment. Costs incurred with other segments are measured at market prices.

The economic measure of the results achieved by each operating segment is the profit or loss for the year; within that result, operating profit and gross operating profit are specifically highlighted.

As part of the way in which the Group is managed, financial income and expense are continually monitored and measured by the treasury function of the parent company Reno De Medici S.p.A., where, from an operating standpoint, all decisions of a financial nature are also made.

There is no need to reconcile the segment valuations contained in this section with the figures included in the financial statements in this report, as all the displayed income components are measured using the same accounting policies adopted for the preparation of the Group's consolidated financial statements. The unallocated items and adjustments include amounts deriving from intra-group transactions among the different sectors.

The following table provides profit and loss data by operating segments for 2020 and 2019:

Income statement 12.31.2020	**WLC**	**FBB**	**Unallocated items and adjustments**	**Consolidated**
(thousands of Euros)				
Revenues from sales	**575,046**	**115,888**	**(11,473)**	**679,461**
Intercompany by segment	(10,740)	(733)	11,473	
Revenues from sales from third parties	**564,306**	**115,155**		**679,461**
Gross operating profit	**73,562**	**10,290**	**(41)**	**83,811**
Depreciation and amortization	(29,952)	(1,666)	(54)	(31,672)
Write-downs and revaluations	(1,515)		(3,673)	(5,188)
Operating profit	**42,095**	**8,624**	**(3,768)**	**46,951**
Net Financial income (expense)	357	(364)	(1,224)	(1,231)
Gains (losses) on investments	6,337		(6,066)	271
Taxes	(11,380)	(993)	(67)	(12,440)
Profit (loss) for the year	**37,409**	**7,267**	**(11,125)**	**33,551**
Portions of profit or loss of equity-accounted investments	271			271
Total investments	**16,659**	**3,188**		**19,847**

Income statement 12.31.2019	WLC	FBB	Unallocated items and adjustments	Consolidated
(thousands of Euros)				
Revenues from sales	**602,151**	**111,896**	**(12,456)**	**701,591**
Intercompany by segment	(10,878)	(1,578)	12,456	
Revenues from sales from third parties	**591,273**	**110,318**		**701,591**
Gross operating profit	**65,805**	**5,846**	**704**	**72,355**
Depreciation and amortization	(29,330)	(2,275)	(52)	(31,657)
Write-downs and revaluations	(830)	(9,450)		(10,280)
Operating profit	**35,645**	**(5,879)**	**652**	**30,418**
Net Financial income (expense)	(4,692)	(455)	(227)	(5,374)
Gains (losses) on investments	562		(383)	179
Other income (expense)	(9,210)	(390)	(26)	(9,626)
Taxes	**22,305**	**(6,724)**	**16**	**15,597**
Portions of profit or loss of equity-accounted investments	179			179
Total investments	**23,902**	**2,878**		**26,780**

1. REVENUES FROM SALES

These revenues arise essentially from the sale of cartonboard:

(thousands of Euros)	12.31.2020	12.31.2019	variation
Revenues from sales	679,461	701,591	(22,130)
Total	**679,461**	**701,591**	**(22,130)**

The following table provides a geographical breakdown of sales revenues:

(thousands of Euros)	12.31.2020	12.31.2019	variation	%
Italy	201,973	203,210	(1,237)	–1%
European Union	386,705	401,228	(14,523)	–4%
Rest of the world	90,783	97,153	(6,370)	–7%
Total revenues from sales	**679,461**	**701,591**	**(22,130)**	**–3%**

Revenues from the sale of carton board for packaging depend on the general state of the economies of the markets in which sales are made, particularly the end-user demand for consumer goods; revenues are not affected by specific seasonal factors during the year.

There are, however, seasonal effects in the production and sale of products as a result of variations in the calendar, such as if there is a high number of public holidays and/or periods of vacation in a particular month or accounting period that may typically recur in the main countries supplied (e.g., August and December).

Revenues of the RDM Group reached €679 million in 2020. The change compared with the previous year, equal to EUR 22.1 million, is essentially due to the decrease in average sales prices on account in WLC and FBB.

2. OTHER REVENUES

Other revenues can be broken down into the following categories:

(thousands of Euros)	12.31.2020	12.31.2019	variation
Grants	2,070	897	1,173
Indemnities	171	154	17
Energy revenues	7,507	6,504	1,003
Other revenues	2,977	3,049	(72)
Total	**12,725**	**10,604**	**2,121**

"Grants" essentially include:

- ordinary contributions from Comieco, amounting to EUR 184 thousand, relating to the use of waste paper from public separated waste collection;
- contributions of EUR 1.9 million in favor of the French subsidiary R.D.M. La Rochette S.A.S. and the German subsidiary R.D.M. Arnsberg GmbH, and the Spanish subsidiary RDM Barcelona Cartonboard S.A.U., in accordance with the respective local regulations supporting the competitiveness of the high energy consumption industrial sites.

"Energy revenues" relate to amounts received from certain energy suppliers for joining the "interruption" scheme, to income from the sale of electricity in 2020, and the energy-efficiency certificates (so-called 'white certificates') assigned to Italian mills over the 2020.

"Other revenues" mainly includes contingent assets of EUR 1.8 million and other minor revenue.

3. CHANGE IN INVENTORIES OF FINISHED GOODS

The change in inventories was negative for EUR 10.5 million compared with positive 3.6 million at December 31, 2019. This change is due to an increase in demand deriving from a greater supply of stocks by customers, following fears of possible production stoppages as a result of the Covid emergency.

4. COST OF RAW MATERIALS AND SERVICES

(thousands of Euros)	12.31.2020	12.31.2019	variation
Cost for raw materials	**271,895**	**302,666**	**(30,771)**
Purchases of raw materials	275,935	301,388	(25,453)
Change in inventories of raw materials	(4,040)	1,278	(5,318)
Commercial services	**57,137**	**56,601**	**536**
Transport	52,813	52,159	654
Commission and agents' costs	4,324	4,442	(118)
Industrial services	**130,800**	**148,211**	**(17,411)**
Energy	83,114	98,597	(15,483)
Maintenance	18,418	20,988	(2,570)
Waste Disposal	17,840	17,350	490
Other industrial services	11,428	11,276	152
General services	**22,750**	**24,314**	**(1,564)**
Insurance	2,465	2,458	7
Legal, notarial, administrative and contractual services	6,332	6,909	(577)
Board of Directors	661	710	(49)
Board of Statutory Auditors	233	260	(27)
Postal and telecommunication	1,105	1,097	8

(thousands of Euros)	12.31.2020	12.31.2019	variation
Other costs	11,954	12,880	(926)
Cost for use of third-party assets	**1,965**	**1,654**	**311**
Rental and leasing	1,965	1,654	311
Total	**484,547**	**533,446**	**(48,899)**

The "Cost of raw materials" refers mainly to the purchase of products used to make pulp (waste paper, wood paste, cellulose and chemicals) and for packaging.

This item recorded a decrease of EUR 31 million, basically due to the reduction in the average cost of both recycled and virgin fibers.

As regards the main factors of production, the price of scrap paper, after strong price decreases in the previous two years, has made a further sensible decrease at the beginning of 2020. This decrease reversed starting from mid-March as a result of a decrease in supply resulting from lower city collections as a result of the Covid-19 emergency. A new downward trend was, however, recorded starting in July. It was not until the last quarter of 2020 that a new increase in prices occurred, supported by an increased demand coming primarily from the *containerboard* sector. On the other hand, the price of virgin cellulosic fibers, after peaking in fiscal 2018 and then falling sharply in 2019, has been stable.

Costs for services show a decrease of EUR 18.4 million basically due to the reduction in the purchase prices of the Group's main energy supply sources, namely natural gas, electricity and coal, a reduction that had already begun in 2019. As last year, in 2020 the positive effect resulting from price dynamics was mitigated by medium-term purchase agreements concluded by the Group.

"Costs for use of third-party assets" at December 31, 2020 amount to EUR 2 million, in line with the one from the previous year,

5. PERSONNEL COST

(thousands of Euros)	12.31.2020	12.31.2019	variation
Wages and salaries	77,254	76,453	801
Social security contributions	24,294	23,560	734
Allowance for defined-contribution plans	2,981	1,714	1,267
Allowance for defined-benefit plans	703	857	(154)
Other costs	2,784	1,548	1,236
Total	**108,016**	**104,132**	**3,884**

Personnel costs amounted to EUR 108 million, up EUR 3.9 million compared with EUR 104 million as at December 31, 2019. This change is due to contractual increases and productivity gains, as well as to the share pertaining to the 2020-2022 incentive plans for top management based on *performance phantom shares* and *stock grants*.

The following tables provide a breakdown by category of the number of RDM Group employees at the end of the year and the average number of employees during the year:

Employees by category	12.31.2020	12.31.2019	variation
Executives	40	41	(1)
White-collars	443	452	(9)
Blue-collars	1,246	1,273	(27)
Total	**1,729**	**1,766**	**(37)**

Average employees by category	12.31.2020	12.31.2019	variation
Executives	42	37	5
White-collars	446	452	(6)
Blue-collars	1,253	1,264	(11)
Total	**1,741**	**1,753**	**(12)**

6. OTHER OPERATING COSTS

(thousands of Euros)	12.31.2020	12.31.2019	variation
Provisions for risks	88		88
Write-downs of current receivables	853	382	471
Other operating expenses	4,407	5,517	(1,110)
Total	**5,348**	**5,899**	**(551)**

"Other operating expenses" amount to EUR 5.3 million, in line with the previous year, and primarily include miscellaneous operating expenses of EUR 4.4 million.

"Other operating costs" consists mainly of various taxes incurred by Group companies, membership subscriptions to various trade associations, and various contingent liabilities.

7. AMORTIZATION AND DEPRECIATION

The following table sets out details of the item "Depreciation and amortization":

(thousands of Euros)	12.31.2020	12.31.2019	variation
Amortization of intangible assets	1,702	1,347	355
Depreciation of tangible fixed assets	26,439	27,002	(563)
Depreciation and amortization of Right-of-use asset	3,531	3,308	223
Total	**31,672**	**31,657**	**15**

Depreciation and amortization expense as of December 31, 2020 was EUR 31.7 million in line with that reported as of December 31, 2019.

8. WRITE-DOWNS

At December 31, 2020, write-downs stood at EUR 5.2 million and include:

- the write-down of land located in Boffalora sopra Ticino owned by Reno de Medici S.p.A., for a value of EUR 1.5 million. It should be noted, in fact, that on 11 February 2021 this land was the subject of a purchase and sale agreement to Vetropack Group, and, therefore, its book value was aligned to its realisable value.
- the write-down of the assets of R.D.M. La Rochette S.A.S.., for an amount of EUR 3.7 million. Please refer to the description in the paragraph "Impairment test" for more details.

9. NET FINANCIAL INCOME (EXPENSES)

(thousands of Euros)	12.31.2020	12.31.2019	variation
financial income	**2,296**	**311**	**1,985**
Interest and other financial income	78	311	(233)
Income from derivative financial instruments	2,218		2,218
financial expense	**(2,952)**	**(5,808)**	**2,856**
Interest paid to banks	(408)	(799)	391
Loss on derivative financial instruments	(285)	(1,871)	1,586
Financial expense on defined-benefit plans	(276)	(534)	258
Interest on leased assets (IFRS16)	(460)	(517)	57
Expenses, commission and other financial charges	(1,523)	(2,087)	564
Exchange rate differences	**(575)**	**123**	**(698)**
Exchange rate income	1,173	1,053	120
Exchange rate expenses	(1,748)	(930)	(818)
Total	**(1,231)**	**(5,374)**	**4,143**

Net Financial Expense at December 31, 2020 amounted to EUR 1.2 million, a decrease of EUR 4.1 million compared with December 31, 2019. The decrease is mainly due to the financial income recognized following the valuation at December 31, 2020 of derivatives entered into by the Spanish subsidiary to hedge gas purchases and energy sales. In spite of these agreements having been concluded for hedging purposes, they were not recorded under *Hedge accounting*.

The average cost of debt remains at contained levels.

The item "Financial expense on defined-benefit plans" refers to the financial component of the provision for the year solely with respect to interest costs.

10. INCOME (LOSSES) FROM EQUITY INVESTMENTS

Income from equity investments amounted to EUR 271 thousand, compared to the EUR 179 thousand recorded in 2019, and related to the revaluation of the investment in the company Emmaus Pack S.r.l. valued using the equity method.

11. TAXES

(thousands of Euros)	12.31.2020	12.31.2019	variation
Prepaid taxes	1,046	1,206	(160)
Current taxes	(13,486)	(10,832)	(2,654)
Total	**(12,440)**	**(9,626)**	**(2,814)**

Deferred taxes at December 31, 2020, of EUR 1 million, basically include the recording of the deferred tax liabilities of the subsidiary R.D.M. Ovaro S.p.A. (EUR 0.2 million), net of the recording of deferred tax assets by the Parent company Reno De Medici S.p.A. (EUR 0.8 million) and the subsidiary R.D.M. Arnsberg GmbH (EUR 0.5 million).

Current taxes amount to €13.5 million at December 31, 2020, up by €2.7 million compared to 2019, mainly due to greater taxable income generated by some companies with previous accumulated tax losses.

More information on "Deferred taxes" can be found in Note 25.

Reconciliation between the theoretical tax burden and the tax burden as per the financial statements (income taxes)

The table below shows the reconciliation between the theoretical and the actual tax burden.

For further information please see Note 25 — deferred taxes.

(thousands of Euros)	Taxable amount	%	12.31.2020
Profit (loss) before tax	46,611		
Theoretical tax burden		29.7%	**13,843**
Reversal of temporary differences arising in previous years	335		
Temporary differences which will be reversed in future years	5,247		
Permanent differences which will not be reversed in the future years	(9,357)		
Total differences	**(3,775)**		
Use of previous tax losses	(1,606)		
Actual tax burden	**41,230**	**29.7%**	**12,245**

Reconciliation between the theoretical and actual tax burden (IRAP)

The impact of IRAP (regional production tax) has not been taken into account to avoid any distorting effect, since this tax is valid only for Italian companies and commensurate with a tax basis other than the result before taxes.

12. TANGIBLE FIXED ASSETS

Changes in tangible assets during 2019 and 2020 are as follows:

(thousands of Euros)	Lands	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
Historical cost	43,412	116,325	711,854	1,778	15,881	12,323	901,573
Accumulated depreciation/ write-downs		(77,156)	(561,609)	(1,691)	(15,217)		(655,673)
Net book value as at 12.31.2018	**43,412**	**39,169**	**150,245**	**87**	**664**	**12,323**	**245,900**
Increases	248	725	10,695	55	322	14,735	26,780
Decreases		(22,430)	(13,298)	(326)	(1,191)		(37,245)
Reclassification of cost	1,402	551	11,901		53	(13,907)	
Depreciation for the year		(3,702)	(23,105)	(17)	(178)		(27,002)
Write-downs for the year		(2,647)	(6,803)				(9,450)
Decrease in provision for acc. depr./write-downs		18,991	13,095	326	1,191		33,603
value as at 12.31.2019							
Historical cost	45,062	92,524	714,349	1,507	15,065	13,151	881,658
Accumulated depreciation/ write-downs		(61,867)	(571,619)	(1,382)	(14,204)		(649,072)
Net book value as at 12.31.2019	**45,062**	**30,657**	**142,730**	**125**	**861**	**13,151**	**232,586**

(thousands of Euros)	Lands	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
Historical cost	45,062	92,524	714,349	1,507	15,065	13,151	881,658
Accumulated depreciation/ write-downs		(61,867)	(571,619)	(1,382)	(14,204)		(649,072)
Net book value as at 12.31.2019	**45,062**	**30,657**	**142,730**	**125**	**861**	**13,151**	**232,586**
Increases	80	550	7,197	43	568	11,409	19,847
Decreases	(27)	(1,902)	(667)		(19)		(2,615)
Reclassification of cost	19	361	12,410	33	105	(12,928)	
Depreciation for the year		(3,001)	(23,183)	(25)	(230)		(26,439)
Write-downs for the year	(1,515)	(827)	(2,846)				(5,188)
Decrease in provision for acc. depr./write-downs		1,902	640		12		2,554
value as at 12.31.2020							
Historical cost	45,134	91,533	733,289	1,583	15,719	11,632	898,890
Accumulated depreciation/ write-downs	(1,515)	(63,793)	(597,008)	(1,407)	(14,422)		(678,145)
Net book value as 12.31.2020	**43,619**	**27,740**	**136,281**	**176**	**1,297**	**11,632**	**220,745**

The item "Land" includes the areas belonging to the production plants of the Parent company Reno De Medici S.p.A., located in Santa Giustina (BL) and Villa Santa Lucia (FR), of the Italian subsidiaries R.D.M. Ovaro S.p.A., R.D.M. Magenta S.r.l. and PAC Service S.p.A., the German subsidiary R.D.M. Arnsberg GmbH, the French subsidiaries RDM Blendecques S.A.S. and R.D.M. La Rochette S.A.S.and the subsidiary Barcelona Cartonboard S.A.U.

"Buildings" relates mainly to the mills. The increases for the year relate to improvements made to properties owned.

"Plant and machinery" relates to specific and general manufacturing plants and machinery.

In 2020, the RDM Group's capital expenditures totalled €19.8 million (€26.8 million in 2019).

The objectives of these investments are to reduce the variable costs, increase the production capacity, and improve the safety and quality, and resulted in the following main interventions:

- **Santa Giustina (Italy) mill:** work began on the construction of a Steam Boiler which will be completed in August 2021;
- **villa Santa Lucia mill (Italy):** installation of a new gas turbine. The boiler modernization work has started and this will complete the plant reconstruction project. Moreover, work has begun to improve the pulp preparation plant with the aim of increasing the quality of the finished product;
- **Ovaro mill (Italy) mill:** maintenance interventions performed to improve plant safety;
- **La Rochette mill (france):** work began on the construction of a new wastewater control plant. The system will be completed during the first half of 2021;
- **Barcelona mill (Spain):** work began on the construction of a new pulp preparation plant;

Investments at the remaining mills concerned improvements and/or upgrades to plant and machinery.

"Industrial and commercial equipment" consists mainly of assets used in the production process at the various mills.

"Other assets" consist mostly of electronic office machines and office furniture, fixtures, and fittings.

Property rights (mortgages and liens) totaling EUR 219.7 million and relating to owned property, plant,and machinery are pledged in favor of banks as security on loans for which the outstanding balance as at December 31, 2020 amounted to EUR 37.7 million.

13. RIGHTS OF USE

This item, which amounts to EUR 15.2 million, refers to the rights of use for leased assets which, following the introduction of IFRS 16, were accounted for under intangible fixed assets.

(thousands of Euros)	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Software	Total
first-time adoption (01.01.2019)	**3,327**	**2,020**	**69**	**643**		**6,059**
Increases	6,591	1,902		550	966	10,009
Decreases	(222)	(38)		(155)		(415)
Reclassification of cost	2	140	(51)	(91)		
Depreciation and amortization for the year	(1,478)	(1,223)	(8)	(277)	(322)	(3,308)
Decrease in provision for acc. depr./write-downs	18			8		26
value as at 12.31.2019						
Historical cost	9,698	4,024	18	947	966	15,653
Accumulated depreciation/write-downs	(1,460)	(1,223)	(8)	(269)	(322)	(3,282)
Net book value as at 12.31.2019	**8,238**	**2,801**	**10**	**678**	**644**	**12,371**

(thousands of Euros)	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Software	Total
Historical cost	9,698	4,024	18	947	966	15,653
Accumulated depreciation/write-downs	(1,460)	(1,223)	(8)	(269)	(322)	(3,282)
Net book value as at 12.31.2019	**8,238**	**2,801**	**10**	**678**	**644**	**12,371**
Increases	4,065	2,023	35	456	92	6,671
Decreases	(334)	(786)	(7)	(207)		(1,334)
Depreciation and amortization for the year	(1,624)	(1,217)	(9)	(340)	(341)	(3,531)
Decrease in provision for acc. depr./write-downs	237	621	6	155		1,019
Other movements	(28)			(2)		(30)
value as at 12.31.2020						
Historical cost	13,401	5,261	46	1,194	1,058	20,960
Accumulated depreciation/ write-downs	(2,847)	(1,819)	(11)	(454)	(663)	(5,794)
Net book value as at 12.31.2020	**10,554**	**3,442**	**35**	**740**	**395**	**15,166**

The change compared with the previous year, equal to EUR 2.8 million, is essentially due to the allocation of leasing certificates which took place in 2020.

14. GOODWILL

"Goodwill" stands at EUR 4.4 million and refers to PAC Service S.p.A.

15. INTANGIBLE FIXED ASSETS

Changes in Intangible fixed assets during 2019 and 2020 were as follows:

(thousands of Euros)	Concessions, licenses, trademarks and similar rights	Other	Assets under construction	Total intangible assets with a definite useful life	Intangible assets with an indefinite useful life
Net book value as at 12.31.2018	**3,336**	**3,279**	**5,736**	**12,351**	**3,566**
Increases	1,844	5	1,182	3,031	
Decreases		(403)		(403)	
Write-downs for the year					(830)
Reclassification of cost	155		(155)		
Amortization for the year	(1,140)	(207)		(1,347)	
Net book value as at 12.31.2019	**4,195**	**2,674**	**6,763**	**13,632**	**2,736**

(thousands of Euros)	Concessions, licenses, trademarks and similar rights	Other	Assets under construction	Total intangible assets with a definite useful life	Intangible assets with an indefinite useful life
Net book value as at 12.31.2019	**4,195**	**2,674**	**6,763**	**13,632**	**2,736**
Increases	32	16	2,035	2,083	
Reclassification of cost	1,648		(1,648)		
Amortization for the year	(1,495)	(207)		(1,702)	
Net book value as at 12.31.2020	**4,380**	**2,483**	**7,150**	**14,013**	**2,736**

Intangible fixed assets with a definite useful life stood at EUR 14 million, an increase of EUR 0.4 million compared with the previous year. This change is due to amortization for the period partially offset by increases in intangible assets ongoing due to the progress of the project to implement the new ERP.

It should be noted that November 1st was the go-live date of the new ERP in R.D.M. Ovaro S.p.A. after which 1.3 million has been reclassified from item "Fixed assets under construction" to item "Concessions, licenses, trademarks and similar rights".

"Intangible assets with an indefinite useful life" refer to the valuation of concessions granted in Germany in relation to water rights with an indefinite useful life. At the date of the financial statements, the Group conducted the impairment test, in accordance with the IAS 36, and it was not necessary to record any impairment.

More information can be found in the section "Impairment Tests".

16. EQUITY INVESTMENTS

(thousands of Euros)	Book value 12.31.2019	Change in scope of consolidation	Reclassification	Investments	Divestments	Elimination of dividends from associates	write-downs/ Revaluations	Book value 12.31.2020
Associates								
Emmaus Pack S.r.l.	379					(138)	271	512
Joint ventures	**2**							**2**
Other investments								
Scierie De Savoie	340							340
Comieco	27							27
Conai	24							24
Other minority investments	38			7				45
Total	**810**			**7**		**(138)**	**271**	**950**

The change in "Equity investments" is due to the valuation at equity of the stake held in Emmaus Pack S.r.l., which increased by EUR 271 thousand and partially offset by EUR 138 thousand following the elimination of the dividends received in 2020.

The information required by IFRS 12 for equity-accounted investments is provided below.

The value of equity-accounted investments in the statement of financial position is as follows:

(thousands of Euros)	12.31.2020	12.31.2019
Associates	512	379
Joint ventures	2	2
Total	**514**	**381**

The impact of equity accounting on the income statement for the financial year is as follows:

(thousands of Euros)	12.31.2020	12.31.2019
Associates	271	179
Total	**271**	**179**

Investments in joint ventures

Company	Country	% held	Nature of relationship	measurement method
RECOG.SEL.PAP. Y CART. C., A.I.E.	Spain	50%	Note 1	*Equity*

Note 1: The company supplies the raw and semi-processed materials used in the production process of RDM Barcelona Cartonboard S.A.U. The investment is held directly by the latter.

There are no contingent liabilities related to the Group's investment in these companies.

Below is a summary of the financial information of Recog.sel.pap. y Cart. C., A.I.E. at December 31, 2020 and 2019 is provided below.

	RECOG.SEL.PAP. Y CART. C., A.I.E.	
(thousands of Euros)	**December 31, 2020**	**December 31, 2019**
Current assets		
Cash and cash equivalents	176	263
Other current assets	37	106
Total current assets	**213**	**369**
Current liabilities		
Payables to banks		
Other current liabilities	215	360
Total current liabilities	**215**	**360**
Non-current assets		
Non-current assets	—	—
Non-current liabilities		
Non-current liabilities	—	—
Total non-current liabilities		
Shareholders' equity	**(2)**	**9**

Summary income statement information for Recog.sel.pap. y Cart. C., A.I.E. at December 31, 2020 and 2019 is provided below.

	RECOG.SEL.PAP. Y CART. C., A.I.E.	
(thousands of Euros)	**December 31, 2020**	**December 31, 2019**
Revenue	124	566
Operating costs	(135)	(569)
Gross operating profit	**(11)**	**(3)**
Depreciation, amortization and write-downs	—	—
Operating profit	**(11)**	**(3)**
Financial income (expense)	—	—
Profit (loss) before tax	**(11)**	**(3)**
Taxes	—	—
Net profit (loss)	**(11)**	**(3)**

	RECOG.SEL.PAP. Y CART. C., A.I.E.	
(thousands of Euros)	**December 31, 2020**	**December 31, 2019**
Shareholders' equity at January 1	**9**	**12**
Result for the year	**(11)**	**(3)**
Shareholders' equity at December 31	**(2)**	**9**
% held	**50%**	**50%**
value of equity investment (*)	**(1)**	**5**

(*) The equity investment was not in line with the shareholders' equity value

Investments in associates

Company	Country	% held	Nature of relationship	measurement method
Emmaus Pack S.r.l.	Italy	34.39%	Note 1	Equity

Note 1: The Group supplies Emmaus Pack S.r.l. with the raw materials and semi-finished goods used in the production process of the investee company.

There are no contingent liabilities related to the Group's investment in Emmaus Pack S.r.l.

Below is a summary of the financial information of Emmaus Pack S.r.l.

(thousands of Euros)	Emmaus Pack S.r.l. December 31, 2020	Emmaus Pack S.r.l. December 31, 2019
Current assets		
Cash and cash equivalents	31	70
Current assets	10,052	10,099
Total current assets	**10,083**	**10,169**
Current liabilities		
Payables to banks	1,377	641
Current liabilities	7,499	8,174
Total current liabilities	**8,876**	**8,815**
Non-current assets		
Non-current assets	1,610	1,162
Non-current liabilities		
Loans	811	741
Non-current liabilities	467	455
Total non-current liabilities	**1,278**	**1,196**
Shareholders' equity	**1,539**	**1,320**

Summary income statement information for Emmaus Pack S.r.l. is provided below.

(thousands of Euros)	Emmaus Pack S.r.l. December 31, 2020	Emmaus Pack S.r.l. December 31, 2019
Revenue	16,765	16,106
Operating costs	(15,798)	(15,320)
Gross operating profit	**967**	**786**
Depreciation, amortization and write-downs	(110)	(76)
Operating profit	**857**	**710**
Financial income (expense)	(43)	(42)
Profit (loss) before tax	**814**	**668**
Taxes	(195)	(172)
Net profit (loss)	**619**	**496**

(thousands of Euros)	Emmaus Pack S.r.l. December 31, 2020	December 31, 2019
Shareholders' equity at January 1	**1,320**	**1,004**
Result for the year	619	496
Dividends distributed	(400)	(180)
Shareholders' equity at December 31	**1,539**	**1,320**
Adjusted shareholders' equity (**)	**1,489**	**1,281**
% held	**34.39%**	**34.39%**
Dividends distributed during the year	**(138)**	**(62)**
value of equity investment	**512**	**379**

(*) The shareholders' equity was adjusted to bring the value of the equity investment into line as required by IAS/IFRS

17. DEFERRED TAX ASSETS

The item "Deferred tax assets" includes temporary deductible differences of the Italian subsidiary PAC Service S.p.A.

Please see Note 25 for a detailed description of same and related changes for the year.

18. TRADE RECEIVABLES AND RECEIVABLES FROM ASSOCIATES AND JOINT VENTURES

(thousands of Euros)	12.31.2020	12.31.2019	variation
Trade receivables	59,959	70,317	(10,358)
Receivables from associates and joint ventures	6,272	6,812	(540)
Current trade receivables	**66,231**	**77,129**	**(10,898)**

The Company uses non-recourse factoring; trade receivables disposed of with due dates after December 31, 2020 totaled EUR 40.3 million (EUR 42.6 million at December 31, 2019).

"Trade receivables" are stated net of EUR 5.4 million of provisions for bad and doubtful receivables. The table below sets out the changes for the year.

(thousands of Euros)	12.31.2019	Provision	Release	Utilization	12.31.2020
Provisions for bad and doubtful receivables	4,629	994	(141)	(45)	5,437
Total	**4,629**	**994**	**(141)**	**(45)**	**5,437**

The item "Receivables from associates and joint ventures" includes the Parent company Reno De Medici S.p.A.'s commercial relations with associate Emmaus Pack S.r.l.

The table below provides a breakdown of current trade receivables by geographical area:

(thousands of Euros)	12.31.2020	12.31.2019	variation	%
Italy	47,633	49,199	(1,566)	–3.2%
European Union	11,307	18,386	(7,079)	–38.5%
Rest of the world	7,291	9,544	(2,253)	–23.6%
Total	**66,231**	**77,129**	**(10,898)**	**–14.1%**

19. OTHER RECEIVABLES AND OTHER RECEIVABLES FROM ASSOCIATES AND JOINT VENTURES

The breakdown of non-current "Other receivables" are given in the table below:

(thousands of Euros)	12.31.2020	12.31.2019	variation
Guarantee deposits	2,977	1,977	1,000
Other receivables	2,846	3,541	(695)
Total	**5,823**	**5,518**	**305**

The item "Guarantee deposits" essentially includes receivables attributable to deposits in favor of a factoring company (EUR 1.6 million) in accordance with the provisions of agreements signed by the parent company Reno de Medici S.p.A. and by the subsidiaries RDM Blendecques S.A.S. and R.D.M. La Rochette S.A.S. and RDM Barcelona Cartonboard S.A.U. This item also includes the Guarantee Fund set up at Terna (the power network operator) totaling EUR 1.2 million.

"Other receivables" amounted to EUR 2.8 million at 31 December 2020 and mainly includes EUR 1.7 million relating to the tax credit for competitiveness and the use granted by the French government (Participation effort) to the R.D.M. subsidiaries La Rochette S.A.S., EUR 1.3 million, and to RDM Blendecques S.A.S., EUR 0.4 million.

The breakdown of current "Other receivables" is given in the table below:

(thousands of Euros)	12.31.2020	12.31.2019	variation
Tax receivables	5,277	7,576	(2,299)
Other receivables	5,897	5,928	(31)
Accrued income and prepaid expenses	7,600	3,048	4,552
Total	**18,774**	**16,552**	**2,222**
Other receivables from associates and joint ventures			
Total	**18,774**	**16,552**	**2,222**

The current portion of "Tax receivables", consisting primarily of tax credits, totaled EUR 5.3 million, down compared with the previous year (EUR 7.6 million). The item consists mainly of a VAT credit of EUR 2.6 million, the current portion of the French CICE tax credit of EUR 1.2 million and income tax credits of EUR 0.7 million.

The item "Other receivables" at December 31, 2020 basically includes:

- the current portion of guarantee deposits, equal to EUR 2.7 million (up by EUR 413 thousand compared with the previous year), mainly in favour of a factoring company in accordance with the provisions of agreements signed by the Parent company Reno De Medici S.p.A. and the subsidiaries RDM Blendecques S.A.S. and R.D.M. La Rochette S.A.S. and RDM Barcelona Cartonboard S.A.U.;
- the current credit of EUR 1.9 million, a decrease compared with the previous year, resulting from the acquisition of CO_2 quotas belonging to the German subsidiary R.D.M. Arnsberg GmbH;
- the recording of prepaid expenses of EUR 7.6 million. This item includes, among other things, the costs incurred for the demolition of the buildings at the Boffalora sopra Ticino site (formerly the Magenta Paper Mill), which was necessary for the sale of the land, net of the advances received from the counterparty, Vetropack S.r.l. The above-mentioned land, based on specific suspensive clauses contained in the preliminary sales agreement signed in 2018, was not immediately available for sale as of December 31, 2020, based on IFRS 5. Because of the new agreements that took place between the parties and in light of the authorization issued by the competent authorities reclaim the land, the land was sold on February 11, 2021.

20. INVENTORIES

The table below provides a breakdown of inventories at December 31, 2020 and December 31, 2019:

(thousands of Euros)	12.31.2020	12.31.2019	variation
Raw and ancillary materials and consumables	60,373	57,111	3,262
Provisions for obsolescence of raw materials	(8,985)	(9,471)	486
Finished products and goods	50,864	61,332	(10,468)
Provisions for obsolescence of finished products	(21)	(24)	3
Total	**102,231**	**108,948**	**(6,717)**

The increase in inventories of raw materials, equal to €3.3 million, is mainly due to the increase in purchase prices.

The decrease in finished goods inventories, amounting to EUR 10.5 million, is due to the increase in demand. In fact, following the fears of possible production interruptions, as a result of the Covid emergency, all over 2020 there was an increase in supplies from customers.

Provisions for obsolescence of raw and ancillary materials and consumables relate mainly to the French mills (Blendecques and La Rochette) and to the Spanish mill (Barcelona).

An explanation of the change in inventories of finished goods can be found in Note 3.

21. NET FINANCIAL POSITION

(thousands of Euros)	12.31.2020	12.31.2019	variation
Cash	13	16	(3)
Bank deposits	62,972	40,366	22,606
A. Cash and cash equivalents	**62,985**	**40,382**	**22,603**
Other financial receivables	243	147	96
Current derivative financial instruments	712		712
B. Current financial receivables	**955**	**147**	**808**
1. Current payables to banks			
2. Current portion of medium and long-term loans	*17,498*	*21,840*	*(4,342)*
3. Other current financial liabilities	*617*	*964*	*(347)*
4. Payables to other lenders for current Right-of-use asset	*2,947*	*2,806*	141
Payables to banks and other lenders (1+2+3+4)	21,062	25,610	(4,548)
Derivatives – current financial liabilities	517	2,211	(1,694)
C. Current financial debt	**21,579**	**27,821**	**(6,242)**
D. Net current financial debt (C-A-B)	**(42,361)**	**(12,708)**	**(29,653)**
E. Non-current financial receivables			
Payables to banks and other lenders	38,233	54,303	(16,070)
Payables to other lenders for non current Right-of-use asset	12,612	9,683	2,929
Derivatives – non-current financial liabilities	388	752	(364)
f. Non-current financial debt	**51,233**	**64,738**	**(13,505)**
G. Net non-current financial debt (f-E)	**51,233**	**64,738**	**(13,505)**
H. Net financial debt (D+G)	**8,872**	**52,030**	**(43,158)**

Consolidated net financial debt as at 31 December 2020 amounted to €8.9 million, down €43.2 million compared with €52 million as at 31 December 2019.

The improvement in the financial position is mainly due to the high EBIDTA achieved with a marginal benefit from the decrease in working capital following the reduction in inventories, especially of finished goods. It should also be noted the negative impact of approximately EUR 3 million deriving from new lease agreements entered into that fall within the scope of application of IFRS 16. The financial position and, in particular, customer collections were only partially impacted by the Covid -19 emergency with an increase in the level of overdue receivables limited.

Significant outgoings included:

- capital expenditures for investments amounting to EUR 20.7 million
- dividends paid totaling EUR 3 million;
- the acquisition of a further 5% of the subsidiary R.D.M. Ovaro S.p.A. from Friulia S.p.A. for €0.7 million.

The changes in liabilities resulting from lending are shown below, pursuant to IAS 7 "Statement of cash flow":

			Non-cash transactions		
(thousands of Euros)	**12.31.2019**	**Cash flow(*)**	**Exchange rate translation differences**	**fair value variation**	**12.31.2020**
Current financial receivables	**147**	96		712	**955**
Current financial debt	**27,821**	(4,548)		(1,694)	**21,579**
Non-current financial debt	**64,738**	(13,141)		(364)	**51,233**
Net liabilities from financing activities	**92,412**	**(17,785)**		**(2,770)**	**71,857**
Cash and cash equivalents	**40,382**	22,603			**62,985**
Net financial debt	**52,030**	**(40,388)**		**(2,770)**	**8,872**

(*) The information of "Cash flow" are reported in the Statement of Cash Flow.

The table below shows outstanding medium- and long-term loans, broken down by due date and recorded at nominal value:

(thousands of Euros)	**within 12 months**	**more than 12 months**	**over 60 months**	**Total**
FRIE 1	414	414		828
FRIE 2	813			813
FRIE 3	113	340		453
FRIE 4	136	546	204	886
FRIE 5	32	256	672	960
BANCO BPM (Banca Popolare Milano)	2,857	2,857		5,714
INTESA SAN PAOLO (RDM Blendecques S.A.S.)	1,667	3,333		5,000
INTESA SAN PAOLO (La Rochette S.A.S.)	1,667	3,333		5,000
UNICREDIT	7,000	21,000		28,000
UNICREDIT	101	51		152
BANQUE PALATINE 376	602	756		1,358
BANQUE PALATINE 377	403	508		911
AGENCE DE L'EAU	58	53		111
Encelpa	2	1		3
BE-SPOKEN		3,490		3,490

(thousands of Euros)	within 12 months	more than 12 months	over 60 months	Total
BERIVO	821			821
ENDESA ENERGIA	903			903
Friulia (Ovaro Transaction)		501		501
Total nominal debt	**17,589**	**37,439**	**876**	**55,904**
Amortized cost effect	(91)	(82)		(173)
Total debt using the amortized cost method	**17,498**	**37,357**	**876**	**55,731**

The Group's financial indebtedness mainly consists of medium-/long-term loans, which provide the Group with the stability and the necessary financial sources to adequately support its operations, and, in particular, capital expenditure, as well as possible projects to take advantage of strategic investment opportunities.

Some loans require certain financial covenants to be respected based on the following ratios:

- Net financial position/Shareholders' equity
- Net financial position/Gross operating profit
- Gross operating profit/Net financial expense
- Shareholders' equity/Medium-/long-term debt
- Shareholders' equity/Shareholders' equity December 31, 2016

The financial parameters are calculated half-yearly or annually, depending on the loan, based on the figures of the Group's consolidated financial statements. The half-year calculations of the Group's gross operating profit and net financial expense are based on the 12-month period ending on the last day of the half-year concerned.

In the event of non-compliance with the financial covenants in the loan agreements, the lending banks may terminate such agreements: as at, December 31, 2020 there was compliance with the financial covenants.

Lastly, some loans provide for constraints and commitments incumbent upon the RDM Group including a restriction on the disposal of core assets and extraordinary finance transactions.

Note that in 2020 principal repayments totaling EUR 21.9 million were made.

In terms of collateral, the Parent company loan agreement requires, inter alia, RDM to provide mortgages on mills, in the total amount of EUR 130.3 million.

Special liens on mills' plant and machinery are given as collateral, in the total amount of EUR 89.4 million.

On February 21, 2012 a floating-rate loan agreement was signed with Banca Medio Credito Friulia Venezia Giulia S.p.A. for €5 million, of which €1.5 million was provided on May 21, 2012. The loan agreement expires on January 1, 2022. The repayments will be in half-yearly installments.

On February 22, 2013 a second tranche of €0.6 million was disbursed, and the due date was postponed to July 1, 2022.

A third tranche of €0.9 million was disbursed on June 12, 2014.

The fourth and final tranche of €0.6 million was disbursed on December 21, 2015.

On March 19, 2013 a loan of EUR 6.5 million was made by Banca Medio Credito Friulia Venezia Giulia S.p.A.; the loan agreement was executed on October 23, 2012. The loan agreement calls for a floating rate and a maturity of July 1, 2021. Installments are paid half-yearly starting January 1, 2014.

On June 4, 2015, a loan of EUR 20 million was made by Intesa San Paolo S.p.A.; the loan agreement was executed on June 4, 2015. The loan agreement calls for a floating rate and a maturity of June 4, 2020. Installments are paid half-yearly starting December 4, 2015. The contract was extinguished on June 4, 2020 as set out in the agreement.

On October 2, 2015, a loan of EUR 20 million was made by Banca Popolare di Milano S.p.A.; the loan agreement was executed on September 16, 2015. The loan agreement calls for a floating rate and a maturity of December 31, 2022. Installments are paid half-yearly starting June 30, 2016. This loan requires compliance with several financial parameters subject to annual and half-yearly review. At December 31, 2020, these financial parameters had been complied with.

On November 15, 2016, two loans were provided in favor of the subsidiaries RDM Blendecques S.A.S. and R.D.M. La Rochette S.A.S., of €10 million each by Intesa San Paolo Paris. The loan agreements, which were signed on October 31, 2016, call for a floating rate and a maturity of November 15, 2023. Installments are paid half-yearly starting May 15, 2018. The loan supplied to the subsidiary R.D.M. La Rochette S.A.S. requires compliance with several financial parameters subject to annual review. At December 31, 2020, these financial parameters had been complied with. The Parent company Reno De Medici S.p.A. issued a guarantee to secure this loan.

On December 16, 2016 a loan of EUR 0.9 million was made by Banca Medio Credito Friulia Venezia Giulia S.p.A.; the loan agreement was executed on December 9, 2014. The loan agreement calls for a floating rate and a maturity of July 1, 2024. Installments are paid half-yearly starting January 1, 2017.

On August 2, 2017, a loan agreement was executed and the loan of EUR 3 million made by Credito Emiliano S.p.A. The loan agreement calls for a floating rate and a maturity of August 2, 2020. Installments were paid quarterly starting November 2, 2017. The contract was extinguished on August 2, 2020 as set out in the agreement.

On February 5, 2018 a loan agreement for EUR 5 million was agreed and supplied by Banque Palatine, divided into two tranches of EUR 3 million and EUR 2 million, respectively. The loan agreement calls for a fixed rate and a maturity of February 5, 2023. Installments were paid quarterly starting May 5, 2018. This loan requires compliance with several financial parameters subject to annual review. At December 31, 2020, these financial parameters had been complied with.

On July 9, 2018 a loan of EUR 1.1 million was made by Banca Medio Credito Friulia Venezia Giulia S.p.A.; the loan agreement was executed on September 21, 2018. The loan agreement calls for a floating rate and a maturity of January 1, 2027. Installments are paid half-yearly starting July 1, 2019.

On July 30, 2018, a loan agreement was executed and the loan of EUR 35 million made by UniCredit S.p.A. The loan was supplied on October 31, 2018, for the closing date of the transaction for the acquisition of RDM Barcelona Cartonboard S.A.U. This was the reason the loan was taken out. The loan agreement calls for a floating rate with hedging derivatives and a maturity of July 31, 2024. Installments are paid half-yearly starting January 31, 2020.

On September 9, 2019, a loan agreement for EUR 3.5 million was entered into by Banca Cividale, the first tranche of which, amounting to EUR 960 thousand, was disbursed on November 27, 2020. The loan agreement calls for a floating rate and a maturity of January 1, 2036. Installments are paid half-yearly starting July 1, 2021.

Following PAC Service S.p.A. joining the scope of consolidation, the existing loan agreements were consolidated. In particular:

- Loan with BNL the acquired value of which was €0.5 million. This agreement calls for a fixed rate, half-yearly installments and a maturity of August 18, 2020. The contract was extinguished on August 18, 2020 as set out in the agreement.
- Loan with UniCredit, the acquired value of which was €0.4 million. This agreement calls for a fixed rate, quarterly installments and a maturity of June 30, 2022.

Following RDM Barcelona Cartonboard S.A.U. joining the scope of consolidation, the existing loan agreements were consolidated. In particular:

- Loan with BE-SPOKEN, the acquired value of which was €3.5 million. This agreement calls for a floating rate, quarterly installments from March 31, 2023 and a maturity of September 30, 2024.
- Loan with Berivo, the acquired value of which was €3.2 million. This agreement calls for a fixed rate, quarterly installments and a maturity of October 2021.
- Loan with Endesa, the acquired value of which was €3.5 million. This agreement calls for a fixed rate, monthly installments and a maturity of September 2021.

In order to reduce the variability of borrowing charges, interest rate swaps have been taken out on some of the loans outstanding at December 31, 2020. More information on the derivative instruments outstanding at December 31, 2020 can be found in Note 23.

22. SHAREHOLDERS' EQUITY

Changes in shareholders' equity during 2020 are set out in the following table:

(thousands of Euros)	Shareholders' equity at 12.31.2019	Purchase of treasury shares less the shares assigned	Dividends	Allocation of profit (loss) for the year	Stock Grant Reserve	Profit (loss) on translation of financial statements of foreign investee companies	Actuarial gain/ (loss)	Hedge accounting	Result for the year	Shareholders' equity at 12.31.2020
Share capital	140,000									140,000
Legal reserve	2,375			797						3,172
Other reserves										
Change in consolidation scope reserve	2,758									2,758
Foreign-currency translation reserve	89					(125)				(36)
Treasury shares reserve	(1,060)	(479)								(1,539)
Available reserve	33,238				(93)					33,145
Hedging reserve	(887)							339		(548)
Reserve for "Actuarial gain/ (loss)"	(9,498)						(1,172)			(10,670)
Stock Grant Reserve	966				(345)					621
IFRS 9 Reserve	(503)									(503)
Retained earnings (losses)	22,403			11,773						34,176
Result for the year	15,597		(3,027)	(12,570)					33,551	33,551
Total	**205,478**	**(479)**	**(3,027)**		**(438)**	**(125)**	**(1,172)**	**339**	**33,551**	**234,127**

Note that on November 2, 2015, the Shareholders' Meeting of Reno De Medici S.p.A. had approved, inter alia, subject to the amendment of the By-Laws, the creation of an "Available reserve" through voluntary reduction of capital pursuant to Article 2445 of the Italian Civil Code in the amount of €10,399,255.80. The purpose of this operation, which took effect on February 29, 2016, included the purchase and sale of treasury shares as a tool for stabilizing the share price.

A program to purchase and sell treasury shares, not to exceed one-fifth of the share capital, was authorized at the same meeting.

As part of this program for the purchase and disposal of shares, as of June 2016, the Company launched the plan to purchase treasury shares totaling 2,262,857 on December 31, 2019, with a value of EUR 1,060 thousand. On April 30, 2020, these treasury shares were assigned to the Chief Executive Officer, as provided for in the three-year Stock Grant Plan that ended with the approval of the financial statements as of December 31, 2019.

During 2020, in compliance with the authorization approved, pursuant to Art. 2357 of the Italian Civil Code, by the Ordinary Shareholders' Meeting of 29 April 2020, a new plan for the purchase of treasury shares was launched. Treasury shares held as at 31 December 2020 amounted to 2,070,000 for a value of

EUR 1,539 thousand. For further information please refer to the paragraph "Other information — Authorization to buy and sell treasury shares"

In accordance with Article 5 of the Company's By-Laws, holders of savings shares may convert such shares to ordinary shares in February and September each year. In 2020, 5,636 savings shares were converted to ordinary shares. As a result of this, the share capital at December 31, 2020, fully subscribed and paid-up, could be broken down as follows:

	Number	Total value
Ordinary shares	377,551,889	139,907,690.29
Savings shares	249,105	92,309.71
Total	**377,800,994**	**140,000,000.00**

The Extraordinary Shareholders' Meeting held on September 2, 2013 resolved to eliminate the nominal value of shares.

During the period 1-28 February 2021, 7,991 savings shares were converted to ordinary shares with dividend entitlement as of January 1, 2021.

he table below shows the number of outstanding shares as at December 31, 2020 and December 31, 2019:

	12.31.2020	12.31.2019	Change
Shares issued	377,800,994	377,800,994	
Treasury shares	2,070,000	2,262,857	(192,857)
Total shares outstanding	**375,730,994**	**375,538,137**	**(192,857)**

With reference to the savings shares, the By-Laws of the Parent company Reno De Medici S.p.A. require that if a dividend of less than 5% of the value €0.49 is assigned to the savings shares in a financial year, the difference is calculated as an increase in the privileged dividend in the next two financial years. Dividends totaling €6 thousand were distributed in 2020 to holders of savings shares.

In addition, dividends totaling EUR 3 million were distributed to holders of ordinary shares.

Stock Grant Plan for the 2020-2021-2022 period

In April 2020, the Ordinary Shareholders' Meeting approved an Incentive Plan dedicated to the Chief Executive Officer and Executives with strategic responsibilities concerning the free assignment of a maximum number of 2,070,000 Stock Grants giving each beneficiary the right to receive shares, at the end of the performance period, and subject to the achievement of certain performance targets to be identified for each year of the three-year period as well as the circumstance that the beneficiaries maintain their respective positions/work relationships in the Company. Following the approval of this Plan, a Stock Grant reserve of EUR 621 thousand was recorded at December 31, 2020.

The table below shows the tax effect relating to the components of comprehensive income pertaining to the Group:

	12.31.2020			12.31.2019		
(thousands of Euros)	Gross value	Tax (charge) benefit	Net value	Gross value	Tax (charge) benefit	Net value
Change in fair value of cash flow hedges	493	(154)	339	(618)	187	(431)
Actuarial gain (loss) on employee benefits	(1,557)	385	(1,172)	(4,254)	1,172	(3,082)
Profit (loss) on translation of financial statements of foreign investee companies	(125)		(125)	12		12

All the figures in the table are presented net of the tax effect.

23. DERIVATIVE INSTRUMENTS

In order to reduce the variability of borrowing charges and the costs of commodities, interest rate swaps have been taken out on some of the loans and some of the commodities at December 31, 2020.

(thousands of Euros)	12.31.2020	12.31.2019	variation
Derivative instruments (hedge accounting)	388	752	(364)
Non-current liabilities	**388**	**752**	**(364)**
Derivative instruments (hedge accounting)	517	705	(188)
Derivative instruments (no hedge accounting)		1,506	(1,506)
Current liabilities	**517**	**2,211**	**(1,694)**
Derivative instruments (no hedge accounting)	712		712
Current assets	**712**		**712**
Total	**193**	**2,963**	**(2,770)**

At December 31, 2020, the fair value of the derivative instruments was negative by EUR 193 thousand.

The table below shows the main features of the IRS derivative instruments outstanding at December 31, 2020:

Company	Counterparty	Currency	Due date	Notional value (€/000)	Interest	Liquidation of interest	fair value of derivative (€/000)
Reno De Medici S.p.A.	Banca Popolare di Milano	EUR	12.31.2022	5,714	0.45% fixed Euribor 6m	Half-yearly	(70)
R.D.M. La Rochette S.A.S.	Intesa San Paolo S.p.A.	EUR	11.15.2023	5,000	0.245% fixed Euribor 6m	Half-yearly	(67)
Reno De Medici S.p.A.	UniCredit S.p.A.	EUR	07.31.2024	28,000	0.385% fixed Euribor 6m	Half-yearly	(558)
				38,714			**(695)**

The table below shows the main features of the commodity swaps outstanding at December 31, 2020:

Company	Counterparty	Currency	Due date	Quantity (mT)	Contract price	Cash settlement	fair value of derivative (€/000)
R.D.M. Arnsberg GmbH	UniCredit S.p.A.	USD	12.31.2021	12,000	90.4 USD/MT	Monthly	(210)
RDM Barcelona Cartonboard S.A.U.	Axpo Iberia S.L.	€	12.31.2020	539,663	EUR/MWH	Monthly	712
							502

As the previous year, commodity swaps were signed during 2020 by the subsidiary RDM Barcelona Cartonboard S.A.U. to hedge the purchase of gas and sale of energy. In spite of these agreements having been concluded for hedging purposes, they were not recorded under hedge accounting.

24. OTHER PAYABLES AND OTHER PAYABLES TO ASSOCIATES AND JOINT VENTURES

The table below shows a breakdown of other payables:

(thousands of Euros)	12.31.2020	12.31.2019	variation
Payables for wages and salaries	11,476	11,293	183
Payables to social security institutions	5,905	5,713	192
Tax payables	4,250	4,087	163
Other payables	1,090	1,304	(214)
Corporate Boards	468	519	(51)
Accrued expenses and deferred income	16	36	(20)
Other current payables	**23,205**	**22,952**	**253**
Other payables to associates and joint ventures	101	101	
Total other payables	**23,306**	**23,053**	**253**

The item "Payables for salaries and wages" mainly comprises payables relating to deferred wages and salaries.

"Payables to social security institutions" relate mainly to social security contributions due on current wages and salaries accrued to employees in December and paid in January 2021, and to provisions for social security contributions due on deferred compensation (employee leave, additional months' salaries paid as a bonus, and overtime).

"Tax payables" essentially relate to withholding tax due on remuneration paid to employees in December, and to VAT payables.

The item "Other payables" stood at EUR 1 million at December 31, 2020. The change compared with the previous year of EUR 0.2 million, is essentially due to minor advances received from customers.

The item "Company bodies" includes payables to Statutory Auditors and Directors.

25. DEFERRED TAXES

The table below provides a summary of the calculation of deferred tax assets and liabilities from temporary differences at December 31, 2020:

	2020			2019		
(thousands of Euros)	Temporary differences	Average tax %	Tax effect	Temporary differences	Average tax %	Tax effect
Recognized deferred tax assets	**32,025**		**8,995**	**30,043**		**8,447**
Tax losses to carry forward	4,996	24%	1,199	4,996	24%	1,199
Land Depreciation	1,515	27.9%	423			
Inventory write-downs	717	29.1%	208	1,164	30.2%	351
Provisions for supplementary agents' commission	1,692	27.9%	472	1,692	27.9%	472
Provision for future charges (IRES)	1,143	24%	274	704	24%	169
Other temporary differences	4,294	24.4%	1,049	4,633	25.1%	1,161
Effect of discounting employee benefits	14,295	31.9%	4,560	13,288	31.9%	4,239
Valuation of derivatives with hedge accounting	645	24.0%	155	684	24.0%	164
IFRS 9 valuation	1,932	24.0%	464	1,932	24.0%	464
Deferred tax assets consolidation entries	796	24.0%	191	950	24.0%	228
Recognized deferred taxes	**56,363**		**15,983**	**58,524**		**16,718**
Statutory amortization/depreciation in excess of amount allowed for tax purposes	13,372	27.9%	3,731	14,351	27.9%	4,004
Other temporary differences	992	31.5%	312	1,308	31.1%	407
Effect of discounting TFR	1,407	24%	337	1,470	24.0%	353
Deferred tax liabilities consolidation entries	40,592	28.6%	11,603	41,395	28.9%	11,953
Net recognized deferred tax (assets) liabilities			**6,988**			**8,271**
— *of which deferred tax liabilities*			7,231			8,660
— *(of which deferred tax assets)*			(243)			(389)
Unrecognized deferred tax assets	**150,302**		**39,411**	**154,411**		**41,531**
Write-downs for extended impairment	2,687	27.9%	750	21,046	25.4%	5,340
Write-downs for bad and doubtful receivables	1,874	24%	450	1,137	24%	273
ROL	63,051	24%	15,132	41,337	24%	9,921
Effect of discounting employee benefits	872	33.3%	291	627	33.3%	209
Tax losses to carry forward	81,121	27.8%	22,556	88,856	28.5%	25,320
Deferred tax assets on differences in accounting standards	697	33.3%	232	1,408	33.3%	469

At December 31, 2020, deferred tax liabilities were offset by deferred tax assets where conditions specified in IAS 12 were met, notably where the two items relate to income taxes levied by the same tax authority and where there is a legally enforceable right to offset in this manner.

Deferred tax assets are recognized where it is probable that the Company will have taxable income in the future, including the deferral of taxable temporary differences to future years, which will allow the utilization of deductible temporary differences or tax losses carried forward.

The table below shows a breakdown of the Group's tax losses totalling EUR 232.2 million:

(thousands of Euros)	2020
RDM Blendecques S.A.S.	24,481
R.D.M. La Rochette S.A.S.	153,256
RDM Barcelona Cartonboard S.A.U.	53,796
R.D.M. Marketing Spain S.L.U.	616
R.D.M. Marketing Poland	82
Total tax losses	**232,231**

26. EMPLOYEE BENEFITS

The table below shows a breakdown of current and non-current employee benefits:

(thousands of Euros)	12.31.2020	12.31.2019	variation
Employee benefits	22,866	21,586	1,280
Employee benefits – TFR	14,379	14,824	(445)
Non-current employee benefits	**37,245**	**36,410**	**835**
Employee benefits – TFR	113	98	15
Current employee benefits	**113**	**98**	**15**
Total	**37,358**	**36,508**	**850**

Following the legislative changes in previous years regarding the TFR, the Group has continued to recognize its obligations accrued as at December 31, 2006 in accordance with rules for defined-benefit plans, while it recognizes its obligations for amounts accruing from January 1, 2007, due to supplementary pension funds or the treasury fund of the INPS (Italian social security institute), on the basis of the contributions due during the period.

The economic and financial assumptions used were as follows:

	Italy	Germany	France
Annual discount rate	–0.02%	0.46%	0.35%
Annual inflation rate	1.20%	1.40%	1.75%
Annual rate of increase in TFR	2.4%	1.5%	2%

The table below shows changes in non-current liabilities during the year:

(thousands of Euros)	
Actuarial assessment of "Employee benefits" at 12.31.2019	**36,410**
Service cost	813
Interest cost	270
Benefits paid	(1,805)
Actuarial Gains/Losses	1,557
Actuarial assessment of "Employee benefits" at 12.31.2020	**37,245**

Sensitivity analysis of the discount rate

The following table shows the balance that the item "Employee Benefits" would have been at December 31, 2020 in the event of a change to the discount rate shown at the reporting date.

Thousands of Euros	Italy	Germany	France
Increase of discount rate	+0.25% 7,165	+0.2% 23,761	+0.25% 6,593
Non-current employee benefits at December 31, 2020	–0.02% 7,286	0.46% 22,866	0.35% 6,787
Reduction of discount rate	–0.25% 7,409	–0.2% 21,971	–0.25% 6,985

27. NON-CURRENT AND CURRENT PROVISIONS FOR RISKS AND CHARGES

The balance at December 31, 2020 was as follows:

(thousands of Euros)	12.31.2019	Provision	Release	Utilization	Other movements	12.31.2020
Provisions for supplementary agents' commission	1,989	143	(3)	(2)	(75)	2,052
Non-current provision for future charges	2,232	2,138	(146)	(509)	(387)	3,328
Total non-current provisions for risks and charges	**4,221**	**2,281**	**(149)**	**(511)**	**(462)**	**5,380**
Provisions for supplementary agents' commission					75	75
Current provision for future charges	870	394		(200)	387	1,451
Total current provision for risks and charges	**870**	**394**		**(200)**	**462**	**1,526**
Total	**5,091**	**2,675**	**(149)**	**(711)**		**6,906**

"Provisions for supplementary agents' commission" includes the expenses that the company is obliged to pay to agents on conclusion of the mandate. This liability includes the discounting based on actuarial techniques as required by IAS 19.

With regard to the long-term portion of the "Provision for future charges", utilization during the period of EUR 0.5 million was mainly due to the use of the provision for layoffs (EUR 0.3 million) and use of the provision for legal expenses (EUR 0.2 million).

Accruals during the year (EUR 2.1 million) refer mainly to the allocation of a provision for layoffs (EUR 0.4 million), a provision for legal expenses (EUR 0.3 million) and the portion for the year pertaining to the variable remuneration for management (EUR 1.4 million).

The short-term portion of the "Provision for future charges" includes the cost of EUR 124 thousand for dismantling several buildings of the Magenta mill and some pending tax disputes regarding local taxes for which the Company deemed it appropriate to prudentially set aside a provision to cover future charges totaling EUR 537 thousand, premiums awarded to employees on the basis of company results achieved (EUR 386 thousand), litigations with suppliers (EUR 88 thousand).

28. TRADE PAYABLES

The balance at December 31, 2020 was as follows:

(thousands of Euros)	12.31.2020	12.31.2019	variation
Trade payables	130,811	141,209	(10,398)
Total current trade payables	**130,811**	**141,209**	(10,398)

"Trade payables" recorded in the financial statements were €130.8 million (€141 million at December 31, 2019) They are stated net of trade discounts and adjusted for any returns or rebates agreed with the counterparties.

29. CURRENT TAXES

At December 31, 2020 this item consists of the amount payable to tax authorities for current taxes incurred during the year.

30. NON-RECURRING TRANSACTIONS AND ABNORMAL AND/OR UNUSUAL TRANSACTIONS

Significant non-recurring events and transactions

The effects of non-recurring transactions, as defined by Consob Communication DEM/6064293, are shown in the income statement.

The Group's financial position, results and cash flows have not been affected by any non-recurring transactions. This refers to transactions or events which do not occur frequently as part of normal operations.

Positions or transactions deriving from abnormal and/or unusual transactions

In 2020 the Group did not carry out any atypical and/or unusual transactions as defined by the referenced Consob Communication DEM/6064293. These are defined as transactions which, in terms of their significance, relevance, nature of counterparties, purpose, procedure for determining the transfer price and timing, could raise doubts with respect to:

- the completeness and accuracy of the information provided in the financial statements;
- conflicts of interest;
- the safeguarding of company assets;
- the protection of minority shareholders.

31. CONTINGENT LIABILITIES AND COMMITMENTS AND OTHER GUARANTEES GIVEN TO THIRD PARTIES

More information on the principal disputes in which the Company is involved can be found in the "Other information" section of the Directors' Report.

Commitments and guarantees given to third parties include:

- sureties of EUR 5.3 million issued in favor of the Province of Belluno regarding the landfill site at the Santa Giustina (BL) mill;
- sureties of EUR 4.8 million issued to the Comieco consortium;
- sureties of €67 thousand issued to the customs authorities;
- a surety of EUR 90 thousand issued to the Province of Milan;
- sureties of EUR 524 thousand issued in connection with property leases;
- sureties of EUR 450 thousand in favor of Terna S.p.A.;
- sureties of EUR 400 thousand in favor of Banca Intesa S.p.A.;

Note that as part of the sale of the Ovaro mill to R.D.M. Ovaro S.p.A., Reno De Medici S.p.A. and Friulia A S.p.A. respectively obtained a call option, exercisable between June 27, 2014 and June 27, 2017, and a put option, exercisable between June 27, 2015 and June 27, 2017, on FRIULIA S.p.A.'s stake in R.D.M. Ovaro S.p.A.

In June 2017, Reno De Medici S.p.A. and Friulia S.p.A. redefined the shareholders' agreements signed on June 27, 2012, in the context of the acquisition by Friulia of a 20% share of R.D.M. Ovaro S.p.A. at the price of €2.5 million. These agreements gave Friulia S.p.A. the right to resell its shareholding in R.D.M. Ovaro S.p.A. to Reno De Medici S.p.A. under certain conditions, *inter alia*, through the exercise of a "put option" to be exercised by June 27, 2017.

In recognition of the success of the partnership and in view of the new investments required to increase the value of the R.D.M. Ovaro S.p.A. and its potential expansion plans, the Parties agreed that the extension of the partnership was advantageous for the subsidiary and therefore signed new agreements under which Reno De Medici S.p.A. would buy back the 20% stake in R.D.M. Ovaro S.p.A. owned by Friulia S.p.A., at a total price of EUR 2,497,010.95, in four equal tranches, the last of which was acquired by Reno De Medici on June 15, 2020. After this transaction, the company R.D.M. Ovaro S.p.A. is fully owned by Reno De Medici S.p.A.

In order to keep the partnership with Friulia S.p.A., on December 16, 2020 the Shareholders' Meeting of R.D.M. Ovaro S.p.A. resolved to increase the overall share capital to €12,625,000 through the issue of 125,000 preference shares that were subscribed by the "Finanziaria Regionale Friuli- Venezia Giulia — Joint Stock Company — FRIULIA S.p.A." ("Friulia"). After this transaction, Friulia S.p.A. acquired a 0.99% stake in R.D.M. Ovaro S.p.A. Ovaro S.p.A., Reno De Medici S.p.A. and FRIULIA S.p.A. respectively obtained a call option, exercisable between December 16, 2022 and December 16, 2025, and a put option, exercisable between December 16, 2023 and December 16, 2025, on FRIULIA S.p.A.'s stake in R.D.M. Ovaro S.p.A.

32. RELATED-PARTY TRANSACTIONS

Transactions with subsidiaries, associates and joint ventures

Transactions between the Parent Company and its subsidiaries, associates and joint ventures are part of normal business management in the context of the ordinary operations conducted by each party concerned, and are regulated and concluded at market conditions.

RDM's transactions with its subsidiaries and associates refer mainly to:

- commercial promotion and marketing services with the foreign subsidiaries R.D.M. Marketing;
- sales of cartonboard and raw materials to R.D.M. Ovaro S.p.A.;
- general services provided to R.D.M. Ovaro S.p.A., R.D.M. Magenta S.r.l., RDM Blendecques S.A.S., R.D.M. R.D.M. La Rochette S.A.S., R.D.M. Arnsberg GmbH, RDM Barcelona Cartonboard S.A.U., Emmaus Pack S.r.l., PAC Service S.p.A. and marketing companies R.D.M. Marketing;
- purchases of manufacturing scrap from R.D.M. La Rochette S.A.S.;
- purchases of cutting services from R.D.M. Magenta S.r.l.
- interest expense and/or income in relation to cash pooling and loan arrangements with RDM Blendecques S.A.S., R.D.M. Arnsberg GmbH, R.D.M. Ovaro S.p.A., R.D.M. La Rochette S.A.S., RDM Barcelona Cartonboard S.A.U., R.D.M. Magenta S.r.l., PAC Service S.p.A., and R.D.M. affiliated companies Marketing;
- sales of cartonboard to PAC Service S.p.A. and Emmaus Pack S.r.l.;
- the tax consolidation agreement under which Reno De Medici S.p.A. is the consolidating company and R.D.M. Ovaro S.p.A. and R.D.M. Magenta S.r.l. belong;
- the tax consolidation agreement under which RDM Blendecques S.A.S. is the consolidating company of R.D.M. Marketing France S.A.S. and R.D.M. La Rochette SAS.

More information on the Company's rules on related-party transactions, which were adopted on November 8, 2010 and conform to Consob Resolution no. 17221 of 12 March 2010, as subsequently modified and supplemented, can be found in Chapter 12 of the Report on Corporate Governance.

Other related parties

There have been no transactions with related parties of an unusual or abnormal nature, not part of normal business management or such as to prejudice the Group's financial position, income or cash flows.

Transactions with related parties are part of normal business management in the context of the ordinary operations conducted by each party concerned.

In general, business relationships with related parties are conducted under normal market conditions, and the same applies to interest-bearing payables and receivables not regulated by specific contractual terms and conditions.

In addition to the companies with which Reno De Medici S.p.A. has direct and indirect equity relations, related parties include all such entities as defined by IFRS.

Breakdown of Related-Party Transactions

The additional disclosures on related-party transactions, as required by Consob Communication 6064293 of July 28, 2006, are provided below.

	2020		2019	
(thousands of Euros)	**Directors**	**Statutory auditors**	**Directors**	**Statutory auditors**
Short-term benefits	972	166	938	166
Post-employment benefits	6		8	
Total	**978**	**166**	**946**	**166**

Compensations yet to be remitted to Directors and Auditors respectively amount to €375,000 and €166,000 at December 31, 2020.

Receivables and payables with related parties

The table below lists the payables and receivables at December 31, 2020 and December 31, 2019 with related parties:

	Current assets			Current liabilities		
12.31.2020 (thousands of Euros)	**Trade receivables**	**Receivables from associates and joint ventures ventures**	**Other receivables from associates and joint ventures**	**Trade payables**	**Payables from associates and joint ventures ventures**	**Other payables from associates and joint ventures**
Emmaus		6,272				
Cascades CS+				1		
Recogida Sel.Pap.YCart.C.A.I.E.						101
		6,272		**1**		**101**
Impact on item total		**100%**		**0%**		**100%**

	Current assets			Current liabilities		
12.31.2019 (thousands of Euros)	**Trade receivables**	**Receivables from associates and joint ventures ventures**	**Other receivables from associates and joint ventures**	**Trade payables**	**Payables from associates and joint ventures ventures**	**Other payables from associates and joint ventures**
Cascades Groupe Produits Spec.				1		
Emmaus		6,812				
Cascades CS+				1		
Recogida Sel.Pap.YCart.C.A.I.E.						101
		6,812		**2**		**101**
Impact on item total		**100%**		**0%**		**100%**

Revenues and costs deriving from related-party transactions

The table below details costs and revenues with related parties during 2020 and 2019:

12.31.2020 (thousands of Euros)	Revenues from sales	Other Revenues	financial income
Emmaus	12,046	80	
	12,046	**80**	
Impact on item total	**1.8%**	**0.6%**	

12.31.2020 (thousands of Euros)	Cost of material and services	financial expense
Cascades Canada Ulc	68	
Cascades CS+	1	
	69	
Impact on item total	**0%**	

12.31.2019 (thousands of Euros)	Revenues from sales	Other Revenues	financial income
Emmaus	11,752	88	
	11,752	**88**	
Impact on item total	**1.7%**	**0.8%**	

12.31.2019 (thousands of Euros)	Cost of material and services	financial expense
Cascades canada Ulc	94	
Emmaus	8	
ZAR SRL	1	
	103	
Impact on item total	**0%**	

33. INFORMATION ON CONTRIBUTIONS RECEIVED BY THE PA OR EQUIVALENT ENTITIES

Article 1, paragraphs 125-129 of Law 124/2017 later integrated by Decree Law 113/2018 (Security) and by Decree Law 135/2018 (Simplification), introduced the framework governing transparency of public funds. The information requested is provided below.

In 2020 the Group received grants, pursuant to Article 1, paragraph 25 of the above-mentioned law, of €183 thousand. The table below contains the data relating to the providers, the amount of the grant received and the reason for the benefit. Note that grants above the threshold of €10,000 with reference to the same provider are reported, as required by the applicable legislation.

Provider Amounts in Euros	Reason	Grant received
Ministry of the environment	Asbestos tax credit	16,446
Fondimpresa Milano	Training	132,101
Internal Revenue Service	Covid-19	34,560
		183,107

Lastly, in 2020 the Group received grants that had to be disclosed under the scope of the National State Aid Register, which should be referred to.

Financial instruments and risk management

The analysis and disclosures required by IFRS 7 — Financial Instruments: Disclosures are provided below.

This analysis compares the situation at the reporting date December 31, 2020 with the situation as at December 31, 2019, and it refers to the RDM Group's consolidated financial statements.

All figures are stated in thousands of Euros.

The section below provides information about the impact of financial instruments on the statement of financial position and on the income statement.

Impact of Financial Instruments on the Statement of Financial Position

The table below shows the carrying amount of each type of financial asset and liability in the consolidated statement of financial position.

	12.31.2020		12.31.2019	
(thousands of Euros)	**Book value**	**fair value**	**Book value**	**fair value**
Cash and cash equivalents	**62,985**	**62,985**	**40,382**	**40,382**
Loans and receivables	**90,828**	**90,828**	**99,199**	**99,199**
Trade receivables	66,231	66,231	77,129	77,129
Other receivables	24,597	24,597	22,070	22,070
financial assets at fair value through profit and loss	**712**	**712**		
financial liabilities at amortized cost:	**(209,912)**	**(209,974)**	**(240,463)**	**(241,152)**
Unsecured medium- and long-term bank loans at amortized cost	(17,765)	(18,098)	(27,712)	(28,134)
Secured medium- and long-term bank loans at amortized cost	(38,030)	(37,759)	(48,489)	(48,756)
Trade payables	(130,811)	(130,811)	(141,209)	(141,209)
Other payables	(23,306)	(23,306)	(23,053)	(23,053)
financial liabilities at fair value through profit and loss			**(1,506)**	**(1,506)**
Hedging derivatives	**(905)**	**(905)**	**(1,457)**	**(1,457)**
	(56,292)	**(56,354)**	**(103,845)**	**(104,534)**
Unrecognized profits (losses)	**(62)**		**(689)**	

Having examined the financial models and criteria used to estimate the fair values of the above-mentioned financial instruments, further details are provided below on the individual items.

Derivative instruments

In general, the fair value of derivatives is calculated according to mathematical models using directly observable input data (such as an interest rate curve).

The Group's only derivative instruments indexed to interest rates are interest rate swaps. A discounted cash flow model is used to measure these instruments, whereby the fair value of a derivative is given by the algebraic sum of the present values of future cash flows estimated on the basis of the risk-free curve of deposit rates, futures and swaps at the reporting date.

In addition, a number of *commodity swap* contracts are in place. In particular:

- the subsidiary company R.D.M. Arnsberg GmbH has signed a Commodity Swap contract to hedge purchases of coal, the main energy source of that plant.
- the subsidiary RDM Barcelona Cartonboard S.A.U. signed commodity swap contracts to hedge purchases of gas and sales of energy. In spite of these agreements having been concluded for hedging purposes, they were not recorded under hedge accounting.

The reference international accounting standard (IFRS 13) identifies a measurement hierarchy based on three levels:

- level 1: inputs used in measurements are represented by quoted prices in active markets for identical assets and liabilities to those subject to measurement;
- level 2: inputs other than quoted prices included in level 1 that are observable for the financial asset or liability, both directly (prices) and indirectly (derived from prices);
- level 3: in the event that observable inputs are not available, and therefore market activity is light or nonexistent for the asset or liability subject to measurement, the inputs are non-observable.

			Fair value as at the date of the financial statements based on:		
(thousands of Euros)	**Classification**	**12.31.2020**	**Level 1**	**Level 2**	**Level 3**
Derivative instruments on rates instruments	Non-current derivative interest	**388**		**388**	
Derivative instruments on interest rates	Current derivative instruments	**307**		**307**	
Commodity derivatives	Current derivative instruments	**(502)**		**(502)**	

As at December 31, 2020, the Group did not hold any foreign-exchange derivative instruments.

Loans

The aggregate under review consists of all medium- and long-term loans. These were measured by calculating the net present value of the future flows generated by the financial instrument, taking into account the principal repayment plan defined in the loan agreements.

In the case of indexed loans, future interest rates were estimated by calculating the forward rates implicit in the quoted Euro deposit rates, futures and swaps risk-free curve as at December 31, 2020 and December 31, 2019.

Future flows were discounted on the basis of the same Euro yield curve as at December 31, 2020 and December 31, 2019.

Loan Repayment Plans, Terms and Conditions

The terms and conditions of the loans are summarized in the table below.

(thousands of Euros)	Currency	Nominal interest rate	Year of maturity	Nominal value at 12.31.2020	Book value	Nominal value at 12.31.2019	Book value
Secured medium- and long- term bank loans at amortized cost	**Euro**			**38,155**	**37,982**	**48,712**	**48,435**
Frie 1	Euro	Eur6m	2022	828	828	1,242	1,242
Frie 2	Euro	Eur6m	2021	813	813	1,626	1,626
Frie 3	Euro	Eur6m	2024	453	453	566	566
Frie 4	Euro	Eur6m	2027	886	886	1,022	1,022
Frie 5	Euro	Eur6m	2036	960	960		
Friulia S,p,A,	Euro	Eur6m+spread	501	501	685	685	
Banca Popolare di Milano	Euro	Eur6m+spread	2022	5,714	5,663	8,571	8,489
UniCredit	Euro	Eur6m+spread	2024	28,000	27,878	35,000	34,805
Unsecured medium- and long- term bank loans at amortized cost	**Euro**			**17,749**	**17,749**	**27,689**	**27,684**
Banque Palatine 1067376	Euro	Fix	2023	1,358	1,358	1,956	1,956
Banque Palatine 1067377	Euro	Fix	2023	911	911	1,310	1,310
Banca Intesa San Paolo	Euro	Eur6m+spread	2020	2,000	1,995		
Credem	Euro	Eur3m+spread	2020	753	753		
Intesa San Paolo	Euro	Eur6m+spread	2023	5,000	5,000	6,667	6,667
Intesa San Paolo	Euro	Eur6m+spread	2023	5,000	5,000	6,667	6,667
Agence de l'eau (Blendecques)	Euro		2026	111	111	169	169
Encelpa	Euro		2020	3	3	87	87
BNL	Euro	Eur6m+spread	2020	200	200		
UniCredit	Euro	Fix	2022	152	152	252	252
Berivo	Euro	Fix	2021	821	821	1,942	1,942
Endesa	Euro	Fix	2021	903	903	2,099	2,099
Kemira	Euro	Fix	2020	97	97		
Be Spoken	Euro	Eur6m+spread	2024	3,490	3,490	3,490	3,490
Total medium- and long-term loans	**Euro**			**55,904**	**55,731**	**76,401**	**76,119**
Total short-term loans	**Euro**						
Total interest-bearing liabilities	**Euro**			**55,904**	**55,731**	**76,401**	**76,119**

Other financial Instruments

The fair value of receivables from customers, payables to suppliers and other financial assets and liabilities falling due contractually during the year has not been calculated, insofar as the book value of the financial instrument is virtually the same.

Other Information

The table below provides a breakdown of changes in the equity hedging reserve.

(thousands of Euros)	
Reserve 12.31.2019	**887**
Fair value adjustment of cash flow hedge derivatives	(493)
Tax effect of fair value adjustment of cash flow hedge derivatives	154
Reserve 12.31.2020	**548**

CREDIT RISK

This section describes in both quantitative and qualitative terms the exposure to credit risk and the way in which this is managed.

Risk Exposure

Core business exposure to credit risk at the reporting date was as follows:

(thousands of Euros)	12.31.2020	12.31.2019
Gross trade receivables	71,668	81,758
Provision for bad and doubtful debts	(5,437)	(4,629)
Total	**66,231**	**77,129**

Overdue or Impaired financial Assets

The table below provides a breakdown of the seniority of trade receivables, net of individual write- downs, as at the reporting date:

	Overdue receivables days				
December 31, 2020 (thousands of Euros)	more than 60 days	from 31 to 60 days	Non-overdue from 0 to 30	receivables	Total
Italy	75	7	1,935	45,616	47,633
EU	3,077	1,336	1,525	5,369	11,307
Rest of the world	50	120	1,345	5,776	7,291
Total	**3,202**	**1,463**	**4,805**	**56,761**	**66,231**

	Overdue receivables days				
December 31, 2019 (thousands of Euros)	more than 60 days	from 31 to 60 days	Non-overdue from 0 to 30	receivables	Total
Italy	461	105	2,775	45,858	49,199
EU	2,560	1,145	2,721	11,960	18,386
Rest of the world	119	234	1,074	8,117	9,544
Total	**3,140**	**1,484**	**6,570**	**65,935**	**77,129**

The Group's overdue receivables as at 31 December, 2020 increased compared with the previous year (EUR -1.7 million). They represent 14.3% of the total portfolio in 2020 compared with 14.5% reported in the previous year.

How Credit Risk is managed

As a general rule, the Group's commercial risk management policy is to insure all client receivables, excluding those of the Parent company's Italian customers, with leading insurance companies. Any uninsured or non-insurable positions, in particular those with Italian customers, are constantly monitored by the appropriate Corporate Functions.

The Parent company and French and Spanish subsidiaries have also entered into non-recourse receivable assignment agreements.

The internal procedures for carrying out a creditworthiness assessment involve collecting and analyzing qualitative and quantitative information, and the use of external databases and commercial information. The policies adopted have so far enabled losses on receivables to be limited.

MARKET RISK

Market risk is defined as the risk that the fair value or the cash flows associated with a financial instrument will fluctuate because of changes in market variables such as exchange rates, interest rates, commodity prices, and stock prices.

The market risk to which the Group was exposed during the year may be broken down as follows:

- currency risk;
- interest rate risk;
- commodity risk.

The scale of these risks and the way in which they are managed is described below.

Currency risk

The Group's exposure to currency risk derives from:

- trade receivables/payables denominated in currencies other than the functional currency of the financial statements;
- cash and cash equivalents held in foreign-currency current accounts;

Other than the Euro, which is the functional currency, the main currencies in which the Group carries out its commercial activities are the United States dollar and the British pound. Exposure to other currencies is negligible.

In terms of exposure to currency risk, in 2020 the Group managed the marginal imbalance between investments and funds in the same currency by using a natural-hedging approach and by carefully and continually monitoring market conditions; as a result, it was not deemed necessary to resort to hedging derivatives.

The Group's exposure in Euros, based on the official ECB exchange rates as at December 31, 2020 and December 31, 2019, is reported in the following table:

ECB exchange rates (per Euro)	12.31.2020	12.31.2019
USD	**1.2771**	**1.1234**
GBP	**0.8990**	**0.8508**
CHF	**1.0802**	**1.0854**
CAD	**1.5633**	**1.4598**
CZK	**26.242**	**25.408**
HUF	**363.89**	**330.53**
PLN	**4.5597**	**4.2568**

The table below provides a breakdown of the consolidated exposure to currency risk, based on the notional amount of the exposure expressed in thousands of Euros.

(thousands of Euros)	12.31.2020 USD	GBP	CHf	CAD	Czk	HUf	PLN
Trade receivables	3,201	2,233					
Trade payables	(2,282)	(189)	(9)				
Short-term financial loans		(287)					
Cash and cash equivalents	1,667	1,876	—	1	283	339	376
Exposure	**2,586**	**3,633**	**(9)**	**1**	**283**	**339**	**376**

(thousands of Euros)	12.31.2019 USD	GBP	CHf	CAD	Czk	HUf	PLN
Trade receivables	5,466	1,912					
Trade payables	(2,573)	(147)			(1)		
Short-term financial loans		(730)					
Cash and cash equivalents	3,645	1,268		1	299	239	107
Exposure	**6,538**	**2,303**		**1**	**298**	**239**	**107**

Sensitivity Analysis of Currency Risk

In order to measure the possible effects of changes in the reporting-date exchange rates on the statement of financial position and income statement, assumptions were made (at December 31, 2020 and December 31, 2019) as to variations in the value of the Euro against the major foreign currencies.

Specifically, two scenarios were used: a 10% appreciation and a 10% depreciation of the Euro against the other currencies. For each of the two scenarios, the gain or loss arising from transactions outstanding as at December 31, 2020 and December 31, 2019 was then calculated. In this way, it was possible to determine the effect on the income statement and on shareholders' equity had the market exchange rates been subject to the assumed changes.

The tables below provide a summary of the results of this analysis, indicating the additional effect on the actual figures recognized at the reporting date. These re-measurements based on changes in the exchange rate affect profit or loss for the year.

(thousands of Euros)	10% appreciation of the Euro Profit (Loss)	(thousands of Euros)	10% depreciation of the Euro Profit (Loss)
December 31, 2020		**December 31, 2020**	
USD	(259)	USD	259
GBP	(363)	GBP	363
CHF	1	CHF	(1)
CZK	(28)	CZK	28
HUF	(34)	HUF	34
PLN	(38)	PLN	38
Total	**(721)**	**Total**	**721**
December 31, 2019		**December 31, 2019**	
USD	(654)	USD	654
GBP	(230)	GBP	230
CZK	(30)	CZK	30
HUF	(24)	HUF	24
PLN	(11)	PLN	11
Total	**(949)**	**Total**	**949**

How Currency Risk is managed

The main objective of the Group's currency-risk management policy is to limit the exposure to foreign currency arising from exporting finished goods to, and importing raw materials from, foreign markets. The following guidelines are used in pursuing this policy:

- inflows and outflows in the same currency are offset (natural hedging);
- recourse is made to forward sales or to export loans in the same currency. These transactions were arranged by using a notional amount and due date that correspond to those of the expected cash flows (if the amount is significant), so that any changes in the cash flows arising from the forward transactions, as the result of the appreciation or depreciation of the Euro against the other currencies, are substantially offset by a corresponding change in the expected cash flows of the underlying positions;
- forward sales are hedged. There were no outstanding transactions of this type at the reporting date.

As a general rule, the currency-risk management policy recommends maximizing the use of natural hedging and, in any case, excludes recourse to transactions involving complex derivatives, *e.g.*, those with barriers.

The Administration and Finance Department of the Group is responsible for monitoring currency risk and recommends suitable currency-risk hedging strategies to keep exposure within the limits agreed with senior management.

Interest Rate Risk

Financial liabilities exposing the Group to interest rate risk are, for the most part, floating-rate medium- and long-term loans.

The table below sets out the positions that are subject to interest rate risk, separating fixed-rate from floating-rate exposure in terms of the nominal value of the financial instruments.

However, the exposure to interest rate risk arising from loans is partially mitigated by entering into interest rate swap agreements designed to hedge the volatility of future cash flows indexed to market rates.

(thousands of Euros)	12.31.2020	%	12.31.2019	%
Floating-rate medium- and long-term loans	(9,256)	17%	(11,468)	15%
Floating-rate medium- and long-term loans hedged by IRS	(27,189)	49%	(38,715)	51%
Fixed-rate medium- and long-term loans	(1,370)	2%	(4,282)	6%
Total non-current liabilities	**(37,815)**	**68%**	**(54,465)**	**72%**
Floating-rate medium- and long-term loans	(3,175)	6%	(4,596)	6%
Floating-rate medium- and long-term loans hedged by IRS	(11,524)	21%	(13,023)	17%
Fixed-rate medium- and long-term loans	(2,889)	5%	(3,632)	5%
Total current liabilities	**(17,588)**	**32%**	**(21,251)**	**28%**
Total (floating rate)	*(12,431)*	*22%*	*(16,064)*	*21%*
Total (fixed rate or hedged floating rate)	*(42,972)*	*78%*	*(59,652)*	*79%*
Total	**(55,403)**	**100%**	**(75,716)**	**100%**

Sensitivity Analysis of Interest Rate Risk

A sensitivity analysis of the financial instruments exposed to interest rate risk was performed upon preparation of the financial statements. The following assumptions were used in the model:

- for bank current-account exposure and spreads settled by interest rate swaps, financial income/expense was recalculated by applying +/-50 bps to the interest rate payable, multiplied by the carrying amounts and for a period equal to the financial year;

- for loans with a repayment plan, the change in financial expense was calculated by applying +/-50 bps to the loan interest rate payable at each refixing date, multiplied by the outstanding principal during the year;
- the change in the fair value of interest rate swaps at the reporting date was calculated by applying +/-50 bps to the Euro risk-free curve of deposit rates, futures and swaps as at the date on which the financial statements were prepared.

	Profit (loss)		**Shareholders' equity**	
	Increase of bps	**50 Decrease of bps**	**50 Increase of bps**	**50 Decrease of 50 bps**
December 31, 2020				
Cash flows during the year	**(30)**	**(21)**		
Cash flows from derivatives	*228*	*(228)*		
Floating-rate loans	*(258)*	*207*		
Effectiveness of hedges			304	(304)
Net sensitivity of financial flows	**(30)**	**(21)**	**304**	**(304)**
December 31, 2019				
Cash flows during the year	**(49)**	**18**		
Cash flows from derivatives	*289*	*(289)*		
Floating-rate loans	*(338)*	*307*		
Effectiveness of hedges			515	(515)
Net sensitivity of financial flows	**(49)**	**18**	**515**	**(515)**

An analysis of these scenarios demonstrated that changes in interest rates had little impact on the income statement and shareholders' equity. Cash flow hedges considerably restrict the impact on financial expense recognized in the income statement.

How Interest Rate Risk is managed

The Group uses various debt instruments according to the nature of its financial requirements. In particular, it uses short-term debt to fund working capital requirements and medium- and long-term financing to cover investments in the core business.

The techniques used most often are:

- advances for short-term requirements;
- loans for medium- and long-term requirements. These instruments, which are arranged with leading banks, are mainly indexed to floating rates that are subject to revision every three or six months.

The Group's current risk management policy aims to reduce the variability of the financial expense incurred on its debt and of the related effects on the profit or loss. The practical objectives in terms of risk management therefore involve stabilizing the cash flows linked to the cost of servicing debt in line with budget forecasts.

From an operating standpoint, the Group sets about achieving this goal by using derivatives in the form of interest rate swaps (IRS).

In line with the features of the transactions carried out and its risk management objectives, the Group has decided to structure its hedging relations using a cash flow hedge approach.

Specifically, the hedging relations involve converting floating-rate loan payments to fixed- rate payments. This is carried out by using interest rate swaps (IRS), under which the Group receives a flow of payments from the counterparty bank at the same floating rate as its debt, less the spread. In exchange, the Group makes a payment flow at a fixed rate. The consolidated position (debt + IRS) is therefore a fixed-rate liability of which the amount of financial expense is certain (the aim of cash flow hedging).

The present hedging policy excludes the recourse to transactions involving complex derivatives.

As at the reporting date, the risk of variability in cash flows linked to floating-rate debt was mainly hedged by derivative financial instruments.

Commodity risk

In terms of the nature of the business carried out by RDM Group, commodity risk is the risk that the profit for the year will be reduced by incurring higher costs to purchase raw materials for the mills. This risk is part of the broader category of market risk, specifically where the cost of the raw material is dependent on changes in a quoted index.

During the two-year period 2018-2019, the Group signed contracts for the supply of natural gas that also included 2020, operating mainly on a quarterly and annual basis, negotiating fixed unit prices for each of the subsequent annual and quarterly supply periods. The method enabled a significant reduction in price volatility ("commodity risk"), also allowing the Group, during the second half-year, to benefit from a general decline in energy prices. The quotas relating the last two quarters

of 2020 were negotiated and confirmed over the year in order to meet the mills' requirements, while benefiting from the decreasing energy prices. All prices of natural gas, the Group's main energy commodity, are expressed in Euros per volume unit, with subsequent adjustments to the content of primary energy contained in it.

At the end of June 2019, the Group signed contracts for the supply of electricity for 2020 at a price indexed according to the prices of certain continental energy markets, in some cases by providing options for fixing transactions following the conclusion of contracts. Supply quotas at a price indexed relating to reference markets are negotiated with spreads fixed with respect to these prices. The options for fixing prices of supply quotas were aimed at containing the "commodity risk" in some particularly volatile regional markets such as the Spanish and French markets. The negotiated prices are expressed in Euros per unit of electricity. In 2020, new electricity supply (or of supply for export) agreements for Europe were negotiated for 2021, in conjunction with the subsidiaries operating in France and Spain. The group production entities use the same supplier, except the German subsidiary. In the regions with a lower risk of volatility, only a minor portion of the contracts were negotiated at a fixed price, in order to benefit from the strong downward trend already underway even before the events related to the health emergency.

A sensitivity analysis was not performed on this category of risk because, as at the date of preparing the financial statements, it was not considered material in terms of its impact on the income statement and on the Group's business margins.

How Commodity Risk is managed

The nature of the Group's business involves exposure to fluctuations in the prices of electricity, natural gas and certain chemical products derived from petroleum (such as latexes) and fibrous raw materials.

Natural gas supply contracts are usually agreed for total requirements at a fixed price and are negotiated at least three months before the supply period, but sometimes for longer periods in relation to the supply period. Electricity is purchased partly at a fixed price, and partially indexed according to the values of continental electricity markets as published by the bodies responsible for these markets.

In order to contain possible price pressure on raw materials, the Group aims to diversify its suppliers and its supply markets.

Note that at December 31, 2020, the RDM Group had commodity swap agreements. Specifically, in 2018 the subsidiary R.D.M. Arnsberg GmbH signed a commodity swap agreement to hedge the purchase of coal, the plant's main energy source. In 2020 commodity swap agreements were signed by the subsidiary RDM Barcelona Cartonboard S.A.U. to hedge purchases of gas and sales of energy.

There are no other commodity swap agreements.

Liquidity risk

Liquidity risk can take the form of difficulty in obtaining the funds required to satisfy scheduled contractual commitments at market conditions.

This may mean there are insufficient resources available to meet financial obligations under the agreed terms and conditions and at the pre- determined due dates, or it may mean the business is required to settle its financial liabilities earlier than the scheduled due date.

For each contract maturity date, the analysis aimed to measure the cash flows deriving from the various types of financial liability held as at December 31, 2020 and December 31, 2019.

Depending on their nature, financial liabilities were separated into non-derivative and derivative financial liabilities. Given the different accounting treatments, the latter were subdivided into liabilities where the derivative had been formally designated as a hedge, and had turned out to be effective, or liabilities where the derivative was not subject to hedge accounting.

The main assumptions relating to the Group's financial requirements that were used to carry out the analyses were as follows:

- cash flows are not discounted;
- cash flows are allocated to their respective time bands on the basis of the first possible payment date provided for by the contractual terms and conditions (the worst-case scenario);
- all instruments held at the reporting date for which payments have been contractually designated are included; planned future commitments that have not yet been recognized in the financial statements are not included;
- if the amount payable is not fixed (*e.g.*, future interest payments), financial liabilities are measured at market terms and conditions at the reporting date;
- cash flows also include the interest that the Group will pay up to the due date of the debt, measured at the reporting date and calculated on the basis of market forward interest rates.

December 31, 2020 (thousands of Euros)	**Book value**	**Contractual financial financial flows**	**6 months or less**	**6 – 12 months**	**1 – 2 years**	**2 – 5 years**	**Over 5 years**
Cash and cash equivalents	**62,985**	**62,985**	62,985				
Trade receivables	**66,231**	**66,231**	66,231				
Other receivables	**24,597**	**24,597**	18,774		5,823		
Medium- and long-term bank loans	**(55,795)**	**(55,857)**	(9,043)	(9,049)	(16,566)	(20,207)	(992)
Rights of use	**(15,559)**	**(15,559)**	(1,467)	(1,480)	(2,494)	(5,233)	(4,885)
Other financial payables (commercial facilities)	**(553)**	**(553)**	(553)				
Other payables	**(23,306)**	**(23,306)**	(23,306)				
Hedging derivative instruments	**(193)**	**(193)**	(262)	458	(221)	(168)	
Trade payables	**(130,811)**	**(130,811)**	(130,811)				
Total	**(72,404)**	**(72,466)**	(17,452)	(10,071)	(13,458)	(25,608)	(5,877)

December 31, 2019 (thousands of Euros)	Book value	Contractual financial financial flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	Over 5 years
Cash and cash equivalents	**40,382**	**40,382**	40,382				
Trade receivables	**77,129**	**77,129**	77,129				
Other receivables	**22,070**	**22,070**	16,552		5,518		
Medium- and long-term bank loans	**(76,217)**	**(76,891)**	(12,636)	(9,500)	(18,053)	(36,196)	(506)
Rights of use	**(12,490)**	**(12,490)**	(1,467)	(1,339)	(1,989)	(3,650)	(4,045)
Other financial payables (commercial facilities)	**(868)**	**(868)**	(868)				
Other payables	**(23,053)**	**(23,053)**	(23,053)				
Hedging derivative instruments	**(2,963)**	**(2,963)**	(1,889)	(322)	(536)	(216)	
Trade payables	**(141,209)**	**(141,209)**	(141,209)				
Total	**(117,219)**	**(117,893)**	(47,059)	(11,161)	(15,060)	(40,062)	(4,551)

The first section of the table compares the book value of the financial liabilities with the total value of cash flows that — given the market conditions at the reporting date — are expected to be received from or paid to counterparties. The second section of the table shows a breakdown by time period of the total cash flows, which make up the item "Contractual financial flows".

How Liquidity Risk is managed

The Group's financial activity is centered largely on Reno De Medici S.p.A., which, on the basis of well-established practice inspired by prudence and stakeholder protection, negotiates credit facilities with banks and continually monitors the cash flows of the individual Group companies.

The Group's management policies involve continually monitoring liquidity risk with a view to mitigating said risk by maintaining sufficient liquidity and/or short-term deposits with prime counterparties and by having access to short-term credit facilities backed mainly by receivables from domestic and foreign clients.

Other information

Equity investments in subsidiaries, associates and joint venture as at December 31, 2020 (pursuant to Article 38, paragraph 2 of Legislative Decree 127/91).

List of equity investments in subsidiaries consolidated on a line-by-line basis

CARDBOARD INDUSTRY — SUBSIDIARIES

R.D.M. Arnsberg GmbH
Arnsberg — Germany
Direct ownership percentage: 94%
Indirect ownership 6% (through Cascades Grundstück GmbH & Co.KG).

RDM Blendecques S.A.S.
Blendecques — France
Direct ownership percentage: 100%

R.D.M. Magenta S.r.l.
Milan — Italy
Direct ownership percentage: 100%

R.D.M. Ovaro S.p.A.
Milan — Italy
Direct ownership percentage: 99.01%

R.D.M. La Rochette S.A.S.
La Rochette — France
Indirect ownership percentage: 100% (through RDM Blendecques S.A.S.)

RDM Barcelona Cartonboard S.A.U.
Barcelona — Spain
Direct ownership percentage: 100%

PAC Service S.p.A.
Vigonza — Padua — Italy
Direct ownership percentage: 100%

SERvICES INDUSTRY — SUBSIDIARIES

Cascades Grundstück Gmbh & Co.KG
Arnsberg — Germany
Direct ownership percentage: 100%

R.D.M. Marketing Portugal Unipessoal Lda.
Lisbon — Portugal
Indirect ownership percentage: 100% (through RDM Barcelona Cartonboard S.A.U.)

R.D.M. Marketing Germany GmbH
Krefeld — Germany
Direct ownership percentage: 100%

RDM Marketing France S.A.S.
Paris — France
Direct ownership percentage: 100%

R.D.M. Marketing Spain S.L.U.
Prat de Llobregat — Barcelona — Spain
Direct ownership percentage: 100%

R.D.M. Marketing UK Limited
Wednesbury — United Kingdom
Direct ownership percentage: 100%

R.D.M. Marketing Czech Republic S.r.o.
Prague — Czech Republic
Direct ownership percentage: 100%

R.D.M. Marketing Hungaria Kft.
Budapest — Hungary
Direct ownership percentage: 100%

R.D.M. Marketing Poland SP z.o.o.
Warsaw — Poland
Direct ownership percentage: 100%

List of equity-accounted investments

CARTONBOARD SECTOR AND OTHER INDUSTRIAL PRODUCTION

Emmaus Pack S.r.l.
Milan — Italy
Direct ownership percentage: 34.39%

Recogida Sel.Pap.YCart.C. A.I.E.
Barcelona — Spain
Direct ownership percentage: 50%

List of investments in other companies

CARTONBOARD SECTOR

Cartonnerie Tunisienne S.A.
Les Berges Du Lac — Tunis
Direct ownership percentage: 5.274%

CONSORTIUmS

Gas Intensive S.c.r.l.
Milan — Italy
Consortium share Comieco
Milan — Italy
Consortium share

Conai
Milan — Italy
Consortium share

Consorzio Filiera Carta
Frosinone — Italy
Consortium share

C.I.A.C. S.c.r.l.
Valpenga (TO) — Italy
Consortium share

Idroenergia S.c.r.l.
Aosta — Italy
Consortium share

Paper Interconnector
Milan — Italy
Consortium share

Università Carlo Cattaneo
Castellanza (VA) — Italy
Consortium share

Interconnector Energy Italia S.C.p.A
Rome — Italy
Consortium share

Subsequent events

On February 15, the Board of Directors of Reno De Medici S.p.A. evaluated favorably an irrevocable offer, received by its subsidiary RDM Blendecques S.A.S., for the assignment of the 100% of the share capital, of R.D.M. La Rochette S.A.S. At the same date, RDM Blendecques S.A.S. has therefore signed the contract of sale option of R.D.M. La Rochette S.A.S., wholly owned by it. The signing of the option contract involves the assumption of exclusivity for the entire duration of the offer by RDMS Blendecques S.A.S. and the initiation of labor law and trade union procedures provided of the French legislation, at the outcome of which a binding contract can be signed for the sale of 100% of the share capital of R.D.M. La Rochette S.A.S., whose conclusion is expected in the first half of 2021. The above mentioned irrevocable offer attributed to R.D.M. La Rochette S.A.S. an Enterprise Value of €28.8 million and provides a final price, with the financial indebtedness and other adjustments deducted, of about €11 million (Equity Value). The offer includes also a variable price "earnout" component on higher EBITDA realized, as compared with the reference one, in the next three years. The offer also provides that at the date of closing the final price will be adjusted on the basis of variations of the financial position and of the working capital with respect to the values set between the parties.

The operation will have no material impact on 2021 results of the RDM Group since the 2020 budget already includes a devaluation of €3.7 million in order to align the book value of assets relating to the CGU La Rochette to their market value.

A definitive agreement for the sale of land in Boffalora sopra Ticino to the Vetropack was signed on 11 February. The price of the sale was determined at €13 million. This operation will not have important impacts on the results of the 2021 since a devaluation equal to €1.5 million has already been entered in the budget at 31 December 2020.

Certification of consolidated financial statements

AT DECEMBER 31, 2020, PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION 11971 OF MAY 14, 1999 AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS.

1. The undersigned Michele Bianchi, as CEO and Luca Rizzo as the Financial Reporting Executive of Reno De Medici S.p.A., certify, considering the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of February 24, 1998:

- the suitability for the characteristics of the business and
- the effective implementation

of administrative and accounting procedures pertaining to the drafting of the year-end consolidated financial statements for the period from January 1 to December 31, 2020.

2. No significant issues have emerged in this regard.

3. It is further certified that

3.1 the separate financial statements:

a) were prepared in accordance with the applicable international accounting standards recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;

b) are consistent with the figures reported in the relevant accounting books and records;

c) are able to provide a true and fair view of the financial position, the results and the cash flows of the Issuer and of the companies whose accounts have been consolidated;

3.2. The Directors' Report comprises a reliable analysis of operating performance and results, as well as of the situation of the Issuer and of the companies whose accounts have been consolidated, together with a description of the major risks and uncertainties to which they are exposed.

Milan, March 19, 2021

Chief Executive Officer	Chief Financial Officer
Michele Bianchi	Luca Rizzo

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Reno De Medici S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Reno De Medici S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to Art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Reno De Medici S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of tangible assets of the CGU RDM La Rochette S.A.S.

Description of the key audit matter	Reno De Medici Group's consolidated financial statements include Euro 220.7 million related to tangible assets as of December 31, 2020, of which Euro 9.1 million related to the cash generating unit (CGU) RDM La Rochette S.A.S. As required by the "IAS 36 Impairment of Assets", the Directors, noting impairment indicators for the CGU RDM La Rochette S.A.S., have carried out the impairment test in order to determine that tangible assets are accounted for in the consolidated financial statements at December 31, 2020 at a value not higher than the recoverable value. In order to assess the recoverable amount of tangible assets of the CGU RDM La Rochette S.A.S., it was necessary to use the method of fair value less costs of disposal that the Directors determined on the basis of the sale contract of the subsidiary R.D.M. La Rochette S.A.S., signed on February 16, 2021. The aforementioned contract provides, among others, the possible recognition of a variable component of the sale price (earn out) determined on the higher EBITDA achieved in the years 2021-2023, compared to the reference value. Based on the impairment test approved by the Board of Directors, the Group accounted for an impairment loss of tangible assets for Euro 3.7 million. Considering the relevance of the amount of tangible assets recorded in the financial statements in relation to the CGU of RDM La Rochette S.A.S. and the nature of the assessment process adopted by the Directors, we considered the impairment test of the CGU RDM La Rochette S.A.S. a key audit matter of the audit of the consolidated financial statements of the Group. The "Impairment test" paragraph of the consolidated financial statements states the disclosures related to the impairment test on tangible assets performed by the Directors.
Audit procedures performed	As part of our audit, we have, among others, carried out the following procedures: • Assessment of the method used by the Directors of the Group to determine the fair value less cost of disposal of the CGU RDM La Rochette S.A.S.based on the sale contract; • Assessment of the accuracy of the data used by the Directors to determine the fair value on the basis of the sale contract, which provides the fixed and variable components of the price; • Analysis of the reasonableness of the main assumptions reflected in the valuation of the variable component of the sale price (earn out); • Assessment of the correct determination of the book value and the accounting of the impairment loss of tangible fixed assets in accordance with the provisions of IAS 36. Further, we also examined the adequacy and compliance of the disclosure provided by the Company on the impairment test based on IAS 36 disclosure requirements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European

Union and the requirements of national regulations issued pursuant to Art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to Art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Reno De Medici S.p.A. has appointed us on April 27, 2012 as auditors of the Company for the years from December 31, 2012 to December 31, 2020.

We declare that we have not provided prohibited non-audit services referred to in Art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in Art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to Art. 14 paragraph 2 (e) of Legislative Decree 39/10 and Art. 123 — bis, paragraph 4, of Legislative Decree 58/98

The Directors of Reno De Medici S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Reno De Medici Group as at December 31, 2020, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in Art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Reno De Medici Group as at December 31, 2020 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Reno De Medici Group as at December 31, 2020 and are prepared in accordance with the law.

With reference to the statement referred to in Art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to Art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Reno De Medici S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to Art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Andrea Restelli
Partner

Milan, Italy
April 7, 2021

This report has been translated into the English language solely for the convenience of international readers.

CONSOLIDATED STATEMENT OF INCOME

(thousands of Euros)	Note	12.31.2019	12.31.2018(*)
Revenues from sales	1	701,591	605,980
– of which related parties	*32*	11,752	*12,778*
Other revenues and income	2	10,604	6,319
– of which related parties	*32*	*88*	*112*
Change in inventories of finished goods	3	3,637	6,282
Cost of raw materials and services	4	(533,446)	(459,415)
– of which related parties	*32*	(103)	*(68)*
Personnel costs	5	(104,132)	(90,847)
Other operating costs	6	(5,899)	(5,206)
Gross operating profit		**72,355**	**63,113**
Depreciation and amortization	7	(31,657)	(23,428)
Write-downs and Revaluations	8	(10,280)	(382)
Operating profit		**30,418**	**39,303**
Financial expense		(5,808)	*(2,508)*
Gains (losses) on foreign exchange		123	*23*
Financial income		311	*41*
Net financial income (expenses)	9	(5,374)	(2,444)
Gains (losses) on investments	10	179	4,414
Taxes	11	(9,626)	(12,906)
Profit (loss) for the year before discontinued operations		**15,597**	**28,367**
Profit (Loss) for the period		**15,597**	**28,367**
Total profit (loss) for the year attributable to:			
– Group		15,597	28,367
– Minority interests			
Average number of shares			
Basic		375,283,384	375,556,686
Diluted		375,283,384	375,556,686
Basic earnings (loss) per ordinary share (Euros)		0.04	0.07
Diluted earnings (loss) per ordinary share (Euros)		0.04	0.07

(*) The data include the effect of the completion of the Purchase Price Allocation on RDM Barcelona Cartonboard S.A.U.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of Euros)	12.31.2019	12.31.2018(*)
Profit (Loss) for the period	**15,597**	**28,367**
Other components of comprehensive profit (loss)		
Other components that may be transferred to the income statement in subsequent financial periods:	**(419)**	**(232)**
Change in fair value of cash flow hedges	*(431)*	*(255)*
Profit (loss) on translation of financial statements of foreign investee companies	*12*	*23*
Other components that will not be transferred to the income statement in subsequent financial periods:	**(3,082)**	**1,102**
Actuarial gain (loss) on employee benefits	*(3,082)*	*1,102*
Total other components of comprehensive profit (loss)	**(3,501)**	**870**
Total comprehensive profit (loss)	**12,096**	**29,237**
Total comprehensive profit (loss) attributed to:		
– Group	*12,096*	*29,237*
– Minority interests		

(*) The data include the effect of the completion of the Purchase Price Allocation on RDM Barcelona Cartonboard S.A.U.

All values in the table are stated net of related tax effects.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(thousands of Euros)	Note	12.31.2019	12.31.2018(*)
ASSETS			
Non-current assets			
Tangible fixed assets	12	232,586	245,900
Rights of use	13	12,371	
Goodwill	14	4,389	4,389
Intangible fixed assets	15	13,632	12,351
Intangible assets with an indefinite useful life	15	2,736	3,566
Equity investments	16	810	694
Deferred tax assets	17	389	678
Other receivables	19	5,518	8,710
Total non-current assets		**272,431**	**276,288**
Current assets			
Inventories	20	108,948	107,138
Trade receivables	18	70,317	73,191
Receivables from associates and joint ventures	18	6,812	6,778
Other receivables	19	16,552	11,766
Cash and cash equivalents	21	40,382	31,180
Total current assets		**243,011**	**230,053**
TOTAL ASSETS		**515,442**	**506,341**

(*) The data include the effect of the completion of the Purchase Price Allocation on RDM Barcelona Cartonboard S.A.U.

(thousands of Euros)	Note	12.31.2019	12.31.2018(*)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital		140,000	140,000
Other reserves		27,478	30,081
Retained earnings (losses)		22,403	(2,457)
Profit (Loss) for the period		15,597	28,367
Shareholders' equity attributable to the Group		**205,478**	**195,991**
Minority interests			
Total shareholders' equity	22	**205,478**	**195,991**
Non-current liabilities			
Payables to banks and other lenders	21	63,986	75,858
Derivative instruments	23	752	488
Other payables	24		104
Deferred taxes	25	8,660	11,547
Employee benefits	26	36,410	32,778
Non-current provisions for risks and charges	27	4,221	4,634
Total non-current liabilities		**114,029**	**125,409**
Current liabilities			
Payables to banks and other lenders	21	25,610	20,354
Derivative instruments	23	2,211	296
Trade payables	28	141,209	130,409
– of which related parties	*32*	2	*1*
Other payables	24	22,952	22,401
Other payables to associates and joint ventures	24	101	101
Current taxes	29	2,884	8,979
Employee benefits	26	98	212
Current provision for risks and charges	27	870	2,189
Total current liabilities		**195,935**	**184,941**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**515,442**	**506,341**

(*) The data include the effect of the completion of the Purchase Price Allocation on RDM Barcelona Cartonboard S.A.U.

CONSOLIDATED STATEMENT OF CASH FLOWS

(thousands of Euros)	Note	12.31.2019	12.31.2018(*)
Profit (Loss) for the period		15,597	28,367
Income taxes	11	9,626	12,906
Depreciation and amortization	7	41,937	23,810
Losses (gains) from equity investments	10	(179)	(4,265)
Financial income (expense)	9	5,374	2,444
Capital losses (gains) on sale of fixed assets		(115)	(287)
Change in provisions for in employee benefits and in other provisions including the provision for bad and doubtful receivables		(4,020)	(411)
Change in inventories	19	(1,626)	(4,628)
Change in receivables	17	3,373	12,664
– of which related parties	*31*		*350*
Change in payables	27	5,529	(11,268)
– of which related parties	*31*		*(27)*
Total change in working capital		**7,276**	**(3,232)**
Gross cash flows		**75,496**	**59,332**
Interest (paid) collected in the year		(1,999)	(1,455)
Taxes paid in the year		(12,376)	(5,445)
Cash flow from operating activities		**61,121**	**52,432**
Other equity investments	15	1	
Investment net of disinvestment in tangible and intangible assets	12 – 14	(29,170)	(24,514)
Change in scope of consolidation			(36,513)
Dividends received		62	103
Cash flow from investing activities		**(29,107)**	**(60,924)**
Dividends paid		(2,633)	(1,172)
Treasury shares			(577)
Change in other financial assets and liabilities and short-term bank debts	20		(5,448)
– of which related parties	31		
Change in medium/long-term loans	20	(20,168)	23,828
Cash flow from financing activities		**(22,801)**	**16,631**
Exchange rate translation differences		**(12)**	**23**
Change in unrestricted cash and cash equivalents		**9,201**	**8,162**
Unrestricted cash and cash equivalents at the beginning of the period		**31,181**	**19,128**
Cash and cash equivalents acquired(**)			**3,891**
Unrestricted cash and cash equivalents at the end of the period		**40,382**	**31,181**

(*) The data include the effect of the completion of the Purchase Price Allocation on RDM Barcelona Cartonboard S.A.U.

(**) The item cash and cash equivalents acquired refers to the balance of cash and cash equivalents of PAC Service S.p.A. at January 1, 2018 and Barcelona Cartonboard S.A.U. at October 31, 2018.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(thousands of Euros)	Share	Treasury shares reserve	Legal reserve	Other reserves	Retained earnings (losses)	Profit (loss) for the period	Hedging reserve	Reserve for "Actuarial gain/(loss)"	Total Shareholders' Equity (Group)	Total Shareholders' Equity (minority shareholders)	Total Shareholders' Equity
Shareholders' equity at 12.31.2017	**140,000**	**(483)**	**959**	**26,606**	**(5,466)**	**14,568**	**(201)**	**(7,518)**	**168,465**		**168,465**
Dividends distributed						(1,172)			(1,172)		(1,172)
Allocation of profit (loss) for the period			518	9,845	3,033	(13,396)					
Purchase of Treasury shares		(577)							(577)		(577)
Stock Grant reserve				565					565		565
IFRS 9 reserve				(503)					(503)		(503)
Profit (Loss) for the period						27,170			27,170		27,170
Other components of comprehensive profit (loss)				23			(255)	1,102	870		870
Total comprehensive profit (loss)				23		27,170	(255)	1,102	28,040		28,040
Shareholders' equity at 12.31.2018	**140,000**	**(1,060)**	**1,477**	**36,536**	**(2,433)**	**27,170**	**(456)**	**(6,416)**	**194,818**		**194,818**
Purchase Price Allocation RDM Barcelona Cartonboard					(24)	1,197			1,173		1,173
Shareholders' equity at 12.31.2018 restated	**140,000**	**(1,060)**	**1,477**	**36,536**	**(2,457)**	**28,367**	**(456)**	**(6,416)**	**195,991**		**195,991**
Dividends distributed						(2,633)			(2,633)		(2,633)
Allocation of profit (loss) for the period			898		24,836	(25,734)					
Purchase of Treasury shares											
Stock Grant reserve											
IFRS 9 reserve					24				24		24
Profit (Loss) for the period						15,597			15,597		15,597
Other components of comprehensive profit (loss)				12			(431)	(3,082)	(3,501)		(3,501)
Total comprehensive profit (loss)				12		15,597	(431)	(3,082)	12,096		12,096
Shareholders' equity at 12.31.2019	**140,000**	**(1,060)**	**2,375**	**36,548**	**22,403**	**15,597**	**(887)**	**(9,498)**	**205,478**		**205,478**

NOTES TO THE FINANCIAL STATEMENTS

Structure and content

Reno De Medici S.p.A. is a company which is established as a legal entity under Italian law. The RDM Group operates mainly in Europe and the business of the Group is the production and distribution of carton board for packaging made from both recycled fibers and virgin fibers. Distribution and sale operations are carried out through a network of agents and the internal sales force under the subsidiary R.D.M Marketing Group.

Reno De Medici S.p.A. has its registered office in Milan, Italy.

The shares of the Parent company Reno De Medici S.p.A. are listed on the Star segment of Borsa Italiana S.p.A. and on the Madrid stock exchange.

The consolidated financial statements of the RDM Group were approved and authorized for publication by the Board of Directors of Reno De Medici S.p.A. on March 16, 2020.

The consolidated financial statements of the RDM Group are presented in Euros (rounded to the nearest thousand), as this is the prevailing currency in the countries where the Group carries out most of its activities. Subsidiaries are included in the consolidated financial statements on the basis of the principles described in the section "Accounting Principles".

The 2019 consolidated financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and approved by the European Union, and on the basis of provisions issued to implement Article 9 of Legislative Decree 38/205. IFRS also includes all revised international accounting standards ("IAS"), all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including those previously issued by the Standing Interpretations Committee ("SIC").

In compliance with the Annual Financial Report as at December 31, 2018, the RDM Group applied the same accounting principles with the exception of IFRS 16 which came into force from January 1, 2019. In particular:

- IFRS 16 – Leases: adopted by the Group from January 1, 2019. The new principle establishes a single model for recognizing and valuing lease agreements for the tenant, no longer distinguishing between operating and financial leases and, specifically, for contracts where it is applicable, a right of use asset and a corresponding lease liability is recorded in financial statements.

The Group has chosen to apply the amended retrospective principle without any change to the comparative data. Specifically, for lease agreements previously classified as operating leases, the Group entered into the accounts:

a) a financial liability, equal to the current value of the remaining future payments at the date of transition, discounted using the incremental borrowing rate applicable at the date of transition for each contract;

b) a right of use equal to the value of the financial liability at the date of transition. The Group decided to calculate the right of use equal to the net book value that it would have had if the principle had been applied from the starting date of the contract, however, using the discount rate defined at the date of transition.

In adopting IFRS 16, the Group used the exemption granted in paragraph IFRS 16:5(a) in relation to short-term leases for all asset classes with the exception of buildings.

Similarly, the Group used the exemption granted in paragraph IFRS 16:5(b) as far as lease agreements for which the underlying asset is a low-value asset are concerned (namely, the lease agreement underlying assets do not exceed €5,000 when new). The contracts for which the exemption was applied mainly fall under the following categories:

- Computers and telephones;
- Printers.

For these contracts the introduction of IFRS 16 did not involve the recording of the financial assets of the lease and the related right of use, but the rental income was recorded in the income statement on a straight-line basis for the duration of the respective contracts.

The Group used the following practical arrangements set out in IFRS 16:

- Separation of the non-lease components: The Group used the exemption granted by paragraph IFRS 16:15 for all asset categories except buildings. The non-lease components of these assets were not split off and entered into the accounts separately from the lease components, but were considered together with the latter in calculating the financial liability of the lease and the related right of use.
- Portfolio approach: the Group identified contracts with similar characteristics that can be dealt with as a portfolio for the asset category "forklifts (Plant and machinery)".

Overall, as at December 31, 2019, the application of the new principle involved:

- the accounting of a total of €12.4 million under rights of use for tangible and intangible assets;
- the accounting of a financial liability of around €12.5 million;
- with reference to the income statement, rental income of €3.4 million was reversed and increased amortization and depreciation of €3.3 million was recorded and increased financial expense of €517 thousand. The impacts on the EBITDA, operating profit (EBIT) and net profit (loss) of the Group in the period stand, respectively, +€3.4 million, +€130 thousand and -€387 thousand;
- the net financial position worsened to €12.5 million.

The table below outlines the impacts resulting from the adoption of IFRS 16 at the date of transition.

Thousands of Euros	**Impacts at the date of transition**
Assets	
Rights of use on buildings	3,327
Rights of use on plant and machinery	2,020
Rights of use on industrial and commercial equipment	69
Rights of use on other assets	643
Total assets	**6,059**
Liabilities	
Financial liabilities on current portion of leases	2,210
Financial liabilities on non-current portion of leases	3,849
Total liabilities	**6,059**

In order to help with understanding the impacts of the first-time application of the principle, the table below gives a reconciliation between the future commitments relating to lease agreements and the impact of the adoption of IFRS 16 at January 1, 2019.

Reconciliation of lease commitments
€/000

	January 1, 2019
Operating lease commitments at December 31, 2018	**6,886**
Short term lease income (exemption)	136
Low-value lease income (exemption)	195
Financial liabilities not discounted for leases at January 1, 2019	**6,555**
Effect of discounting	496
Additional financial liabilities for leases due to the transition to IFRS 16 at January 1, 2019	**6,059**

- The document "Annual Improvements to IFRSs: 2015-2017 Cycle" which includes the changes to some principles under the scope of the annual improvement process.

- Amendment to IAS 19 “Plant Amendment, Curtailment or Settlement”;
- Amendment to IAS 28 “Long-term Interests in Associates and Joint Ventures”;
- Amendment to IFRS 9 “Prepayment Features with Negative Compensation”;

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union but not yet obligatorily applicable and not subject to early adoption by the Group:

- “Definition of Material (Amendments to IAS 1 and IAS 8)” document. This document introduced an amendment to the definition of “significant” in IAS 1.
- Amendment to “References to the Conceptual Framework in IFRS Standards”
- Amendment to principles: IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform.

As at the date of this Annual Financial Report, the competent bodies of the European Union had not yet completed the approval process required for the adoption of the following accounting standards and amendments:

- IFRS 17 — Insurance Contracts, which is intended to replace IFRS 4 — Insurance Contracts;
- Amendment to IFRS 3 “Definition of a Business”;
- Amendment to IFRS 10 and IAS 28 “Sales or Contribution of Assets between an Investor and its Associate or Joint Venture”;

The financial statements are prepared on a historical cost basis with the exception of derivative financial instruments and financial assets held for sale, which are recognized at fair value, and financial liabilities, which are recognized at amortized cost. The carrying amount of hedged assets and liabilities which are qualified for hedge accounting is adjusted to take into account changes in the fair value due to hedged risks.

The financial statements were prepared with clarity and truthfully and accurately represent the RDM Group’s results, assets and liabilities, and cash flows. The financial statements were prepared on the going-concern assumption.

Preparing the consolidated financial statements in accordance with the IFRS may require the use of specific estimates and valuations, as well as management’s reasonable judgment in applying accounting policies. More complex matters and/or those that require greater use of assumptions and estimates are discussed in the section “Estimates and Valuations”.

The Group has chosen to present the structure and content of its consolidated financial statements in the following manner:

- the consolidated statement of financial position is presented with separate sections for assets, liabilities and shareholders’ equity. Assets and liabilities are then presented on the basis of their classification as current, non-current or held for sale;
- the consolidated income statement is presented in a vertical format with items broken down by nature, as this provides reliable and more relevant information than a classification by function;
- the consolidated statement of comprehensive income is presented separately from the consolidated income statement, and each item is shown net of the tax effect;
- the consolidated statement of cash flows is presented using the indirect method;
- the consolidated statement of changes in shareholders’ equity is presented by showing separately the profit or loss for the year and any income and expense recognized directly in equity and not in the income statement, in accordance with specific IAS/IFRS requirements. It also shows separately the transactions with shareholders.

Scope of consolidation

The consolidated financial statements include the financial statements of all subsidiaries, from the date on which control is acquired until the date that such control ceases to exist.

The accounting period and the reporting date of the consolidated financial statements correspond to those of the Parent company and of all the entities included in the scope of consolidation.

The following table provides a list of subsidiaries consolidated on a line-by-line basis with the respective percentage holdings:

Corporate name	Registered office	Assets	Share capital	Control percentage			
				12.31.2019		12.31.2018	
			(Eur/000)	direct	indirect	direct	Indirect
R.D.M. Arnsberg GmbH	Arnsberg (DE)	Industrial	5,113	94.00%	6.00%	94.00%	6.00%
RDM Blendecques S.A.S.	Blendecques (FR)	Industrial	5,037	100.00%		100.00%	
Cartiera Alto Milanese S.r.l. in liquidation	Milan (IT)	Commercial	12	100.00%		100.00%	
Cascades Grundstück GmbH & Co. KG	Arnsberg (DE)	Services	28	100.00%		100.00%	
R.D.M. Magenta S.r.l.	Milan (IT)	Industrial	3,700	100.00%		100.00%	
R.D.M. Ovaro S.p.A.	Milan (IT)	Industrial	12,500	95.00%		90.00%	
R.D.M. La Rochette S.A.S.	La Rochette (FR)	Industrial	4,000		100.00%		100.00%
RDM Barcelona Cartonboard S.A.U.	Barcelona (ES)	Industrial	14,943	100%		100%	
R.D.M. Marketing Portugal Unipessoal Lda.	Lisbon (PT)	Commercial	3		100%		100%
PAC Service S.p.A.	Vigonza (IT)	Industrial	1,000	100%		60%	40%
BELLIM S.r.l.	Vigonza (IT)	Services				100%	
R.D.M. Marketing France S.A.S. . . .	Saint-Denis (FR)	Commercial	337	100.00%			100.00%
R.D.M. Marketing Germany GmbH	Krefeld (DE)	Commercial	210	100.00%			100.00%
R.D.M. Marketing Spain S.L.U. . . .	El Prat de Llobregat (ES)	Commercial	26	100.00%			100.00%
R.D.M. Marketing UK Ltd	Wednesbury (UK)	Commercial		100.00%			100.00%
R.D.M. Marketing Czech Republic s.r.o.	Prague (CZ)	Commercial	20	100.00%			100.00%
R.D.M. Marketing Hungaria Kft. . .	Budapest (HU)	Commercial	18	100.00%			100.00%
R.D.M. Marketing Poland Sp. z o.o. .	Warsaw (PL)	Commercial	12	100.00%			100.00%

The scope of consolidation changed on December 31, 2019. In particular:

- the merger by incorporation of BELLIM S.r.l. into the Parent company Reno De Medici S.p.A. was completed on August 1, 2019. The accounting and tax effects began on January 1, 2019, while the legal effects began on September 1, 2019. As a result, PAC Service S.p.A. is wholly owned by Reno De Medici S.p.A.
- on June 21, 2019, through the application of the agreements concluded with Friulia S.p.A. in 2017, Reno De Medici S.p.A. bought back an additional share, equal to 5%, of the investment owned by Friulia S.p.A. in R.D.M. Ovaro S.p.A. Following this transaction, the remaining share still owned by Friulia S.p.A. was 5%, which will be bought back by June 30, 2020. More details on this can be found in the section "Contingent liabilities, commitments, and other guarantees given to third parties".

The following table provides a list of associates and joint ventures valued at equity:

Corporate name	Registered office	Assets	Share capital (Eur/000)	Control percentage 12.31.2019 direct	12.31.2019 indirect	12.31.2018 direct	12.31.2018 indirect
Associates							
Emmaus Pack S.r.l.	Milan (IT)	Industrial	200	34.39%		34.39%	
Joint ventures							
RECOG.SEL.PAP. Y CART. C., A.I.E.	Barcelona (ES)	Industrial	3		50%		50%

ACCOUNTING PRINCIPLES

Consolidation Principles

The financial position, results and cash flows of RDM Group include the financial position, results and cash flows of Reno De Medici S.p.A. and of the companies over which it has the right to exercise control. The definition of control is not based solely on the concept of legal ownership. According to IFRS 10, the definition of control is based on three elements: (a) power over the business purchased; (b) exposure or rights, at variable returns resulting from involvement with the latter; (c) capacity to utilize the power to influence the amount of these returns. IFRS 10 stipulates that in order to evaluate whether it has control over the acquired business, an investor should focus only on activities that materially affect returns and rights which are substantial, i.e., can be exercised in practice when important decisions have to be taken with regard to the acquired business. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is acquired until the date that such control ceases to exist. The portions of shareholders' equity and profit or loss attributable to minority interests are shown separately in the consolidated statement of financial position, consolidated income statement, and consolidated statement of comprehensive income.

The main consolidation principles adopted are as follows:

- the carrying amount of each investment consolidated on a line-by-line basis is eliminated against the related equity, with the assets, liabilities, income and expense of the subsidiary being added to those of the Parent company, regardless of the size of the investment; the shares of subsidiaries' capital and reserves and of subsidiaries' profit or loss attributable to minority interests are shown separately in the consolidated statement of financial position and the consolidated income statement;
- the acquisition of subsidiaries is accounted for using the purchase method as provided for by IFRS 3 (Revised) (see "Business Combinations");
- all balances and transactions between Group companies are eliminated, as are any profits and losses (unless losses indicate an impairment of the sold asset requiring recognition) arising from commercial or financial intragroup transactions not yet realized with third parties;
- any increases or decreases in a subsidiary's equity arising from its post-acquisition results are recorded upon elimination in the "Retained earnings (losses)" equity reserve;
- dividends distributed by Group companies were eliminated from the income statement upon consolidation;
- In the event of loss of control, the Group will eliminate the assets and liabilities of the subsidiary, any third-party interests, and the other components of equity relative to the subsidiaries. The profit or loss from the loss of control will be recognized in the profit or loss for the year. Any equity interest maintained in the former subsidiary will be measured at fair value on the date that control is lost. Measurement will subsequently be through the equity method.

Consolidation of Foreign Companies

The financial statements of each Group's component are prepared in the currency of the economic area in which it mainly operates (the functional currency).

All non-Euro assets and liabilities of foreign companies within the scope of consolidation are translated using the exchange rates as at the reporting date (the current-rate method). Income and expenses are translated at the average rate for the year. The exchange differences resulting from the use of this approach are recognized in a dedicated equity reserve in "Other components of comprehensive income" until the disposal of the investment.

The exchange rates used to translate into Euros the financial statements of companies within the scope of consolidation are set out in the table below.

Currency	Start-of-period exchange rate	Average exchange rate	Exchange rate at period end 12.31.2019
GBP	0.8945	0.8473	0.8508
PLN	4.3014	4.2726	4.2568
CZK	25.7240	25.4972	25.4080
HUF	320.98	330.71	330.53

Equity investments

This item includes equity investments in associates and joint ventures, valued using the equity method, and investments in other companies valued at cost.

The consolidated financial statements include the Group's share of the results of associates in which its investments are valued with equity method, from the date on which significant influence or joint control is acquired until the date on which it ceases to exist. The Group's share of unrealized profits from transactions between Group companies is eliminated. Unrealized losses from transactions between Group companies are eliminated unless they represent actual impairment of the asset sold.

Losses in excess of shareholders' equity are accounted for insofar as the investor has a commitment to the investee to abide by legal or constructive obligations or in any other way to cover its losses.

Associates

Associates refer to those companies in which the Group exercises a significant influence, which is assumed to exist when the investment is between 20% and 50% of the voting rights.

Joint Ventures

Joint ventures are companies which feature a joint control agreement in which the participants have a right to a portion of the net assets or the economic results arising from the agreement. Joint ventures are valued through equity method using the Group's accounting principles.

Business combinations

Business combinations are accounted for using the acquisition method. Under this method, the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred and liabilities assumed by the Group and the equity instruments issued in exchange for control of the acquiree. Acquisition-related costs are generally recognized in the income statement at the time they are incurred.

The assets acquired and the liabilities assumed are recognized at their fair value as at the acquisition date.

Goodwill is measured as the excess of the aggregate of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the income statement as a bargain purchase gain.

At the acquisition date, non-controlling interest is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice between the two methods is made on a transaction-by-transaction basis.

Any contingent consideration arrangement in the business combination is measured at its acquisition-date fair value and included as part of the consideration transferred in the business combination in order to determine goodwill. Subsequent changes in the fair value are recognized in the income statement.

Tangible fixed assets

Tangible fixed assets are stated at their original cost of purchase, production or contribution, including directly incurred accessory costs required to bring an asset into a condition for use. Cost is reduced by accumulated depreciation and any impairment.

Costs for improvements, modernization and transformation incurred after the initial recognition of the asset acquired or produced internally are ascribed to fixed assets and depreciated across their useful life, provided they derive from separate analytical accounting measurements and when it is probable that the future economic benefits expected from the asset will increase.

Replacement costs of identifiable components of complex assets are ascribed to fixed assets and depreciated across their useful life. The residual value of the replaced component is ascribed to the income statement. Maintenance and repair costs are ascribed to the income statement in the year they are incurred.

Assets assumed through financial lease agreements, for which all the risks and benefits related to ownership are substantially transferred to the Group, are recorded under tangible assets at their current value or, if lower, the current value of the minimum payments due for the lease. A corresponding financial liability representing financial debt due to the lessor is recorded in financial statements.

Depreciation is calculated on a straight-line basis over the estimated useful lives of assets, determined on the basis of the period during which the asset will be used by the Group. Land is not depreciated, even if acquired together with buildings.

The useful life applied to each category for the purpose of amortization and depreciation is highlighted below:

Category		Years
Buildings	Industrial buildings	40 – 33
	Small structures	20
Plant and machinery	General plant and machinery	25 – 5
	Specific plant and machinery	25 – 5
Industrial and commercial equipment	Miscellaneous equipment	5 – 4
Other assets	Furniture and ordinary office machines	12 – 8
	Electronic office machines	6 – 5
	Means of internal transport	5
	Motor vehicles	6 – 4

The Group checks at least once a year if there is any indicator that tangible assets have suffered impairment. If any indicator exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss, as described in the section “Impairment” below.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognized when the recoverable amount is lower than the carrying amount. If the reasons for previous write-downs no longer exist, the assets are revalued at the lower of the recoverable value and the previous book value net of depreciation that would have been recorded in the absence of a write-down, with the adjustment being made on the income statement.

ASSETS/LIABILITIES HELD FOR SALE

Assets and liabilities and groups of assets and liabilities whose carrying amount will be recovered principally through a sale rather than through continuing use are presented separately from other assets and liabilities in the statement of financial position. These assets and liabilities are classified as “Assets held for sale” and are valued at the lower value between their carrying amount and their fair value less costs to sell. Profits or losses, net of related tax effects, resulting from the valuation or sale of these assets and liabilities, are recorded under a dedicated item in the income statement.

Intangible fixed assets

Intangible assets consist of identifiable assets without physical substance which are controlled by the Group and from which future economic benefits are expected.

Intangible assets are recognized when the cost of an asset can be measured reliably, in accordance with IAS 38 Intangible Assets.

Intangible assets with a definite useful life are measured at cost and amortized on a straight-line basis over their useful life, i.e., the estimated period during which the asset will be used by the Group.

The useful life applied to each category for the purpose of amortization and depreciation is highlighted below:

Category		Years
Concessions, licenses, trademarks and similar rights	Software licenses	5
Other intangible assets	Miscellaneous multi-year charges	12 – 5

Intangible assets with an undefined useful life are not amortized but are subject to impairment testing at least once a year, as explained in the “Impairment” section below. An intangible asset is considered to have an undefined useful life when there is no foreseeable limit to the period over which the asset is expected to generate positive cash flows for the Group.

Impairment

At each reporting date, the Group reviews the carrying amount of its tangible and intangible assets with a definite useful life to assess whether there are any signs that these assets may have lost value (impairment indicators). If any such signs exist, the Group estimates the recoverable amount of such assets to determine the write-down amount (impairment test). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is estimated taking into account the provisions in accounting standard IFRS 13 Fair Value Measurement.

In estimating the value in use, expected future cash flows are discounted to present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the estimated recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The resulting impairment loss is recognized in the income statement.

When there is no longer any reason for an impairment loss to be recognized, the carrying amount of an asset (or cash-generating unit) is increased to a new carrying amount based on its estimated recoverable value, which may not exceed the net carrying amount that would have been determined if no impairment loss had been recognized. The reversal of the impairment loss is recognized in the income statement.

Goodwill and intangible assets with an indefinite useful life are tested for impairment on an annual basis, or more frequently if there is any indication that an asset may be impaired.

Derivative instruments

Derivative instruments consist of assets and liabilities measured at fair value.

In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only if all of the following apply:

- the hedging relationship is formally designated and documented at its inception;
- the hedge is expected to be highly effective;
- effectiveness can be reliably measured;
- the hedge is highly effective throughout the financial reporting periods for which it is designated.

When derivative instruments qualify for hedge accounting, the following accounting treatment applies:

- for a fair-value hedge (e.g., where a derivative instrument is designated as a hedge of the exposure to changes in the fair value of assets or liabilities yielding or bearing a fixed rate), the derivative instrument is measured at fair value and any gain or loss is recognized in the income statement. At the same time, the carrying amount of the hedged assets or liabilities is adjusted to reflect the changes in fair value with respect to the hedged risk;
- for a cash flow hedge (e.g., where a derivative instrument is designated as a hedge of the exposure to variability in the cash flows of assets or liabilities due to variations in exchange rates), the changes in fair value of the instrument are initially recognized in a dedicated equity reserve in "Other components of comprehensive income" and are subsequently reclassified to the income statement in line with the effects of the hedged transaction on profit or loss.

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately in the income statement.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial instruments which are explicitly designated as available for sale or cannot be classified in any of the preceding categories, and which are included in non-current assets unless it is management's intention to sell them in the 12 months following the reporting date.

Available-for-sale financial assets, which consist of investments in other companies and other non-current financial assets, are measured at fair value with changes recorded in equity. Where there is objective evidence that a financial asset is impaired significantly or for an extended period, the impairment loss is recognized in the income statement even if the asset has not been sold. Where fair value cannot be reliably measured, equity investments are measured at cost as adjusted for any impairment losses.

Trade and other receivables

Trade and other receivables are initially measured at the fair value of the amount to be received. Subsequent adjustments are made to account for any write-downs. Non-current trade and other receivables are subsequently measured at amortized cost.

Inventories

Inventories are measured at the lower of purchase or production cost, determined on a weighted-average basis, and estimated realizable value, determined from market trends.

In the case of raw materials, market value means replacement cost; for finished goods and semi-finished goods, market value means net realizable value (net of the costs necessary to make the sale) representing the amount that the Group would expect to obtain from the sale of these goods as part of its normal business.

Cash and cash equivalents

This item consists of available cash on hand and bank deposits, shares in liquid funds and other highly liquid securities which can be readily converted into cash and which are subject to an insignificant risk of change in value.

Employee benefits

The benefits subsequent to the termination of the employment relationship are based on plans that, depending on their features, are either defined-contribution plans or defined-benefit plans.

In defined-contribution plans, such as the TFR (severance pay) accrued after the 2007 Italian Finance Law came into force, the obligation of the Company, limited to the payment of a contribution to the State, or to an asset or to a separate legal entity ("fund"), is determined based on contributions owing after any amounts already paid.

Defined-benefit plans, such as TFR accrued before the 2007 Italian Finance Law came into force, are plans for benefits subsequent to the termination of the employment relationship that are a future obligation and for which the Company bears the relevant actuarial and investment risks. The TFR fund is measured at the actuarial value of the liability of the Company, in accordance with current legislation and with the national collective and company-specific labor agreements. The actuarial valuation, based on demographic, financial and turnover assumptions, is entrusted to independent actuaries. From January 1, 2012, actuarial gains/losses are recorded under "Other Components of Comprehensive Income" in accordance with the IAS 19 following early adoption thereof, instead of transiting from the income statement.

Provisions for risks and charges

The Group records provisions for risks and charges when it has a legal or constructive obligation, arising from a past event, where it is probable that a cost will be incurred to fulfill that obligation and when a reliable estimate of the amount can be made. Provisions are measured at the best estimate of the amount that, at the reporting date, the Group could reasonably expect to pay to extinguish the obligation or transfer it to a third party.

Where resources are expected to be used beyond the following financial year, the liability is recorded at actuarial value, as determined by discounting expected cash flows at a rate that also takes into account the cost of borrowing and the risk of the liability.

Provisions for supplementary agents' commission represent the calculation of liabilities based on actuarial techniques performed by independent actuaries.

Changes in estimates are recognized in the income statement of the period in which the change occurs.

The costs that the Group expects to incur to carry out restructuring plans are recorded in the financial year in which the Group formally defined such plans and gave to the entities concerned a valid expectation that the restructuring will take place.

The risks where a liability is merely possible are described in the section "Contingent Liabilities, Commitments and Other Guarantees Given to Third Parties", but no provision is made.

Payables to banks and other lenders

This item includes financial liabilities made up of bank loans, bonds and payables to other lenders, including payables arising from finance leases. Payables to banks and other lenders are measured at amortized cost.

Financial liabilities are initially recognized at cost, represented by the fair value of the amount received net of accessory loan arrangement charges. After initial recording, loans are subsequently measured at amortized cost, which is calculated using the effective interest method taking into account issue costs and any settlement discount or premium.

Trade and other payables

These liabilities are initially measured at the fair value of the amount to be paid. Subsequent measurement is carried out at amortized cost using the effective interest method.

Revenue recognition

Revenues are recognized where it is probable that the Group will obtain the economic benefits associated with the sale of goods or provision of services, and where the relevant amount can be reliably determined. Revenues are recorded at the fair value of the consideration received or expected, taking into account any volume of other commercial discounts and premiums.

As regards the sale of goods, revenues are recognized when the Group has transferred to the purchaser the main risks and benefits of ownership.

As regards the provision of services, revenues are recognized at the time the services are rendered.

Taxes

Current income taxes are based on an estimate of the taxable income for the year and on current legislation in the countries where the Group operates. The expected liability, net of any payments in advance or withholding tax incurred, is recognized under "Current taxes".

Deferred tax assets and liabilities reflect the temporary differences between the carrying amount of an asset or liability and its tax base.

"Deferred tax liabilities" consist of deferred tax liabilities arising from temporary differences which will be taxed in future years in accordance with prevailing tax legislation.

"Deferred tax assets" consist of taxes which, despite being recoverable in future years, refer to the current year and are recognized where it is probable that future taxable income will be sufficient to absorb their recovery.

Deferred tax liabilities were offset by deferred tax assets where conditions specified in IAS 12 were met, notably where the two items relate to income taxes levied by the same tax authority and where there is a legally enforceable right to offset in this manner.

Income taxes are recognized in the income statement unless they relate to items directly credited or charged to shareholders' equity, in which case the tax effect is recognized directly in that item.

Deferred tax assets are recognized for the carry-forward of unused tax losses where it is probable that future taxable income will be available against which the unused tax losses can be used.

Reno De Medici S.p.A. and some of its Italian subsidiaries (R.D.M. Ovaro S.p.A. and R.D.M. Magenta S.r.l.) participated in the national tax consolidation scheme pursuant to Article 117 et seq. of the Consolidated Income Tax Act (TUIR). The Company acts as the consolidating company and becomes a single taxable base for the group of adhering companies, thereby enabling this group to offset taxable income against tax losses in a single tax return. Each company participating in the national tax consolidation agreement transfers its taxable income or tax loss to the consolidating company: as a consequence of this transfer, Reno De Medici S.p.A. recognizes a receivable or a payable corresponding to IRES (corporate income tax), net of any payments on account, from or to the participating company, depending on whether it contributes taxable income or a tax loss.

The subsidiary RDM Blendecques S.A.S is also part of the national tax consolidation agreement that includes the subsidiaries R.D.M. La Rochette S.A.S. and R.D.M. Marketing France S.A.S. on the basis of French "Article 223a of the General Tax Code".

Foreign exchange differences

Transactions in foreign currencies are recorded using the exchange rate on the date of the transaction. Assets and liabilities denominated in foreign currencies are converted into Euros using the exchange rate on the reporting date, with the relevant gain or loss recorded on the income statement.

Dividends

Dividends are recognized at the date on which their distribution is approved by shareholders.

Treasury shares

The treasury shares repurchased are recognized at cost and deducted from the shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement.

Earnings Per Share

Basic earnings per share are defined as the ratio between the Group's result for the period attributable to the shares and the weighted number of shares outstanding during the financial year.

Diluted earnings per share are calculated by taking into account the effect of all the potential ordinary shares with dilutive effect. In the case of the RDM Group, this is equal to the basic earnings per share.

Financial Instruments and Risk Management

With regard to the disclosure required by IFRS 7 — Financial Instruments: Disclosures, which requires extensive disclosures to be made in connection with the nature of credit, liquidity and market risks and the way in which these risks are managed, reference is made to the "Financial Instruments and Risk Management" section of the Notes to the Consolidated Financial Statements.

Estimates and Valuations

The preparation of the financial statements and the related notes in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on experience and other factors that are considered to be relevant. Actual results could differ from those estimates.

Estimates are used to measure any provisions for doubtful receivables, inventory obsolescence, depreciation and amortization, write-downs, employee benefits, restructuring funds, taxes, other provisions, funds, and valuations of derivative instruments.

Estimates and assumptions are reviewed periodically, and the effects of any changes are recognized in the income statement in the period in which the estimate is revised (if the revision affects only that period) or in the period of the revision and future periods (if the revision affects both current and future periods). In this respect, the situation caused by the present economic and financial crisis has led to the need to make assumptions regarding future performance which are characterized by significant uncertainty; as a consequence, therefore, actual results next year may differ from the estimates. Although not foreseeable at present, this could have a significant effect on the carrying amounts of the items in question as shown in this Report.

VALUATION METHODS

The valuation methods and the main assumptions used by management in applying accounting standards which relate to the future development of operations are described below. These methods and assumptions may have significant effects on the amounts recognized in the consolidated financial statements, meaning that adjustments may need to be made in future years, with similarly significant effects on these amounts.

Fair value of derivative contracts and financial instruments

The fair value of financial instruments which are not listed on a regulated market is determined by employing various valuation techniques. In this respect, the RDM Group uses those techniques which it believes are the most reasonable in connection with the specific financial instruments that have to be valued, and it adopts assumptions and makes estimates based on market conditions at the reporting date.

Taxes

The overall determination of tax expense may require the use of estimates and valuations, including those relating to any specific tax liabilities which may not be determinable at the time the individual transactions are carried out. In addition, in order to calculate deferred tax assets, the RDM Group makes estimates and valuations which also take into account expectations of future events.

Impairment tests

At each reporting date, the Group reviews the carrying amount of its tangible and intangible assets to assess whether there are any impairment indicators. If any such indicators exist, the recoverable amount of such assets is estimated to determine the write-down amount.

The RDM Group conducts impairment testing at least once a year, taking into consideration several impairment indicators identified within the actual Group at the level of individual assets and/or related to the economic and financial performance of certain CGUs.

In view of the changed conditions in the FBB sector in which the French subsidiary R.D.M. La Rochette operates, a sector which has, in recent years, seen a large increase in production capacity and, as a result, the quality of the products, which has greatly reduced the Group's competitiveness in the sector, it was decided to estimate the market value of the amortized assets of R.D.M. La Rochette. Based on the results in the appraisal prepared by an independent expert, some fixed assets were written down by a total value of €9.5 million.

The RDM Group has used the procedure described in IAS 36 to identify the cash-generating units representing the smallest identifiable groups of assets which generate cash flows that are largely independent within the consolidated financial statements.

The lowest segregation of assets for cash-generating units is represented by the individual mills.

The recoverability of carrying amounts at this level of aggregation is tested by comparing the net carrying amount of the Net Invested Capital of the individual Cash Generating Units with the value in use represented by the current value of the estimated future cash flows from the continuing use of the assets making up the Cash Generating Units and that of their terminal value.

The impairment test relating to the Cash Generating Units (CGU) is carried out from the Asset Side perspective, estimating the operating value or the enterprise value of the CGUs. Note that the scope of the CGUs coincides with an entire legal entity, as in the case of the foreign companies R.D.M. Arnsberg GmbH, RDM Blendecques S.A.S., R.D.M. La Rochette S.A.S., RDM Barcelona Cartonboard S.A.U. and the Italian companies R.D.M. Ovaro S.p.A. and PAC Service S.p.A., or with the production plants of Santa Giustina (BL) and Villa Santa Lucia (FR), belonging to the Parent company Reno de Medici S.p.A.

An impairment test is conducted annually on the CGU of PAC Service S.p.A., as a result of the goodwill of €4.4 million allocated to it at the time of acquisition. Based on the impairment test conducted, no need for any write-down was identified.

The main assumptions used by the Group in measuring the recoverable amount (value in use) are:

a) estimates of future operating cash flows;

b) the discount rate;

c) the final growth rate.

In making these forecasts, RDM Group used assumptions based on the following key variables: the estimate of future sales volumes, variable costs of energy and packaging, the trend in sales prices, margins, capital expenditure and macroeconomic variables.

The Group has used a net rate of 6.72% when discounting cash flows, which reflects current market assessments and also takes into account the specific risks of the sector.

During the development of the impairment test, the terminal value was determined by using a growth rate (g rate) of 1.5%.

The result of the impairment test, approved by Board of Directors, is based on information currently available and estimates regarding changes in a series of variables. For this reason, based on the recommendations included in Joint Document no. 4 of the Bank of Italy, Consob and ISVAP of March 4, 2010, the Group prepared sensitivity analyses on the results of the tests, basing these on changes in the underlying assumptions (use of the growth rate in calculating the terminal value and discount rate) that affect the value in use of the cash generating units. There has been no need for a write-down following these sensitivity analyses.

Moreover, as indicated in the Directors' Report on Operations, following the spread of Covid-19 (Coronavirus), that has impacted the national and international scenario since January 2020, further sensitivity analyses on the forecasts of future economic-financial flows and on the main scenarios used to test the capital assets have been made. Based on these analyses, any elements have not been identified that could constitute an impairment of cash generating unit.

Considering that recoverable amounts are calculated on the basis of estimates of future growth, the Group cannot be certain that a revision of these estimates, and the resulting adjustment to values, will not be required. The Group will continually monitor the changing situation in order to make any necessary revision to the assumptions underlying the estimates.

Segment Information

Note that from 2018, the segment information has been updated on the basis of the new production and commercial strategies implemented by the RDM Group. Specifically, the harmonization of the product characteristics from a multi mill perspective, which allows a better optimization of the product portfolio/geographical mix, has given prominence to the division of corporate performance into the two segments, WLC (white lined chipboard — coated board made of recycled fibers) and FBB (folding box board based on virgin fibers).

The following segment information has been prepared in the light of the new strategy described above.

The reporting used by the directors highlights the results in the two operating segments, WLC, represented by the plants in France, Germany and Spain, which became part of the Group on October 31, 2018, and by all the plants operating in Italy, and FBB in which the company RDM La Rochette S.A.S. operates.

The Group assesses the performance of its operating segments, both level one and level two, on the basis of gross operating profit, operating profit and the profit/(loss) for the year.

Displayed revenues by segment are those earned directly by or attributable to the segment and arising from ordinary operations; they include revenues from transactions with third parties and revenues from transactions with other segments, measured at market prices. Segment costs are the costs of segment operations incurred with third parties and with other operating segments, or those directly attributable to the segment. Costs incurred with other segments are measured at market prices.

The economic measure of the results achieved by each operating segment is the profit or loss for the year; within that result, operating profit and gross operating profit are specifically highlighted.

As part of the way in which the Group is managed, financial income and expense are continually monitored and measured by the treasury function of the parent company Reno De Medici S.p.A., where, from an operating standpoint, all decisions of a financial nature are also made.

There is no need to reconcile the segment valuations contained in this section with the figures included in the financial statements in this report, as all the displayed income components are measured using the same accounting policies adopted for the preparation of the Group's consolidated financial statements. Unallocated items and adjustments include intersegment balances relating to intercompany transactions and the effects of discontinued operations.

The following table provides profit and loss data by operating segments for 2019 and 2018:

Income statement 12.31.2019 (thousands of Euros)	WLC	FBB	Unallocated items and adjustments	Consolidated
Revenues from sales	**602,151**	**111,896**	**(12,456)**	**701,591**
Intercompany by segment	(10,878)	(1,578)	12,456	
Net sales revenues from third parties	**591,273**	**110,318**	**0**	**701,591**
Gross operating profit	**65,805**	**5,846**	**704**	**72,355**
Depreciation and amortization	(29,330)	(2,275)	(52)	(31,657)
Write-downs and Revaluations	(830)	(9,450)		(10,280)
Operating profit	**35,645**	**(5,879)**	**652**	**30,418**
Net financial income (expenses)	(4,692)	(455)	(227)	(5,374)
Gains (losses) on investments	562		(383)	179
Income taxes	(9,210)	(390)	(26)	(9,626)
Profit (Loss) for the period	**22,305**	**(6,724)**	**16**	**15,597**
Portions of profit (loss) of equity-accounted investments	179			179
Total investments	**23,902**	**2,878**		**26,780**

Income statement 12.31.2018	WLC	FBB	Unallocated items and adjustments	Consolidated(*)
(thousands of Euros)				
Revenues from sales	**502,967**	**115,800**	**(12,787)**	**605,980**
Intercompany by segment	(11,359)	(1,428)	12,787	
Net sales revenues from third parties	**491,608**	**114,372**		**605,980**
Gross operating profit	**64,142**	**(330)**	**(699)**	**63,113**
Depreciation and amortization	(22,461)	(1,115)	148	(23,428)
Write-downs and Revaluations	(382)			(382)
Operating profit	**41.299**	**(1,445)**	**(551)**	**39,303**
Net financial income (expenses)	(1,869)	(575)		(2,444)
Gains (losses) on investments	317		4,097	4,414
Income taxes	(12,557)	(291)	(58)	(12,906)
Profit (Loss) for the period	**27,190**	**(2,311)**	**3,488**	**28,367**
Portions of profit (loss) of equity-accounted investments	3,192			3,192
Total investments	**18,011**	**4,625**		**22,636**

(*) The data include the effect of the completion of the Purchase Price Allocation on RDM Barcelona Cartonboard S.A.U.

Notes

The changes in the economic data at December 31, 2019 were affected by the fact that the consolidation at December 31, 2018 of the subsidiary RDM Barcelona Cartonboard S.A.U., acquired on October 31, 2018, only included the last two months of the financial year.

Additionally, note that the Purchase Price Allocation of RDM Barcelona Cartonboard S.A.U., which at the time of purchase was recorded based on provisional values and estimates, as allowed by IFRS 3 — Business combination, was completed in 2019. Specifically, the completion of this valuation process involved a reduction in the goodwill of the €0.5 million, an increase in the value of intangible fixed assets (customer list) equal to €2.2 million and the recording of a bargain purchase of €1.2 million under the item Gains (Losses) on investments. As a result, the comparative values, relating to the financial information at December 31, 2018, were restated on the basis of the definitive estimates.

The table below contains the reconciliation of the statement of assets and liabilities and income statement data restated with those published in the previous year.

	12.31.2018	Adjustment	12.31.2018 restated
Amortization, depreciation and impairment	(23,777)	(33)	(23,810)
Income (Expenses) from investments	3,192	1,222	4,414
Taxes	(12,914)	8	(12,906)
Profit (Loss) for the period	**27,170**	**1,197**	**28,367**
Goodwill	4,845	(456)	4,389
Other intangible fixed assets	13,745	2,172	15,917
Total Assets	**504,625**	**1,716**	**506,341**
Shareholders' equity	194,818	1,173	195,991
Deferred taxes	11,004	543	11,547
Total Shareholders' Equity and Liabilities	**504,625**	**1,716**	**506,341**

1. Revenues from sales

These revenues arise essentially from sales of carton board:

(thousands of Euros)	12.31.2019	12.31.2018	Variation
Revenues from sales	701,591	605,980	95,611
Total revenues from sales	**701,591**	**605,980**	**95,611**

The following table provides a geographical breakdown of sales revenues:

(thousands of Euros)	12.31.2019	12.31.2018	Variation	%
Italy	203,210	200,105	3,105	1.5%
European Union	401,228	333,202	68,026	20.4%
Rest of the world	97,153	72,673	24,480	33.7%
Total revenues from sales	**701,591**	**605,980**	**95,611**	**15.8%**

Revenues from the sale of carton board for packaging depend on the general state of the economies of the markets in which sales are made, particularly the end-user demand for consumer goods; revenues are not affected by specific seasonal factors during the year.

There are, however, seasonal effects in the production and sale of products as a result of variations in the calendar, such as if there is a high number of public holidays and/or periods of vacation in a particular month or accounting period that may typically recur in the main countries supplied (e.g., August and December).

Revenues of the RDM Group reached €701.6 million in 2019. The increase of €95.6 million compared with the previous year is essentially due to the fact that RDM Barcelona Cartonboard S.A.U. was consolidated from October 31, 2018 and therefore at December 31, 2018 only the revenue relating to the last two months of the year was consolidated. Excluding the consolidation of RDM Barcelona Cartonboard (+€110.9 million), Group revenues decreased compared with the previous year by €15.3 million. The reduction is due both to a fall in sales prices in the WLC segment concentrated in the second part of the year and to a reduction in volumes in the FBB segment.

The revenues of RDM Barcelona Cartonboard S.A.U. include the amount of €33.9 million from the business carried out by the cogeneration power plant annexed to the Spanish plant.

2. Other revenues

Other revenues can be broken down into the following categories:

(thousands of Euros)	12.31.2019	12.31.2018	Variation
Grants	897	770	127
Indemnities	154	262	(108)
Energy revenues	6,504	2,809	3,695
Other revenues	3,049	2,478	571
Total	**10,604**	**6,319**	**4,285**

"Grants" essentially include:

- ordinary contributions from Comieco, amounting to €207 thousand, relating to the use of waste paper from public separated waste collection;
- contributions of €664 thousand in favor of the French subsidiary R.D.M. La Rochette S.A.S. and the German subsidiary R.D.M. Arnsberg GmbH, in accordance with the respective local regulations supporting the competitiveness of the high energy consumption industrial sites.

"Energy revenues" relate to amounts received from certain energy suppliers for joining the "interruption" scheme, and to income from the sale of electricity in 2019. The increase of €3.7 million was mainly due to the increased number of white certificates allocated to the Italian plants in 2019 compared with the previous year.

"Miscellaneous revenues" mainly includes ordinary capital gains of €115 thousand, contingent assets of €1 million and other minor revenue.

3. Change in inventories of finished goods

The change in inventories was negative by €3.6 million compared with a positive change by €6.3 million at December 31, 2018. This difference was due to an increase in the unsold stock of finished products at the end of the year related to weak demand.

4. Cost of raw materials and services

(thousands of Euros)	12.31.2019	12.31.2018	Variation
Cost for raw materials	**302,666**	**279,133**	**23,533**
Purchases of raw materials	301,388	277,720	23,668
Change in inventories of raw materials	1,278	1,413	(135)
Commercial services	**56,601**	**48,676**	**7,925**
Transport	52,159	43,948	8,211
Commission and agents' costs	4,442	4,728	(286)
Industrial services	**148,211**	**109,436**	**38,775**
Energy	98,597	70,122	28,475
Maintenance	20,988	16,737	4,251
Waste disposal	17,350	13,484	3,866
Other industrial services	11,276	9,093	2,183
General services	**24,314**	**18,602**	**5,712**
Insurance	2,458	1,843	615
Legal, notarial, administrative and contractual services	6,909	7,073	(164)
Board of Directors	710	736	(26)
Board of Statutory Auditors	260	241	19
Postal and telecommunication	1,097	802	295
Others	12,880	7,907	4,973
Cost for use of third-party assets	**1,654**	**3,568**	**(1,914)**
Rental and leasing	1,654	3,568	(1,914)
Total	**533,446**	**459,415**	**74,031**

The "Cost of raw materials" refers mainly to the purchase of products used to make pulp (waste paper, wood paste, cellulose and chemicals) and for packaging.

The item increased by €23.5 million due essentially to the different scope of consolidation of RDM Barcelona Cartonboard S.A.U. where, as it was consolidated from October 31, 2018, the financial statements at December 31, 2018 only included the costs for the last two months. Excluding this effect, standing at €40 million, the cost of raw materials fell following a reduction in the price of waste paper and, especially, virgin fibers.

As far as the performance of the main production factors is concerned, following the substantial decreases in the price of recycled fibers in 2018, they suffered further reductions in 2019. On the other hand, the price of virgin cellulose fibers fell considerably in 2019 compared with the levels reached at the end of 2018.

Service costs increased by €52.4 million. This increase was essentially due, on the one side to the different scope of consolidation, which resulted in an increase in costs of €49.5 million and, on the other hand, to increased costs for waste disposal related to the increase in prices.

With regard to energy components, the prices of natural gas and coal, the main energy sources of the RDM Group, fell significantly compared with the previous year. The positive effect resulting from price dynamics was mitigated by medium-term purchase agreements concluded the previous year.

"Costs for use of third-party assets" at December 31, 2019 fell compared with the previous year, standing at €1.9 million. This reduction was exclusively due to the introduction, from January 1, 2019, of IFRS 16 according to which costs for rentals and leases should be capitalized and recorded in the income statement based on the depreciation method. For more information, refer to the description in the section on accounting principles.

5. Personnel costs

(thousands of Euros)	12.31.2019	12.31.2018	Variation
Wages and salaries	76,453	66,141	10,312
Social security contributions	23,560	21,080	2,480
Allowance for defined-contribution plans	1,714	1,775	(61)
Allowance for defined-benefit plans	857	398	459
Other costs	1,548	1,453	95
Total	**104,132**	**90,847**	**13,285**

Labor costs amounted to €104.1 million, compared with €90.8 million in 2018. The increase of €13.3 million is due to both the different scope of consolidation for €12.3 million and to contractual increases.

The following tables provide a breakdown by category of the number of RDM Group employees at the end of the year and the average number of employees during the year:

Employees by category	12.31.2019	12.31.2018	Variation
Executives	41	38	3
White collars	452	444	8
Blue collars	1,273	1,262	11
Total	**1,766**	**1,744**	**22**

Average employees by category	12.31.2019	12.31.2018	Variation
Executives	37	39	(2)
White collars	452	444	8
Blue collars	1,264	1,270	(6)
Total	**1,753**	**1,753**	**0**

6. Other operating costs

(thousands of Euros)	12.31.2019	12.31.2018	Variation
Provisions for risks		40	(40)
Write-downs of current receivables	382	675	(293)
Other operating expenses	5,517	4,491	1,026
Total	**5,899**	**5,206**	**693**

The change of €0.7 million is essentially due to greater contributions and taxed paid, partly offset by lower contributions to the provision for bad and doubtful receivables.

"Miscellaneous operating costs" at December 31, 2019 consists mainly of various taxes incurred by Group companies, membership subscriptions to various trade associations, and various contingent liabilities.

7. Depreciation and amortization

The following table sets out details of the item "Depreciation and amortization":

(thousands of Euros)	12.31.2019	12.31.2018(*)	Variation
Amortization of intangible assets	1,347	766	581
Depreciation of tangible fixed assets	27,002	22,662	4,340
Depreciation and amortization of Rights of use	3,308		3,308
Total	**31,657**	**23,428**	**8,229**

(*) The data include the effect of the completion of the Purchase Price Allocation on RDM Barcelona Cartonboard S.A.U.

Depreciation and amortization at December 31, 2019 increased compared with the previous year by €8.2 million. This change is due to the different scope of consolidation due to the fact that RDM Barcelona Cartonboard S.A.U. was consolidated from October 31, 2018 (€4.4 million), and to the depreciation and amortization on "rights of use" accounted for from January 1, 2019 in accordance with IFRS 16. These effects were partly offset by the reduction in depreciation and amortization on fully depreciated Group assets.

8. Write-downs

At December 31, 2019, Write-downs stood at €10.3 million and include:

- the write-down of €0.8 million resulting from the impairment test on the perpetual water rights issued in Germany;
- the write-down of some fixed assets of the CGU of R.D.M. La Rochette S.A.S., for an amount of €9.5 million. Please refer to the description in the paragraph "Reduction in value of assets (impairment test)" for more details.

9. Net financial income (expenses)

(thousands of Euros)	12.31.2019	12.31.2018	Variation
Financial income	**311**	**41**	**270**
Interest and other financial income	311	41	270
Financial expense	**(5,808)**	**(2,508)**	**(3,300)**
Interest paid to banks	(799)	(685)	(114)
Loss on derivative financial instruments	(1,871)	(380)	(1,491)
Financial expense on defined-benefit plans	(534)	(432)	(102)
Interest on leased assets (IFRS 16)	(517)		(517)
Expenses, commission and other financial charges	(2,087)	(1,011)	(1,076)
Exchange rate differences	**123**	**23**	**100**
Exchange rate income	1,053	1,152	(99)
Exchange rate expenses	(930)	(1,129)	199
Total	**(5,374)**	**(2,444)**	**(2,930)**

Net Financial Expense at December 31, 2019 amounted to €5.4 million, an increase of €2.9 million compared with December 31, 2018. The increase is essentially due to the change in the scope of consolidation of RDM Barcelona Cartonboard S.A.U., for €2.3 million, which mainly affected the item Expense from derivative instruments. On a like-for-like basis, the increase in financial expense of €0.5 million was recorded following the implementation of the new principle IFRS 16.

The average cost of debt remains at contained levels.

The item “Financial expense on defined-benefit plans” refers to the financial component of the provision for the year solely with respect to interest costs.

10. Gains (losses) on investments

Income from equity investments amounted to €179 thousand, compared with €4.4 million in 2018. The change is due to the fact that the restated balance at December 31, 2018 included:

- €1.2 million: relating to the bargain purchase recorded following the completion of the Purchase Price Allocation on RDM Barcelona Cartonboard S.A.U., in accordance with the provisions of IFRS 3, described previously;
- €3 million: recorded in the previous year relating to the acquisition, which took place in 2018, of the remaining parcel of shares of PAC Service S.p.A., with the consequent valuation, at fair value, of the investment previously held (33.33%) which was valued through the equity method.

11. Taxes

(thousands of Euros)	12.31.2019	12.31.2018(*)	Variation
Prepaid tax	1,206	237	969
Current taxes	(10,832)	(13,143)	2,311
Total	**(9,626)**	**(12,906)**	**3,280**

(*) The data include the effect of the completion of the Purchase Price Allocation on RDM Barcelona Cartonboard S.A.U.

Prepaid taxes at December 31, 2019, of €1.2 million, essentially include the recording of the deferred tax liabilities of the subsidiary R.D.M. Ovaro S.p.A. (€0.2 million), the recording of the deferred tax liabilities of the subsidiary RDM Barcelona Cartonboard S.A.U. (€0.6 million) and the recording of deferred tax assets by the Parent company Reno De Medici S.p.A. (€1.2 million) and the subsidiary R.D.M. Arnsberg GmbH (€0.9 million).

The increase of €1 million compared with the previous year, is mainly due to the recording of €1.2 million of deferred tax assets on previous tax losses following the conclusion of MAP 2011-12-13 between Italy and Germany.

Current taxes at December 31, 2019, amount to €10.8 million, down by €2.3 million compared with 2018 mainly due to less taxable income.

More information on “Deferred taxes” can be found in Note 25.

Reconciliation between the theoretical tax burden and the tax burden as per the financial statements (income taxes)

The table below shows the reconciliation between the theoretical and the actual tax burden.

For further information please see Note 25 — deferred taxes.

(thousands of Euros)	Taxable amount	%	12.31.2019
Profit (loss) before tax	28,256		
Theoretical tax burden		29,7%	**8,392**
Reversal of temporary differences arising in previous years	262		
Temporary differences to be reversed in subsequent years	7,538		
Permanent differences which will not be reversed in the future years	(1,281)		
Total differences	**6,519**		
Use of previous tax losses	(1,909)		
Actual tax burden	**32,866**	**29,7%**	**9,761**

Reconciliation between the theoretical and actual tax burden (IRAP)

The impact of IRAP (regional production tax) has not been taken into account to avoid any distorting effect, since this tax is valid only for Italian companies and commensurate with a tax base other than the result before taxes.

12. Tangible fixed assets

Changes in tangible assets during 2018 and 2019 are as follows:

(thousands of Euros)	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
Historical cost	21,122	107,613	672,784	1,692	15,422	7,785	826,418
Accumulated depreciation/write-downs		(73,846)	(543,243)	(1,659)	(15,100)		(633,848)
Net book value as at 12.31.2017	**21,122**	**33,767**	**129,541**	**33**	**322**	**7,785**	**192,570**
Increases	223	856	8,211	8	323	13,016	22,637
Decreases		(35)	(775)	(2)	(33)		(845)
Reclassification of cost	44	1,513	8,000		36	(9,593)	
Change in consolidation of the historical cost	22,023	6,378	23,634	80	133	1,115	53,363
Depreciation and amortization for the year		(3,345)	(19,140)	(33)	(144)		(22,662)
Decrease in provision for acc. depr./write-downs		35	774	1	27		837
Value as at 31.12.2018							
Historical cost	43,412	116,325	711,854	1,778	15,881	12,323	901,573
Accumulated depreciation/write-downs		(77,156)	(561,609)	(1,691)	(15,217)		(655,673)
Net book value as at 12.31.2018	**43,412**	**39,169**	**150,245**	**87**	**664**	**12,323**	**245,900**

(thousands of Euros)	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
Historical cost	43,412	116,325	711,854	1,778	15,881	12,323	901,573
Accumulated depreciation/write-downs		(77,156)	(561,609)	(1,691)	(15,217)		(655,673)
Net book value as at 12.31.2018	**43,412**	**39,169**	**150,245**	**87**	**664**	**12,323**	**245,900**
Increases	248	725	10,695	55	322	14,735	26,780
Decreases		(22,430)	(13,298)	(326)	(1,191)		(37,245)
Reclassification of cost	1,402	551	11,901		53	(13,907)	
Depreciation and amortization for the year		(3,702)	(23,105)	(17)	(178)		(27,002)
Write-downs for the year		(2,647)	(6,803)				(9,450)
Decrease in provision for acc. depr./write-downs		18,991	13,095	326	1,191		33,603
Value as at 31.12.2019							
Historical cost	45,062	92,524	714,349	1,507	15,065	13,151	881,658
Accumulated depreciation/write-downs		(61,867)	(571,619)	(1,382)	(14,204)		(649,072)
Net book value as at 12.31.2019	**45,062**	**30,657**	**142,730**	**125**	**861**	**13,151**	**232,586**

The item "Land" includes the areas belonging to the production plants of the Parent company Reno De Medici S.p.A., located in Santa Giustina (BL) and Villa Santa Lucia (FR), of the Italian subsidiaries R.D.M. Ovaro S.p.A., R.D.M. Magenta S.r.l. and PAC Service S.p.A., the German subsidiary R.D.M. Arnsberg GmbH, the French subsidiaries RDM Blendecques S.A.S. and R.D.M. La Rochette S.A.S. and the Spanish subsidiary RDM Barcelona Cartonboard S.A.U.

"Buildings" mainly includes the value of the mills. The increases for the year relate to improvements made to properties owned.

"Plant and machinery" relates to specific and general manufacturing plants and machinery.

In 2019, the RDM Group's capital expenditures totaled €26.8 million (€22.6 million in 2018).

The objectives of these investments were to reduce the variable costs, increase the production capacity, and improve the safety and quality, and resulted in the following main interventions:

- **Santa Giustina Mill (Italy)**: improvements to and the modernization of the paper board machine, paper roll unwinder and packing line to increase production capacity;
- **Villa Santa Lucia Mill (Italy)**: installation of new washing equipment to clean scrap;
- **Ovaro Mill (Italy)**: the installation of new equipment and machinery to automate the packing line of the finished products warehouse was concluded. In addition, new washing equipment to clean scrap was installed.
- **Arnsberg Mill (Germany)**: improvements to and modernization of software and the paper board machine were made in order to improve the quality of products;
- **La Rochette Mill (France)**: installation of a new paper machine headbox. This investment was aimed at reducing costs, and improving quality.
- **Barcelona Mill (Spain)**: maintenance operations to the hot section of the cogeneration plant in order to reduce its production capacity.
- **Garbagnate Mill (Italy)**: installation of a new automatic cutter.

Investments at the remaining mills concerned improvements and/or upgrades to plant and machinery.

Industrial and commercial equipment" consists mainly of assets used in the production process at the various mills.

Other assets" consist mostly of electronic office machines and office furniture, fixtures, and fittings.

Property rights (mortgages and liens) totaling €206.6 million and relating to owned property, plant, and machinery are pledged in favor of banks as security on loans for which the outstanding balance as at December 31, 2019 amounted to €48 million.

The write-downs for the year refer to the fixed assets of R.D.M. La Rochette S.A.S. More information are reported in the paragraph "Impairment Tests".

13. Rights of use

This item, which amounts to €12.4 million, refers to the rights of use for leased assets which, following the introduction of IFRS 16, were accounted for under intangible fixed assets. For more information, refer to the description in the section on accounting principles.

(thousands of Euros)	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Software	Total
First-time adoption (1.1.2019)	**3,327**	**2,020**	**69**	**643**		**6,059**
Increases	6,591	1,902		550	966	10,009
Decreases	(222)	(38)		(155)		(415)
Reclassification	2	140	(51)	(91)		
Decrease in provision for acc. depr./write-downs	18			8		26
Depreciation and amortization for the year	(1,478)	(1,223)	(8)	(277)	(322)	(3,308)
Value as at 31.12.2019						
Historical cost	9,698	4,024	18	947	966	15,653
Accumulated depreciation/write-downs	(1,460)	(1,223)	(8)	(269)	(322)	(3,282)
Net book value as at 12.31.2019	**8,238**	**2,801**	**10**	**678**	**644**	**12,371**

14. Goodwill

"Goodwill" stands at €4.4 million and refers to the acquisition of PAC Service S.p.A.

As illustrated above, during the year ended December 31, 2019, the valuation processes with regard to the Purchase Price Allocation on RDM Barcelona Cartonboard S.A.U. was completed. This process involved the elimination from comparative figure of goodwill that was provisionally recorded at December 31, 2018 at the time of the purchase of the Spanish subsidiary of €0.5 million.

15. Intangible fixed assets

Changes in intangible assets during 2018 and 2019 are as follows:

(thousands of Euros)	Concessions, licenses, trademarks and similar rights	Other	Assets under construction	Total intangible assets with a finite useful life	Intangible assets with an indefinite useful life
Net book value as at 12.31.2017	**535**	**27**	**4,051**	**4,613**	**3,948**
Increases	111	403	1,685	**2,199**	
Decreases					
Change in scope of consolidation	1,631	691	2	**2,324**	
Write-downs					(382)
Reclassification of cost	1,783	(5)	(2)	**1,776**	
Amortization for the period	(724)	(9)		**(733)**	
Net book value as at 12.31.2018	**3,336**	**1,107**	**5,736**	**10,179**	**3,566**

(thousands of Euros)	Concessions, licenses, trademarks and similar rights	Other	Assets under construction	Total intangible assets with a finite useful life	Intangible assets with an indefinite useful life
Net book value as at 12.31.2018(*)	**3,336**	**3,279**	**5,736**	**12,351**	**3,566**
Increases	1,844	5	1,182	3,031	
Decreases		(403)		(403)	
Change in scope of consolidation					
Write-downs					(830)
Reclassification of cost	155		(155)		
Amortization for the period	(1,140)	(207)		(1,347)	
Net book value as at 12.31.2019	**4,195**	**2,674**	**6,763**	**13,632**	**2,736**

(*) The data include the effect of the completion of the Purchase Price Allocation on RDM Barcelona Cartonboard S.A.U.

Note that the opening balances were restated following the completion of the valuation process of the Purchase Price Allocation for RDM Barcelona Cartonboard S.A.U. which, as illustrated above, involved the recording of intangible fixed assets of €2.2 million relating to the customer list, whose value was estimated with the help of an independent expert, while the residual useful life was calculated as 11 years.

Intangible fixed assets with a definite useful life stood at €13.6 million, an increase of €1.3 million compared with the previous year is mainly due to:

- An increase in Concessions, licenses and trademarks, following the investment in the consortium Interconnector Energy Italia. Note that the application of the new requirements introduced by IFRS 9 for the classification of equity investments led the Reno De Medici to classify the agreements relating to the investments in Paper Interconnector and Interconnector Energy Italian under "Intangible assets". Given the period in which the expected benefits were estimated, the useful life was calculated as 10 years.
- increase of "asset under construction" is due to the project to implement the new ERP, which started in 2016, equal to €1 million.

"Intangible assets with an indefinite useful life" refer to the valuation of concessions granted in Germany in relation to water rights with an indefinite useful life. At the date of the financial statements, the Group conducted the impairment test, in accordance with the IAS 36, and accounted for an impearment loss of €830 thousand.

More information are reported in the paragraph "Impairment Tests".

16. Equity investments

(thousands of Euros)	Book value 12.31.2018	Change in scope of consolidation	Reclassification	Investments	Divestments	Elimination of dividends from associates	Write-downs / Revaluations	Book value 12.31.2019
Associates								
Emmaus Pack S.r.l.	262					(62)	179	379
Joint Ventures	**2**							**2**
Other investments								
Scierie De Savoie	340							340
Comieco	25			2				27
Conai	24							24
Other minority investments	41		(3)					38
Total	**694**		**(3)**	**2**		**(62)**	**179**	**810**

The change in "Equity investments" is due to the valuation at equity of the stake held in Emmaus Pack S.r.l., which increased by €179 thousand and partially offset by €62 thousand following the elimination of the dividends received in 2019.

The information required by IFRS 12 for equity-accounted investments is provided below.

The value of equity-accounted investments in the statement of financial position is as follows:

(thousands of Euros)	12.31.2019	12.31.2018
Associates	379	262
Joint ventures	2	2
Total	**381**	**264**

The impact of equity accounting on the income statement for the period is as follows:

(thousands of Euros)	12.31.2019	12.31.2018
Associates	179	5
Total	**179**	**5**

Investments in joint ventures

Company	Country	% held	Nature of relationship	Measurement method
RECOG.SEL.PAP. Y CART. C., A.I.E.	Spain	50%	Note1	*Equity*

Note 1: The company supplies the raw and semi-processed materials used in the production process of RDM Barcelona Cartonboard S.A.U. The investment is held directly by the latter.

There are no contingent liabilities related to the Group's investment in these companies.

Below is a summary of the financial information of Recog.sel.pap. y Cart. C., A.I.E. at December 31, 2019 and 2018:

(thousands of Euros)	RECOG.SEL.PAP. Y CART. C., A.I.E. December 31, 2019	December 31, 2018
Current assets		
Cash and cash equivalents	263	426
Other current assets	106	209
Total current assets	**369**	**635**
Current liabilities		
Payables to banks		
Other current liabilities	360	623
Total current liabilities	**360**	**623**
Non-current assets		
Non-current assets		
Non-current liabilities		
Non-current liabilities		
Shareholders' equity	**9**	**12**

Summary income statement information for Recog.sel.pap. y Cart. C., A.I.E. at December 31, 2019 and 2018 is provided below.

(thousands of Euros)	RECOG.SEL.PAP. Y CART. C., A.I.E. December 31, 2019	December 31, 2018
Revenue	566	811
Operating costs	(569)	(810)
Gross operating profit	**(3)**	**1**
Current liabilities		
Depreciation, amortization and write-downs		
Operating profit	**(3)**	**1**
Financial income (expense)		
Profit (loss) before tax	**(3)**	**1**
Taxes		
Net profit (loss)	**(3)**	**1**

(thousands of Euros)	RECOG.SEL.PAP. Y CART. C., A.I.E. December 31, 2019	December 31, 2018
Shareholders' equity at January 1	**12**	**11**
Result for the year	**(3)**	**1**
Capital increase		
Exchange rate translation differences		
Statement of comprehensive income		
Shareholders' equity at December 31	**9**	**12**
% held	**50%**	**50%**
Value of equity investment(*)	**5**	**6**

(*) The equity investment was not in line with the shareholders' equity value

Investments in associates

Company	Country	% held	Nature of relationship	Measurement method
Emmaus Pack S.r.l.	Italy	34.39%	Note 1	Equity

Note 1: The Group supplies Emmaus Pack S.r.l. with the raw materials and semi-finished goods used in the production process of the investee company.

There are no contingent liabilities related to the Group's investment in Emmaus Pack S.r.l.

Below is a summary of the financial information of Emmaus Pack S.r.l.

(thousands of Euros)	Emmaus Pack S.r.l. December 31, 2019	Emmaus Pack S.r.l. December 31, 2018
Current assets		
Cash and cash equivalents	70	
Current assets	10,099	10,586
Total current assets	**10,169**	**10,586**
Current liabilities		
Payables to banks	641	1,587
Current liabilities	8,174	8,234
Total current liabilities	**8,815**	**9,821**
Non-current assets		
Non-current assets	**1,162**	**1,140**
Non-current liabilities		
Loans	741	447
Non-current liabilities	455	454
Shareholders' equity	**1,320**	**1,104**

Summary income statement information for Emmaus Pack S.r.l. is provided below.

(thousands of Euros)	Emmaus Pack S.r.l. December 31, 2019	Emmaus Pack S.r.l. December 31, 2018
Revenue	16,106	16,369
Operating costs	(15,320)	(15,988)
Gross operating profit	**786**	**381**
Depreciation, amortization and write-downs	(76)	(70)
Operating profit	**710**	**311**
Financial income (expense)	(42)	(40)
Profit (loss) before tax	**668**	**271**
Taxes	(172)	(80)
Net profit (loss)	**496**	**191**

(thousands of Euros)	Emmaus Pack S.r.l. December 31, 2019	December 31, 2018
Shareholders' equity at January 1	**1,004**	**1,113**
Result for the year	496	191
Dividends distributed	(180)	(300)
Shareholders' equity at December 31	**1,320**	**1,004**
Adjusted shareholders' equity(*)	**1,281**	**974**
% held	**34,39%**	**34,39%**
Dividends distributed during the year	**(62)**	**(103)**
Value of equity investment	**379**	**262**

(*) The shareholders' equity was adjusted to bring the value of the equity investment into line as required by IAS/IFRS

17. Deferred tax assets

"Deferred tax assets" included under non-current assets relate to the temporary deductible differences of the Italian subsidiaries: R.D.M. Ovaro S.p.A. (equal to €111 thousand) and PAC Service S.p.A. (equal to €50 thousand).

Please see Note 25 for a detailed description of same and related changes for the year.

18. Trade receivables and receivables from associates and joint ventures

(thousands of Euros)	12.31.2019	12.31.2018	Variation
Trade receivables	70,317	73,191	(2,874)
Receivables from associates and joint ventures	6,812	6,778	34
Current trade receivables	**77,129**	**79,969**	**(2,840)**

The Group uses non-recourse factoring; trade receivables disposed of with due dates after December 31, 2019 totaled €32.1 million (€31.8 million at December 31, 2018).

"Trade receivables" are stated net of €4.6 million of provisions for bad and doubtful receivables.

The table below sets out the changes for the year.

(thousands of Euros)	12.31.2018	Allocation	Release	Use	12.31.2019
Provisions for bad and doubtful receivables	6,636	513	(131)	(2,389)	4,629
Total	**6,636**	**513**	**(131)**	**(2,389)**	**4,629**

The item "Receivables from associates and joint ventures" includes the Parent company's commercial relations with associate Emmaus Pack S.r.l.

The table below provides a breakdown of current trade receivables by geographical area:

(thousands of Euros)	12.31.2019	12.31.2018	Variation	%
Italy	49,199	49,278	(79)	(0.2)%
European Union	18,386	22,530	(4,144)	(18.4)%
Rest of the world	9,544	8,161	1,383	16.9%
Total	**77,129**	**79,969**	**(2,840)**	**(3.6)%**

19. Other receivables and other receivables from associates and joint ventures

The breakdown of non-current "Other receivables" are given in the table below:

(thousands of Euros)	12.31.2019	12.31.2018	Variation
Guarantee deposits	1,977	1,813	164
Miscellaneous receivables	3,541	6,897	(3,356)
Total	**5,518**	**8,710**	**(3,192)**

The item "Guarantee deposits" essentially includes receivables attributable to deposits in favor of a factoring company (€824 thousand) in accordance with the provisions of agreements signed by the parent company Reno de Medici S.p.A. and by the subsidiaries RDM Blendecques S.A.S. and R.D.M. La Rochette S.A.S. This item also includes the Guarantee Fund set up at Terna (that operates the electricity grid) totaling €946 thousand.

"Miscellaneous receivables" amounted to €3.5 million at December 31, 2019 and mainly includes €2.4 million relating to the tax credit for competitiveness and the use granted by the French government (CICE and Participation effort) to the subsidiaries R.D.M. La Rochette S.A.S., equal to €1.9 million, and to RDM Blendecques S.A.S., equal to €0.5 million.

The change compared with the previous year of €3.4 million is essentially due to the fact that the balance at December 31, 2018 included the amount of €2.6 million relating to the deposit made by the subsidiary R.D.M. Arnsberg GmbH for the tax dispute regarding the logo fee. In December 2018, the German Tax Authority and the Italian Tax Authority formulated a proposal, respectively to R.D.M. Arnsberg GmbH and Reno De Medici S.p.A., as a result of the MAP (Mutually Agreed Procedure), consisting of the partial recognition of the costs charged by Reno De Medici S.p.A. for the logo fee. In January 2019, the two companies accepted this proposal and, as a result, the receivable of the subsidiary R.D.M. Arnsberg GmbH was canceled, and a receivable was recorded for deferred tax assets by the Parent company Reno De Medici S.p.A. reducing the payable for deferred tax liabilities.

The breakdown of current "Other receivables" is given in the table below:

(thousands of Euros)	12.31.2019	12.31.2018	Variation
Tax receivables	7,576	4,491	3,085
Miscellaneous receivables	5,928	6,794	(866)
Prepaid expenses and accrued income	3,048	481	2,567
Total	**16,552**	**11,766**	**4,786**
Other receivables from associates and joint ventures			
Total	**16,552**	**11,766**	**4,786**

The current portion of "Tax receivables", consisting primarily of tax credits, totaled €7.6 million, up compared with the previous year (€4.5 million). The item consists mainly of a VAT credit of €3.4 million, the current portion of the French CICE tax credit of €1.1 million and income tax credits of €2.3 million.

The item "Miscellaneous receivables" at December 31, 2019 essentially includes:

- the current portion of guarantee deposits, equal to €2.2 million (decreased of €128 thousand compared with the previous year), mainly in favor of a factoring company in accordance with the provisions of agreements signed by the Parent company Reno De Medici S.p.A. and the subsidiaries RDM Blendecques S.A.S. and R.D.M. La Rochette S.A.S.;
- the current credit of €2.6 million, slightly decreased compared with the previous year, resulting from the acquisition of CO2 quotas belonging to the German subsidiary R.D.M. Arnsberg GmbH (€2.2 million) and the subsidiary RDM Barcelona Cartonboard S.A.U. (€0.4 million);

- the accounting of prepaid expenses of €3 million. This item includes, among other items, the costs incurred for the demolition of the building located in Magenta based on the preliminary sales agreement signed at the end of 2018 partially offset by the advance payments received by the buyer. As stated previously, given the suspensive clauses in the above-mentioned agreement, those assets were not classified as available for sale at year end.

20. Inventories

The table below provides a breakdown of inventories at December 31, 2019 and December 31, 2018:

(thousands of Euros)	12.31.2019	12.31.2018	Variation
Raw and ancillary materials and consumables	57,111	59,137	(2,026)
Provisions for obsolescence of raw materials	(9,471)	(9,670)	199
Finished products and goods	61,332	57,680	3,652
Provisions for obsolescence of finished products	(24)	(9)	(15)
Total	**108,948**	**107,138**	**1,810**

The decrease in inventories of raw materials, equal to €2 million, is mainly due to the fall in purchase prices.

The increase in inventories of finished products, equal to €3.7 million, is due to the increase in stocks as a result of weak demand.

Provisions for obsolescence of raw and ancillary materials and consumables relate mainly to the French mills (Blendecques and La Rochette) and to Spanish mill (Barcelona).

An explanation of the change in inventories of finished goods can be found in Note 3.

21. Net financial position

Net financial position (thousands of Euros)	12.31.2019	12.31.2018	Variation
Cash	16	17	(1)
Funds available from banks	40,366	31,163	9,203
A. Funds available from banks	**40,382**	**31,180**	**9,202**
Other receivables	147	506	(359)
B. Current financial receivables	**147**	**506**	**(359)**
1. Current payables to banks			
2. Current portion of medium- and long-term loans	*22,706*	*20,255*	*2,451*
3. Other current financial liabilities	*98*	*99*	*(1)*
4. Payables to other lenders for current Rights of use	*2,806*		*2,806*
Payables to banks and other lenders (1+2+3+4)	25,610	20,354	5,256
Other payables to other companies		1,500	(1,500)
Derivatives – current financial liabilities	2,211	296	1,915
C. Current financial debt	**27,821**	**22,150**	**5,671**
D. Net current financial debt (C-A-B)	**(12,708)**	**(9,536)**	**(3,172)**
E. Non-current financial receivables			
Payables to banks and other lenders	54,303	75,858	(21,555)
Payables to other lenders for non-current Rights of use	9,683		9,683
Derivatives – non-current financial liabilities	752	488	264
F. Non-current financial debt	**64,738**	**76,346**	**(11,608)**
G. Net non-current financial debt (F-E)	**64,738**	**76,346**	**(11,608)**
H. Net financial debt (D+G)	**52,030**	**66,810**	**(14,780)**

The consolidated Net Financial Debt at December 31, 2019 was €52 million. In spite of the negative effect due to the implementation of the new principle IFRS 16, which implied an increase of indebtness of

€12.5 million, the Net Financial Position improved of €14.8 million, due to the high level of EBITDA and the improvement in Net Working Capital. Net of the effect of IFRS 16, the Net Financial Position would have amounted to €39.5 million.

Significant disbursements included:

- capital expenditures for investments amounting to €26,9 million
- dividends paid totaling €2.6 million;
- the acquisition of a further 5% of the subsidiary R.D.M. Ovaro S.p.A. from Friulia S.p.A. for €0.7 million.

The table below reports, as required from IAS 7 — "Statement of Cash Flow", the variation of the liabilities from financing activities:

(thousands of Euros)	12.31.2018	Cash flow(*)	Non-cash transactions: Exchange rate translation differences	Non-cash transactions: Fair Value variation	12.31.2019
Current financial receivables	**506**	(359)			147
Current financial debt	**22,150**	3,756		1,915	**27,821**
Non-current financial debt	**76,346**	(11,872)		264	**64,738**
Net liabilities from financing activities	**97,990**	**(7,757)**		**2,179**	**92,412**
Cash and cash equivalents	**31,180**	9,202			**40,382**
Net financial debt	**66,810**	**(16,959)**		**2,179**	**52,030**

(*) Cash and cash equivalent flows reported in the Statement of Cash Flow.

The table below shows outstanding medium- and long-term loans, broken down by due date and recorded at nominal value:

(thousands of Euros)	within 12 months	more than 12 months	over 60 months	Total
FRIE 1	414	828		1,242
FRIE 2	813	813		1,626
FRIE 3	113	453		566
FRIE 4	136	546	340	1,022
BANCO BPM (Banca Popolare Milano)	2,857	5,714		8,571
INTESA SAN PAOLO (Reno De Medici S.p.A.)	2,000	0		2,000
INTESA SAN PAOLO (RDM Blendecques S.A.S.)	1,667	5,000		6,667
INTESA SAN PAOLO (La Rochette S.A.S.)	1,667	5,000		6,667
CREDEM	753	0		753
UNICREDIT	7,000	28,000		35,000
UNICREDIT	100	152		252
BANQUE PALATINE 376	599	1,357		1,956
BANQUE PALATINE 377	399	911		1,310
AGENCE DE L'EAU	58	111		169
Encelpa	84	3		87

(thousands of Euros)	within 12 months	more than 12 months	over 60 months	Total
BNL BNP PARIBAS	200	0		200
BE-SPOKEN	0	3,490		3,490
BERIVO	1,095	847		1,942
ENDESA ENERGIA	1,199	900		2,099
KEMIRA	97			97
Friulia (Ovaro Transaction)	685			685
Total nominal debt	**21,936**	**54,125**	**340**	**76,401**
Amortized cost effect	(120)	(162)		(282)
Total debt using the amortized cost method	**21,816**	**53,963**	**340**	**76,119**

The Group's financial indebtedness mainly consists of medium-/long-term loans, which provide the Group with the stability and the necessary financial sources to adequately support its operations, and, in particular, capital expenditure, as well as possible projects to take advantage of strategic investment opportunities.

Some loans require certain financial covenants to be respected based on the following ratios:

- Net financial position/Shareholders' equity
- Net financial position/Gross operating profit
- Gross operating profit/Net financial expense
- Shareholders' equity/Medium-/long-term debt
- Shareholders' equity/Shareholders' equity December 31, 2016

The financial parameters are calculated half-yearly or annually, depending on the loan, based on the figures of the Group's consolidated financial statements. The half-year calculations of the Group's gross operating profit and net financial expense are based on the 12-month period ending on the last day of the half-year concerned.

In the event of non-compliance with the financial covenants in the loan agreements, the lending banks may terminate such agreements: as at December 31, 2019 there was compliance with the financial covenants.

Lastly, some loans provide for constraints and commitments incumbent upon the RDM Group including a restriction on the disposal of core assets and extraordinary finance transactions.

In 2015, Reno De Medici S.p.A., after setting up an "Available reserve" through the voluntary reduction of capital pursuant to Article 2445 of the Italian Civil Code (as described in detail in section 19 "Shareholders' equity"), requested and obtained waivers from the lending banks.

Note that in 2019 principal repayments totaling €19.5 million were made. The Group has not subscribed new loans during the 2019.

In terms of guarantees, the Parent company loan agreements requires, inter alia, RDM to provide mortgages on mills, in the total amount of €123.7 million.

Special liens on mills' plant and machinery are given as guarantees, in the total amount of €82.9 million.

On February 21, 2012 a floating-rate loan agreement was signed with Banca Medio Credito Friulia Venezia Giulia S.p.A. for €5 million, of which €1.5 million was provided on May 21, 2012. The loan agreement expires on January 1, 2022. The repayments will be in half-yearly installments.

On February 22, 2013 a second tranche of €0.6 million was disbursed, and the due date was postponed to July 1, 2022.

A third tranche of €0.9 million was disbursed on June 12, 2014.

The fourth and final tranche of €0.6 million was disbursed on December 21, 2015.

On March 19, 2013 a loan of €6.5 million was made by Banca Medio Credito Friuli-Venezia Giulia S.p.A.; the loan agreement was signed on October 23, 2012. The loan agreement calls for a floating rate and a maturity of July 1, 2021. Installments are paid half-yearly starting January 1, 2014.

On June 4, 2015, a loan of €20 million was made by Intesa San Paolo S.p.A.; the loan agreement was signed on June 4, 2015. The loan agreement calls for a floating rate and a maturity of June 4, 2020. Installments are paid half-yearly starting December 4, 2015. This loan requires compliance with several financial covenants subject to annual review. At December 31, 2019, these financial covenants were met.

On July 31, 2015, a loan of €7 million was signed and supplied by Cariparma S.p.A. The loan agreement calls for a floating rate and a maturity of Sunday, June 30, 2019. Installments are paid half-yearly starting Thursday, December 31, 2015. The contract was extinguished on June 30, 2019.

On October 2, 2015, a loan of €20 million was made by Banca Popolare di Milano S.p.A.; the loan agreement was signed on September 16, 2015. The loan agreement calls for a floating rate and a maturity of December 31, 2022. Installments are paid half-yearly starting June 30, 2016. This loan requires compliance with several financial covennats subject to annual and half-yearly review. At December 31, 2019, these financial covenants were met.

On June 23, 2016, a loan of €7.5 million was made by Banco Popolare. The loan agreement calls for a floating rate and a maturity of Sunday, June 30, 2019. The contract was extinguished on June 30, 2019.

On November 15, 2016, two loans were provided in favor of the subsidiaries RDM Blendecques S.A.S. and R.D.M. La Rochette S.A.S., of €10 million each by Intesa San Paolo Paris. The loan agreements, which were signed on October 31, 2016, call for a floating rate and a maturity of November 15, 2023. Installments are paid half-yearly starting May 15, 2018. The loan supplied to the subsidiary R.D.M. La Rochette S.A.S. requires compliance with several financial covennats subject to annual review. At December 31, 2019, these financial covennats were met. The Parent company Reno De Medici S.p.A. issued a guarantee to secure this loan.

On December 16, 2016, a loan of €0.9 million was made by Banca Medio Credito Friuli-Venezia Giulia S.p.A.; the loan agreement was signed on December 9, 2014. The loan agreement calls for a floating rate and a maturity of July 1, 2024. Installments are paid half-yearly starting January 1, 2017.

On August 2, 2017, a loan agreement was signed and the loan of €3 million made by Credito Emiliano S.p.A. The loan agreement calls for a floating rate and a maturity of August 2, 2020. Installments were paid quarterly starting November 2, 2017.

On February 5, 2018 a loan agreement for €5 million was agreed and supplied by Banque Palatine, divided into two tranches of €3 million and €2 million, respectively. The loan agreement calls for a floating rate and a maturity of February 5, 2023. Installments were paid quarterly starting May 5, 2018.

On July 9, 2018, a loan of €1.1 million was made by Banca Medio Credito Friuli- Venezia Giulia S.p.A.; the loan agreement was signed on September 21, 2018. The loan agreement calls for a floating rate and a maturity of January 1, 2027. Installments are paid half-yearly starting July 1, 2019.

On July 30, 2018, a loan agreement was signed and the loan of €35 million made by UniCredit S.p.A. The loan was supplied on October 31, 2018, for the closing date of the transaction for the acquisition of RDM Barcelona Cartonboard S.A.U. This was the reason the loan was taken out. The loan agreement calls for a floating rate and a maturity of July 31, 2024. Installments are paid half-yearly starting January 31, 2020.

Following PAC Service S.p.A. joining the scope of consolidation, the existing loan agreements were consolidated. In particular:

- Loan with Credem (7120134), the acquired value of which was €1 million. This agreement calls for a fixed rate and monthly installments. The contract was extinguished on March 6, 2019 as set out in the agreement.

- Loan with Credem (7174193), the acquired value of which was €1 million. This agreement calls for a fixed rate and monthly installments. The contract was extinguished on November 6, 2019 as set out in the agreement.
- Loan with BNL the acquired value of which was €0.5 million. This agreement calls for a fixed rate, half-yearly installments and a maturity of August 18, 2020.
- Loan with UniCredit, the acquired value of which was €0.4 million. This agreement calls for a fixed rate, quarterly installments and a maturity of June 30, 2022.

Following RDM Barcelona Cartonboard S.A.U. joining the scope of consolidation, the existing loan agreements were consolidated. In particular:

- Loan with BE-SPOKEN, the acquired value of which was €3.5 million. This agreement calls for a floating rate, quarterly installments from March 31, 2023 and a maturity of September 30, 2024.
- Loan with Berivo, the acquired value of which was €3.2 million. This agreement calls for a fixed rate, quarterly installments and a maturity of October 2021.
- Loan with Endesa, the acquired value of which was €3.5 million. This agreement calls for a fixed rate, monthly installments and a maturity of September 2021.

In order to reduce the variability of borrowing charges, interest rate swaps have been taken out on some of the loans outstanding at December 31, 2019. More information on the derivative instruments outstanding at December 31, 2019 can be found in Note 23.

22. Shareholders' equity

Changes in shareholders' equity during 2019 are set out in the following table:

Description	Shareholders' equity at 12.31.2018(*)	Dividends	Allocation of profit (loss) for the year	Profit (loss) on translation of financial statements of foreign investee companies	Actuarial gain (loss)	Hedge accounting	IFRS 9 reserve	Profit (loss) for the year	Shareholders' equity at 12.31.2019
(thousands of Euros)									
Share capital	140,000								140,000
Legal reserve	1,477		898						2,375
Other reserves:									
Change in consolidation scope reserve	2,758								2,758
Foreign-currency translation reserve	77			12					89
Treasury shares reserve	(1,060)								(1,060)
Available reserve	33,238								33,238
Hedging reserve	(456)					(431)			(887)
Reserve for actuarial gains (losses)	(6,416)				(3,082)				(9,498)
Stock grant reserve	966								966
IFRS 9 reserve	(503)								(503)
Retained earnings (losses)	(2,457)		24,836				24		22,403
Result for the year	28,367	(2,633)	(25,734)					15,597	15,597
Total	**195,991**	**(2,633)**		**12**	**(3,082)**	**(431)**	**24**	**15,597**	**205,478**

(*) The data include the effect of the completion of the Purchase Price Allocation on RDM Barcelona Cartonboard S.A.U.

Note that on November 2, 2015, the Shareholders' Meeting of Reno De Medici S.p.A. had approved, inter alia, subject to the amendment of the By-Laws, the creation of an "Available reserve" through voluntary reduction of capital pursuant to Article 2445 of the Italian Civil Code in the amount of €10,399,255.80. The purpose of this operation, which took effect on February 29, 2016, included the purchase and sale of treasury shares as a tool for stabilizing the share price.

A program to purchase and sell treasury shares, not to exceed one-fifth of the share capital, was authorized at the same meeting.

In respect of the above operations, waivers were received from the lending banks in accordance with the provisions of the loan agreements.

As of June 2016, the Parent Company launched the plan to purchase treasury shares totaling 2,262,857 on December 31, 2019, with a value of €1,060 thousand. No new treasury shares were purchased in 2019.

In accordance with Article 5 of the Company's By-Laws, holders of savings shares may convert such shares to ordinary shares in February and September each year. In 2019, 3,650 savings shares were converted to ordinary shares. As a result of this, the share capital at December 31, 2019, fully subscribed and paid-up, could be broken down as follows:

	Number	Total value
Ordinary shares	377,546,217	139,905,588.44
Savings shares	254,777	94,411.56
Total	**377,800,994**	**140,000,000.00**

The Extraordinary Shareholders' Meeting held on September 2, 2013 resolved to eliminate the nominal value of shares.

During the period February 1-28, 2020, 36 savings shares were converted to ordinary shares with dividend entitlement as of January 1, 2020.

The table below shows the number of outstanding shares at December 31, 2019 and December 31, 2018:

	12.31.2019	12.31.2018	Change
Shares issued	377,800,994	377,800,994	
Treasury shares	2,262,857	2,262,857	
Total shares outstanding	**375,538,137**	**375,538,137**	

With reference to the savings shares, the By-Laws of the Parent company Reno De Medici S.p.A. require that if a dividend of less than 5% of the value €0.49 is assigned to the savings shares in a financial year, the difference is calculated as an increase in the privileged dividend in the next two financial years. Dividends totaling €6 thousand were distributed in 2019 to holders of savings shares.

In addition, dividends totaling €2.6 million were distributed to holders of ordinary shares.

The table below shows the tax effect relating to the components of comprehensive income pertaining to the Group:

(thousands of Euros)	12.31.2019 Gross value	12.31.2019 Tax (charge) benefit	12.31.2019 Net value	12.31.2018 Gross value	12.31.2018 Tax (charge) benefit	12.31.2018 Net value
Change in fair value of cash flow hedges	*(618)*	*187*	*(431)*	*(330)*	*75*	*(255)*
Actuarial gain (loss) on employee benefits	*(4,254)*	*1,172*	*(3,082)*	*1,357*	*(255)*	*1,102*
Profit (loss) on translation of financial statements of foreign investee companies	*12*		*12*	*23*		*23*

All the figures in the table are presented net of the tax effect.

23. Derivative instruments

In order to reduce the variability of borrowing charges and the costs of commodities, interest rate swaps have stipulated on some of the loans and some commodities as at December 31, 2019.

(thousands of Euros)	12.31.2019	12.31.2018	Variation
Derivative instruments (hedge accounting)	752	488	264
Non-current liabilities	**752**	**488**	**264**
Derivative instruments (hedge accounting)	705	296	409
Derivative instruments (no hedge accounting)	1,506		1,506
Current liabilities	**2,211**	**296**	**1,915**
Total	**2,963**	**784**	**2,179**

At December 31, 2019, the fair value of the derivative instruments was negative by €2,963 thousand.

The table below shows the main features of the IRS derivative instruments outstanding at December 31, 2019:

Company	Counterparty	Currency	Due date	Notional value (€/000)	Interest	Liquidation of interest	Fair value of derivative (€/000)
Reno De Medici S.p.A.	Intesa San Paolo S.p.A.	EUR	06.04.2020	1,500	0.42% fixed Euribor 6m	Half-yearly	(6)
Reno De Medici S.p.A.	Banca Popolare di Milano	EUR	12.30.2022	8,571	0.45% fixed Euribor 6m	Half-yearly	(111)
La Rochette S.A.S.	Intesa San Paolo S.p.A.	EUR	11.15.2023	6,667	0.245% fixed Euribor 6m	Half-yearly	(75)
Reno De Medici S.p.A.	UniCredit S.p.A.	EUR	07.31.2024	35,000	0.385% fixed Euribor 6m	Half-yearly	(608)
				51,738			**(800)**

The table below shows the main features of the commodity swaps outstanding at December 31, 2019:

Company	Counterparty	Currency	Due date	Quantity (MT)	Contract price	Cash settlement	Fair value of derivative (€/000)
R.D.M. Arnsberg GmbH	UniCredit S.p.A.	USD	12.31.2021	24,000	90.4 USD/MT	Monthly	(657)
RDM Barcelona Cartonboard S.A.U.	Axpo Iberia S.L.	EUR	12.31.2020	813,312	EUR/MWH	Monthly	(1,506)

Commodity swaps were signed during the year by the subsidiary RDM Barcelona Cartonboard S.A.U. to hedge the purchase of gas and sale of energy. In spite of these agreements having been concluded for hedging purposes, they were not recorded under hedge accounting.

24. Other payables and other payables to associates and joint ventures

The table below shows a breakdown of other payables:

(thousands of Euros)	12.31.2019	12.31.2018	Variation
Miscellaneous payables		104	(104)
Other non-current payables		**104**	**(104)**
Payables for wages and salaries	11,293	9,893	1,400
Payables to social security institutions	5,713	6,343	(630)
Tax payables	4,087	3,451	636
Miscellaneous payables	1,304	2,175	(871)
Corporate bodies	519	513	6
Accrued liabilities and deferred income	36	26	10
Other current payables	**22,952**	**22,401**	**551**
Other payables to associates and joint ventures	101	101	
Total other payables	**23,053**	**22,502**	**551**

The item "Payables for salaries and wages" mainly comprises payables relating to deferred wages and salaries.

"Payables to social security institutions" relate mainly to social security contributions due on current wages and salaries accrued to employees in December and paid in January 2020, and to provisions for social security contributions due on deferred compensation (employee leave, additional months' salaries paid as a bonus, and overtime).

"Tax payables" essentially relate to withholding tax due on remuneration paid to employees in December, and to VAT payables.

The item "Miscellaneous payables" stood at €1.3 million at December 31, 2019. The change of €0.9 million compared with the previous year is mainly due to the fact that at December 31, 2018, this item included the first payment on account, of €1.5 million, relating to the preliminary sales agreement for the Magenta site. At December 31, 2019 the payments on account were net of the costs incurred for the demolition of the buildings located in Magenta as already mentioned in paragraph 19 "Other receivables and other receivables from associates and joint ventures" in the section on deferrals.

The item "Corporate bodies" includes payables to Statutory Auditors and Directors.

25. Deferred taxes

The table below provides a summary of the calculation of deferred tax assets and liabilities from temporary differences at December 31, 2019:

	2019			2018		
(thousands of Euros)	Temporary differences	Average tax %	Tax effect	Temporary differences	Average tax %	Tax effect
Recognized deferred tax assets	**30,043**		**8,447**	**22,126**		**6,222**
Tax losses to carry forward	4,996	24%	1,199			
Inventory write-downs	1,164	30.2%	351	507	27,9%	141
Provision for additional client expenses	1,692	27.9%	472	2,050	27,9%	572
Provision for future charges (IRES)	704	24%	169	1,545	24%	371
Other temporary differences	4,633	25.1%	1,161	10,167	28,6%	2,913
Effect of discounting employee benefits	13,288	31.9%	4,239	4,300	31,9%	1,372
Valuation of derivatives with hedge accounting	684	24.0%	164	554	24%	133
IFRS 9 valuation	1,932	24.0%	464	1,668	24%	400
Deferred tax assets consolidation entries	950	24.0%	228	1,335	24%	320
Recognized deferred taxes	**58,524**		**16,718**	**56,857**		**16,548**
Statutory amortization/depreciation in excess of amount allowed for tax purposes	14,351	27.9%	4,004	15,401	27,9%	4,297
Other temporary differences	1,308	31.1%	407	190	24%	46
Effect of discounting TFR	1,470	24.0%	353	1,523	24%	366
Deferred tax liabilities consolidation entries	41,395	28.9%	11,953	39,743	31,3%	11,839
Net recognized deferred tax (assets) liabilities			**8,271**			**10,326**
– of which deferred tax liabilities			8,660			*11,004*
– (of which deferred tax assets)			(389)			*(678)*
Unrecognized deferred tax assets	**154,411**		**41,531**	**130,139**		**35,150**
Write-downs for extended impairment	21,046	25.4%	5,340	2,687	27,9%	750
Write-downs for bad and doubtful receivables	1,137	24.0%	273	1,160	24%	278
Reportable ROL (reduced working hours)	41,337	24.0%	9,921	39,264	24%	9,423
Effect of discounting employee benefits	627	33.3%	209	627	33,3%	209
Tax losses to carry forward	88,856	28.5%	25,320	84,993	33,3%	24,020
Deferred tax assets on differences in accounting standards	1,408	33.3%	469	1,408	33,3%	469

At December 31, 2019, deferred tax liabilities were offset by deferred tax assets where conditions specified in IAS 12 were met, notably where the two items relate to income taxes levied by the same tax authority and where there is a legally enforceable right to offset in this manner.

Deferred tax assets are recognized where it is probable that the Group will have taxable income in the future, including the deferral of taxable temporary differences to future years, which will allow the utilization of deductible temporary differences or tax losses carried forward.

The table below shows a breakdown of the Group's tax losses for a total of €237.8 million:

(thousands of Euros)	2019
RDM Blendecques S.A.S.	25,948
R.D.M. La Rochette S.A.S.	156,364
RDM Barcelona Cartonboard S.A.U.	54,489
R.D.M. Marketing Spain S.L.U.	999
R.D.M. Marketing Poland	23
R.D.M. Marketing UK Ltd	14
Total tax losses	**237,837**

26. Employee benefits

The table below shows a breakdown of current and non-current employee benefits:

(thousands of Euros)	12.31.2019	12.31.2018	Variation
Employee benefits	21,586	17,821	3,765
Employee benefits – TFR	14,824	14,957	(133)
Non-current employee benefits	**36,410**	**32,778**	**3,632**
Employee benefits – TFR	98	212	(114)
Current employee benefits	**98**	**212**	**(114)**
Total	**36,508**	**32,990**	**3,518**

Following the legislative changes in previous years regarding the TFR, the Group has continued to recognize its obligations accrued as at December 31, 2006 in accordance with rules for defined-benefit plans, while it recognizes its obligations for amounts accruing from January 1, 2007, due to supplementary pension funds or the treasury fund of the INPS (Italian social security institute), on the basis of the contributions due during the period.

The economic and financial assumptions used were as follows:

	Italy	Germany	France
Annual discount rate	0.37%	0.92%	0.7%
Annual inflation rate	1.20%	1.40%	1.75%
Annual rate of increase in TFR	2.4%	1.75%	2%

The table below shows changes in non-current liabilities during the year:

(thousands of Euros)	
Actuarial assessment of "Employee benefits" at 12.31.2018	**32,778**
Service cost	622
Interest cost	536
Benefits paid	(1,780)
Actuarial Gains/Losses	4,254
Other changes	
Actuarial assessment of "Employee benefits" at 12.31.2019	**36,410**

Sensitivity analysis of the discount rate

The following table shows the balance that the item "Employee Benefits" would have been at December 31, 2019 in the event of a change to the discount rate shown at the reporting date.

Thousands of Euros	Italy	Germany	France
Increase of discount rate	+0.25% 7,862	+0.08% 21,248	+0.25% 6,319
Non-current employee benefits at December 31, 2019	0.37% 7,992	0.92% 21,586	0.7% 6,503
Reduction of discount rate	-0.25% 8,126	-0.08% 21,925	-0.25% 6,693

27. Non-current and current provisions for risks and charges

The balance at December 31, 2019 was as follows:

Non-current and current provisions for risks and charges (thousands of Euros)	12.31.2018	Increases	Use	Other changes	12.31.2019
Provisions for supplementary agents' commission	1,941	340	(9)	(283)	1,989
Non-current provision for future charges	2,693	717	(784)	(394)	2,232
Total non-current provisions for risks and charges	**4,634**	**1,057**	**(793)**	**(677)**	**4,221**
Provisions for supplementary agents' commission	**730**		**(584)**	**(146)**	
Provisions for future charges	1,459	278	(598)	(269)	870
Total current provisions for risks and charges	**2,189**	**278**	**(1,182)**	**(415)**	**870**
Total	**6,823**	**1,335**	**(1,975)**	**(1,092)**	**5,091**

"Provisions for supplementary agents' commission" includes the expenses that the Group is obliged to pay to agents on conclusion of the mandate. This liability includes the discounting based on actuarial techniques as required by IAS 19.

With regard to the long-term portion of the "Provision for future charges", utilization during the period of €0.8 million was mainly due to the use of the provision for layoffs (€0.6 million) and use of the provision for legal expenses (€0.2 million).

Accruals during the year (€0.7 million) refer mainly to the allocation of a provision for layoffs (€0.2 million), a provision for legal expenses (€0.3 million) and the portion for the year pertaining to the variable remuneration for management.

Other changes, standing at €394 thousand, include the release of the provision for legal expenses where the risk of losing no longer existed.

The short-term portion of the "Provision for future charges" includes the cost of €124 thousand for dismantling several buildings of the Magenta mill and two pending tax disputes regarding local taxes for which the Group deemed appropriate to the prudentially accrue a provision to cover future charges totaling €585 thousand. The change of €589 thousand compared with the previous year is essentially due to the use of the provisions previously set aside for disputes with personnel which were concluded during the year.

The change of Provisions for supplementary agents' commission is wholly due to the termination of agreements with some agents.

28. Trade payables

The balance at December 31, 2019 was as follows:

(thousands of Euros)	12.31.2019	12.31.2018	Variation
Trade payables	141,209	130,409	10,800
Total	**141,209**	**130,409**	**10,800**

"Trade payables" recorded in the financial statements were €141 million (€130 million at December 31, 2018) and are wholly due in less than 12 months. They are stated net of trade discounts and adjusted for any returns or rebates agreed with the counterparties.

29. Current taxes

At December 31, 2019 this item consists of the amount payable to tax authorities for current taxes incurred during the year.

30. Non-recurring transactions and abnormal and/or unusual transactions

Significant non-recurring events and transactions

The effects of non-recurring transactions, as defined by Consob Communication DEM/6064293, are shown in the income statement.

The Group's financial position, results and cash flows have not been affected by any non-recurring transactions. This refers to transactions or events which do not occur frequently as part of normal operations.

Positions or transactions deriving from abnormal and/or unusual transactions

In 2019 the Group did not carry out any atypical and/or unusual transactions as defined by the referenced Consob Communication DEM/6064293. These are defined as transactions which, in terms of their significance, relevance, nature of counterparties, purpose, procedure for determining the transfer price and timing, could raise doubts with respect to:

- the completeness and accuracy of the information provided in the financial statements;
- conflicts of interest;
- the safeguarding of company assets;
- the protection of minority shareholders.

31. Contingent liabilities and commitments and other guarantees given to third parties

More information on the principal disputes in which the Group is involved can be found in the "Other information" section of the Directors' Report.

Commitments and guarantees given to third parties include:

- sureties of €6.6 million issued in favor of the Province of Belluno regarding the landfill site at the Santa Giustina (BL) mill;
- sureties of €1.3 million issued to the Comieco consortium;
- sureties of €67 thousand issued to the customs authorities;
- a surety of €90 thousand issued to the Province of Milan;
- sureties of €524 thousand issued in connection with property leases;
- a surety in favor of Vetropack, the potential buyer of the Magenta site following the preliminary sales agreement, for a sum of €6.1 million;

- sureties of €424 thousand in favor of Terna S.p.A.;
- sureties of €624 thousand issued in favor of Voith Paper SA;

Note that as part of the sale of the Ovaro mill to R.D.M. Ovaro S.p.A., Reno De Medici S.p.A. and Friulia A S.p.A. respectively obtained a call option, exercisable between June 27, 2014 and June 27, 2017, and a put option, exercisable between June 27, 2015 and June 27, 2017, on FRIULIA S.p.A.'s stake in R.D.M. Ovaro S.p.A. for a price of €669,134.

In June 2017, Reno De Medici S.p.A. and Friulia S.p.A. redefined the shareholders' agreements signed on June 27, 2012, in the context of the acquisition by Friulia of a 20% share of R.D.M. Ovaro S.p.A. at the price of €2.5 million. These agreements gave Friulia S.p.A. the right to resell its shareholding in R.D.M. Ovaro S.p.A. to Reno De Medici S.p.A. under certain conditions, *inter alia*, through the exercise of a "put option" to be exercised by June 27, 2017.

In recognition of the success of the partnership and in view of the new investments required to increase the value of the R.D.M. Ovaro S.p.A. and its possible expansion plans, the parties agreed that the extension of the partnership was advantageous for the subsidiary.

Therefore, the parties signed new agreements, through the application of which Reno De Medici S.p.A. is buying back the 20% stake in R.D.M. Ovaro S.p.A. owned by Friulia S.p.A., at a total price of €2,497,010.95, in four equal amounts, the first three of which have already been bought back in June 2017, 2018 and 2019; the last share will be bought back by June 30, 2020. Reno De Medici S.p.A. can still exercise the purchase option early.

32. Related-Party Transactions

Transactions with subsidiaries, associates and joint ventures

Transactions between the Parent company and its subsidiaries, associates and joint ventures are part of normal business management in the context of the ordinary operations conducted by each party concerned, and are regulated and concluded at market conditions.

RDM's transactions with its subsidiaries and associates refer mainly to:

- commercial promotion and marketing services with the foreign subsidiaries R.D.M. Marketing;
- sales of cartonboard and raw materials to R.D.M. Ovaro S.p.A.;
- general services provided to R.D.M. Ovaro S.p.A., R.D.M. Magenta S.r.l., RDM Blendecques S.A.S., R.D.M. R.D.M. La Rochette S.A.S., R.D.M. Arnsberg GmbH, RDM Barcelona Cartonboard S.A.U., Emmaus Pack S.r.l. (Emmaus) and the foreign subsidiaries R.D.M. Marketing;
- purchases of manufacturing scrap from R.D.M. La Rochette S.A.S.;
- purchases of cutting services from R.D.M. Magenta S.r.l.
- interest expense and/or income in relation to cash pooling and loan arrangements with RDM Blendecques S.A.S., R.D.M. Arnsberg GmbH, R.D.M. Ovaro S.p.A., R.D.M. La Rochette S.A.S., RDM Barcelona Cartonboard S.A.U., R.D.M. Magenta S.r.l. and the foreign subsidiaries R.D.M. Marketing;
- sales of cartonboard to PAC Service S.p.A. and Emmaus Pack S.r.l.;
- the tax consolidation agreement under which Reno De Medici S.p.A. is the consolidating company and R.D.M. Ovaro S.p.A. and R.D.M. Magenta S.r.l. belong;
- the tax consolidation agreement under which RDM Blendecques S.A.S. is the consolidating company of R.D.M. Marketing France S.A.S. and R.D.M. La Rochette SAS.

More information on the Company's rules on related-party transactions, which were adopted on November 8, 2010 and conform to Consob Resolution no. 17221 of March 12, 2010, as subsequently modified and supplemented, can be found in Chapter 12 of the Report on Corporate Governance.

Other related parties

There have been no transactions with related parties of an unusual or abnormal nature, not part of normal business management or such as to prejudice the Group's financial position, income or cash flows.

Transactions with related parties are part of normal business management in the context of the ordinary operations conducted by each party concerned.

In general, business relationships with related parties are conducted under normal market conditions, and the same applies to interest-bearing payables and receivables not regulated by specific contractual terms and conditions.

In addition to the companies with which Reno De Medici S.p.A. has direct and indirect equity relations, related parties include all such entities as defined by IFRS.

Breakdown of Related-Party Transactions

The additional disclosures on related-party transactions, as required by Consob Communication 6064293 of July 28, 2006, are provided below.

	2019		2018	
(thousands of Euros)	**Directors**	**Statutory auditors**	**Directors**	**Statutory auditors**
Short-term benefits	938	166	952	166
Post-employment benefits	8		8	
Total	**946**	**166**	**960**	**166**

The compensation not paid yet to directors and auditors amounts to €384 thousand and €166 thousand respectively at December 31, 2019.

Receivables and payables with related parties

The table below lists the payables and receivables at December 31, 2019 and December 31, 2018 with related parties:

December 31, 2019	**Current assets**			**Current liabilities**		
(thousands of Euros)	**Trade receivables**	**Receivables from associates and joint ventures**	**Other receivables from associates and joint ventures**	**Trade payables**	**Payables to associates and joint ventures**	**Other payables to associates and joint ventures**
Cascades Groupe Produits				1		
Emmaus Pack S.r.l.		6,812				
Recog.Sel.Pap.YCart.C., A.I.E.						101
Cascades CS+				1		
Total		**6,812**		**2**		**101**
Impact on item total		**100%**		**0%**		**100%**

December 31, 2018	Current assets			Current liabilities		
(thousands of Euros)	Trade receivables	Receivables from associates and joint ventures	Other receivables from associates and joint ventures	Trade payables	Payables to associates and joint ventures	Other payables to associates and joint ventures
Cascades Groupe Produits				1		
Emmaus Pack S.r.l.		6,778				
Recog.Sel.Pap.YCart.C., A.I.E.						101
Total		**6,778**		**1**		**101**
Impact on item total		**100%**		**0%**		**100%**

Revenues and costs deriving from related-party transactions

The table below details costs and revenues with related parties during 2019 and 2018:

December 31, 2019	Revenues from sales	Other revenues	Financial income
(thousands of Euros)			
Emmaus Pack S.r.l.	11,752	88	
Total	**11,752**	**88**	
Impact on item total	**1,67%**	**0,83%**	

December 31, 2019	Cost of raw materials and services	Financial expense
(thousands of Euros)		
Cascades Canada ULC	94	
Emmaus Pack S.r.l.	8	
ZAR S.r.l.	1	
Total	**103**	
Impact on item total	**0%**	

December 31, 2018	Revenues from sales	Other revenues	Financial income
(thousands of Euros)			
Emmaus Pack S.r.l.	12,778	102	
Cascades Rollpack		10	
Total	**12,778**	**112**	
Impact on item total	**2,1%**	**1,8%**	

December 31, 2018	Cost of raw materials and services	Financial expense
(thousands of Euros)		
Cascades Canada ULC	77	
ZAR S.r.l.	(24)	
Recog.Sel.Pap.YCart.C., A.I.E.	101	
Cascades CS+	15	
Total	**169**	
Impact on item total	**0%**	

33. Information on contributions received by the PA or equivalent entities

Article 1, paragraphs 125-129 of Law 124/2017 later integrated by Decree Law 113/2018 (Security) and by Decree Law 135/2018 (Simplification), introduced the framework governing transparency of public funds. The information requested is provided below.

In 2019 the Group received grants, pursuant to Article 1, paragraph 25 of the above-mentioned law, of €50 thousand. The table below contains the data relating to the providers, the amount of the grant received and the reason for the benefit. Note that grants above the threshold of €10,000 with reference to the same provider are reported, as required by the applicable legislation.

Provider	Reason	Grant received
Ministry of the environment	Asbestos tax credit	16,446
Fondimpresa Milano	Training	17,034
Fondimpresa Milano	Training	16,935
		50,415

Lastly, in 2019 the Group received grants that had to be disclosed under the scope of the National State Aid Register, which should be referred to.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The analysis and disclosures required by IFRS 7 — Financial Instruments: Disclosures are provided below.

This analysis compares the situation at the reporting date December 31, 2019 with the situation as at December 31, 2018, and it refers to the RDM Group's consolidated financial statements.

All figures are stated in thousands of Euros.

The section below provides information about the impact of financial instruments on the statement of financial position and on the income statement.

Impact of Financial Instruments on the Statement of Financial Position

The table below shows the carrying amount of each type of financial asset and liability in the consolidated statement of financial position.

	12.31.2019		12.31.2018	
	Book value	**Fair value**	**Book value**	**Fair value**
(thousands of Euros)				
Cash and cash equivalents	**40,382**	**40,382**	**31,180**	**31,180**
Loans and receivables	99,199	99,199	100,445	100,445
Trade receivables	77,129	77,129	79,969	79,969
Other receivables from associates and joint ventures				
Other receivables	22,070	22,070	20,476	20,476
Available-for-sale financial assets				
Financial liabilities at amortized cost:	(240,463)	(241,152)	(249,188)	(250,612)
Unsecured medium- and long-term bank loans at amortized cost	(27,712)	(28,134)	(42,902)	(43,588)
Secured medium- and long-term bank loans at amortized cost	(48,489)	(48,756)	(53,272)	(54,010)
Short-term loans from banks for use of commercial facilities				
Trade payables	(141,209)	(141,209)	(130,409)	(130,409)
Other payables to associates and joint ventures				
Other payables	(23,053)	(23,053)	(22,605)	(22,605)
Financial liabilities at fair value through profit and loss	**(1,506)**	**(1,506)**		
Hedging derivatives	**(1,457)**	**(1,457)**	(784)	(784)
	(103,845)	**(104,534)**	**(118,347)**	**(119,771)**
Unrecognized profits (losses)	**(689)**		**(1,424)**	

Having examined the financial models and criteria used to estimate the fair values of the above-mentioned financial instruments, further details are provided below on the individual items.

Derivative instruments

In general, the fair value of derivatives is calculated according to mathematical models using directly observable input data (such as an interest rate curve).

The Group's only derivative instruments indexed to interest rates are interest rate swaps. A discounted cash flow model is used to measure these instruments, whereby the fair value of a derivative is given by the algebraic sum of the present values of future cash flows estimated on the basis of the risk-free curve of deposit rates, futures and swaps at the reporting date.

Additionally, there is a separate commodity swap contract for the subsidiary R.D.M. Arnsberg GmbH to hedge purchases of coal, the main energy source of that plant.

During the year commodity swap agreements were signed by the subsidiary RDM Barcelona Cartonboard to hedge purchases of gas and sales of electricity. In spite of these agreements having been concluded for hedging purposes, they were not recorded under hedge accounting.

The reference international accounting standard (IFRS 13) identifies a measurement hierarchy based on three levels:

- level 1: inputs used in measurements are represented by quoted prices in active markets for identical assets and liabilities to those subject to measurement.
- level 2: inputs other than quoted prices included in level 1 that are observable for the financial asset or liability, both directly (prices) and indirectly (derived from prices);
- level 3: in the event that observable inputs are not available, and therefore market activity is light or non-existent for the asset or liability subject to measurement, the inputs are non-observable.

	Classification	12.31.2019	Fair value as at the date of the financial statements based on:		
			Level 1	Level 2	Level 3
(thousands of Euros)					
Derivative instruments on interest rates	Non-current derivative instruments	**456**		**456**	
Derivative instruments on interest rates	Current derivative instruments	**344**		**344**	
Commodity derivatives	Non-current derivative instruments	**296**		**296**	
Commodity derivatives	Current derivative instruments	**1,867**		**1,867**	

As at December 31, 2019, the Group did not hold any foreign-exchange derivative instruments.

Loans

The aggregate under review consists of all medium and long-term loans. These were measured by calculating the net present value of the future flows generated by the financial instrument, taking into account the principal repayment plan defined in the loan agreements.

In the case of indexed loans, future interest rates were estimated by calculating the forward rates implicit in the quoted Euro deposit rates, futures and swaps risk-free curve as at December 31, 2019 and December 31, 2018.

Future flows were discounted on the basis of the same Euro yield curve as at December 31, 2019 and December 31, 2018.

Loan Repayment Plans, Terms and Conditions

The terms and conditions of the loans are summarized in the table below.

(thousands of Euros)	Currency	Nominal interest rate	Year of maturity	Nominal value at 12.31.2019	Book value	Nominal value at 12.31.2018	Book value
Secured medium- and long-term bank loans at amortized cost				**48,712**	**48,435**	**53,611**	**53,212**
Frie 1	Euro	Eur6m	2022	1,242	1,242	1,655	1,655
Frie 2	Euro	Eur6m	2021	1,626	1,626	2,437	2,437
Frie 3	Euro	Eur6m	2024	566	566	680	680
Frie 4	Euro	Eur6m	2027	1,022	1,022	1,090	1,090
Friulia S.p.A.	Euro	Eur6m+spread		685	685	1,320	1,320
Banca Popolare di Milano	Euro	Eur6m+spread	2022	8,571	8,489	11,429	11,307
UniCredit	Euro	Eur6m+spread	2024	35,000	34,805	35,000	34,723
Unsecured medium- and long-term bank loans at amortized cost				**27,689**	**27,684**	**42,893**	**42,864**
Banque Palatine 1067376	Euro	Fixed	2023	1,956	1,956	2,554	2,554
Banque Palatine 1067377	Euro	Fixed	2023	1,310	1,310	1,706	1,706
Banco Popolare	Euro	Eur3m+spread	2019			1,261	1,261
Banca Intesa Sanpaolo	Euro	Eur6m+spread	2020	2,000	1,995	6,000	5,974
Credem	Euro	Eur3m+spread	2020	753	753	1,754	1,754
Cariparma	Euro	Eur6m+spread	2019			875	872
Intesa Sanpaolo	Euro	Eur6m+spread	2023	6,667	6,667	8,333	8,333
Intesa Sanpaolo	Euro	Eur6m+spread	2023	6,667	6,667	8,333	8,333
Agence de l'eau (Blendecques)	Euro		2026	169	169	228	228
Encelpa	Euro		2020	87	87	172	172
BNL	Euro	Eur6m+spread	2020	200	200	400	400
Credito Emiliano	Euro	Fixed	2019			250	250
Credito Emiliano	Euro	Fixed	2019			551	551
UniCredit	Euro	Fixed	2022	252	252	352	352
Berivo	Euro	Fixed	2021	1,942	1,942	2,996	2,996
Endesa	Euro	Fixed	2021	2,099	2,099	3,298	3,298
Kemira	Euro	Fixed	2020	97	97	254	254
Be Spoken	Euro	Eur6m+spread	2024	3,490	3,490	3,490	3,490
Procemex	Euro	Fixed	2019			31	31
Silo Gescompost	Euro	Fixed	2019			55	55
Total medium- and long-term loans				**76,401**	**76,119**	**96,504**	**96,076**
Short-term loans from banks for use of commercial facilities							
Portfolio used	Euro	Euribor+spread	n/a				
Pre-paid invoices	Euro	Euribor+spread	n/a				
Export loans	Euro	Euribor+spread	n/a				
Import loans	Euro	Euribor+spread	n/a				
Total short-term loans	**Euro**						
Total interest-bearing liabilities	**Euro**			**76,401**	**76,119**	**96,504**	**96,076**

Other Financial Instruments

The fair value of receivables from customers, payables to suppliers and other financial assets and liabilities falling due contractually during the year has not been calculated, insofar as the book value of the financial instrument is virtually the same.

Other Information

The table below provides a breakdown of changes in the equity hedging reserve.

(thousands of Euros)	
Reserve 12.31.2018	**456**
Fair value adjustment of cash flow hedge derivatives	618
Tax effect of fair value adjustment of cash flow hedge derivatives	(187)
Transfers to the income statement	
Tax effect of transfers to the income statement	
Reserve 12.31.2019	**887**

Credit Risk

This section describes in both quantitative and qualitative terms the exposure to credit risk and the way in which this is managed.

Risk Exposure

Core business exposure to credit risk at the reporting date was as follows:

(thousands of Euros)	12.31.2019	12.31.2018
Gross trade receivables	81,758	86,605
– provision for bad and doubtful debts	(4,629)	(6,636)
Total	**77,129**	**79,969**

Overdue or Impaired Financial Assets

The table below provides a breakdown of the seniority of trade receivables, net of individual write-downs, as at the reporting date:

	Overdue receivables				
December 31, 2019	more than 60 days	from 31 to 60 days	from 0 to 30 days	Non-overdue receivables	Total
(thousands of Euros)					
Italy	461	105	2,775	45,858	49,199
EU	2,560	1,145	2,721	11,960	18,386
Rest of the world	119	234	1,074	8,117	9,544
Total	**3,140**	**1,484**	**6,570**	**65,935**	**77,129**

	Overdue receivables				
December 31, 2018	more than 60 days	from 31 to 60 days	from 0 to 30 days	Non-overdue receivables	Total
(thousands of Euros)					
Italy	331	180	2,323	46,444	49,278
EU	495	214	4,811	17,010	22,530
Rest of the world		135	993	7,033	8,161
Total	**826**	**529**	**8,127**	**70,487**	**79,969**

The Group's overdue receivables as at 31 December, 2019 increased compared with the previous year (+€1.7 million). They represent 14.5% of the total portfolio in 2019 compared with 12% reported in the previous year.

How Credit Risk is Managed

As a general rule, the Group's commercial risk management policy is to insure all client receivables, excluding those of the Parent company's Italian customers, with leading insurance companies. Any uninsured or non-insurable positions, in particular those with Italian customers, are constantly monitored by the appropriate Corporate Functions.

The Parent company and French and Spanish subsidiaries have also entered into non-recourse receivable assignment agreements.

The internal procedures for carrying out a creditworthiness assessment involve collecting and analyzing qualitative and quantitative information, and the use of external databases and commercial information. The policies adopted have so far enabled losses on receivables to be limited.

Market Risk

Market risk is defined as the risk that the fair value or the cash flows associated with a financial instrument will fluctuate because of changes in market variables such as exchange rates, interest rates, commodity prices, and stock prices.

The market risk to which the Group was exposed during the year may be broken down as follows:

— currency risk;

— interest rate risk;

— commodity risk.

The scale of these risks and the way in which they are managed is described below.

Currency risk

The Group's exposure to currency risk derives from:

— trade receivables/payables denominated in currencies other than the functional currency of the financial statements;

— cash and cash equivalents held in foreign-currency current accounts;

Other than the Euro, which is the functional currency, the main currencies in which the Group carries out its commercial activities are the United States dollar and the British pound. Exposure to other currencies is negligible.

In terms of exposure to currency risk, in 2019 the Group managed the marginal imbalance between investments and funds in the same currency by using a natural-hedging approach and by carefully and continually monitoring market conditions; as a result, it was not deemed necessary to resort to hedging derivatives.

The Group's exposure in Euros, based on the official ECB exchange rates as at December 31, 2019 and December 31, 2018, is reported in the following table:

ECB exchange rates	12.31.2019	12.31.2018
(per Euro)		
USD	**1.1234**	**1.1450**
GBP	**0.8508**	**0.8945**
CHF	**1.0854**	**1.1269**
CAD	**1.4598**	**1.5605**
CNY	**7.8205**	**7.8751**
CZK	**25.408**	**25.724**
HUF	**330.53**	**320.98**
PLN	**4.2568**	**4.3014**

The table below provides a breakdown of the consolidated exposure to currency risk, based on the notional amount of the exposure expressed in thousands of Euros.

	12.31.2019							
	USD	GBP	CHF	CAD	CNY	CZK	HUF	PLN
(thousands of Euros)								
Trade receivables	5,466	1,912						
Trade payables	(2,573)	(147)				(1)		
Short-term financial loans		(730)						
Cash and cash equivalents	3,645	1,268		1		299	239	107
Exposure	**6,538**	**2,303**		**1**		**298**	**239**	**107**

	12.31.2018							
	USD	GBP	CHF	CAD	CNY	CZK	HUF	PLN
(thousands of Euros)								
Trade receivables	3,927	558			27	1		
Trade payables	(4,541)	(291)	(1)			(2)	(5)	(1)
Cash and cash equivalents	(272)	1,533		1		143	138	257
Exposure	**(886)**	**1,800**	**(1)**	**1**	**27**	**142**	**133**	**256**

Sensitivity Analysis of Currency Risk

In order to measure the possible effects of changes in the reporting-date exchange rates on the statement of financial position and income statement, assumptions were made (at December 31, 2019 and December 31, 2018) as to variations in the value of the Euro against the major foreign currencies.

Specifically, two scenarios were used: a 10% appreciation and a 10% depreciation of the Euro against the other currencies. For each of the two scenarios, the gain or loss arising from transactions outstanding as at December 31, 2019 and December 31, 2018 was then calculated. In this way, it was possible to determine the effect on the income statement and on shareholders' equity had the market exchange rates been subject to the assumed changes.

The tables below provide a summary of the results of this analysis, indicating the additional effect on the actual figures recognized at the reporting date. These re-measurements based on changes in the exchange rate affect profit or loss for the year.

10% appreciation of the Euro (thousands of Euros)	Profit (Loss)	10% depreciation of the Euro (thousands of Euros)	Profit (Loss)
December 31, 2019		**December 31, 2019**	
USD	(654)	USD	654
GBP	(230)	GBP	230
CNY		CNY	
CZK	(30)	CZK	30
HUF	(24)	HUF	24
PLN	(11)	PLN	11
Total	**(949)**	**Total**	**949**
December 31, 2018		**December 31, 2018**	
USD	89	USD	(89)
GBP	(180)	GBP	180
CNY	(3)	CNY	3
CZK	(14)	CZK	14
HUF	(13)	HUF	13
PLN	(26)	PLN	26
Total	**(147)**	**Total**	**147**

How Currency Risk is Managed

The main objective of the Group's currency-risk management policy is to limit the exposure to foreign currency arising from exporting finished goods to, and importing raw materials from, foreign markets. The following guidelines are used in pursuing this policy:

— inflows and outflows in the same currency are offset (natural hedging);

— recourse is made to forward sales or to export loans in the same currency. These transactions were arranged by using a notional amount and due date that correspond to those of the expected cash flows (if the amount is significant), so that any changes in the cash flows arising from the forward transactions, as the result of the appreciation or depreciation of the Euro against the other currencies, are substantially offset by a corresponding change in the expected cash flows of the underlying positions;

— forward sales are hedged. There were no outstanding transactions of this type at the reporting date.

As a general rule, the currency-risk management policy recommends maximizing the use of natural hedging and, in any case, excludes recourse to transactions involving complex derivatives, e.g., those with barriers.

The Administration and Finance Department of the Group is responsible for monitoring currency risk and recommends suitable currency-risk hedging strategies to keep exposure within the limits agreed with senior management.

Interest Rate Risk

Financial liabilities exposing the Group to interest rate risk are, for the most part, floating-rate medium- and long-term loans.

The table below sets out the positions that are subject to interest rate risk, separating fixed-rate from floating-rate exposure in terms of the nominal value of the financial instruments.

However, the exposure to interest rate risk arising from loans is partially mitigated by entering into interest rate swap agreements designed to hedge the volatility of future cash flows indexed to market rates.

(thousands of Euros)	12.31.2019	%	12.31.2018	%
Floating-rate medium- and long-term loans	(11,468)	15%	(16,065)	17%
Floating-rate medium- and long-term loans hedged by IRS	(38,715)	51%	(51,738)	54%
Fixed-rate medium- and long-term loans	(4,282)	6%	(7,885)	8%
Total non-current liabilities	**(54,465)**	**72%**	**(75,688)**	**79%**
Floating-rate medium- and long-term loans	(4,596)	6%	(7,412)	8%
Floating-rate medium- and long-term loans hedged by IRS	(13,023)	17%	(7,524)	8%
Fixed-rate medium- and long-term loans	(3,632)	5%	(4,560)	5%
Floating-rate short-term bank loans for use of commercial facilities				
Total current liabilities	**(21,251)**	**28%**	**(19,496)**	**21%**
Total (floating rate)	*(16,064)*	21%	*(23,477)*	25%
Total (fixed rate or hedged floating rate)	*(59,652)*	79%	*(71,707)*	75%
Total	**(75,716)**	**100%**	**(95,184)**	**100.0%**

Sensitivity Analysis of Interest Rate Risk

A sensitivity analysis of the financial instruments exposed to interest rate risk was performed upon preparation of the financial statements. The following assumptions were used in the model:

— for bank current-account exposure and spreads settled by interest rate swaps, financial income/expense was recalculated by applying +/-50 bps to the interest rate payable, multiplied by the carrying amounts and for a period equal to the financial year;

— for loans with a repayment plan, the change in financial expense was calculated by applying +/-50 bps to the loan interest rate payable at each refixing date, multiplied by the outstanding principal during the year;

— the change in the fair value of interest rate swaps at the reporting date was calculated by applying +/-50 bps to the Euro risk-free curve of deposit rates, futures and swaps at the reporting date.

		Profit (loss)		Shareholders' equity	
		Increase of 50 bps	Decrease of 50 bps	Increase of 50 bps	Decrease of 50 bps
(thousands of Euros)					
December 31, 2019					
Cash flows during the year		**(49)**	**18**		
	Cash flows from derivatives	*289*	*(289)*		
	Floating-rate loans	*(338)*	*307*		
Effectiveness of hedges				515	(515)
Net sensitivity of financial flows		**(49)**	**18**	**515**	**(515)**
December 31, 2018					
Cash flows during the year		**(126)**	**108**		
	Cash flows from derivatives	*178*	*(178)*		
	Floating-rate loans	*(304)*	*286*		
Effectiveness of hedges				785	(785)
Net sensitivity of financial flows		**(126)**	**108**	**785**	**(785)**

An analysis of these scenarios demonstrated that changes in interest rates had little impact on the income statement and shareholders' equity. Cash flow hedges considerably restrict the impact on financial expense recognized in the income statement.

How Interest Rate Risk is Managed

The Group uses various debt instruments according to the nature of its financial requirements. In particular, it uses short-term debt to fund working capital requirements and medium and long-term financing to cover investments in the core business.

The techniques used most often are:

— advances for short-term requirements.

— loans for medium- and long-term requirements. These instruments, which are arranged with leading banks, are mainly indexed to floating rates that are subject to revision every three or six months.

The Group's current risk management policy aims to reduce the variability of the financial expense incurred on its debt and of the related effects on the profit or loss. The practical objectives in terms of risk management therefore involve stabilizing the cash flows linked to the cost of servicing debt in line with budget forecasts.

From an operating standpoint, the Group sets about achieving this goal by using derivatives in the form of interest rate swaps (IRS).

In line with the features of the transactions carried out and its risk management objectives, the Group has decided to structure its hedging relations using a cash flow hedge approach.

Specifically, the hedging relations involve converting floating-rate loan payments to fixed-rate payments. This is carried out by using interest rate swaps (IRS), under which the Group receives a flow of payments from the counterparty bank at the same floating rate as its debt, less the spread. In exchange, the Group makes a payment flow at a fixed rate. The consolidated position (debt + IRS) is therefore a fixed-rate liability of which the amount of financial expense is certain (the aim of cash flow hedging).

The present hedging policy excludes the recourse to transactions involving complex derivatives.

As at the reporting date, the risk of variability in cash flows linked to floating-rate debt was mainly hedged by derivative financial instruments.

Commodity risk

In terms of the nature of the business carried out by RDM Group, commodity risk is the risk that the profit for the year will be reduced by incurring higher costs to purchase raw materials for the mills. This risk is part of the broader category of market risk, specifically where the cost of the raw material is dependent on changes in a quoted index.

In 2018, the Group signed contracts for the supply of natural gas also for 2019, operating mainly on a quarterly and annual basis, negotiating fixed unit prices for each of the individual quarters of supply. This allowed for a significant reduction in "commodity risk" for the first part of the year and a partial reduction for the last quarter. The quotas relating the last quarter 2019 were negotiated and confirmed over the year in order to meet the mills' requirements, while benefiting from the decreasing prices for energy commodities. All prices are expressed in Euros per volume unit, with subsequent adjustments to the content of primary energy contained in it.

At the end of November 2018, the Group signed contracts for the supply of electricity at a price indexed according to the prices of certain continental energy markets, in some cases by providing fixing operations following the conclusion of contracts by utilizing appropriate clauses in their contracts. Supply quotas at a price indexed relating to reference markets are negotiated with spreads fixed with respect to these prices. The price fixing of supply quotas aimed to contain "commodity risk" as described above. The negotiated prices are expressed in Euros per unit of electricity. In 2019 new electricity supply and import agreements for Europe were negotiated for 2020, in conjunction with the subsidiaries operating in France and Spain, so that group production organizations use the same supplier. These agreements were negotiated to a small extent at fixed prices in order to benefit from greatly decreasing prices.

A sensitivity analysis was not performed on this category of risk because, as at the date of preparing the financial statements, it was not considered material in terms of its impact on the income statement and on the Group's business margins.

How Commodity Risk is Managed

The nature of the Group's business involves exposure to fluctuations in the prices of electricity, natural gas and certain chemical products derived from petroleum (such as latexes) and fibrous raw materials.

Natural gas supply contracts are usually agreed at a fixed price and are negotiated at least three months before the supply period, but sometimes for longer periods in relation to the supply period. Electricity is purchased partly at a fixed price, and partially indexed according to the values of continental electricity markets as published by the bodies responsible for these markets.

In order to contain possible price pressure on raw materials, the Group aims to diversify its suppliers and its supply markets.

Note that at December 31, 2019, the RDM Group had commodity swap agreements. Specifically, in 2018 the subsidiary R.D.M. Arnsberg GmbH signed at commodity swap agreement to hedge the purchase of coal, the plant's main energy source. In 2019 commodity swap agreements were signed by the subsidiary RDM Barcelona Cartonboard S.A.U. to hedge purchases of gas and sales of energy.

There are no other commodity swap agreements.

Liquidity risk

Liquidity risk can take the form of difficulty in obtaining the funds required to satisfy scheduled contractual commitments at market conditions.

This may mean there are insufficient resources available to meet financial obligations under the agreed terms and conditions and at the pre-determined due dates, or it may mean the business is required to settle its financial liabilities earlier than the scheduled due date.

For each contract maturity date, the analysis aimed to measure the cash flows deriving from the various types of financial liability held as at December 31, 2019 and December 31, 2018.

Depending on their nature, financial liabilities were separated into non-derivative and derivative financial liabilities. Given the different accounting treatments, the latter were subdivided into liabilities where the derivative had been formally designated as a hedge, and had turned out to be effective, or liabilities where the derivative was not subject to hedge accounting.

The main assumptions relating to the Group's financial requirements that were used to carry out the analyses were as follows:

— cash flows are not discounted;

— cash flows are allocated to their respective time bands on the basis of the first possible payment date provided for by the contractual terms and conditions (the worst-case scenario);

— all instruments held at the reporting date for which payments have been contractually designated are included; planned future commitments that have not yet been recognized in the financial statements are not included;

— if the amount payable is not fixed (e.g., future interest payments), financial liabilities are measured at market terms and conditions at the reporting date;

— cash flows also include the interest that the Group will pay up to the due date of the debt, measured at the reporting date and calculated on the basis of market forward interest rates.

December 31, 2019	Book value	Contractual financial flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
(thousands of Euros)							
Cash and cash equivalents	**40,382**	**40,382**	40,382				
Trade receivables	**77,129**	**77,129**	77,129				
Other receivables	**22,070**	**22,070**	16,552		5,518		
Medium- and long-term bank loans	**(76,217)**	**(76,891)**	(12,636)	(9,500)	(18,053)	(36,196)	(506)
Rights of use	**(12,490)**	**(12,490)**	(1,467)	(1,339)	(1,989)	(3,650)	(4,045)
Other financial payables (commercial facilities)	**(868)**	**(868)**	(868)				
Other payables	**(23,053)**	**(23,053)**	(23,053)				
Hedging derivative instruments	**(2,963)**	**(2,963)**	(1,889)	(322)	(536)	(216)	
Trade payables	**(141,209)**	**(141,209)**	(141,209)				
Total	**(117,219)**	**(117,893)**	(47,059)	(11,161)	(15,060)	(40,062)	(4,551)

December 31, 2018	Book value	Contractual financial flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
(thousands of Euros)							
Cash and cash equivalents	**31,180**	**31,180**	31,180				
Trade receivables	**79,969**	**79,969**	79,969				
Other receivables	**20,476**	**20,476**	11,766		8,710		
Medium- and long-term bank loans	**(96,174)**	**(97,598)**	(10,594)	(8,163)	(21,814)	(48,099)	(8,928)
Other payables	**(22,605)**	**(22,605)**	(21,001)	(1,500)	(104)		
Hedging derivative instruments	**(784)**	**(784)**	(163)	(203)	(324)	(128)	32
Trade payables	**(130,409)**	**(130,409)**	(130,409)				
Total	**(118,347)**	**(119,771)**	(39,252)	(9,866)	(13,532)	(48,227)	(8,894)

The first section of the table compares the book value of the financial liabilities with the total value of cash flows that — given the market conditions at the reporting date — are expected to be received from or paid to counterparties. The second section of the table shows a breakdown by time period of the total cash flows, which make up the item “Contractual financial flows”.

How Liquidity Risk is Managed

The Group’s financial activity is centered largely on Reno De Medici S.p.A., which, on the basis of well-established practice inspired by prudence and stakeholder protection, negotiates credit facilities with banks and continually monitors the cash flows of the individual Group companies.

The Group’s management policies involve continually monitoring liquidity risk with a view to mitigating said risk by maintaining sufficient liquidity and/or short-term deposits with prime counterparties and by having access to short-term credit facilities backed mainly by receivables from domestic and foreign clients.

OTHER INFORMATION

Equity investments in subsidiaries, associates and joint venture as at December 31, 2019 (pursuant to Article 38, paragraph 2 of Legislative Decree 127/91).

LIST OF EQUITY INVESTMENTS IN SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Cardboard industry — subsidiaries

R.D.M. Arnsberg GmbH

Arnsberg — Germany

Direct ownership percentage: 94%

Indirect ownership 6% (through Cascades Grundstück GmbH & Co.KG).

RDM Blendecques S.A.S.

Blendecques — France

Direct ownership percentage: 100%

Cartiera Alto Milanese S.r.l. in liquidation

Milan — Italy

Direct ownership percentage: 100%

R.D.M. Magenta S.r.l.

Milan — Italy

Direct ownership percentage: 100%

R.D.M. Ovaro S.p.A.

Milan — Italy

Direct ownership percentage: 95%

R.D.M. La Rochette S.A.S.

La Rochette — France

Indirect ownership percentage:100% (through RDM Blendecques S.A.S.)

RDM Barcelona Cartonboard S.A.U.

Barcelona — Spain

Direct ownership percentage: 100%

PAC Service S.p.A.

Vigonza — Padua — Italy

Direct ownership percentage: 100%

Services industry — subsidiaries

Cascades Grundstück Gmbh & Co.KG
Arnsberg — Germany
Direct ownership percentage: 100%

R.D.M. Marketing Portugal Unipessoal Lda.
Lisbon — Portugal
Indirect ownership percentage: 100% (through RDM Barcelona Cartonboard S.A.U.)

R.D.M. Marketing Germany GmbH
Krefeld — Germany
Direct ownership percentage: 100%

RDM Marketing France S.A.S.
Paris — France
Direct ownership percentage: 100%

R.D.M. Marketing Spain S.L.U.
Prat de Llobregat — Barcelona — Spain
Direct ownership percentage: 100%

R.D.M. Marketing UK Limited
Wednesbury — United Kingdom
Direct ownership percentage: 100%

R.D.M. Marketing Czech Republic S.r.o.
Prague — Czech Republic
Direct ownership percentage: 100%

R.D.M. Marketing Hungaria Kft.
Budapest — Hungary
Direct ownership percentage: 100%

R.D.M. Marketing Poland SP z.o.o.
Warsaw — Poland
Direct ownership percentage: 100%

LIST OF EQUITY-ACCOUNTED INVESTMENTS

Cartonboard sector and other industrial production

Emmaus Pack S.r.l.
Milan — Italy
Direct ownership percentage: 34.39%

Recogida Sel.Pap.YCart.C. A.I.E.
Barcelona — Spain
Indirect ownership 50%

LIST OF INVESTMENTS IN OTHER COMPANIES

Cartonboard sector

Cartonnerie Tunisienne S.A.
Les Berges Du Lac — Tunis
Direct ownership percentage: 5.274%

Consortiums

Gas Intensive S.c.r.l.
Milan — Italy
Consortium share

Comieco
Milan — Italy
Consortium share

Conai
Milan — Italy
Consortium share

Consorzio Filiera Carta
Frosinone — Italy
Consortium share

C.I.A.C. S.c.r.l.
Valpenga (TO) — Italy
Consortium share

Idroenergia S.c.r.l.
Aosta — Italy
Consortium share

Paper Interconnector
Milan — Italy
Consortium share

Università Carlo Cattaneo
Castellanza (VA) — Italy
Consortium share

Interconnector Energy Italia S.C.p.A
Rome — Italy
Consortium share

SUBSEQUENT EVENTS

As is widely known, since January 2020, the national and international scenario has been impacted by the spread of Covid-19 (Coronavirus) and the ensuing restrictive containment measures taken by public authorities in the countries involved. These events — extraordinary in nature and scale — are generating direct and indirect effects on the economy and have triggered a general uncertain context, whose development and the related consequences are not predictable. The potential effects that this phenomenon can have on financial results cannot be estimated at the moment and will be constantly monitored in the coming months. Said so, according to the Government's Decree of March 22, 2020, the operations of RDM Group are regularly running, given the essentiality of products supplied to the food and pharma packaging, and being used to protect goods in online distributions, resulting in a profitability that remains in line with the average of the Group. Therefore, the sensitivity analyses on the forecasts of future economic-financial flows and on the main scenarios used to test the Group's assets have not identified elements that could constitute an impairment loss. In addition, the analysis of the liquidity over the next 12 months, has not identified elements that could mine the going concern of the Group.

CERTIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2019, pursuant to Article 81-ter of Consob Regulation 11971 of May 14, 1999 and subsequent amendments and supplements.

1. The undersigned Michele Bianchi, as CEO and Luca Rizzo as the Financial Reporting Executive of Reno De Medici S.p.A., certify, considering the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of February 24, 1998:

- the suitability for the characteristics of the business and
- the effective implementation

of the administrative and accounting procedures pertaining to the preparation of the year-end consolidated financial statements for the period from January 1 to December 31, 2019.

2. No significant issues have emerged in this regard.

3. It is further certified that

3.1 the consolidated financial statements:

a) were prepared in accordance with the applicable international accounting standards recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;

b) are consistent with the figures reported in the relevant accounting books and records;

c) are able to provide a true and fair view of the financial position, the results and the cash flows of the Issuer and of the companies whose accounts have been consolidated;

3.2. The Directors' Report comprises a reliable analysis of operating performance and results, as well as of the situation of the Issuer and of the companies whose accounts have been consolidated, together with a description of the major risks and uncertainties to which they are exposed.

Milan, March 16, 2020

Chief Executive Officer Michele Bianchi	Chief Financial Officer Luca Rizzo

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Reno De Medici S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Reno De Medici S.p.A. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to Art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Reno De Medici S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Deloitte &Touche S.p.A.

Recoverability of tangible assets of the CGU RDM La Rochette S.A.S.

Description of the key audit matter	Reno De Medici Group’s consolidated financial statements include Euro 232.6 million related to tangible assets as of December 31, 2019, of which Euro 10.7 million related to the cash generating unit (CGU) RDM La Rochette S.A.S. As required by the “IAS 36 Impairment of Assets”, the Directors, noting impairment indicators for the CGU RDM La Rochette S.A.S., have carried out the impairment test in order to determine that tangible assets are accounted for in the consolidated financial statements at December 31, 2019 at a value not higher than the recoverable value. In order to assess the recoverable amount of tangible assets of the CGU RDM La Rochette S.A.S., which correspond to the subsidiary RDM La Rochette S.A.S., it was necessary to use the method of fair value less costs of disposal that the Directors determined through the assessment carried out with the support of an independent expert. In particular, the recoverable amount of tangible assets was estimated with the “market approach” method. Based on the impairment test approved by the Board of Directors, the Group accounted for an impairment loss of tangible assets for Euro 9.5 million. Considering the relevance of the amount of tangible assets recorded in the financial statements, the nature of the assessment process adopted by the independent expert, and the need to be supported by our experts, we considered the impairment test of the CGU RDM La Rochette S.A.S. a key audit matter of the audit of the consolidated financial statements of the Group. The “Impairment test” paragraph of the consolidated financial statements states the disclosures related to the impairment test on tangible assets performed by the Directors.
Audit procedures performed	As part of our audit, we have, among others, carried out the following procedures, also with the support of experts of Deloitte’s network: • Assessment of the procedures used to determine the fair value of tangible assets of the CGU La Rochette S.A.S., analyzing methods and assumptions considered in the independent expert’s appraisal, • Understand the Company’s relevant internal controls on the impairment test process; • Evaluation of the competences, capabilities and objectivity of the expert involved by the Directors to prepare the appraisal; • Analysis of the reasonableness of the main assumptions used for the appraisal; • Assessment of the accuracy of data used by the expert to determine the fair value; • Review of the correct calculation of the book value of the CGU. Further, we also examined the adequacy and compliance of the disclosure provided by the Company on the impairment test based on IAS 36 disclosure requirements.

Impaiment test of Goodwill

Description of the key audit matter

Reno De Medici Group's consolidated financial statements include a goodwill of Euro 4.4 million allocated on cash generating unit (CGU) of Pac Service S.p.A.

As required by the "IAS 36 Impairment of Assets", the Directors, have carried out the impairment test in order to determine that the goodwill is accounted for in the consolidated financial statements at December 31, 2019 at a value not higher than the recoverable value.

The recoverable amount of the abovementioned goodwill was determined using the value in use, based on estimates of cash flows generated by the asset. In particular, the Directors referred to the cash-generating unit (CGU), which correspond to the subsidiary Pac Service S.p.A.

The valuation process is complex and based on assumptions concerning, among others, the forecast of expected cash flows of the CGU Pac Service S.p.A., resulting from the plan used for the purposes of the impairment test, and the determination of an appropriate discount rate (WACC) and growth rate (g-rate).

In determining cash flow forecasts, the most relevant variables are the estimate of future sales volumes, the expected sales price trend, the variable costs of packing and energy, margins, capital expenditures and other macroeconomic variables.

Future expectations and market conditions influence these assumptions.

Based on the impairment test approved by the Board of Directors, the Group has not recognized any impairment loss.

Considering the relevance of the amount of goodwill in the financial statements, the subjectivity of the estimates relating to the determination of cash flows (DCF) and the key variables of the impairment model, we considered the impairment test a key audit matter of the audit of the consolidated financial statements of the Group.

The "Impairment test" paragraph of the consolidated financial statements states the disclosures related to the impairment test, including a sensitivity analysis performed by the Directors, which shows the effects that may occur on the recoverable amount of the assets resulting from the changes in certain key assumptions used for the impairment test.

Audit procedures performed

Preliminarily, we have examined how the Directors determine the value in use of the CGUs by analyzing the methods and assumptions used and considered for the development of the impairment test.

As part of our audit, we have, among others, carried out the following procedures, also with the support of experts of Deloitte's network:

- understand the Company's relevant internal controls on the impairment test process;
- analysis of the reasonableness of the key assumptions underlying the cash flow calculation; also, through information obtained from the Management;
- analysis of the actual figures compared to the plans in order to assess the nature of the deviations and the reliability of the planning process;
- assessment of the reasonableness of the discount rate (WACC) and growth rate (g-rate);
- review of the mathematical accuracy of the model used to estimate the value in use of the CGUs;
- review of the correct calculation of the book value of the CGUs;
- review of the Directors' sensitivity analysis.

Further, we also examined the adequacy and compliance of the disclosure provided by the Company on the impairment test based on IAS 36 disclosure requirements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to Art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to Art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Reno De Medici S.p.A. appointed us on April 27, 2012 as auditors of the Company for the years from December 31, 2012 to December 31, 2020.

We declare that we have not provided prohibited non-audit services referred to in Art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in Art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to Art. 14 paragraph 2 (e) of Legislative Decree 39/10 and Art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Reno De Medici S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Reno De Medici Group as at December 31, 2019, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in Art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Reno De Medici Group as at December 31, 2019 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Reno De Medici Group as at December 31, 2019 and are prepared in accordance with the law.

With reference to the statement referred to in Art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to Art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 54

The Directors of Reno De Medici S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to Art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Andrea Restelli
Partner

Milan, Italy
April 6, 2020

This report has been translated into the English language solelyfor the convenience of international readers.

Double page, "Consolidated Financial Statements"

CONSOLIDATED STATEMENT OF INCOME

(thousands of Euros)	Note	12.31.2018	12.31.2017
Revenues from sales	1	605,980	569,089
– of which related parties	*31*	*12,778*	*21,305*
Other revenues	2	6,319	8,870
– of which related parties	*31*	*112*	*515*
Change in inventories of finished goods	3	6,282	(3,489)
Cost of raw materials and services	4	(459,415)	(438,096)
– of which related parties	*31*	*(68)*	*(4,502)*
Personnel costs	5	(90,847)	(87,282)
Other operating costs	6	(5,206)	(3,279)
Gross operating profit		**63,113**	**45,813**
Depreciation and amortization	7	(23,395)	(22,332)
Write-downs	8	(382)	0
Operating profit		**39,336**	**23,481**
Financial expense		*(2,508)*	*(2,610)*
Gains (losses) on foreign exchange		*23*	*(602)*
Financial income		*41*	*81*
Net Financial income (expense)	9	(2,444)	(3,131)
Gains (losses) from investments	10	3,192	446
Taxes	11	(12,914)	(6,228)
Profit (loss) for the year before discontinued operations		**27,170**	**14,568**
Profit (loss) for the year		**27,170**	**14,568**
Total profit (loss) for the year attributable to:			
– Group		27,170	14,568
– Minority interests		0	0
Average number of shares			
Basic		375,556,686	377,534,217
Diluted		375,556,686	377,534,217
Basic earnings (loss) per ordinary share (Euros)		0.07	0.04
Diluted earnings (loss) per ordinary share (Euros)		0.07	0.04

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of Euros)	12.31.2018	12.31.2017
Profit (loss) for the year	**27,170**	**14,568**
Other components of comprehensive profit (loss)		
Other components that may be transferred to the income statement in subsequent financial periods:	**(232)**	**146**
Change in fair value of cash flow hedges	*(255)*	*112*
Profit (loss) on translation of financial statements of foreign investee companies	*23*	*34*
Other components that will not be transferred to the income statement in subsequent financial periods:	**1,102**	**(562)**
Actuarial gain (loss) on employee benefits	*1,102*	*(562)*
Total other components of comprehensive profit (loss)	**870**	**(416)**
Total comprehensive profit (loss)	**28,040**	**14,152**
Total comprenhensive profit (loss) attributed to:		
– Group	*28,040*	*14,152*
– Minority interests		

All values in the table are stated net of related tax effects.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(thousands of Euros)	Note	12.31.2018	12.31.2017
ASSETS			
Non-current assets			
Tangible assets	12	245,900	192,570
Goodwill	13	4,845	
Intangible assets	14	10,179	4,613
Intangible assets with an indefinite useful life	14	3,566	3,948
Equity investments	15	694	4,577
Deferred tax assets	16	678	1,256
Other receivables	18	8,710	17,764
Total non-current assets		**274,572**	**224,728**
Current assets			
Inventories	19	107,138	83,659
Trade receivables	17	73,191	63,736
– of which related parties	*31*		*350*
Receivables from associates and joint ventures	17	6,778	7,126
Other receivables	18	11,766	11,204
Other receivables from associates and joint ventures	18		
Cash and cash equivalents	20	31,180	19,128
Total current assets		**230,053**	**184,853**
TOTAL ASSETS		**504,625**	**409,581**

(thousands of Euros)	Note	12.31.2018	12.31.2017
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital		140,000	140,000
Other reserves		30,018	19,363
Retained earnings (losses)		(2,370)	(5,466)
Profit (loss) for the year		27,170	14,568
Shareholders' equity attributable to the Group		**194,818**	**168,465**
Minority interests			
Total shareholders' equity	21	**194,818**	**168,465**
Non-current liabilities			
Payables to banks and other lenders	20	75,858	44,277
Derivative instruments	22	488	138
Other payables	23	104	26
Deferred taxes liabilities	24	11,004	8,924
Employee benefits	25	32,778	33,950
Non-current provisions for risks and charges	26	4,634	4,701
Total non-current liabilities		**124,866**	**92,016**
Current liabilities			
Payables to banks and other lenders	20	20,354	19,512
Derivative instruments	22	296	133
Trade payables	27	130,409	105,027
– *of which related parties*	*31*	*1*	*28*
Payables to associates and joint ventures	27		952
Other payables	23	22,401	20,777
Other payables to associates and joint ventures	23	101	
Current taxes	28	8,979	1,501
Employee benefits	25	212	141
Current provisions for risks and charges	26	2,189	1,057
Total current liabilities		**184,941**	**149,100**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**504,625**	**409,581**

CONSOLIDATED STATEMENT OF CASH FLOW

(thousands of Euros)	Note	12.31.2018	12.31.2017
Profit (loss) for the year		27,170	14,568
Taxes	11	12,914	6,228
Depreciation and amortization	7	23,777	22,332
Losses (gains) from investments	10	(3,043)	(446)
Financial (income) expenses	9	2,444	2,530
Capital losses (gains) on sale of fixed assets		(287)	179
Change in provisions for in employee benefits and in other provisions including the provision for bad and doubtful receivables		(411)	(1,586)
Change in inventories	19	(4,628)	(592)
Change in trade receivables	17	12,664	(5,604)
– of which related parties	*31*	*350*	*(442)*
Change in trade payables	27	(11,268)	2,380
– of which related parties	*31*	*(27)*	*360*
Total change in working capital		**(3,232)**	**(3,816)**
Gross cash flows		**59,332**	**39,989**
Interest paid in the year		(1,455)	(1,696)
Taxes paid in the year		(5,445)	(4,115)
Cash flows from operating activities		**52,432**	**34,178**
Other equity investments	15		(1,742)
Investment net of disinvestment in tangible and intangible assets	12 – 14	(24,514)	(20,573)
Change in scope of consolidation		(36,513)	(10,050)
Other investments			
Dividends received		103	120
Cash flows from investing activities		**(60,924)**	**(32,245)**
Dividends paid		(1,172)	(1,003)
Treasury shares		(577)	(301)
Change in other financial assets and liabilities and short-term bank debts	20	(5,448)	2,591
– of which related parties	31		*4*
Change in medium/long-term loans	20	23,828	(13,457)
Cash flows from financing activities		**16,631**	**(12,170)**
Exchange rate translation differences		**23**	**34**
Change in unrestricted cash and cash equivalents		**8,162**	**(10,203)**
Unrestricted cash and cash equivalents at the beginning of the period		**19,128**	**29,331**
Cash and cash equivalents acquired(*)		**3,891**	
Unrestricted cash and cash equivalents at the end of the period		**31,181**	**19,128**

(*) The item cash and cash equivalents acquired refers to the balance of cash and cash equivalents of PAC Service S.p.A. at January 1, 2018 and Barcelona Cartonboard S.A.U. at October 31, 2018.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(thousands of Euros)	Share capital	Treasury shares reserve	Legal reserve	Other reserves	Retained earnings (losses)	Profit (loss) for the year	Hedging reserve	Reserve for "Actuarial gain/(loss)"	Total Shareholders' Equity (Group)	Total Shareholders' Equity (minority shareholders)	Total shareholders' equity
Shareholders' equity at 12.31.2016	**140,000**	**(182)**	**619**	**20,725**	**(1,809)**	**3,132**	**(313)**	**(6,956)**	**155,216**		**155,216**
Dividends distributed						(1,003)			(1,003)		(1,003)
Allocation of profit (loss) for the year			340	5,446	(3,657)	(2,129)					
Purchase of treasury shares		(301)							(301)		(301)
Stock Grant Reserve				401					401		401
Profit (loss) for the year						14,568			14,568		14,568
Other components of comprehensive profit (loss)				34			112	(562)	(416)		(416)
Total comprehensive profit (loss)				34		14,568	112	(562)	14,152		14,152
Shareholders' equity at 12.31.2017	**140,000**	**(483)**	**959**	**26,606**	**(5,466)**	**14,568**	**(201)**	**(7,518)**	**168,465**		**168,465**
Dividends distributed						(1,172)			(1,172)		(1,172)
Allocation of profit (loss) for the year			518	9,845	3,033	(13,396)					
Purchase of treasury shares		(577)							(577)		(577)
Stock Grant Reserve				565					565		565
IFRS 9 Reserve				(503)					(503)		(503)
Profit (loss) for the year						27,170			27,170		27,170
Other components of comprehensive profit (loss)				23			(255)	1,102	870		870
Total comprehensive profit (loss)				23		27,170	(255)	1,102	28,040		28,040
Shareholders' equity at 12.31.2018	**140,000**	**(1,060)**	**1,477**	**36,536**	**(2,433)**	**27,170**	**(456)**	**(6,416)**	**194,818**		**194,818**

NOTES TO THE FINANCIAL STATEMENTS

Structure and content

Reno De Medici S.p.A. is a company which is established as a legal entity under Italian law. The RDM Group operates mainly in Europe and the business of the Group is the production and distribution of carton board for packaging made from both recycled fibers and virgin fibers. Distribution and sales operations are carried out through a network of agents and the internal sales force under the subsidiary R.D.M. Marketing.

Reno De Medici S.p.A. has its registered office in Milan, Italy.

The shares of the Parent company Reno De Medici S.p.A. are listed on the Star segment of Borsa Italiana S.p.A. and on the Madrid stock exchange.

The consolidated financial statements of the RDM Group were approved and authorized for publication by the Board of Directors of Reno De Medici S.p.A. on March 18, 2019.

The consolidated financial statements of the RDM Group are presented in Euros (rounded to the nearest thousand), as this is the prevailing currency in the countries where the Group carries out most of its activities. Subsidiaries are included in the consolidated financial statements on the basis of the principles described in the section "Accounting Principles".

The 2018 consolidated financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and approved by the European Union, and on the basis of provisions issued to implement Article 9 of Legislative Decree 38/2005. IFRS also includes all revised international accounting standards ("IAS"), all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including those previously issued by the Standing Interpretations Committee ("SIC").

Compared with the Annual Financial Report as at December 31, 2017, the RDM Group applied the same accounting standards with the exception of the new standards IFRS 9 and IFRS 15 which came into force with effect from January 1, 2018. In particular:

- IFRS 15 "Revenue from Contracts with Customers" came into effect from January 1, 2018. The adoption of this principle had no effect on the financial statements;
- IFRS 9 "Financial Instruments": this standard replaced IAS 39 with effect from the financial years beginning January 1, 2018 and (i) amended the classification and evaluation model of financial assets basing it on the characteristics of the financial instrument and the business model adopted by the company which, for the RDM Group, is the Held-to-collect and sell model; (ii) introduced a new write-down method for financial assets which takes expected losses into account ("expected credit losses"); and (iii) amended the provisions with regard to hedge accounting.

1. Transitional arrangements

The comparative data for the first year of application were not restated, in line with the simplified approach of IFRS 9. As a result:

- all the differences between the book value of the financial assets and liabilities as at December 31, 2017 and January 1, 2018 were recorded in the opening shareholders' equity;
- the financial assets kept the previous classification in the comparison period;
- the effects of write-downs of financial assets were not calculated in the comparison period;
- the company decided to continue to apply the rules of IAS 39 to hedge accounting as allowed under the new IFRS 9.

2. Main impacts

2.1 Classification and measurement

The main impacts from the new classification and measurement requirements involve minority interests and the placement of trade receivables in the new categories of "held-to-collect" and "held-to-collect and sell".

The Group's minority interests classified according to IAS 39 in the Available for Sale category were reclassified in the category of assets measured at fair value transiting from the income statement. The application of the new requirements introduced through IFRS 9 for the classification of equity investments led the Group to analyze the requirements of the agreements relating to the company Consortile Paper Interconnector. Following the analysis conducted and taking into consideration the value of the electricity purchase contract related to the investment made, the equity investment was reclassified under the item Intangible Fixed Assets.

Taking into consideration the Group's business model, trade receivables were classified in the "held-to-collect" and "held -to-collect and sell" categories which involve the measurement at fair value offset with the other components of the comprehensive income statement.

(thousands of Euros)	IFRS 9 categories						
IAS 39 categories	Financial statements balance 12.31.2017	Held to collect	Held to collect and sell	Other	Fair Value without reversal to the Income Statement	Fair value gross reserve 01.01.2018	Fair value net reserve 01.01.2018
Equity investments	**4,577**			4,577			
Other receivables	**28,968**	28,968					
Trade receivables	**63,736**	60,014	3,722				
Receivables from associates and joint ventures	**7,126**	7,126					
Cash and cash equivalents	**19,128**	19,128					
Payables to banks and other lenders	**63,789**	63,789					
Derivative instruments	**271**			271			
Other payables	**20,803**	20,803					
Trade payables	**105,027**	105,027					
Payables to associates and joint ventures	**952**	952					

2.2 Write-downs

The retrospective application of the provisions of the impairment model of IFRS 9 to all financial assets involved had an impact of €503 thousand (net of tax) recorded in the opening shareholders' equity as at January 1, 2018.

2.3 Hedge accounting

As indicated previously, the company decided to continue to apply the rules of IAS 39 to hedge accounting as allowed under the new IFRS 9.

2.4 Summary of the impacts on the changes in the Group's shareholders' equity (excluding tax) as at January 1, 2018:

(thousands of Euros net of tax)	Shareholders' equity
Shareholders' equity as at January 1, 2018	**168,465**
Write-down of trade receivables	(451)
Write-down of other financial assets	(52)
Shareholders' equity restated as at January 1, 2018	**167,962**

Accounting principles, amendments and interpretations effective from January 1, 2018, specifying any impact that each of these may have on these consolidated financial statements:

- The document "Annual Improvements to IFRSs: 2014-2016 Cycle" which partially integrate existing standards;
- Amendment to IFRS 2 which contains several clarifications with regard to the accounting of the effects of vesting conditions in the case of cash-settled share-based payments, the classification of share-based payments with net settlement characteristics and the accounting of the changes to the terms and conditions of a share-based payment which change its classification from cash-settled to equity-settled.
- Transfers of Investment Property — Amendment to IAS 40;
- IFRIC 22 — "Foreign Currency Transactions and Advance Consideration";

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union but not yet obligatorily applicable and not subject to early adoption by the Group:

- IFRS 16 — Leases. This principle is intended to replace IAS 17 — Leases as well as 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. The new principle redefines the lease and introduces a control (right-of-use) criterion to distinguish leases from service agreements. The principle will apply from January 1, 2019 but early application is permitted.

The Company completed the preliminary assessment project of the potential impacts resulting from the application of the new principle at the transition date (January 1, 2019). This process was broken down into various phases, including the full mapping of contracts potentially suitable to contain a lease and their analysis in order to understand the main clauses significant for the purpose of IFRS 16.

The implementation process of the principle is in the process of being completed, which involves the setting of an IT infrastructure aimed at the accounting management of the principle and the alignment of the administrative processes and monitoring of the critical areas that the principle focuses on. This process is expected to be completed in early 2019.

The Company decided to apply the amended principle retrospectively. Specifically, with regard to lease agreements previously classified as operating, the Company will record:

a) a financial liability, equal to the current value of remaining future payments at the date of transition, discounted using the incremental borrowing rate applicable at the date of transition for each agreement;

b) a right of use equal to the value of the financial liability at the date of transition. The Company decided to calculate the right of use equal to the net book value that it would have had if the principle had been applied from the start date of the contract using, however, the discount rate defined at the date of transition.

For these contracts, the amount of the right of use and the financial liability was estimated at €5 million.

In adopting IFRS 16, the Company intends to avail itself of the exemption granted by paragraph IFRS 16 5 (a) with regard to short-term leases for all classes of assets except for buildings.

Similarly, the Company intends to avail itself of the exemption granted by IFRS 16 5 (b) as far as lease agreements for which the underlying asset is a low-value asset are concerned (in other words the assets underlying the lease agreement are not worth more than €5,000 when new). The contracts for which the exemption was applied mainly fall into the following categories:

- Computers and telephones;
- Printers.

For these contracts the introduction of IFRS 16 will not involve the recognition of the financial liability of the lease and the related right of use, but the rent will be reported in the income statement on a linear basis for the duration of the respective agreements.

The Company intends to use the following practical devices provided for by IFRS 16:

- *Separation of non-lease components:* the Company intends to avail itself of the exemption granted by IFRS 16 15 for all categories of assets with the exception of buildings. The non-lease components of these assets will not be spun off and recorded separately from the lease components, but they will be considered together with the latter in calculating the financial liabilities of the lease and the related right of use.
- *Portfolio approach:* the Company has identified contracts with similar characteristics which can be treated as a portfolio for the following category of assets:
- Fork-lift trucks (Plant and machinery)
- Prepayment Features with Negative Compensation — Amendment to IFRS 9;

As at the date of this Annual Financial Report, the competent bodies of the European Union had not yet completed the approval process required for the adoption of the following accounting standards and amendments:

- IFRS 17 — Insurance Contracts, which is intended to replace IFRS 4 — Insurance Contracts;
- Long-term Interests in Associates and Joint Ventures — Amendment to IAS 28;
- Amendment to IFRS 3 "Definition of a Business";
- Amendment to IAS 19 "Plant Amendment, Curtailment or Settlement";
- Sales or Contribution of Assets between an Investor and its Associate or Joint Venture — Amendment to IFRS 10 and IAS 28;
- The document "Annual Improvements to IFRSs: 2015-2017 Cycle" which includes the changes to some principles under the scope of the annual improvement process.
- Definition of Materials Document (Amendments to IAS 1 and IAS 8). This document introduced a change to the definition of "significant" in standard IAS 1.

The financial statements are prepared on a historical cost basis with the exception of derivative financial instruments and financial assets held for sale, which are recognized at fair value, and financial liabilities, which are recognized at amortized cost. The carrying amount of hedged assets and liabilities which are qualified for hedge accounting is adjusted to take into account changes in the fair value due to hedged risks.

The financial statements were prepared with clarity and truthfully and accurately represent the RDM Group's results, assets and liabilities, and cash flows. The financial statements were prepared on the going-concern assumption. The Directors considered it appropriate to assume the business was a going-concern because, in their judgment, no uncertainties have emerged relating to events or circumstances which, taken into consideration individually or as a whole, could give rise to doubts concerning business continuity.

Preparing the consolidated financial statements in accordance with IFRS may require the use of specific estimates and valuations, as well as management's reasonable judgment in applying accounting policies. More complex matters and/or those that require greater use of assumptions and estimates are discussed in the section "Estimates and Valuations".

The Group has chosen to present the structure and content of its consolidated financial statements in the following manner:

- the consolidated statement of financial position is presented with separate sections for assets, liabilities and shareholders' equity. Assets and liabilities are then presented on the basis of their classification as current, non-current or held for sale;
- the consolidated income statement is presented in a vertical format with items broken down by nature, as this provides reliable and more relevant information than a classification by function;
- the consolidated statement of comprehensive income is presented separately from the consolidated income statement, and each item is shown net of the tax effect;
- the consolidated statement of cash flows is presented using the indirect method;
- the consolidated statement of changes in shareholders' equity is presented by showing separately the profit or loss for the year and any income and expense recognized directly in equity and not in the income statement, in accordance with specific IAS/IFRS requirements. It also shows separately the transactions with shareholders.

Scope of consolidation

The consolidated financial statements include the financial statements of all subsidiaries, from the date on which control is acquired until the date that such control ceases to exist.

The accounting period and the reporting date of the consolidated financial statements correspond to those of the Parent company and of all the entities included in the scope of consolidation.

The following table provides a list of subsidiaries consolidated on a line-by-line basis with the respective percentage holdings:

Corporate name	Registered office	Business	Capital activity	Control percentage			
				12.31.2018		12.31.2017	
			(Eur/1000)	direct	indirect	direct	indirect
R.D.M. Arnsberg GmbH	Arnsberg(G)	Industrial	5,113	94.00%	6.00%	94.00%	6.00%
RDM Blendecques S.A.S.	Blendecques (FR)	Industrial	5,037	100.00%		100.00%	
Cartiera Alto Milanese S.r.l. in liquidation	Milan (IT)	Commercial	12	100.00%		100.00%	
Cascades Grundstück GmbH & Co. KG	Arnsberg (G)	Services	22	100.00%		100.00%	
R.D.M. Magenta S.r.l.	Milan (IT)	Industrial	3,700	100.00%		100.00%	
R.D.M. Ovaro S.p.A.	Milan (IT)	Industrial	12,500	90.00%		85.00%	
R.D.M. La Rochette S.A.S.	La Rochette (FR)	Industrial	4,000		100.00%		100.00%
Barcelona Cartonboard S.A.U.	Barcelona (ES)	Industrial	14,943	100%			
BCN Carton Portugal Unipessoal Lda.	Lisbonl (PT)	Commercial	3		100%		
PAC Service S.p.A.	Vigonza (IT)	Industrial	1,000	60%	40%		
BELLIM S.r.l.	Vigonza (IT)	Services	10	100%			
R.D.M. Marketing S.r.l.	Milan (IT)	Commercial				100.00%	
R.D.M. Marketing France S.A.S.	Saint-Denis (FR)	Commercial	337	100.00%			100.00%
R.D.M. Marketing Germany GmbH	Krefeld (DE)	Commercial	210	100.00%			100.00%
R.D.M. Marketing Spain S.L.U.	El Prat de Llobregat (ES)	Commercial	26	100.00%			100.00%
R.D.M. Marketing UK Ltd	Wednesbury (UK)	Commercial		100.00%			100.00%
R.D.M. Marketing Czech Republic s.r.o.	Prague (CZ)	Commercial	19	100.00%			100.00%
R.D.M. Marketing Hungaria Kft.	Budapest (HU)	Commercial	19	100.00%			100.00%
R.D.M. Marketing Poland Sp. z o.o.	Warsaw (PL)	Commercial	12	100.00%			100.00%

The scope of consolidation changed on December 31, 2018. In particular:

- on February 12, 2018, the merger of R.D.M. Marketing S.r.l with and into the Parent Company Reno De Medici S.p.A. was completed;
- on January 1, 2018, the acquisition of 66.67% of PAC Service S.p.A. became effective therefore, from this date, the above-mentioned company was consolidated on a line-by-line basis;
- on June 19, 2018, in application of the agreements entered into with Friulia S.p.A. in 2017, Reno De Medici S.p.A. bought back a further stake of 5%, at a price of €646,418, of the investment owned by Friulia S.p.A. in R.D.M. Ovaro S.p.A. Following this transaction, the residual share still owned by Friulia S.p.A. was equal to 10% and it will be bought back in two equal shares on June 30, 2019 and June 30, 2020. More details on this can be found in the section "Contingent liabilities, commitments, and other guarantees given to third parties";
- on October 31, 2018, Reno De Medici S.p.A. finalized an agreement with the German private equity fund Quantum Capital Partners for the acquisition of 100% of Barcelona Cartonboard S.A.U., a

company under Spanish law and the seventh largest European player in the white lined chipboard sector. From that date, the above-mentioned company will be consolidated on a line-by-line basis;

- following the acquisition of Barcelona Cartonboard S.A.U., the company BCN Carton Portugal Unipessoal Lda, a wholly-owned subsidiary, also came under the scope of consolidation.

The business combination transactions carried out in 2018 are described below:

PAC Service S.p.A.: on December 19, 2017, Reno De Medici exercised its legal right of first refusal to purchase the residual 66.67% of PAC Service S.p.A. for a consideration of €10 million.

The effects of the acquisition began on January 1, 2018; from that date Reno De Medici S.p.A. controls the company and, therefore, the investment in PAC Service S.p.A., classified until December 31, 2017 as an associate company and accounted with the equity method, was consolidated line by line pursuant to the provisions of accounting principle IFRS 10 — Consolidated financial statements.

The acquisition of control of Pac Service S.p.A. is a business combination transaction achieved in stages, recognized in accordance with IFRS 3 — Business combinations. At the date of acquisition of control:

(i) the value of the investment previously held (33.33%) was adjusted to the fair value (€5 million), allocating the difference compared with the previous book value (€2 million) to the income statement as income from investments (€3 million);

(ii) the individual assets acquired and liabilities assumed were measured at fair value;

(iii) goodwill, equal to €4.3 million, resulting from the difference between the acquisition value of 100% of PAC Service S.p.A., equal to €15.1 million and the fair value of the net assets acquired, equal to €10.7 million.

To determine the fair value of tangible fixed assets it was decided to adopt the market approach, making use the appraisals conducted by an independent expert. At the acquisition date, the value assigned to tangible fixed assets was €5.2 million and deferred taxes equal to €0.7 million.

The fair values of the assets and liabilities of PAC Service S.p.A. at the acquisition date are summarized below. The respective tax effects for each asset or liability measured at fair value were also accounted for as assets for deferred tax assets and the deferred tax provision for liabilities.

	PAC SERVICE S.P.A.
STATEMENT OF FINANCIAL POSITION	**January 1, 2018**
(thousands of euro)	
Non-current assets	
Tangible fixed assets	5,537
Intangible fixed assets	11
Equity investments	4
Deferred tax assets	44
Other receivables	425
Total non-current assets	**6,021**
Current assets	
Inventories	4,163
Trade receivables	7,182
Other receivables	321
Cash and cash equivalents (A)	2,719
Total current assets	**14,385**
TOTAL ASSETS	**20,406**

(thousands of euro)	January 1, 2018
Shareholders' equity	**10,685**
Non-current liabilities	
Payables to banks and other lenders (B)	1,583
Deferred tax liabilities	692
Employee benefits	593
Non-current provisions for risks and charges	140
Total non-current liabilities	**3,008**
Current liabilities	
Payables to banks and other lenders (C)	1,510
Trade payables	4,771
Other payables	432
Total current liabilities	**6,713**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**20,406**
Fair value of net assets acquired (D)	**10,685**
Purchase price (E)	10,050
Fair value of assets previously held (33.33%) (F)	5,024
Goodwill (G=E+F-D)	**4,389**
Consideration paid (H)	(10,050)
Purchase price net of cash and cash equivalents acquired (L= H-A)	**(7,331)**

Contribution to the income statement at the acquisition date (thousands of euro)	
Revenues of sales(*)	21,095
EBITDA	**1,735**
Depreciation, amortization and write-downs	438
Operating profit	**1,297**

(*) Including transactions with RDM Group companies

Barcelona Cartonboard S.A.U.: On July 2, 2018, Reno De Medici S.p.A. concluded a preliminary agreement with the German private equity fund Quantum Capital Partners for the purchase of 100% of Barcelona Cartonboard S.A.U., a Spanish Company, the seventh largest European player in the white lined chipboard sector. The transaction was finalised on October 31, 2018; the company was fully consolidated from that date. The acquisition costs associated to the transaction amount to €910 thousand, and mainly consist of legal and advisory costs.

Founded in 1967, Barcelona Cartonboard S.A.U. operates in the business of coated board made from recycled fibers (WLC — White Lined Chipboard). With its headquarters and production plant in Castellbisbal, Catalonia, the company has an annual production capacity of 180,000 tonnes and a staff of around 230 employees.

Specifically, Barcelona Cartonboard S.A.U. is the largest producer of cardboard in Spain, one of the most important paper mills in southern Europe and the seventh largest in Europe in the WLC sector.

In the latest financial year ended December 31, 2017, the company recorded (under Spanish accounting standards) revenues from sales of €122.3 million, EBITDA of €5.1 million and a net profit of €1.4 million. At December 31, 2017, the net financial debt amounted at €11.5 million.

The acquisition of Barcelona Cartoboard S.A.U. will allow the RDM Group to strengthen its presence in a well-known market, to optimize its product portfolio and to further improve the level of service to existing and new customers. In effect, thanks to the proximity of the Barcelona plant to several of the major European converters, strategic customers can be reached very quickly.

The acquisition of control of Barcelona Cartonboard S.A.U. is a business combination transaction, recognized in accordance with IFRS 3 — Business combinations. At the date of acquisition of control, the following was arranged:

(i) the individual assets acquired and liabilities assumed were measured at fair value;

(ii) goodwill, equal to €0.5 million, resulting from the difference between the purchase price of 100% of Barcelona Cartonboard S.A.U., equal to €36.5 million and the fair value of the net assets acquired, equal to €36 million, was recorded under assets. The purchase price will be subject to adjustment according to the purchase agreement. The purchase price is based on an enterprise value of €46.4 million and an NFP estimated at about €9.9 million at the time of acquisition.

To determine the fair value of tangible fixed assets it was decided to adopt the market approach, making use the appraisals conducted by an independent expert. At the acquisition date, the value assigned to tangible fixed assets was €47.8 million. The greater value, equal to €31.5 million, allocated to the above-mentioned tangible fixed assets, generated the recording in the financial statements of deferred taxes of €2.2 million.

The acquisition was financed by Reno De Medici S.p.A. mainly through recourse to specific financial loan.

In accordance with the provisions of IFRS 3 — Business combinations, the fair value of the assets and liabilities acquired was determined on a provisional basis, because at the date of the consolidated financial statements several valuation processes involving the current assets, liabilities and the identification of contingent assets and liabilities have not yet been finalized. These values could undergo changes within 12 months of the acquisition date.

The provisional fair values of the assets and liabilities of Barcelona Cartonboard S.A.U. at the date of acquisition, which represent the management's best estimate, are summarized below. The respective tax effects for each liability or asset measured at fair value were also accounted for as deferred tax assets or as deferred tax provision.

STATEMENT OF FINANCIAL POSITION	BARCELONA CARTONBOARD S.A.U. October 31, 2018
(thousands of euro)	
Non-current assets	
Tangible fixed assets	47,827
Intangible fixed assets	2,312
Equity investments	5
Other receivables	89
Total non-current assets	**50,233**
Current assets	
Inventories	14,180
Trade receivables	15,932
Other receivables	878
Cash and cash equivalents (A)	1,172
Total current assets	**32,162**
TOTAL ASSETS	**82,395**

(thousands of euro)	October 31, 2018
Shareholders' equity	**36,056**
Non-current liabilities	
Payables to banks and other lenders (B)	8,073
Deferred tax liabilities	2,238
Non-current provisions for risks and charges	262
Other non-current payables	104
Total non-current liabilities	**10,677**
Current liabilities	
Payables to banks and other lenders (C)	2,555
Trade payables	29,693
Other payables	3,076
Current provisions for risks and charges	338
Total current liabilities	**35,662**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**82,395**
Fair value of net assets acquired (D)	**36,056**
Goodwill (E=F-D)	**456**
Purchase price (F)	**36,512**
Consideration paid (G)	(36,512)
Purchase price net of cash and cash equivalents acquired (I= G-A)	**(35,340)**
Contribution to the income statement at the acquisition date (thousands of euro)	
Revenues of sales	21,874
EBITDA	**1,499**
Depreciation, amortization and write-downs	793
Operating profit	**706**

At the closing date of the financial statements the Company had conducted the impairment test, after which no write-down was necessary.

More information can be found in the section "Impairment Tests".

The following table provides a list of associates and joint ventures valued at equity:

Corporate name	Registered office	Business	Capital activity (Eur/1000)	Control percentage 12.31.2018 direct	12.31.2018 indirect	12.31.2017 direct	12.31.2017 indirect
Associates							
Pac Service S.p.A.	Vigonza (I)	Industrial	1000			33.33%	
Emmaus Pack S.r.l.	Milan (I)	Industrial	200	34.39%		34.39%	
Joint ventures							
RECOG.SEL.PAP. Y CART. C., A.I.E.	Barcelona(S)	Industrial	3		50%		
ZAR S.r.l. in liquidation	Silea (I)	Industrial				33.33%	
Manucor S.p.A.	Milan (I)	Industrial				22.75%	

Note that, the companies consolidated through the equity method underwent the following changes:

- On January 1, 2018, Zar S.r.l. in liquidation was placed into voluntary receivership after its shareholders decided they were no longer interested in the business being run as a company. The liquidation process was concluded in December 2018 and therefore the company closed down permanently;
- on March 28, 2018 the stake of 22.75% in Manucor S.p.A. was sold;
- the company RECOG.SEL.PAP. Y CART. C., A.I.E. is 50% owned by Barcelona Cartonboard S.A.U..

ACCOUNTING PRINCIPLES

Consolidation Principles

The financial position, results and cash flows of the RDM Group include the financial position, results and cash flows of Reno De Medici S.p.A. and of the companies over which it has the right to exercise control. The definition of control is not based solely on the concept of legal ownership. According to IFRS 10 the definition of control is based on three elements: (a) power over the business purchased; (b) exposure or rights, at variable returns resulting from involvement with the latter; (c) capacity to utilize the power to influence the amount of these returns. IFRS 10 stipulates that in order to evaluate whether it has control over the acquired business, an investor should focus only on activities that materially affect returns and rights which are substantial, *i.e.*, can be exercised in practice when important decisions have to be taken with regard to the acquired business. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is acquired until the date that such control ceases to exist. The portions of shareholders' equity and profit or loss attributable to minority interests are shown separately in the consolidated statement of financial position, consolidated income statement, and consolidated statement of comprehensive income.

The main consolidation principles adopted are as follows:

- the carrying amount of each investment consolidated on a line-by-line basis is eliminated against the related equity, with the assets, liabilities, income and expense of the subsidiary being added to those of the Parent Company, regardless of the size of the investment; the shares of subsidiaries' capital and reserves and of subsidiaries' profit or loss attributable to minority interests are shown separately in the consolidated statement of financial position and the consolidated income statement;
- the acquisition of subsidiaries is accounted for using the purchase method as provided for by IFRS 3 (Revised) (see "Business Combinations");
- all balances and transactions between Group companies are eliminated, as are any profits and losses (unless losses indicate an impairment of the sold asset requiring recognition) arising from commercial or financial intragroup transactions not yet realized with third parties;
- any increases or decreases in a subsidiary's equity arising from its post-acquisition results are recorded upon elimination in the "Retained earnings (losses)" equity reserve;
- dividends paid by Group companies were eliminated from the income statement upon consolidation;
- In the event of loss of control, the Group will eliminate the assets and liabilities of the subsidiary, any third-party interests, and the other components of equity relative to the subsidiaries. The profit or loss from the loss of control will be recognized in the profit or loss for the year. Any equity interest maintained in the former subsidiary will be measured at fair value on the date that control is lost. Measurement will subsequently be through the equity method.

Consolidation of Foreign Companies

The financial statements of each Group company are prepared in the currency of the economic area in which it mainly operates (the functional currency).

All non-Euro assets and liabilities of foreign companies within the scope of consolidation are translated using the exchange rates as at the reporting date (the current-rate method). Income and expenses are translated at the average rate for the year. The exchange differences resulting from the use of this approach are recognized in a dedicated equity reserve in "Other components of comprehensive income" until the disposal of the investment.

The exchange rates used to translate into Euros the financial statements of companies within the scope of consolidation are set out in the table below.

Currency	Start-of-period exchange rate	Average exchange rate	Exchange rate at period end 12.31.2018
GBP	0.8872	0.8847	0.8945
PLN	4.1770	4.2615	4.3014
CZK	25.5350	25.6470	25.7240
HUF	310.33	318.8897	320.98

Equity investments

This item includes equity investments in associates and joint ventures, valued using the equity method, and investments in other companies valued at cost.

The consolidated financial statements include the Group's share of the results of associates in which its investments are valued with equity method, from the date that significant influence or joint control is acquired until the date that it ceases to exist. The Group's share of unrealized profits from transactions between Group companies is eliminated. Unrealized losses from transactions between Group companies are eliminated unless they represent actual impairment of the asset sold.

Losses in excess of shareholders' equity are accounted for insofar as the investor has a commitment to the investee to abide by legal or constructive obligations or in any other way to cover its losses.

Associates

Associates refer to those companies in which the Group exercises a significant influence, which is assumed to exist when the investment is between 20% and 50% of the voting rights.

Joint Ventures

Joint ventures are companies which feature a joint control agreement in which the participants have a right to a portion of the net assets or the economic results arising from the agreement. Joint ventures are valued through equity method using the Group's accounting principles.

Business combinations

Business combinations are accounted for using the acquisition method. Under this method, the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred and liabilities assumed by the Group and the equity instruments issued in exchange for control of the acquiree. Acquisition-related costs are generally recognized in the income statement at the time they are incurred.

The assets acquired and the liabilities assumed are recognized at their fair value as at the acquisition date.

Goodwill is measured as the excess of the aggregate of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the income statement as a bargain purchase gain.

At the acquisition date, non-controlling interest is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice between the two methods is made on a transaction-by-transaction basis.

Any contingent consideration arrangement in the business combination is measured at its acquisition-date fair value and included as part of the consideration transferred in the business combination in order to determine goodwill. Subsequent changes in the fair value are recognized in the income statement.

Tangible fixed assets

Tangible fixed assets are stated at their original cost of purchase, production or contribution, including directly incurred accessory costs required to bring an asset into a condition for use. Cost is reduced by accumulated depreciation and any impairment.

Costs for improvements, modernization and transformation incurred after the initial recognition of the asset acquired or produced internally are ascribed to fixed assets and depreciated across their useful life, provided they derive from separate analytical accounting measurements and when it is probable that the future economic benefits expected from the asset will increase.

Replacement costs of identifiable components of complex assets are ascribed to fixed assets and depreciated across their useful life. The residual value of the replaced component is ascribed to the income statement. Maintenance and repair costs are ascribed to the income statement in the year they are incurred.

Assets acquired under finance leases, which essentially assign to the Group all the risks and rewards of ownership, are recognized as tangible fixed assets at the lower of their current value and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as financial debt.

Depreciation is calculated on a straight-line basis over the estimated useful lives of assets, determined on the basis of the period during which the asset will be used by the company. Land is not depreciated, even if acquired together with buildings.

The table below shows a breakdown by category of useful life for amortization purposes:

Category		Years
Buildings	Industrial buildings	40 – 33
	Small structures	20
Plant and machinery	General plant and machinery	25 – 5
	Specific plant and machinery	25 – 5
Industrial and commercial equipment	Miscellaneous equipment	5 – 4
Other assets	Furniture and ordinary office machines	12 – 8
	Electronic office machines	6 – 5
	Means of internal transport	5
	Motor vehicles	6 – 4

The Group checks at least once a year if there is any indication that tangible assets have suffered impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss, as described in the section “Impairment” below.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognized when the recoverable amount is lower than the carrying amount. If the reasons for previous write-downs no longer exist, the assets are revalued at the lower of the recoverable value and the previous book value net of depreciation that would have been recorded in the absence of a write-down, with the adjustment being made on the income statement.

ASSETS/LIABILITIES HELD FOR SALE

Assets and liabilities and groups of assets and liabilities whose carrying amount will be recovered principally through a sale rather than through continuing use are presented separately from other assets and liabilities in the statement of financial position. These assets and liabilities are classified as “Assets held for sale” and are valued at the lower value between their carrying amount and their fair value less costs to sell. Profits or losses, net of related tax effects, resulting from the valuation or sale of these assets and liabilities, are recorded under a dedicated item in the income statement.

Intangible fixed assets

Intangible assets consist of identifiable assets without physical substance which are controlled by the Group and from which future economic benefits are expected.

Intangible assets are recognized when the cost of an asset can be measured reliably, in accordance with IAS 38 Intangible Assets.

Intangible assets with a finite useful life are measured at cost and amortized on a straight-line basis over their useful life, *i.e.*, the estimated period during which the asset will be used by the Group.

The table below shows a breakdown by category of useful life for amortization purposes:

Category		Years
Concessions, licenses, trademarks and similar rights	Software licenses	5
Other intangible assets	Miscellaneous deferred charges	12 – 5

Intangible assets with an undefined useful life are not amortized but are subject to impairment testing at least once a year, as explained in the "Impairment" section below. An intangible asset is considered to have an undefined useful life when there is no foreseeable limit to the period over which the asset is expected to generate positive cash flows for the Group.

Impairment

At each reporting date, the Group reviews the carrying amount of its tangible and intangible assets with a finite useful life to assess whether there are any signs that these assets may have lost value (impairment indicators). If any such signs exist, the Group estimates the recoverable amount of such assets to determine the write-down amount (impairment test). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In the absence of a binding sale agreement, fair value is estimated on the basis of values expressed by an active market, by recent transactions, or on the basis of the best available information to reflect the amount that might be obtained by selling the asset.

In calculating value in use, estimated future cash flows are discounted to present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the estimated recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The resulting impairment loss is recognized in the income statement.

When there is no longer any reason for an impairment loss to be recognized, the carrying amount of an asset (or cash-generating unit) is increased to a new carrying amount based on its estimated recoverable value, which may not exceed the net carrying amount that would have been determined if no impairment loss had been recognized. The reversal of the impairment loss is recognized in the income statement.

Goodwill and intangible assets with an indefinite useful life are tested for impairment on an annual basis, or more frequently if there is any indication that an asset may be impaired.

Derivative instruments

Derivative instruments consist of assets and liabilities measured at fair value.

In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only if all of the following apply:

- the hedging relationship is formally designated and documented at its inception;

- the hedge is expected to be highly effective;
- effectiveness can be reliably measured;
- the hedge is highly effective throughout the financial reporting periods for which it is designated.

When derivative instruments qualify for hedge accounting, the following accounting treatment applies:

- for a fair-value hedge (*e.g.*, where a derivative instrument is designated as a hedge of the exposure to changes in the fair value of assets or liabilities yielding or bearing a fixed rate), the derivative instrument is measured at fair value and any gain or loss is recognized in the income statement. At the same time, the carrying amount of the hedged assets or liabilities is adjusted to reflect the changes in fair value with respect to the hedged risk;
- for a cash flow hedge (*e.g.*, where a derivative instrument is designated as a hedge of the exposure to variability in the cash flows of assets or liabilities due to variations in exchange rates), the changes in fair value of the instruments are initially recognized in a dedicated equity reserve in "Other components of comprehensive income" and are subsequently reclassified to the income statement in line with the effects of the hedged transaction on profit or loss.

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of the derivative instrument are recognized immediately in the income statement.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial instruments which are explicitly designated as available for sale or cannot be classified in any of the preceding categories, and which are included in non-current assets unless it is management's intention to sell them in the 12 months following the reporting date.

Available-for-sale financial assets, which consist of investments in other companies and other non-current financial assets, are measured at fair value with changes recorded in equity. Where there is objective evidence that a financial asset is impaired significantly or for an extended period, the impairment loss is recognized in the income statement even if the asset has not been sold. Where fair value cannot be reliably measured, equity investments are measured at cost and adjusted for any impairment losses.

Trade and other receivables

Trade and other receivables are initially measured at the fair value of the amount to be received. Subsequent adjustments are made to account for any write-downs. Non-current trade and other receivables are subsequently measured at amortized cost.

Inventories

Inventories are measured at the lower of purchase or production cost, determined on a weighted-average basis, and estimated realizable value, determined from market trends.

In the case of raw materials, market value means replacement cost; for finished goods and semi-finished goods, market value means net realizable value (net of the costs necessary to make the sale) representing the amount that the Group would expect to obtain from the sale of these goods as part of its normal business.

Cash and cash equivalents

This item consists of available cash on hand and bank deposits, shares in liquid funds and other highly liquid securities which can be readily converted into cash and which are subject to an insignificant risk of change in value.

Employee benefits

The benefits subsequent to the termination of the employment relationship are based on plans that, depending on their features, are either defined-contribution plans or defined-benefit plans.

In defined-contribution plans, such as the TFR (severance pay) accrued after the 2007 Italian Finance Law came into force, the obligation of the Company, limited to the payment of a contribution to the State, or to an asset or to a separate legal entity ("fund"), is determined based on contributions owing after any amounts already paid.

Defined-benefit plans, such as TFR accrued before the 2007 Italian Finance Law came into force, are plans for benefits subsequent to the termination of the employment relationship that are a future obligation and for which the Company bears the relevant actuarial and investment risks. The TFR fund is measured at the actuarial value of the liability of the Company, in accordance with current legislation and with the national collective and company-specific labor agreements. The actuarial valuation, based on demographic, financial and turnover assumptions, is entrusted to independent actuaries. From January 1, 2012, actuarial gains/losses are recorded under "Other Components of Comprehensive Income" in accordance with the new IAS 19 following early adoption thereof, instead of transiting from the income statement.

Provisions for risks and charges

The Group records provisions for risks and charges when it has a legal or constructive obligation, arising from a past event, where it is probable that a cost will be incurred to fulfill that obligation and when a reliable estimate of the amount can be made. Provisions are measured at the best estimate of the amount that, at the reporting date, the Group could reasonably expect to pay to extinguish the obligation or transfer it to a third party.

Where resources are expected to be used beyond the following financial year, the liability is recorded at actuarial value, as determined by discounting expected cash flows at a rate that also takes into account the cost of borrowing and the risk of the liability.

Provisions for supplementary agents' commission represent the calculation of liabilities based on actuarial techniques performed by independent actuaries.

Changes in estimates are recognized in the income statement of the period in which the change occurs.

The costs that the Company expects to incur to carry out restructuring plans are recorded in the financial year in which the Group formally defined such plans and gave to the entities concerned a valid expectation that the restructuring will take place.

The risks where a liability is merely possible are described in the section "Contingent Liabilities, Commitments and Other Guarantees Given to Third Parties", but no provision is made.

Payables to banks and other lenders

This item includes financial liabilities made up of bank loans, bonds and payables to other lenders, including payables arising from finance leases. Payables to banks and other lenders are measured at amortized cost.

Financial liabilities are initially recognized at cost, represented by the fair value of the amount received net of accessory loan arrangement charges. After initial recording, loans are subsequently measured at amortized cost, which is calculated using the effective interest method taking into account issue costs and any settlement discount or premium.

Trade and other payables

These liabilities are initially measured at the fair value of the amount to be paid. Subsequent measurement is at amortized cost using the effective interest method.

Revenue recognition

Revenues are recognized where it is probable that the Company will obtain the economic benefits associated with the sale of goods or provision of services, and where the relevant amount can be reliably determined. Revenues are recorded at the fair value of the consideration received or expected, taking into account any volume of other commercial discounts and premiums.

As regards the sale of goods, revenues are recognized when the Company has transferred to the purchaser the main risks and benefits of ownership.

As regards the provision of services, revenues are recognized at the time the services are rendered.

Taxes

Current income taxes are based on an estimate of the taxable income for the year and on current legislation in the countries where the Group operates. The expected liability, net of any payments in advance or withholding tax incurred, is recognized under "Current taxes".

Deferred tax assets and liabilities reflect the temporary differences between the carrying amount of an asset or liability and its tax base.

"Deferred tax liabilities" consist of deferred tax liabilities arising from temporary differences which will be taxed in future years in accordance with prevailing tax legislation.

"Deferred tax assets" consist of taxes which, despite being recoverable in future years, refer to the current year and are recognized where it is probable that future taxable income will be sufficient to absorb their recovery.

Deferred tax liabilities were offset by deferred tax assets where conditions specified in IAS 12 were met, notably where the two items relate to income taxes levied by the same tax authority and where there is a legally enforceable right to offset in this manner.

Income taxes are recognized in the income statement unless they relate to items directly credited or charged to shareholders' equity, in which case the tax effect is recognized directly in that item.

Deferred tax assets are recognized for the carry-forward of unused tax losses where it is probable that future taxable income will be available against which the unused tax losses can be used.

Reno De Medici S.p.A. and some of its Italian subsidiaries (R.D.M. Ovaro S.p.A. and R.D.M. Magenta S.r.l.) participated in the national tax consolidation scheme pursuant to Article 117 et seq. of the Consolidated Income Tax Act (TUIR). The Company acts as the consolidating company and determines a single taxable base for the group of adhering companies, thereby enabling this group to offset taxable income against tax losses in a single tax return. Each company participating in the national tax consolidation agreement transfers its taxable income or tax loss to the consolidating company: as a consequence of this transfer, Reno De Medici S.p.A. recognizes a receivable or a payable corresponding to IRES (corporate income tax), net of any payments on account, from or to the participating company, depending on whether it contributes taxable income or a tax loss.

At the start of this year, the subsidiary RDM Blendecques S.A.S also participated in the tax consolidation, which includes the subsidiary R.D.M. Marketing France S.A.S. based on Article 223a of the French General Tax Code.

Foreign exchange differences

Transactions in foreign currencies are recorded using the exchange rate on the date of the transaction. Assets and liabilities denominated in foreign currencies are converted into Euros using the exchange rate on the reporting date, with the relevant gain or loss recorded on the income statement.

Dividends

Dividends are recognized at the date on which their distribution is approved by shareholders.

Treasury shares

The treasury shares repurchased are recognized at cost and deducted from the shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement.

Earnings Per Share

Basic earnings per share are defined as the ratio between the Group's result for the period attributable to the shares and the weighted number of shares outstanding during the financial year.

Diluted earnings per share are calculated by taking into account the effect of all the potential ordinary shares with dilutive effect. In the case of the RDM Group, this is equal to the basic earnings per share.

Financial Instruments and Risk Management

With regard to the disclosure required by IFRS 7 — Financial Instruments: Disclosures, which requires extensive disclosures to be made in connection with the nature of credit, liquidity and market risks and the way in which these risks are managed, reference is made to the "Financial Instruments and Risk Management" section of the Notes to the Consolidated Financial Statements.

Estimates and Valuations

The preparation of the financial statements and the related notes in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on experience and other factors that are considered to be relevant. Actual results could differ from those estimates.

Estimates are used to measure any provisions for doubtful receivables, inventory obsolescence, depreciation and amortization, write-downs, employee benefits, restructuring funds, taxes, other provisions, funds, and valuations of derivative instruments.

Estimates and assumptions are reviewed periodically, and the effects of any changes are recognized in the income statement in the period in which the estimate is revised (if the revision affects only that period) or in the period of the revision and future periods (if the revision affects both current and future periods). In this respect, the situation caused by the present economic and financial crisis has led to the need to make assumptions regarding future performance which are characterized by significant uncertainty; as a consequence, therefore, actual results next year may differ from the estimates. Although not foreseeable at present, this could have a significant effect on the carrying amounts of the items in question as shown in this Report.

VALUATION METHODS

The valuation methods and the main assumptions used by management in applying accounting standards which relate to the future development of operations are described below. These methods and assumptions may have significant effects on the amounts recognized in the consolidated financial statements, meaning that adjustments may need to be made in future years, with similarly significant effects on these amounts.

Fair value of derivative contracts and financial instruments

The fair value of financial instruments which are not listed on a regulated market is determined by employing various valuation techniques. In this respect, the RDM Group uses those techniques which it believes are the most reasonable in connection with the specific financial instruments that have to be valued, and it adopts assumptions and makes estimates based on market conditions at the reporting date.

Taxes

The overall determination of tax expense may require the use of estimates and valuations, including those relating to any specific tax liabilities which may not be determinable at the time the individual transactions are carried out. In addition, in order to calculate deferred tax assets, the RDM Group employs estimates and valuations which also take into account expectations of future events.

Impairment tests

At each reporting date, the Group reviews the carrying amount of its tangible and intangible assets to assess whether there are any impairment indicators. If any such indicators exist, the recoverable amount of such assets is estimated to determine the write-down amount.

At least once a year, the RDM Group carries out impairment testing taking into consideration several impairment indicators measured in the actual Group and linked to the economic and financial performance of some CGUs. Also note that from 2018 onwards the goodwill figures were allocated to the two new CGUs: Pac Service S.p.A. (€4.3 million) and Barcelona Cartonboard S.A.U. (€0.5 million).

The RDM Group has used the procedure described in IAS 36 to identify the cash-generating units representing the smallest identifiable groups of assets which generate cash flows that are largely independent within the consolidated financial statements.

The lowest aggregation of assets for cash-generating units is represented by the individual mills.

The recoverability of carrying amounts is tested by comparing the net carrying amount of the Net Invested Capital of the individual cash-generating units with the value of use represented by the current value of the estimated future cash flows from the continuing use of the assets making up the cash-generating units and that of their terminal value.

The impairment test relating to the Cash Generating Units (CGU) is carried out from the Asset Side perspective, estimating the operating value or the enterprise value of the CGUs. Note that the scope of the CGUs corresponds to a complete legal entity, as in the case of foreign companies R.D.M. Arnsberg GmbH, RDM Blendecques S.A.S., R.D.M. La Rochette S.A.S., Barcelona Cartonboard S.A.U. and the Italian companies R.D.M. Ovaro S.p.A. and PAC Service S.p.A., or the mills of Santa Giustina (BL) and Villa Santa Lucia (FR) belonging to the Parent Company Reno de Medici S.p.A.

The main assumptions used by the Group in measuring the recoverable amount (value in use) are:

a) estimates of future operating cash flows;

b) the discount rate;

c) the final growth rate.

In making these forecasts, RDM Group used assumptions based on the following key variables: the estimate of future sales volumes, the trend in sales prices, the variable costs of fibrous and chemical materials, margins, capital expenditures and macroeconomic variables.

The Group has used the same net rate, 6.74%, for all cash-generating units when discounting cash flows, a rate which reflects current market assessments and also takes into account the specific risks of the sector.

During the development of the impairment test, the terminal value was determined by using a growth rate (g rate) of 1.5%.

Based on the impairment tests, approved by the Board of Directors, no need for impairment emerged. With reference to the Magenta area, in order to determine the recoverability of the assets relating to the Non-operating-Mill of Magenta, it was used the fair value less costs to sell method of the land and buildings (current market value) instead of value in use, and this was determined based on the preliminary contract, signed in November 2018, which relates the sale of the entire area. Note that, in the light of several suspensive conditions and clauses provided for in the above-mentioned agreement, this sale cannot be considered realized at the date of the financial statements and the related assets were not classified as held for sale.

The result of the impairment test is based on information currently available and estimates regarding changes in a series of variables. For this reason, based on the recommendations included in Joint Document no. 4 of the Bank of Italy, Consob and ISVAP of March 4, 2010, the Group prepared sensitivity analyses on the results of the tests, basing these on changes in the underlying assumptions (use of the growth rate in calculating the terminal value and discount rate) that affect the value in use of the cash generating units. The sensitivity analyses showed that:

- A decrease of 0.5 percentage points in the above-mentioned variables compared with the "base case" would not cause any impairment;
- A scenario (which at the present time is not foreseeable) involving a simultaneous increase in the WACC to a level greater than 7% — a value that has not been employed in the last five years — and a reduction in the "g rate" to below the rate of inflation would cause limited impairment of about €0.6 million of the assets related to the CGU of RDM Blendecques and about €0.6 million of the assets related to the CGU of R.D.M. La Rochette S.A.S.

Considering that recoverable amounts are calculated on the basis of estimates of future growth, the Group cannot be certain that a revision of these estimates, and the resulting adjustment to values, will not be required. The Group will continually monitor the changing situation in order to make any necessary revision to the assumptions underlying the estimates.

Business plans were thus amended for the impairment testing of cash-generating units, in order to take account of the current economic and financial situation and of the uncertainties weighing on all the main variables of the business.

Notes

Segment Information

The segment information compared with the previous year was updated on the basis of the new production and commercial strategies implemented by the RDM Group. Specifically, the harmonization of the product characteristics from a multi mill perspective, which allows the improvement of the product portfolio / geographical mix, made the division by company performance in the two sectors WLC, coated board made from recycled fibers, and FBB cardboard for folding boxes made from virgin fibers, predominant.

The following segment information has therefore been prepared in the light of the new strategy described above.

The reports used by directors show results in two operating sectors: WLC, represented by mills located in France, in Germany and in Spain, which became part of the Group from October 31, 2018, and by all the mills operating in Italy, and FBB in which the company R.D.M. La Rochette S.A.S.

The Group assesses the performance of its operating segments, both level one and level two, on the basis of gross operating profit, operating profit and the profit/(loss) for the year.

Displayed revenues by segment are those earned directly by or attributable to the segment and arising from ordinary operations; they include revenues from transactions with third parties and revenues from transactions with other segments, measured at market prices. Segment costs are the costs of segment operations incurred with third parties and with other operating segments, or those directly attributable to the segment. Costs incurred with other segments are measured at market prices.

The economic measure of the results achieved by each operating segment is the profit or loss for the year; within that result, operating profit and gross operating profit are specifically highlighted.

As part of the way in which the Group is managed, financial income and expense are continually monitored and measured by the treasury function of the parent company Reno De Medici S.p.A., where, from an operating standpoint, all decisions of a financial nature are also made.

There is no need to reconcile the segment valuations contained in this section with the figures included in the financial statements in this report, as all the displayed income components are measured using the same accounting policies adopted for the preparation of the Group's consolidated financial statements. Unallocated items and adjustments include intersegment balances relating to intercompany transactions and the effects of discontinued operations.

The following table provides profit and loss data by geographical area for 2018 and 2017:

Income Statement 12.31.2018	WLC	FBB	Unallocated items and adjustments	Consolidated
(thousands of Euros)				
Revenues from sales	**502,967**	**115,800**	**(12,787)**	**605,980**
Intercompany by segment	(11,359)	(1,428)	12,787	
Net sales revenues from third parties	**491,608**	**114,372**		**605,980**
Gross operating profit	**64,142**	**(330)**	**(699)**	**63,113**
Depreciation and amortization	(22,428)	(1,115)	148	(23,395)
Write-downs	(382)			(382)
Operating profit	**41,332**	**(1,445)**	**(551)**	**39,336**
Net Financial income (expense)	(1,869)	(575)		(2,444)
Gains (losses) from investments	317		2,875	3,192
Taxes	(12,565)	(291)	(58)	(12,914)
Profit (loss) for the year before discontinued operations	**27,215**	**(2,311)**	**2,266**	**27,170**

Income Statement 12.31.2018	WLC	FBB	Unallocated items and adjustments	Consolidated
(thousands of Euros)				
Profit (loss) for the year	**27,215**	**(2,311)**	**2,266**	**27,170**
Portions of profit or loss of equity-accounted investments	3,193			3,192
Total investments	**18,011**	**4,625**		**22,636**

Income Statement 12.31.2017	WLC	FBB	Unallocated items and adjustments	Consolidated
(thousands of Euros)				
Revenues from sales	**461,654**	**113,592**	**(6,157)**	**569,089**
Intercompany by segment	(5,854)	(303)	6,157	
Net sales revenues from third parties	**455,800**	**113,289**	**0**	**569,089**
Gross operating profit	**40,982**	**4,831**	**0**	**45,813**
Depreciation and amortization	(21,600)	(879)	147	(22,332)
Operating profit	**19,382**	**3,952**	**147**	**23,481**
Net Financial income (expense)	(2,627)	(407)	(97)	(3,131)
Gains (losses) from investments	2,409	15	(1,978)	446
Taxes	(5,804)	(348)	(76)	(6,228)
Profit (loss) for the year before discontinued operations	**13,360**	**3,212**	**(2,004)**	**14,568**
Profit (loss) for the year	**13,360**	**3,212**	**(2,004)**	**14,568**
Portions of profit or loss of equity-accounted investments	431	15		446
Total investments	**13,965**	**4,331**		**18,296**

Note

It is hereby noted that:

- the changes in the balance sheet and income statement balances as at December 31, 2018 reflect the entry into the scope of consolidation of the acquired company Barcelona Cartonboard S.A.U. and the change in the consolidation criterion for PAC Service S.p.A. from consolidation at equity to full consolidation.

The table below shows the Statement of financial position of Barcelona Cartonboard S.A.U. and PAC Service S.p.A. at the acquisition date.

	Barcelona Cartonboard S.A.U. 10.31.2018	PAC Service S.p.A. 01.01.2018
Trade receivables	15,933	7,182
Inventories	14,180	4,163
Trade payables	(29,693)	(4,771)
Net working capital	**420**	**6,574**
Other current assets	878	321
Other current liabilities	(3,415)	(432)
Fixed assets	50,144	5,552
Other non-current assets	89	469
Other non-current liabilities	(2,342)	(692)
Invested capital	**45,774**	**11,792**
Employee benefits and other provisions	(262)	(733)
Net invested capital	**45,512**	**11,059**
Net financial position	**(9,456)**	**(374)**
Shareholders' equity	**(36,056)**	**(10,685)**

The information required by IFRS 3, sections 59 and 61 is given in Note 13 "Goodwill".

1. Revenues from sales

Revenues arise essentially from sales of carton board:

(thousands of Euros)	12.31.2018	12.31.2017	Variation
Revenues from sales	605,980	569,089	36,891
Total revenues from sales	**605,980**	**569,089**	**36,891**

The following table provides a geographical breakdown of sales revenues:

(thousands of Euros)	12.31.2018	12.31.2017	Variation	%
Italy	200,105	186,140	13,965	7.5%
EU	333,202	312,403	20,799	6.7%
Rest of the world	72,673	70,546	2,127	3.0%
Total revenues from sales	**605,980**	**569,089**	**36,891**	**6.5%**

Revenues from the sale of carton board for packaging depend on the general state of the economies of the markets in which sales are made, particularly the end-user demand for consumer goods; revenues are not affected by specific seasonal factors during the year.

There are, however, seasonal effects in the production and sale of products as a result of variations in the calendar, such as if there is a high number of public holidays and/or periods of vacation in a particular month or accounting period that may typically recur in the main countries supplied (e.g., August and December).

Revenues of the RDM Group reached €606 million in 2018. The change of €37 million from the previous year was mainly due to the different scope of consolidation of PAC Service S.p.A. (+€21.1 million, before intercompany eliminations) and Barcelona Cartonboard S.A.U. (+€21.9 million). The revenues for the latter include the fees for the activities carried out by the cogeneration plant attached to the Spanish plant which account for €6.5 million. Excluding the different consolidation scope, revenues from sales remained stable compared with the previous year.

2. Other revenues

Other revenues may be analyzed as follows:

(thousands of Euros)	12.31.2018	12.31.2017	Variation
Grants	770	1,227	(457)
Indemnities	262	66	196
Energy revenues	2,809	5,467	(2,658)
Other revenues	2,478	2,110	368
Total	**6,319**	**8,870**	**(2,551)**

"Grants" essentially include:

— ordinary contributions from Comieco, amounting to €121 thousand, relating to the use of waste paper from public separated waste collection;

— contributions of €597 thousand to the French subsidiary, R.D.M. La Rochette S.A.S. and the German subsidiary R.D.M. Arnsberg GmbH, in accordance with the respective local regulations supporting the competitiveness of industrial sites and high energy consumption.

"Energy revenues" relate to amounts received from certain energy suppliers for joining the "interruption" scheme, and to income from the sale of electricity in 2018. The decrease of €2.7 million was due mainly to the lower number of white (energy savings) certificates received in 2018 for Italian mills compared with the previous year.

"Miscellaneous revenues" mainly include ordinary capital gains of €287 thousand, contingent assets of €481 thousand, commissions on sales made by R.D.M. Marketing Spain S.L.U. on behalf of a third-party company, equal to €252 thousand, and other lesser revenues.

3. Change in inventories of finished goods

The change in inventories was positive for €6.3 million compared with a negative change by €3.5 million as at December 31, 2017. This change was attributable to the increase in warehouse inventories of finished products at the end of the year and the line-by-line consolidation of the companies Barcelona Cartonboard S.A.U and PAC Service S.p.A (for a total of €1.6 million).

4. Cost of raw materials and services

(thousands of Euros)	12.31.2018	12.31.2017	Variation
Costs for raw materials	**279,133**	**279,960**	**(827)**
Purchase of raw materials	277,720	282,722	(5,002)
Change in inventories of raw material	1,413	(2,762)	4,175
Commercial services	**48,676**	**46,943**	**1,733**
Transport	43,948	43,333	615
Commission and agents' costs	4,728	3,610	1,118
Industrial services	**109,436**	**92,328**	**17,108**

(thousands of Euros)	12.31.2018	12.31.2017	Variation
Energy	70,122	55,562	14,560
Maintenance	16,737	15,519	1,218
Waste Disposal	13,484	11,595	1,889
Other industrial services	9,093	9,652	(559)
General services	**18,602**	**15,750**	**2,852**
Insurance	1,843	1,978	(135)
Legal, notarial, administrative and contractual services	7,073	5,707	1,366
Board of Directors	736	657	79
Board of Statutory Auditors	241	202	39
Postal and telecommunication	802	795	7
Other costs	7,907	6,411	1,496
Cost for use of third-party assets	**3,568**	**3,115**	**453**
Rental and leasing	3,568	3,115	453
Total	**459,415**	**438,096**	**21,319**

The "Cost of raw materials" refers mainly to the purchase of products used to make pulp (waste paper, wood paste, cellulose and chemicals) and for packaging.

The caption decreased slightly, standing at €827 thousand, due essentially to the combined effect of the difference scope of consolidation (+€20 million) on the one side and of the fall in the cost of raw materials on the other side.

As far as the performance of the main production factors is concerned, in 2018 the price of recycled fibers fell considerably from September 2017 and continued to do so throughout the first quarter of 2018, reaching the lowest level recorded by the market since the 2009 crisis in March. Average prices then stabilized in subsequent quarters. On the other hand, the price of virgin cellulose fibers in 2018 continued to rise, both in the so-called short fibers segment and the long fibers segment.

Service costs increased by €21.7 million. This increase was essentially due on the one side to the different scope of consolidation which caused an overall increase in costs of €11.9 million and, on the other side, to higher energy costs of €8.8 million.

With regard to energy components, the unit price of natural gas, which is the main source of energy for the RDM Group, increased significantly compared with the previous year. There was also an increase in the price of coal, which is the main fuel used at the Arnsberg mill.

"Costs for the use of third-party assets" as at December 31, 2018 increased to €453 thousand, compared with the previous year; this increase was essentially due to the increase in plant and machinery rental and leasing costs. The different scope of consolidation for the two new subsidiaries contributed in total to greater costs of €114 thousand.

5. Personnel costs

(thousands of Euros)	12.31.2018	12.31.2017	Variation
Wages and salaries	66,141	62,797	3,344
Social security contributions	21,080	20,489	591
Allowance for defined-contribution plans	1,775	1,727	48
Allowance for defined-benefit plans	398	371	27
Other costs	1,453	1,898	(445)
Total	**90,847**	**87,282**	**3,565**

Labor costs amounted to €90.8 million, compared with €87.3 million in 2017. The increase of €3.6 million is due, partly to the different scope of consolidation, which caused an overall increase in costs of €3.8 million, and to contractual increases, and, on the other side, to the fact that the balance as at December 31, 2017, included restructuring costs of €1.2 million, relating to the restructuring of the commercial organization.

The following tables provide a breakdown by category of the number of RDM Group employees at the end of the year and the average number of employees during the year:

Employees by category	12.31.2018	12.31.2017	Variation
Executives	38	20	18
White-collars	444	421	22
Blue-collars	1,262	1,046	217
Total	**1,744**	**1,487**	**257**

Average employees by category	12.31.2018	12.31.2017	Variation
Executives	39	19	20
White-collars	444	420	24
Blue-collars	1,270	1,075	195
Total	**1,753**	**1,514**	**239**

6. Other operating costs

(thousands of Euros)	12.31.2018	12.31.2017	Variation
Provisions for risks	40	30	10
Write-downs of current receivables	675	325	350
Other operating expenses	4,491	2,924	1,567
Total	**5,206**	**3,279**	**1,927**

Compared with December 31, 2017, greater provisions of €350 thousand were made for doubtful receivables.

"Miscellaneous operating costs" at December 31, 2018 consist mainly of various taxes incurred by Group companies, membership subscriptions to various trade associations, and various contingent liabilities. The change of €1.6 million was essentially due to the fact that the figure recorded as at December 31, 2017 included the benefit, equal to €1.1 million, of the reversal of the provision for the contribution for the promotion of renewable energy sources, which was set up in 2015 on the assumption that the contribution should also be applied to self-generated energy. The reversal of the provision comes pursuant to the Italian Energy Authority's Resolution 276/2017 of April 21, which definitively clarified the terms of cancellation of this specific type of contribution.

7. Amortization and depreciation

The following table sets out details of the caption "Depreciation and amortization":

(thousands of Euros)	12.31.2018	12.31.2017	Variation
Amortization of intangible assets	733	253	480
Depreciation of tangible fixed assets	22,662	22,079	583
Total	**23,395**	**22,332**	**1,063**

Amortization and depreciation as at December 31, 2018 increased compared with the previous year by €1.1 million. This change is due to the different scope of consolidation (+€1.2 million), partly offset by the reduction in the amortization and depreciation on group assets fully amortized.

8. Write-downs

As at December 31, 2018, the write-down of €382 thousand refers to the loss in value from the impairment test carried out on concessions, with an unlimited duration, issued in Germany on the right to use water, as required by IAS 36.

9. Net financial income (expense)

(thousands of Euros)	12.31.2018	12.31.2017	Variation
Financial income	**41**	**81**	**(40)**
Interest and other financial income	41	81	(40)
Financial expense	**(2,508)**	**(2,610)**	**102**
Interest paid to banks	(685)	(769)	84
Loss on derivative financial instruments	(380)	(225)	(155)
Financial expense on defined-benefit plans	(432)	(495)	63
Expenses, commission and other financial charges	(1,011)	(1,121)	110
Exchange rate differences	**23**	**(602)**	**625**
Exchange rate income	1,152	1,007	145
Exchange rate expenses	(1,129)	(1,609)	480
Total	**(2,444)**	**(3,131)**	**687**

Net Financial Expense stood at €2.4 million as at December 31, 2018, a decrease of €0.7 million compared with December 31, 2017. The reduction is essentially due to the reporting as at December 31, 2018 of positive foreign exchange differences amounting to €23 thousand compared with the negative foreign exchange difference recorded in the previous year, of €602 thousand, as a result of a slight revaluation of the US dollar.

The average cost of borrowing remains at contained levels.

The caption "Financial expense on defined-benefit plans" refers to the financial component of the provision for the year solely with respect to interest costs.

10. Gains (losses) from investments

Income from equity investments totaled €3.2 million as at December 31, 2018, mainly due to:

— measurement at fair value of the equity investment previously held (33.33%) in the company PAC Service S.p.A. following the acquisition of the remaining block of shares, which caused the recording of a gain amounting to €3 million;

— recording of a capital loss of €100 thousand from the sale of the equity investment in Manucor S.p.A..

11. Taxes

(thousands of Euros)	12.31.2018	12.31.2017	Variation
Deferred taxes	229	(2,005)	2,234
Current taxes	(13,143)	(4,223)	(8,920)
Total	**(12,914)**	**(6,228)**	**(6,686)**

As at December 31, 2018 deferred tax liabilities totaling €229 thousand largely reflected the release of deferred tax liabilities of the Parent Company Reno De Medici S.p.A. (€0.6 million), the recording of deferred tax liabilities pertaining to the subsidiary R.D.M. Ovaro S.p.A. (€0.1 million), the recording of deferred tax liabilities pertaining to the subsidiary Barcellona Cartonboard S.A.U. (€0.2 million), and the release of deferred taxes pertaining to the subsidiary R.D.M. Arnsberg GmbH (€1.2 million).

The change compared with the previous year, equal to €2.2 million, is essentially due to the use of prepaid taxes on previous tax losses by the Parent Company Reno De Medici S.p.A. in 2018.

Current taxes as at December 31, 2018 amount to €13 million, up by €8.9 million compared with 2017 due mainly to greater taxable income.

More information on "Deferred taxes" can be found in Note 24.

Reconciliation between the theoretical and actual tax burden (income taxes)

The table below shows the reconciliation between the theoretical and the actual tax burden.

For further information please see Note 24 — deferred taxes.

(thousands of Euros)	Taxable amount	%	12.31.2018
Profit (loss) before tax	37,077		
Theoretical tax burden		29.7%	**11,012**
Reversal of temporary differences arising in previous years	1,788		
Temporary differences to be reversed in subsequent years	2,268		
Permanent differences which will not be reversed in future years	(154)		
Total differences	**3,902**		
Use of provision tax losses	(4,577)		
Actual tax burden	**36,402**	**29.7%**	**10,811**

Reconciliation between the theoretical and actual tax burden (IRAP)

The impact of IRAP (regional production tax) has not been taken into account to avoid any distorting effect, since this tax is valid only for Italian companies and commensurate with a tax basis other than the result before taxes.

12. Tangible fixed assets

Changes in tangible assets during 2017 and 2018 are as follows:

(thousands of Euros)	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
Historical cost	21,172	107,074	662,676	1,661	15,411	5,252	813,246
Accumulated depreciation/write-downs	(28)	(70,840)	(529,100)	(1,604)	(15,041)		(616,613)
Net book value as at 12.31.2016	**21,144**	**36,234**	**133,576**	**57**	**370**	**5,252**	**196,633**
Increases		599	7,938		99	9,660	18,296
Decreases [1]	(50)	(227)	(4,790)	(4)	(87)		(5,158)
Reclassification of cost		167	6,960	35	(1)	(7,127)	34
Depreciation for the year		(3,216)	(18,713)	(35)	(115)		(22,079)
Decrease in accumulated depreciation/write-downs [1]	28	210	4,570		70		4,878
Reclassification of accumulated depreciation				(20)	(14)		(34)
Value as at 12.31.2017							
Historical cost	21,122	107,613	672,784	1,692	15,422	7,785	826,418
Accumulated depreciation/write-downs [1]		(73,846)	(543,243)	(1,659)	(15,100)		(633,848)
Net book value as at 12.31.2017	**21,122**	**33,767**	**129,541**	**33**	**322**	**7,785**	**192,570**

[1] The two items involve, respectively, the decrease in the historical cost and the turnaround of the accumulated depreciation following the disposal of assets that took place during the course of the year.

(thousands of Euros)	Land	Buildings	Plant and Machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
Historical cost	21,122	107,613	672,784	1,692	15,422	7,785	826,418
Accumulated depreciation/write-downs		(73,846)	(543,243)	(1,659)	(15,100)		(633,848)
Net book value at 12.31.2017	**21,122**	**33,767**	**129,541**	**33**	**322**	**7,785**	**192,570**
Increases	223	856	8,211	8	323	13,016	22,637
Decreases (1)		(35)	(775)	(2)	(33)		(845)
Reclassification of cost	44	1,513	8,000		36	(9,593)	
Change in consolidation of the historical cost	22,023	6,378	23,634	80	133	1,115	53,363
Depreciation for the year		(3,345)	(19,140)	(33)	(144)		(22,662)
Decrease in accumulated depreciation/write-downs (1)		35	774	1	27		837
Value at 12.31.2018							

(thousands of Euros)	Land	Buildings	Plant and Machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
Historical cost	43,412	116,325	711,854	1,778	15,881	12,323	901,573
Accumulated depreciation/write-downs		(77,156)	(561,609)	(1,691)	(15,217)		(655,673)
Net book value at 12.31.2018	**43,412**	**39,169**	**150,245**	**87**	**664**	**12,323**	**245,900**

"Land" includes the relevant areas of the mills belonging to the Parent Company Reno De Medici S.p.A., at Santa Giustina (BL) and Villa Santa Lucia (FR), of the Italian subsidiaries R.D.M. Ovaro S.p.A., R.D.M. Magenta S.r.l. and PAC Service S.p.A., of the German subsidiary R.D.M. Arnsberg GmbH, of the French subsidiaries RDM Blendecques S.A.S. and R.D.M. La Rochette S.A.S. and of the newly acquired Barcelona Cartonboard S.A.U.

"Buildings" mainly includes the value of the mills owned. The increases for the year relate to improvements made to properties owned.

"Plant and Machinery" relates to specific and general manufacturing plants and machinery.

In 2018, the RDM Group's capital expenditures totaled €22.6 million (€18.3 million in 2017).

The goals of these investments were to reduce variable costs, increase production capacity, improve safety and quality, and the main projects were:

— **Santa Giustina Mill (Italy)**: a new paper winding machine was installed with the aim of optimizing the production process and cutting variable costs;

— **Villa Santa Lucia Mill (Italy)**: improvement and modernization operations involving plant and machinery. Additionally, the project for the installation of a new automatic rewinder was completed;

— **Arnsberg Mill (Germania)**: a new headbox was installed. This investment was aimed at reducing pulp costs, and improving quality.

— **La Rochette Mill (France)**: energy efficiency measures involving the new air heater;

— **Pac Service Mill (Italy)**: a new paper cutter was installed.

Investments at the remaining mills concerned improvements and/or upgrades to plant and machinery."

"Industrial and commercial equipment" consists mainly of assets used in the production process at the various mills.

"Other assets" consist mostly of electronic office machines and office furniture, fixtures, and fittings.

Property rights (mortgages and liens) totaling €206.6 million and relating to owned property, plant, and machinery are pledged in favor of banks as security on loans for which the outstanding balance as at December 31, 2018 amounted to €52.3 million.

At the closing date of the financial statements the Company had conducted the impairment test, after which no write-down was necessary.

More information can be found in the section "Impairment Tests".

13. Goodwill

Goodwill amounted to €4.8 million and refers to the newly acquired companies: PAC Service S.p.A., for €4.3 million and Barcelona Cartonboard S.A.U. for €0.5 million. For more information, refer to the description in the paragraph "Scope of consolidation".

14. Intangible fixed assets

Changes in intangible assets during 2017 and 2018 are as follows:

(thousands of Euros)	Concessions, licenses, trademarks and similar rights	Other	Assets under construction	Total intangible assets with a finite useful life	Intangible assets with an indefinite useful life
Net book value as at 12.31.2016	**642**	**31**	**1,820**	**2,493**	**3,948**
Increases	99	2	2,272	2,373	
Decreases					
Reclassification of cost	41		(41)		
Amortization for the year	(247)	(6)		(253)	
Net book value as at 12.31.2017	**535**	**27**	**4,051**	**4,613**	**3,948**

(thousands of Euros)	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total intangible assets with a finite useful life	Intangible assets with an indefinite useful life
Net book value at 12.31.2017	**535**	**27**	**4,051**	**4,613**	**3,948**
Increases	111	403	1,685	2,199	
Decreases					
Change in scope of consolidation	1,631	691	2	2,324	
Write-downs					(382)
Reclassification of cost	1,783	(5)	(2)	1,776	
Amortization for the year	(724)	(9)		(733)	
Net book value at 12.31.2018	**3,336**	**1,107**	**5,736**	**10,179**	**3,566**

Intangible assets with a defined useful life stand at €10.2 million, a significant increase over the previous year, equal to €5.7 million and mainly due to:

— the change in the scope of consolidation, equal to €2.3 million recorded mainly by the new subsidiary Barcelona Cartonboard S.A.U. and relating to costs incurred to implement the SAP application;

— the increase in intangible assets in progress is due to the advancement of the project to implement the new ERP, which started in 2016, equal to €1.7 million;

— reclassification of Equity investments in the consortium Paper Interconnector, equal to €1.8 million. Note that the application of the new requirements introduced by IFRS 9 for the classification of investments led the Group to analyze the requirements of the agreements relating to the investment in Paper Interconnector. Based on the analysis conducted and taking into consideration the value of the electricity purchase contract related to the investment made, the equity investment was reclassified under the item Intangible Fixed Assets.

"Intangible assets with an indefinite useful life" refer to the valuation of concessions granted in Germany in relation to water rights with an indefinite useful life. At the closing date of the financial statements, the Group conducted an impairment test in accordance with the provisions of IAS 36, reporting a loss in value of €382 thousand.

More information can be found in the section "Impairment Tests".

15. Equity investments

(thousands of Euros)	Book value at 12.31.17	Change in scope of consolidation	Reclassification	Investments	Divestments	Elimination of associates dividends	Write-downs / Revaluations	Book value at 12.31.18
Associates								
PAC SERVICE S.p.A.	1,976	(1,976)						
Emmaus Pack S.r.l.	370					(103)	(5)	262
Joint Ventures								
ZAR S.r.l.	30				(30)			
Other investments								
Scierie De Savoie	340							340
Paper Interconnector	1,773		(1,781)	8				
Comieco	30				(5)			25
Conai	24							24
Other minority investments	34	5		4				43
Total	**4,577**	**(1,971)**	**(1,781)**	**12**	**(35)**	**(103)**	**(5)**	**694**

The change in equity investments of €3.9 million is mainly due to the following factors:

— change in the consolidation method of the investment in PAC Service S.p.A. (€2 million) from the equity method to full consolidation method;

— decrease in the equity investment in the consortium Paper Interconnector S.c.r.l. of €1.8 million; refer to Note 14 "Intangible fixed assets";

— the valuation at equity of the investment in Emmaus Pack S.r.l. (- €5 thousand) and the elimination of the dividends received from the latter in 2018 (-€103 thousand).

The information required by IFRS 12 for equity-accounted investments is provided below.

The value of equity-accounted investments in the statement of financial position is as follows:

(thousands of Euros)	12.31.2018	12.31.2017
Associates	262	2,346
Joint ventures		30
Total	**262**	**2,376**

The decrease in the value of the equity investments in associates is due mainly to change in the consolidation method of the company PAC Service S.p.A., as reported in the previous paragraph.

The change in investments in joint ventures, on the other hand, is due to:

— the sale of the equity investment in Manucor S.p.A. by the Parent Company Reno De Medici S.p.A., on March 28, 2018. Since the investment in question had been fully written down in previous years, the gain resulting from its sale was immaterial;

— the company Zar S.r.l. being placed into voluntary receivership on January 1, 2018 after its shareholders decided they were no longer interested in the business being run as a company. The liquidation process was concluded in December 2018 and therefore the entire equity investment owned as at December 31, 2017 (equal to 33.33%) was zeroed.

The impact of equity accounting on the income statement for the period is as follows:

(thousands of Euros)	12.31.2018	12.31.2017
Associates	5	552
Joint ventures	–	–
Total	**5**	**552**

Investments in joint ventures

Company	Country	% held	Nature of relationship	Measurement method
RECOG.SEL.PAP. Y CART. C., A.I.E.	Spain	50%	Note1	Equity

Note 1: The company supplies the raw and semi-processed materials used in the production process of the company Barcelona Cartonboard S.A.U. The equity investment is held directly by the latter.

There are no contingent liabilities related to the Group's investment in these companies.

A summary of the financial information of Recog.sel.pap. y Cart. C., A.I.E as at December 31, 2018 and Manucor S.p.A and ZAR S.r.l. as at December 31, 2017 is provided below:

	RECOG.SEL.PAP. Y CART. C., A.I.E.		Manucor S.p.A.		ZAR S.r.l.	
(thousands of Euros)	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Current assets						
Cash and cash equivalents	426			773		58
Other current assets	209			37,509		1,443
Total current assets	**635**			**38,282**		**1,501**
Current liabilities						
Bank debts				20,928		
Other current liabilities	623			30,917		1,195
Total current liabilities	**623**			**51,845**		**1,195**
Non-current assets						
Non-current assets				**45,092**		
Non-current liabilities						
Non-current liabilities				31,156		
Shareholders' equity	**12**			**373**		**306**

Summary income statement information for Recog.sel.pap. y Cart. C., A.I.E as at December 31, 2018 and Manucor S.p.A and ZAR S.r.l. as at December 31, 2017 is provided below:

	RECOG.SEL.PAP. Y CART. C., A.I.E.		Manucor S.p.A.		ZAR S.r.l.	
(thousands of Euros)	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Revenues	811			141,173		18,324
Operating costs	(810)			(139,014)		(18,294)
Gross operating profit	**1**			**2,159**		**30**
Current liabilities				(8,350)		

(thousands of Euros)	RECOG.SEL.PAP. Y CART. C., A.I.E. December 31, 2018	RECOG.SEL.PAP. Y CART. C., A.I.E. December 31, 2017	Manucor S.p.A. December 31, 2018	Manucor S.p.A. December 31, 2017	ZAR S.r.l. December 31, 2018	ZAR S.r.l. December 31, 2017
Depreciation, amortization and write-downs						
Operating profit	**1**			**(6,191)**		**30**
Financial income (expense)				(1,853)		
Profit (loss) before taxes	**1**			**(8,044)**		**30**
Taxes				381		(9)
Net profit (loss)	**1**			**(7,663)**		**21**

(thousands of Euros)	RECOG.SEL.PAP. Y CART. C., A.I.E. December 31, 2018	RECOG.SEL.PAP. Y CART. C., A.I.E. December 31, 2017	Manucor S.p.A. December 31, 2018	Manucor S.p.A. December 31, 2017	ZAR S.r.l. December 31, 2018	ZAR S.r.l. December 31, 2017
Shareholders' equity at January 1	**11**			**8,034**		**285**
Profit (loss) for the year	1			(7,663)		21
Capital increase						
Foreign exchange differences						
Statement of comprehensive income				2		
Shareholders' equity at December 31	**12**			**373**		**306**
% held	**50%**			**22.75%**		**33.33%**
Value of equity investment	**6**			**0**		**102**

Investments in associates

Company	Country	% held	Nature of relationship	Measurement method
Emmaus Pack S.r.l.	Italy	34.39%	Note1	Equity

Note 1: The Group supplies Emmaus Pack S.r.l. with the raw materials and semi-finished goods used in the production process of the investee company.

There are no contingent liabilities related to the Group's investment in Emmaus Pack S.r.l.

Below is a summary of the financial information of Emmaus Pack S.r.l.: With regard to PAC Service S.p.A., only the data as at December 31, 2017, following its acquisition are reported:

(thousands of Euros)	PAC SERVICE S.p.A. (*) December 31, 2018	PAC SERVICE S.p.A. (*) December 31, 2017	Emmaus Pack S.r.l. December 31, 2018	Emmaus Pack S.r.l. December 31, 2017
Current assets				
Cash and cash equivalents		2,719		53
Current assets		11,432	10,586	10,391
Total current assets		**14,151**	**10,586**	**10,444**
Current liabilities				
Bank debts		1,398	1,587	511
Current liabilities		5,144	8,234	8,619
Total current liabilities		**6,542**	**9,821**	**9,130**
Non-current assets				
Non-current assets		**3,237**	**1,140**	**654**
Non-current liabilities				
Loans		1,553	447	427
Non-current liabilities		726	454	428
Shareholders' equity		**8,567**	**1,104**	**1,113**

(*) The company is no longer included under "Equity investments in associates" following its acquisition, with effect from January 1, 2018 and the consequent change in the consolidation method from the Shareholders' equity method to the full consolidation method.

Summary income statement information for Emmaus Pack S.r.l. is provided below. With regard to PAC Service S.p.A., only the data as at December 31, 2017, following its acquisition are reported:

(thousands of Euros)	PAC SERVICE S.p.A. (*) December 31, 2018	PAC SERVICE S.p.A. (*) December 31, 2017	Emmaus Pack S.r.l. December 31, 2018	Emmaus Pack S.r.l. December 31, 2017
Revenues		22,237	16,369	16,406
Operating costs		(20,199)	(15,988)	(15,808)
Gross operating profit		**2,038**	**381**	**598**
Depreciation, amortization and write-downs		(133)	(70)	(39)
Operating profit		**1,905**	**311**	**559**
Financial income (expense)		224	(40)	(41)
Profit (loss) before taxes		**2,129**	**271**	**518**
Taxes		(584)	(80)	(211)
Net profit (loss)		**1,545**	**191**	**307**

(*) The company is no longer included under "Equity investments in associates" following its acquisition, with effect from January 1, 2018 and the consequent change in the consolidation method from the Shareholders' equity method to the full consolidation method.

	PAC SERVICE S.p.A. (*)		Emmaus Pack S.r.l.	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
(thousands of Euros)				
Shareholders' equity at January 1		**7,023**	**1,113**	**1,156**
Profit (loss) for the year		1,545	191	307
Dividends distributed			(300)	(350)
Shareholders' equity at December 31		**8,567**	**1,004**	**1,113**
Adjusted shareholders' equity (**)		**5,929**	**974**	**1,073**
% held		**33.33%**	**34.39%**	**34.39%**
Dividends distributed during the year			**(103)**	**(120)**
Value of equity investment		**1,976**	**262**	**370**

(*) The company is no longer included under "Equity investments in associates" following its acquisition, with effect from January 1, 2018 and the consequent change in the consolidation method from the Shareholders' equity method to the full consolidation method.

(**) Shareholders' equity was adjusted to adapt the value of the equity investment as required by IAS/IFRS standards.

16. Deferred tax assets

"Deferred taxes" included under non-current assets relates to the temporary deductible differences of the Italian subsidiaries: R.D.M. Ovaro S.p.A. (equal to €478thousand), Cartiera Alto Milanese S.r.l. in liquidation (equal to €54 thousand) and PAC Service S.p.A. (equal to €44 thousand).

Please see Note 24 for a detailed description of same and related changes for the year.

17. Trade receivables and receivables from associates and joint ventures

	12.31.2018	12.31.2017	Variation
(thousands of Euros)			
Trade receivables	73,191	63,736	9,455
Receivables from associates and joint ventures	6,778	7,126	(348)
Current trade receivables	**79,969**	**70,862**	**9,107**

The Company uses non-recourse factoring; trade receivables disposed of wich due dates after December 31, 2018 totaled €31.8 million (€26.3 million at December 31, 2017). The increase is mainly due to the French company joining the factoring program R.D.M. La Rochette S.A.S.

"Trade receivables" are stated net of €6.6 million of provisions for bad and doubtful receivables.

The changes for the year are indicated in the table below:

	12.31.2017	Change in the scope of consolidation	Allocation	Use	IFRS 9	12.31.2018
(thousands of Euros)						
Bad debts provision	3,020	2,742	740	(388)	522	6,636
Total	**3,020**	**2,742**	**740**	**(388)**	**522**	**6,636**

The caption "Receivables from associates and joint ventures" includes the Parent company Reno De Medici S.p.A.'s commercial relations with associate Emmaus Pack S.r.l.

The table below provides a breakdown of current trade receivables by geographical area:

(thousands of Euros)	12.31.2018	12.31.2017	Variation	%
Italy	49,278	51,137	(1,859)	-3.6%
EU	22,530	10,648	11,882	111.6%
Rest of the world	8,161	9,077	(916)	-10.1%
Total	**79,969**	**70,862**	**9,107**	**12.9%**

18. Other receivables and other receivables from associates and joint ventures

The breakdown of non-current "Other receivables" are given in the table below:

(thousands of Euros)	12.31.2018	12.31.2017	Variation
Guarantee deposits	1,813	1,155	658
Other receivables	6,897	16,609	(9,712)
Total	**8,710**	**17,764**	**(9,054)**

The caption "Guarantee deposits" essentially includes receivables attributable to deposits in favor of a factoring company (€856 thousand) in accordance with the provisions of agreements signed by the parent company Reno de Medici S.p.A. and by the subsidiaries RDM Blendecques S.A.S. and R.D.M. La Rochette S.A.S. This caption also includes the Guarantee Fund set up at Terna (the network operator) totaling €701 thousand.

As at December 31, 2018, the caption "Miscellaneous receivables" totaled €6.9 million and comprised mainly:

— €2.6 million relating to the deposit made by the subsidiary R.D.M. Arnsberg GmbH for the tax dispute regarding the logo fee. The subsidiary has prudently decided to transfer the full amount of taxes, plus interest, to the German National and Local Tax Offices, the full amount of taxes, plus interest, which were taken over during the 2011- 2013 assessment in relation to the charge of the so-called "Logo Fee", even in the presence of the MAP (Mutual Agreed Procedure), which is launched at the end of December 2016. In December 2018, the two administrative authorities involved, Germany and Italy, formulated a proposal, relating, respectively to R.D.M. Arnsberg GmnH and Reno De Medici S.p.A., as a result of the MAP procedure, consisting of the partial recognition of the logo fee charged by Italy. In January 2019, the two companies accepted this proposal. Note that, the amount of the above-mentioned deposit that would be finally due in Germany based on the acceptance of the MAP procedure, will be substantially recovered in Italy according to that procedure.

— €3.4 million relating to the competitiveness and employment tax credit awarded by the French government (CICE and Participation effort) to the subsidiaries R.D.M. La Rochette S.A.S., equal to €2.9 million, and to RDM Blendecques S.A.S., equal to €0.5 million.

The breakdown of current "Other receivables" is given in the table below:

(thousands of Euros)	12.31.2018	12.31.2017	Variation
Tax receivables	4,491	5,768	(1,277)
Other receivables	6,794	4,702	2,092
Accrued and deferred assets	481	734	(253)
Total	**11,766**	**11,204**	**562**
Other receivables from associates and joint ventures			
Total	**11,766**	**11,204**	**562**

The current portion of "Tax receivables", consisting primarily of tax credits, totaled €4.5 million, down slightly from €5.8 million a year earlier. The caption consists mainly of €2.8 million in VAT credit, the current portion of the French CICE tax credit equal to €1.2 million and credits for income taxes equal to €0.3 million.

The caption "Other receivables" as at December 31, 2018 essentially includes:

— the current portion of guarantee deposits, equal to €2.3 million, up by €437 thousand compared with the previous, in favor of a factoring company in accordance with the provisions of agreements signed by the Parent company Reno De Medici S.p.A. and the subsidiaries RDM Blendecques S.A.S. and R.D.M. La Rochette S.A.S.;

— the current receivables of €2.8 million, an increase of €2 million compared with the previous year, arising from the sale of CO2 quotas belonging to the German subsidiary R.D.M. Arnsberg GmbH;

— the residuable credit, equal to €300 thousand, with regard to Arpafino S.L.U. resulting from the sale of the Spanish operation Reno De Medici Ibérica S.A. The receivable was collected on February 14, 2019.

19. Inventories

The table below provides a breakdown of inventories as at December 31, 2018 and December 31, 2017:

(thousands of Euros)	12.31.2018	12.31.2017	Variation
Raw materials, consumables and supplies	59,137	50,069	9,068
Obsolescence provision	(9,670)	(7,565)	(2,105)
Finished products and goods	57,680	41,188	16,492
Obsolescence provision	(9)	(33)	24
Total	**107,138**	**83,659**	**23,479**

The increase in inventories of raw materials and finished products, equal to €23.5 million is mainly due to the new companies entering the scope of consolidation, which generated an increase of €19.2 million, and the combined effect of more physical stocks and higher unit prices.

Provisions for obsolescence of raw and ancillary materials and consumables relate mainly to the French mills (Blendecques and La Rochette) and the newly acquired Barcelona Cartonboard S.A.U. In 2018 a use of €0.5 million was reported.

An explanation of the change in inventories of finished goods can be found in Note 3.

20. Net financial position

(thousands of Euros)	12.31.2018	12.31.2017	Variation
Cash	17	13	4
Funds available from banks	31,163	19,115	12,048
A. Cash and cash equivalents	**31,180**	**19,128**	**12,052**
Other financial receivables	506	858	(352)
B. Current financial receivables	**506**	**858**	**(352)**
1. Current bank debts		*2,000*	*(2,000)*
2. Current portion of medium and long-term loans	*20,255*	*17,447*	*2,808*
3. Debts to other financing entities	*99*	*65*	*34*
Debts to banks and other financing lenders (1+2+3)	20,354	19,512	842
Other debts to other companies	1,500		1,500

(thousands of Euros)	12.31.2018	12.31.2017	Variation
Derivatives — current financial liabilities	296	133	163
C. Current financial debt	**22,150**	**19,645**	**2,505**
D. Net current financial debt (C-A-B)	**(9,536)**	**(341)**	**(9,195)**
E. Non-current financial receivables	**0**	**0**	**0**
Debts to banks and other financing lenders	75,858	44,277	31,581
Derivatives — non-current financial liabilities	488	138	350
F. Non-current financial debt	**76,346**	**44,415**	**31,931**
G. Net non-current financial debt (F-E)	**76,346**	**44,415**	**31,931**
H. Net financial debt (D+G)	**66,810**	**44,074**	**22,736**

Consolidated net financial debt as of December 31, 2018 was €66.8 million, compared with €44.1 million as at December 31, 2017. In addition to the normal dynamics of working capital associated with the positive performance in the year, the operating cash flow generated in 2018, equal to €52.4 million, was positively affected by the increase in the use of the factoring program following the entry of the French affiliate R.D.M. La Rochette S.A.S. Significant outgoings include:

— Disbursements for investments of €25.8 million

— The payment of the purchase price for Barcelona Cartonboard S.A.U. totaling €36.5 million with the assumption of the debt of €9.7 million on the purchase date. The ancillary costs stood at €0.9 million in total;

— Dividends paid and acquisition of treasury shares for a total of €1.7 million;

— The acquisition of a further 5% of the subsidiary R.D.M. Ovaro S.p.A. from Friulia S.p.A. for €0.6 million.

The changes in liabilities resulting from financing activities are reported below pursuant to IAS 7 "Statement of Cash Flows".

			Non-monetary flows			
(thousands of Euros)	12.31.2017	Monetary Flow (*)	Change in scope of consolidation(**)	Foreign exchange differences	Change in Fair Value	12.31.2018
Current financial receivables	**858**	(352)				**506**
Current financial debt	**19,645**	(1,920)	4,065		360	**22,150**
Non-current financial debt	**44,415**	21,925	9,656		350	**76,346**
Net liabilities from financing activities	**63,202**	**19,849**	**14,229**	**0**	**710**	**97,990**
Cash and cash equivalents	**19,128**	8,161	3,891	–		**31,180**
Net financial debt	**44,074**	**(11,688)**	**10,338**	**0**	**710**	**66,810**

(*) Flows of cash and cash equivalents reported in the statement of cash flows

(**) The change in the scope of consolidation refers to the acquisition of the remaining 66.67% of PAC Service S.p.A. and 100% of Barcelona Cartonboard S.A.U.

The table below shows outstanding medium- and long-term loans, broken down by due date and recorded at nominal value:

(thousands of Euros)	within 12 months	over 12 months	over 60 months	Total
FRIE 1	414	1,241		1,655

(thousands of Euros)	within 12 months	over 12 months	over 60 months	Total
FRIE 2	813	1,625		2,438
FRIE 3	113	454	113	680
FRIE 4	68	545	477	1,090
BANCO BPM (Banco Popolare)	1,262			1,262
BANCO BPM (Banca Popolare Milano)	2,857	8,572		11,429
INTESA SAN PAOLO (Reno De Medici S.p.A.)	4,000	2,000		6,000
INTESA SAN PAOLO (RDM Blendecques S.A.S.)	1,667	6,666		8,333
INTESA SAN PAOLO (La Rochette S.A.S.)	1,667	6,666		8,333
CARIPARMA	875			875
CREDEM	1,001	753		1,754
CREDEM 7120134	250			250
CREDEM 7174193	551			551
UNICREDIT		28,000	7,000	35,000
UNICREDIT	100	252		352
BANQUE PALATINE 376	597	1,957		2,554
BANQUE PALATINE 377	395	1,311		1,706
AGENCE DE L'EAU	58	170		228
ENCELPA	85	87		172
BNL PNP PARIBAS	200	200		400
BE-SPOKEN		3,490		3,490
BERIVO	1,095	1,901		2,996
ENDESA ENERGIA	1,199	2,099		3,298
KEMIRA	145	109		254
PROCEMEX	31			31
SILO GESCOM	55			55
Friulia (Ovaro Transaction)	880	440		1,320
Total nominal debt	**20,378**	**68,538**	**7,590**	**96,506**
Amortized cost effect	(158)	(270)		(428)
Total debt using the amortized cost method	**20,220**	**68,268**	**7,590**	**96,078**

The Group's financial indebtedness now mainly consists of long-term loans, which provide the Group with the stability of the necessary financial sources to adequately support its operations, and, in particular, capital expenditure, as well as possible projects to take advantage of strategic investment opportunities.

Some loans require certain financial covenants to be respected based on the following ratios:

— Net financial position/Shareholders' equity

— Net financial position/Gross operating profit

— Gross operating profit/Net financial expense

— Shareholders' equity/Medium-term debt

— Shareholders' equity/Shareholders' equity as at December 31, 2016

The financial parameters are calculated half-yearly or annually, depending on the loan, based on the figures of the Group's consolidated financial statements. The half-year calculations of the Group' s gross operating profit and net financial expense are based on the 12-month period ending on the last day of the half year concerned.

In the event of non-compliance with the financial covenants in the loan agreements, the lending banks may terminate such agreements: as at December 31, 2018 there was compliance with the financial covenants.

Lastly, the new loans provide for constraints and commitments incumbent upon the RDM Group including a restriction on the disposal of core assets and extraordinary finance transactions.

Note that in 2015, Reno De Medici S.p.A., set up an "Available reserve" through the voluntary reduction of the share capital, pursuant to Article 2445 of the Italian Civil Code (as described in detail in section 19 "Shareholders' equity"), Reno De Medici S.p.A. requested and obtained waivers from the lending banks.

Note that principal repayments were made in 2018 totaling €20.1 million and new loans totaling €41.1 million were received, in addition to the increase of €13.5 million for the loans for the acquisition of PAC Service S.p.A. and Barcelona Cartonboard S.A.U.

In terms of collateral, the Parent company loan agreement requires, inter alia, RDM to provide mortgages on mills, in the total amount of €123.7 million.

Special liens on mills' plant and machinery are given as collateral, in the total amount of €82.9 million.

On February 21, 2012 a floating-rate loan agreement was signed with Banca Medio Credito Friuli Venezia Giulia S.p.A. for €5 million, of which €1.5 million was provided on May 21, 2012. The loan agreement expires on January 1, 2022. The repayments will be in half-yearly installments.

On February 22, 2013 a second tranche of €0.6 million was paid, and the due date was postponed to July 1, 2022.

A third tranche of €0.9 million was paid on June 12, 2014.

The fourth and final tranche of €0.6 million was paid on December 21, 2015.

On March 19, 2013 a loan of €6.5 million was made by Banca Medio Credito Friulia Venezia Giulia S.p.A.; the loan agreement was executed on October 23, 2012. The loan agreement calls for a floating rate and a maturity of July 1, 2021. Installments are paid half-yearly starting January 1, 2014.

On June 4, 2015, a loan of €20 million was made by Intesa San Paolo S.p.A.; the loan agreement was executed on June 4, 2015. The loan agreement calls for a floating rate and a maturity of June 4, 2020. Installments are paid half-yearly starting December 4, 2015. This loan requires compliance with several financial parameters subject to annual review. As at December 31, 2018, these financial parameters had been complied with.

On July 31, 2015, a loan of €7 million was signed and supplied by Cariparma S.p.A. The loan agreement calls for a floating rate and a maturity of June 30, 2019. Installments are paid half-yearly starting December 31, 2015. This loan requires compliance with several financial parameters subject to annual review. As at December 31, 2018, these financial parameters had been complied with.

On October 2, 2015, a loan of €20 million was made by Banca Popolare di Milano S.p.A.; the loan agreement was executed on September 16, 2015. The loan agreement calls for a floating rate and a maturity of December 31, 2022. Installments are paid half-yearly starting June 30, 2016. This loan requires compliance with several financial parameters subject to annual and half-yearly review. As at December 31, 2018, these financial parameters had been complied with.

On June 23, 2016, a loan of €7.5 million was made by Banco Popolare. The loan agreement calls for a floating rate and a maturity of June 30, 2019. Installments were paid quarterly starting September 30, 2016.

On November 15, 2016, two loans were made to the subsidiaries RDM Blendecques S.A.S. and R.D.M. La Rochette S.A.S., of €10 million each by Intesa San Paolo Paris. The loan agreements, which were signed on October 31, 2016, call for a floating rate and a maturity of November 15, 2023. Installments are paid half-yearly starting May 15, 2018. The loan made to the subsidiary R.D.M. La Rochette S.A.S. requires compliance with several financial parameters subject to annual review. As at December 31, 2018, these financial parameters had been complied with. The Parent company Reno De Medici S.p.A. issued a guarantee to secure this loan.

On December 16, 2016, a loan of €0.9 million was made by Banca Medio Credito Friulia Venezia Giulia S.p.A.; the loan agreement was executed on December 9, 2014. The loan agreement calls for a floating rate and a maturity of July 1, 2024. Installments are paid half-yearly starting January 1, 2017.

On August 2, 2017, a loan agreement was executed and the loan of €3 million made by Credito Emiliano S.p.A. The loan agreement calls for a floating rate and a maturity of August 2, 2020. Installments were paid quarterly starting November 2, 2017.

On February 5, 2018, a loan agreement was concluded and disbursed for €5 million with Banque Palatine, divided into two tranches of €3 million and €2 million, respectively. The loan agreement calls for a fixed rate and a maturity of February 5, 2023. Installments were paid quarterly starting May 5, 2018.

On July 9, 2018 a loan of €1.1 million was made by Banca Medio Credito Friulia Venezia Giulia S.p.A.; the loan agreement was executed on September 21, 2018. The loan agreement calls for a floating rate and a maturity of January 1, 2027. Installments are paid half-yearly starting July 1, 2019.

On July 30, 2018, a loan agreement was concluded for €35 million with UniCredit S.p.A. It was disbursed on October 31, 2018, the date on which the transaction for the purchase of Barcelona Cartonboard S.A.U. was finalized, which was the purpose of the loan. The loan agreement calls for a floating rate and a maturity of July 31, 2024. Installments are paid half-yearly starting January 31, 2020.

With the line by line consolidation of PAC Service S.p.A., the following loan agreements were consolidated. In particular:

— Loan with Credem (7120134), whose purchase value was €1 million. The loan agreement calls for a fixed rate, monthly installments and a maturity of March 6, 2019.

— Loan with Credem (7174193), whose purchase value was €1 million. The loan agreement calls for a fixed rate, monthly installments and a maturity of November 6, 2019.

— Loan with BNL, whose purchase value was €0.5 million. The loan agreement calls for a fixed rate, half-yearly installments and a maturity of August 18, 2020.

— Loan with UniCredit whose purchase value was €0.4 million. The loan agreement calls for a fixed rate, quarterly installments and a maturity of June 30, 2022.

With the line by line consolidation of Barcelona Cartonboard S.A.u., the following loan agreements were consolidated. In particular:

— Loan with BE-SPOKEN whose purchase value was €3.5 million. The loan agreement calls for a floating rate, quarterly installments from March 31, 2023 and a maturity of September 30, 2024.

— Loan with Berivo whose purchase value was €3.2 million. The loan agreement calls for a fixed rate, quarterly installments and a maturity of October 2021.

— Loan with Endesa whose purchase value was €3.5 million. The loan agreement calls for a fixed rate, monthly installments and a maturity of September 2021.

In order to reduce the variability of borrowing charges, interest rate swaps have been taken out on the loans outstanding as at December 31, 2018: More information on the derivative instruments outstanding at December 31, 2018 can be found in Note 22.

21. Shareholders' equity

Changes in shareholders' equity during 2018 are set out in the following table:

Description	Shareholders' equity at 12.31.2017	Purchase of Treasury shares	Voluntary capital reduction pursuant to Article 2445	Dividends	Allocation of profit (loss) for the year	Stock grant reserve	Profit (loss) on translation of financial statements of foreign investee companies	Actuarial gain (loss)	Hedge accounting	IFRS 9 Reserve	Profit (loss) for the year	Shareholders' equity at 12.31. 2018
(thousands of Euros)												
Share capital	140,000											140,000
Legal reserve	959			518								1,477
Other reserves:												
Change in consolidation scope reserve	2,758											2,758
Foreign-currency translation reserve . .	54						23					77
Treasury share reserve .	(483)	(577)										(1,060)
Available reserve	23,393				9,845							33,238
Hedging reserve	(201)								(255)			(456)
Reserve for actuarial gains (losses)	(7,518)							1,102				(6,416)
Stock grant reserve . .	401					565						966
IFRS 9 Reserve										(503)		(503)
Retained earnings (losses)	(5,466)				3,033							(2,433)
Profit (loss) for the year	14,568			(1,172)	(13,396)						27,170	27,170
Total	**168,465**	**(577)**		**(1,172)**		**565**	**23**	**1,102**	**(255)**	**(503)**	**27,170**	**194,818**

Note that on November 2, 2015, the Shareholders' Meeting of Reno De Medici S.p.A. had approved, inter alia, subject to the amendment of the By-Laws, the creation of an "Available reserve" through voluntary reduction of capital pursuant to Article 2445 of the Italian Civil Code in the amount of €10,399,255.80. The purpose of this operation, which took effect on February 29, 2016, included the purchase and sale of treasury shares as a tool for stabilizing the share price.

A program to purchase and sell treasury shares, not to exceed one-fifth of the share capital, was authorized at the same meeting.

In respect of the above operations, waivers were received from the lending banks in accordance with the provisions of the loan agreements.

The Company launched the plan to purchase treasury shares in June 2016. By December 31, 2018, the treasury shares purchased numbered 2,262,857 for a total of €1,060 thousand, an increase compared with €483 thousand (equal to 1,434,159 as at December 31, 2017).

In accordance with Article 5 of the Company's By-Laws, holders of savings shares may convert such shares to ordinary shares in February and September each year. In 2018, 10,658 savings shares were converted to ordinary shares. As a result of this, the share capital as at December 31, 2018, fully subscribed and paid-up, could be broken down as follows:

	Number	Total value
Ordinary shares	377,542,567	139,904,235.88
Savings shares	258,427	95,764.12
Total	**377,800,994**	**140,000,000.00**

The Extraordinary Shareholders' Meeting held on September 2, 2013 resolved to eliminate the nominal value of shares.

During the period February 1-28, 2019, 3,650 savings shares were converted to ordinary shares with dividend entitlement as of January 1, 2019.

The table below shows the number of outstanding shares as at December 31, 2018 and December 31, 2017:

	12.31.2018	12.31.2017	Change
Shares issued	377,800,994	377,800,994	
Treasury shares	2,262,857	1,434,159	828,698
Total shares outstanding	**375,538,137**	**376,366,835**	**(828,698)**

With reference to the savings shares, the By-Laws of the Parent company Reno De Medici S.p.A. require that if a dividend of less than 5% of the value €0.49 is assigned to the savings shares in a financial year, the difference is calculated as an increase in the privileged dividend in the next two financial years. Dividends totaling €6 thousand were distributed in 2018 to holders of savings shares.

In addition, dividends totaling €1.2 million were distributed to holders of ordinary shares.

The table below shows the tax effect relating to the components of comprehensive income pertaining to the Group:

	12.31.2018			12.31.2017		
	Gross value	Tax (charge) benefit	Net value	Gross value	Tax (charge) benefit	Net value
(thousands of Euros)						
Change in fair value of cash flow hedges	*(330)*	*75*	*(255)*	*148*	*(36)*	*112*
Actuarial gain (loss) on employee benefits	*1,357*	*(255)*	*1,102*	*(886)*	*324*	*(562)*
Profit (loss) on translation of financial statements of foreign investee companies	*23*		*23*	*34*		*34*

All the figures in the table are presented net of the tax effect.

22. Derivative instruments

In order to reduce the variability of borrowing charges, interest rate swaps have been taken out on the loans outstanding as at December 31, 2018:

	12.31.2018	12.31.2017	Variation
(thousands of Euros)			
Derivative instruments (hedge accounting)	488	138	350
Non-current liabilities	**488**	**138**	**350**
Derivative instruments (hedge accounting)	296	133	163
Current liabilities	**296**	**133**	**163**
Total	**784**	**271**	**513**

As at December 31, 2018, derivative instruments had a negative fair value of €784 thousand.

Note that in 2018 a new interest rate swap was concluded on a loan granted by UniCredit S.p.A., also in 2018, in favor of Reno de Medici S.p.A.

A commodity swap was entered into during the year by the subsidiary R.D.M. Arnsberg GmbH to hedge purchases of coal, the main energy source of that plant.

The table below shows the main features of the interest rate swaps outstanding as at December 31, 2018:

Company	Counterparty	Currency	Due date	Notional value (€/000)	Interest	Settlement of interest	Fair value of derivative (€/000)
Reno De Medici S.p.A.	Intesa San Paolo S.p.A.	EUR	06.04.2020	4,500	0.42% fixed Euribor 6m	Half-yearly	(27)
Reno De Medici S.p.A.	Banca Popolare di Milano	EUR	12.30.2022	11,429	0.45% fixed Euribor 6m	Half-yearly	(137)
La Rochette S.A.S.	Intesa San Paolo S.p.A.	EUR	11.15.2023	8,333	0.245% fixed Euribor 6m	Half-yearly	(54)
Reno De Medici S.p.A.	UniCredit S.p.A.	EUR	07.31.2024	35,000	0.385% fixed Euribor 6m	Half-yearly	(377)
				59,262			**(595)**

The table below shows the main features of the commodity swaps outstanding as at December 31, 2018:

Company	Counterparty	Currency	Due date	Quantity (MT)	Contractual price	Differential settlement	Fair value of derivative (€/000)
R.D.M. Arnsberg GmbH	UniCredit S.p.A.	USD	12.31.2021	36,000	90.4 USD/MT	Monthly	(189)
				36,000			**(189)**

23. Other payables and other payables to associates and joint ventures

The table below shows a breakdown of other payables:

(thousands of Euros)	12.31.2018	12.31.2017	Variation
Other non-current payables	104		104
Deferred income		26	(26)
Other non-current payables	**104**	**26**	**78**
Employees' liabilities	9,893	7,728	2,165
Payable to social security authorities	6,343	5,993	350
Tax payables	3,451	5,381	(1,930)
Other non-current payables	2,175	1,137	1,038
Corporate Boards	513	486	27
Deferred income	26	52	(26)
Other current payables	**22,401**	**20,777**	**1,624**
Other payables to associates and joint ventures	101		101
Total other payables	**22,502**	**20,777**	**1,725**

The caption "Payables to employees" mainly comprises payables relating to deferred wages and salaries.

"Payables to social security authorities" relate mainly to social security contributions due on current wages and salaries accrued to employees in December and paid in January 2019, and to provisions for social security contributions due on deferred compensation (employee leave, additional months' salaries paid as a bonus, and overtime).

"Tax payables" relate to withholding tax due on remuneration paid to employees in December, and to VAT payables.

The caption "Miscellaneous payables" stood at €2.2 million as at December 31, 2018. The change compared with the previous year, equal to €1 million, is mainly due to the receipt of the first payment on account, of €1.5 million, relating to the preliminary sales agreement for the Magenta site.

The caption "Corporate Boards" includes payables to Statutory Auditors and Directors.

24. Deferred tax liabilities

The table below provides a summary of the calculation of deferred tax assets and liabilities from temporary differences as at December 31, 2018:

	2018			**2017**		
	Temporary differences	**Average tax %**	**Tax effect**	**Temporary differences**	**Average tax %**	**Tax effect**
(thousands of Euros)						
Recognized deferred tax assets	**22,126**		**6,222**	**26,629**		**6,864**
Tax losses to carry forward				3,932	24%	944
Inventory write-downs	507	27.9%	141	507	27.9%	141
Leaving Indemnity Agents' Provision	2,050	27.9%	572			
Provision for future charges (IRES)	1,545	24%	371	1,812	24%	435
Other temporary differences	10,167	28,6%	2.913	10,586	27.6%	2,919
Other temporary differences (IRAP)		3.9%		2,130	3.9%	83
Effect of discounting employee benefits	4,300	31.9%	1.372	6,367	31.9%	2,031
Valuation of derivatives with hedge accounting	554	24%	133	178	24%	43
Valuation of IFRS 9	1,668	24%	400			
Deferred tax assets consolidation entries	1,335	24%	320	1,117	24%	268
Recognized deferred taxes	**56,857**		**16,548**	**47,304**		**14,532**
Amortization / depreciation in excess of amount allowed for tax purposes	15,401	27,9%	4,297	16,979	27.9%	4,737
Other temporary differences	190	24%	46	56	25%	14
Effect of discounting TFR	1,523	24%	366	1,547	24%	371
Deferred tax liabilities consolidation entries	39,743	31.3%	11,839	28,722	32.8%	9,410
Net recognized deferred tax (assets) liabilities			**10.326**			**7,668**
— of which deferred tax liabilities			*11.004*			*8,924*
— (of which deferred tax assets)			*(678)*			*(1,256)*
Unrecognized deferred tax assets	**130,139**		**35,150**	**58,378**		**16,778**
Write-downs for extended impairment	2,687	27.9%	750	2,687	27.9%	750
Write-downs for bad and doubtful receivables	1,160	24%	278	1,137	24%	273
Reportable ROL (reduced working hours)	39,264	24%	9,423	26,021	24%	6,245
Effect of discounting employee benefits	627	33.3%	209	677	33.3%	226
Tax losses to carry forward	84,993	33.3%	24,020	26,082	33.3%	8,693
Deferred tax assets on differences in accounting standards	1,408	33.3%	469	1,774	33.3%	591

As at December 31, 2018, deferred tax liabilities were offset by deferred tax assets where conditions specified in IAS 12 were met, notably where the two items relate to income taxes levied by the same tax authority and where there is a legally enforceable right to offset in this manner.

Deferred tax assets are recognized where it is probable that the Company will have taxable income in the future, including the deferral of taxable temporary differences to future years, which will allow the utilization of deductible temporary differences or tax losses carried forward.

The table below shows a breakdown of the Group's tax losses for a total of €240.2 million:

(thousands of Euros)	2018
RDM Blendecques S.A.S.	33,282
R.D.M La Rochette S.A.S.	155,221
Barcelona Cartonboard S.A.U.	51,261
R.D.M. Marketing Spain S.A.U.	347
R.D.M. Marketing Poland	15
R.D.M. Marketing UK Ltd	88
Total tax losses	**240,214**

25. Employee benefits

The table below shows a breakdown of current and non-current employee benefits:

(thousands of Euros)	12.31.2018	12.31.2017	Variation
Employee benefits	17,821	18,434	(613)
Employee benefits — TFR	14,957	15,516	(559)
Non-current employee benefits	**32,778**	**33,950**	**(1,172)**
Employee benefits — TFR	212	141	71
Current employee benefits	**212**	**141**	**71**
Total	**32,990**	**34,091**	**(1,101)**

Following the legislative changes in previous years regarding the TFR, the Group has continued to recognize its obligations accrued as at December 31, 2006 in accordance with rules for defined-benefit plans, while it recognizes its obligations for amounts accruing from January 1, 2007, due to supplementary pension funds or the treasury fund of INPS (Italian social security institute), on the basis of the contributions due during the period.

The economic and financial assumptions used were as follows:

	Italy	Germany	France
Annual discount rate	1.13%	1.90%	1.60%
Annual inflation rate	1.50%	1.90%	1.75%
Annual rate of increase in TFR	2.625%	1.75%	2%

The table below shows changes in non-current liabilities during the year:

(thousands of Euros)	12.31.2018
Actuarial assessment of "Employee benefits" at 12.31.2017	**33,950**
Service cost	678
Interest Cost	432

(thousands of Euros)	12.31.2018
Benefits paid	(1,612)
Actuarial Gains/Losses	687
Other changes	(1,357)
Actuarial assessment of "Employee benefits" at 12.31.2018	**32,778**

Sensitivity analysis of the discount rate

The following table shows the balance that the caption "Employee Benefits" would have as at December 31, 2018 in the event of a change to the discount rate shown at the reporting date.

Thousands of Euros	Italy	Germany	France
Increase of discount rate	+0.25%8,311	+0.25%17,190	+0.25%5,960
Non-current employee benefits as at December 31, 2018	1.13%8,451	1.9%17,821	1.6%6,126
Reduction of discount rate	-0.25%8,593	-0.25%18,489	-0.25%6,301

26. Non-current and current provisions for risks and charges

The balance as at December 31, 2018 was as follows:

Non-current and current provisions for risks and charges	12.31.2017	Change in scope of consolidation	Increases	Use	Other changes	12.31.2018
(thousands of Euros)						
Leaving Indemnity Agents' Provision	1,982	326	151	(4)	(514)	1,941
Non-current provision for future charges	2,719	76	701	(551)	(252)	2,693
Total non-current provisions for risks and charges	**4,701**	**402**	**852**	**(555)**	**(766)**	**4,634**
Provision for future charges	1,057	338	848	(278)	224	2,189
Total current provisions for risks and charges	**1,057**	**338**	**848**	**(278)**	**224**	**2,189**
Total	**5,758**	**740**	**1,700**	**(833)**	**(542)**	**6,823**

"Provisions for supplementary agents' commission" includes the expenses that the company is obliged to pay to agents on conclusion of the mandate. This liability includes the discounting based on actuarial techniques as required by IAS 19.

With regard to the long-term portion of the "Provision for future charges", utilization during the period of €0.6 million was mainly due use of the provision for layoffs (€0.2 million) and use of the provision for legal expenses (€0.3 million).

The provision for the year (€0.9 million) refers mainly to the provision of a layoff fund (€0.5 million) and to the share pertaining to the year for variable remuneration for management.

The other changes, equal to €766 thousand, include the release of a provision, worth €252 thousand, reported in previous years for lawsuits with suppliers for which the risk of an adverse outcome of the legal proceedings no longer exists and the reclassification from long-term to short-term of the provision for the supplementary commission for agents whose contracts have been terminated at the end of 2018 but where the compensation will be settled in early 2019 (€375 thousand).

The short-term portion of the "Provision for future charges" includes the costs of €124 thousand to dismantle several buildings of the Magenta mill, two pending tax disputes regarding local taxes for which it was deemed appropriate to prudentially set aside a provision to cover future charges totaling €603 thousand, employee disputes totaling €449 thousand and the provisions for supplementary agents' commission for those whose contracts were terminated at the end of 2018 or will be terminated in 2019 equal to €730 thousand.

27. Trade payables and payables to associates and joint ventures

The balance as at December 31, 2018 was as follows:

(thousands of Euros)	12.31.2018	12.31.2017	Variation
Trade payables	130,409	105,027	25,382
Trade payables to associates and joint ventures		952	(952)
Total	**130,409**	**105,979**	**24,430**

"Trade payables" recorded in the financial statements were €130 million (€106 million as at December 31, 2017) and are all due in less than 12 months. The change of €24 million was essentially due to the change in the scope of consolidation. They are stated net of trade discounts and adjusted for any returns or rebates agreed with the counterparties.

"Payables to associates and joint ventures" stood at zero. The balance as at December 31, 2017 of €1 million mainly included trade payables with regard to ZAR S.r.l. in liquidation (€532 thousand), which was shut down in December 2018, and PAC Service S.p.A. (€420 thousand) which was consolidated through the full consolidation method from January 1, 2018.

28. Current taxes

As at December 31, 2018 this item consists of the amount payable to tax authorities for current taxes incurred during the year.

29. Non-recurring transactions and abnormal and/or unusual transactions

Significant non-recurring events and transactions

The effects of non-recurring transactions, as defined by Consob Communication DEM/6064293, are shown in the income statement.

The Group's financial position, results and cash flows have not been affected by any non-recurring transactions. This refers to transactions or events which do not occur frequently as part of normal operations.

Positions or transactions deriving from abnormal and/or unusual transactions

In 2018 the Group did not carry out any atypical and/or unusual transactions as defined by the referenced Consob Communication DEM/6064293. These are defined as transactions which, in terms of their significance, relevance, nature of counterparties, purpose, procedure for determining the transfer price and timing, could raise doubts with respect to:

— the completeness and accuracy of the information provided in the financial statements;

— conflicts of interest;

— the safeguarding of company assets;

— the protection of minority shareholders.

30. Contingent liabilities and commitments and other guarantees given to third parties

More information on the principal disputes in which the Company is involved can be found in the "Other information" section of the Directors' Report.

Commitments and guarantees given to third parties include:

— sureties of €6.6 million issued in favor of the Province of Belluno regarding the landfill site at the Santa Giustina (BL) mill;

- sureties of €2.2 million issued to the Comieco consortium;
- sureties of €67 thousand issued in favor of the customs authorities;
- a surety of €90 thousand issued in favor of the Province of Milan;
- a surety of €128 thousand issued in connection with property leases;
- a surety of €1.8 million issued in favor of Vetropack, the potential purchaser of the Magenta site, following the preliminary sales agreement;
- sureties of €424 thousand issued in favor of Terna S.p.A.;
- a surety of €57 thousand issued in favor of the revenue agency for Cartiera Alto Milanese in liquidation S.r.l.;

Note that as part of the sale of the Ovaro mill to R.D.M. Ovaro S.p.A., Reno De Medici S.p.A. and FRIULIA S.p.A. respectively obtained a call option, exercisable between June 27, 2014 and June 27, 2017, and a put option, exercisable between June 27, 2015 and June 27, 2017, on FRIULIA S.p.A.'s stake in R.D.M. Ovaro S.p.A.

In June 2017, Reno De Medici S.p.A. and Friulia S.p.A. redefined the shareholders' agreements signed on June 27, 2012, in the context of the acquisition by Friulia of a 20% share of R.D.M. Ovaro S.p.A., for a price of €2.5 million. These agreements, inter alia, give Friulia S.p.A. the right to sell its investment in R.D.M. Ovaro S.p.A. to Reno De Medici S.p.A. under certain conditions, by exercising a put option by June 27, 2017.

The Parties, having recognized the success of the partnership, in view of the new investments necessary to grow the value of R.D.M. Ovaro S.p.A. and its potential expansion plans, agreed that the extension of the partnership was advantageous for the Subsidiary.

Therefore, the Parties signed new agreements, through the application of which Reno De Medici S.p.A. is buying back the 20% stake in R.D.M. Ovaro S.p.A. owned by Friulia, for a total price of €2,497,010.95 in four equal shares, the first two of which were already bought on June 15, 2017 and June 30, 2018 and the remaining two portions will be bought on June 30, 2019 and June 30, 2020. Reno De Medici S.p.A. can still exercise the call option at an earlier time.

31. Related-Party Transactions

Transactions with subsidiaries, associates and joint ventures

Transactions between the Parent company and its subsidiaries, associates and joint ventures are part of normal business management in the context of the ordinary operations conducted by each party concerned, and are regulated and concluded at market conditions.

RDM's transactions with its subsidiaries and associates refer mainly to:

- commercial promotion and marketing services with the foreign subsidiaries R.D.M. Marketing;
- sales of cartonboard and raw materials to R.D.M. Ovaro S.p.A.;
- services provided to R.D.M. Ovaro S.p.A., R.D.M. Magenta S.r.l., RDM Blendecques S.A.S., R.D.M. La Rochette S.A.S., R.D.M. Arnsberg GmbH, Emmaus Pack S.r.l. (Emmaus) and the foreign subsidiaries R.D.M. Marketing;
- purchases of manufacturing scrap from R.D.M. La Rochette S.A.S.;
- purchases of cutting services from R.D.M. Magenta S.r.l.;
- interest expense and/or income in relation to cash pooling and loan arrangements with R.D.M. Blendecques S.A.S., R.D.M. Arnsberg GmbH, R.D.M. Ovaro S.p.A., R.D.M. La Rochette S.A.S., R.D.M. Magenta S.r.l. and the foreign subsidiaries R.D.M. Marketing;

— sales of cartonboard to Pac Service S.p.A. and Emmaus Pack S.r.l.;

— purchase of waste paper from ZAR S.r.l. in liquidation;

— the tax consolidation agreement under which Reno De Medici S.p.A. is the consolidating company, to which R.D.M. Ovaro S.p.A. and R.D.M. Magenta S.r.l. belong;

— the tax consolidation agreement under which RDM Blendecques S.A.S. is the consolidating company to which R.D.M. Marketing France S.A.S. belongs

More information on the Company's rules on related-party transactions, which were adopted on November 8, 2010 and conform to Consob Resolution no. 17221 of March 12, 2010, as subsequently modified and supplemented, can be found in Chapter 12 of the Report on Corporate Governance.

Other related parties

There have been no transactions with related parties of an unusual or abnormal nature, not part of normal business management or such as to prejudice the Group's financial position, income or cash flows.

Transactions with related parties are part of normal business management in the context of the ordinary operations conducted by each party concerned.

In general, business relationships with related parties are conducted under normal market conditions, and the same applies to interest-bearing payables and receivables not regulated by specific contractual terms and conditions.

In addition to the companies with which Reno De Medici S.p.A. has direct and indirect equity relations, related parties include all such entities as defined by IFRS.

Breakdown of Related-Party Transactions

The additional disclosures on related-party transactions, as required by Consob Communication 6064293 of July 28, 2006, are provided below.

	2018		2017	
	Directors	**Statutory auditors**	**Directors**	**Statutory auditors**
(thousands of Euros)				
Short-term benefits	952	166	769	166
Post-employment benefits	8		6	
Total	**960**	**166**	**775**	**166**

The compensation not paid yet to directors and auditors amounts to €384 thousand and €166 thousand respectively as at December 31, 2018.

Receivables and payables with related parties

The table below provides a breakdown of receivables and payables with related parties as at December 31, 2018 and as at December 31, 2017:

December 31, 2018	**Current assets**			**Current liabilities**		
(thousands of Euros)	**Trade receivables**	**Receivables from associates and joint ventures**	**Other receivables from associates and joint ventures**	**Trade payables**	**Payables to associates and joint ventures**	**Other payables to associates and joint ventures**
Cascades Groupe Produits				1		
Emmaus Pack S.r.l.		6,778				
Recog.Sel.Pap. YCart.C. A.I.E.						101
Total		**6,778**		**1**		**101**
Impact on item total		**100%**		**100%**		**100%**

December 31, 2017	Current assets			Current liabilities		
(thousands of Euros)	Trade receivables	Receivables from associates and joint ventures	Other receivables from associates and joint ventures	Trade payables	Payables to associates and joint ventures	Other payables to associates and joint ventures
Cascades CS+				3		
Cascades Inc.	348			24		
Cascades Rollpack	2					
Cascades Groupe Produits				1		
Emmaus Pack S.r.l.		7,126				
PAC SERVICE S.p.A.					420	
ZAR SRL					532	
Total	**350**	**7,126**		**28**	**952**	
Impact on item total	**0.5%**	**100%**		**0%**	**100%**	

Revenues and costs deriving from related-party transactions

The table below details costs and revenues with related parties during 2018 and 2017:

December 31, 2018 (thousands of Euros)	Revenues from sales	Other revenues	Financial income
Cascades Asia Ltd			
Cascades Inc.			
Emmaus Pack S.r.l.	12,778	102	
Cascades Rollpack		10	
Total	**12,778**	**112**	
Impact on item total	**2.1%**	**1.8%**	

December 31, 2018 (thousands of Euros)	Cost of raw materials and services	Financial expense
Cascades Canada ULC	77	
Cascades Inc.		
ZAR SRL	(24)	
Red. Imm. S.r.l.		
Cascades Rollpack		
Recog.Sel.Pap.YCart.C., A.I.E.	101	
Cascades CS+	15	
Total	**169**	
Impact on item total	**0%**	

December 31, 2017 (thousands of Euros)	Revenues from sales	Other revenues	Financial income
Cascades Asia Ltd	3,347	67	
Cascades Inc.		348	
Emmaus Pack S.r.l.	12,843	95	
PAC SERVICE S.p.A.	5,115		

December 31, 2017	Revenues from sales	Other revenues	Financial income
(thousands of Euros)			
Cascades Rollpack		5	
Total	**21,305**	**515**	
Impact on item total	**3.7%**	**5.8%**	

December 31, 2017	Cost of raw materials and services	Financial expense
(thousands of Euros)		
Cascades Canada ULC	32	
Cascades Inc.	1	
ZAR SRL	4,432	
Red. Imm. S.r.l.	20	
Cascades Rollpack	2	
Cascades CS+	15	
Total	**4,502**	
Impact on item total	**1%**	

32. Information relating to contributions received from the Public Administration or equivalent parties

Article 1, paragraphs 125-129 of Law no. 124/2017 later supplemented by Decree Law no. 113/2018 (Security) and Decree Law no. 135/2018 (Simplification), introduced the framework on the transparency of public disbursements. The information required is provided below.

In 2018, the Group received contributions, pursuant to Article 1, paragraph 25 of the above-mentioned law, equal to €37 thousand. The table below contains the data on the parties making disbursements, the amount of the contributions received and the explanation related to the benefit. Note that contributions above the level of €10,000 are reported with reference to said Lender, as required by applicable law.

Lender	Purpose	Contribution received
Ministry of the Environment	Asbestos tax credit	16,446
Fondimpresa Milano	Training	20,626
Fondimpresa Milano	Training	12,580
		49,652

Lastly, in 2018 the Group received contributions which had to be published under the scope of the National Register of State Aid which should be referred to.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The analysis and disclosures required by IFRS 7 — Financial Instruments: Disclosures are provided below.

This analysis compares the situation at the reporting date December 31, 2018 with the situation as at December 31, 2017, and it refers to the RDM Group's consolidated financial statements.

All figures are stated in thousands of Euros.

The section below provides information about the impact of financial instruments on the statement of financial position and on the income statement.

Impact of Financial Instruments on the Statement of Financial Position

The table below shows the carrying amount of each type of financial asset and liability in the consolidated statement of financial position.

	12.31.2018		12.31.2017	
(thousands of Euros)	Book value	Fair value	Book value	Fair value
Cash and cash equivalents	**31,180**	**31,180**	**19,128**	**19,128**
Loans and receivables	**100,445**	**100,445**	**89,780**	**89,780**
Trade receivables	79,969	79,969	70,862	70,862
Other receivables from associates and joint ventures				
Other receivables	20,476	20,476	18,918	18,918
Available-for-sale financial assets				
Financial liabilities at amortized cost	**(249,188)**	**(250,612)**	**(190,571)**	**(191,541)**
Unsecured medium- and long-term bank loans at amortized cost	(42,902)	(43,588)	(39,641)	(38,234)
Secured medium- and long-term bank loans at amortized cost	(53,272)	(54,010)	(22,148)	(24,526)
Short-term loans from banks for use of commercial facilities			(2,000)	(2,000)
Trade payables	(130,409)	(130,409)	(105,979)	(105,979)
Other payables to associates and joint ventures				
Other payables	(22,605)	(22,605)	(20,803)	(20,803)
Financial liabilities at fair value through profit and loss	**(784)**	**(784)**	**(271)**	**(271)**
Hedging derivatives	(784)	(784)	(271)	(271)
	(118,347)	**(119,771)**	**(81,934)**	**(82,904)**
Unrecognized profits (losses)	**(1,424)**		**(970)**	

Having examined the financial models and criteria used to estimate the fair values of the above-mentioned financial instruments, further details are provided below on the individual items.

Derivative instruments

In general, the fair value of derivatives is calculated according to mathematical models using directly observable input data (such as an interest rate curve).

The Group's only derivative instruments indexed to interest rates are interest rate swaps. A discounted cash flow model is used to measure these instruments, whereby the fair value of a derivative is given by the algebraic sum of the present values of future cash flows estimated on the basis of the risk-free curve of deposit rates, futures and swaps at the reporting date.

A commodity swap was entered into during the year by the subsidiary R.D.M. Arnsberg GmbH to hedge purchases of coal, the main energy source of that plant.

The reference international accounting standard (IFRS 13) identifies a measurement hierarchy based on three levels:

- level 1: inputs used in measurements are represented by quoted prices in active markets for identical assets and liabilities to those subject to measurement;
- level 2: inputs other than quoted prices included in level 1 that are observable for the financial asset or liability, both directly (prices) and indirectly (derived from prices);
- level 3: in the event that observable inputs are not available, and therefore market activity is light or non-existent for the asset or liability subject to measurement, the inputs are non-observable.

			Fair value as at the date of the financial statements based on:		
(thousands of Euros)	Classification	12.31.2018	Level 1	Level 2	Level 3
Derivative instruments on interest rates	Non-current derivative instruments	**342**		**342**	
Derivative instruments on interest rates	Current derivative instruments	**253**		**253**	
Commodity derivatives	Non-current derivative instruments	**146**		**146**	
Commodity derivatives	Current derivative instruments	**43**		**43**	

As at December 31, 2018, the Group did not hold any foreign-exchange derivative instruments.

Loans

The aggregate under review consists of all medium- and long-term loans. These were measured by calculating the net present value of the future flows generated by the financial instrument, taking into account the principal repayment plan defined in the loan agreements.

In the case of indexed loans, future interest rates were estimated by calculating the forward rates implicit in the quoted Euro deposit rates, futures and swaps risk-free curve as at December 31, 2018 and December 31, 2017.

Future flows were discounted on the basis of the same Euro yield curve as at December 31, 2018 and December 31, 2017.

Loan Repayment Plans, Terms and Conditions

The terms and conditions of the loans are summarized in the table below.

(thousands of Euros)	Currency	Nominal interest rate	Year of maturity	Nominal value as at 12.31.2018	Book value	Nominal value as at 12.31.2017	Book value
Secured medium- and long-term bank loans at amortized cost				**53,611**	**53,212**	**22,309**	**22,120**
Frie 1	Euro	Eur6m	2022	1,655	1,655	2,069	2,069
Frie 2	Euro	Eur6m	2021	2,437	2,437	3,250	3,250
Frie 3	Euro	Eur6m	2024	680	680	793	793
Frie 4	Euro	Eur6m	2027	1,090	1,090		
Friulia S.p.A.	Euro	Eur6m+spread		1,320	1,320	1,911	1,911
Banca Popolare di Milano	Euro	Eur6m+spread	2022	11,429	11,307	14,286	14,096
UniCredit	Euro	Eur6m+spread	2024	35,000	34,723		

(thousands of Euros)	Currency	Nominal interest rate	Year of maturity	Nominal value as at 12.31.2018	Book value	Nominal value as at 12.31.2017	Book value
Unsecured medium- and long-term bank loans at amortized cost				**42,893**	**42,864**	**39,689**	**39,602**
Banque Palatine 1067376	Euro	Fixed	2023	2,554	2,554		
Banque Palatine 1067377	Euro	Fixed	2023	1,706	1,706		
Banco Popolare	Euro	Eur3m+spread	2019	1,261	1,261	3,771	3,771
Banca Intesa Sanpaolo	Euro	Eur6m+spread	2020	6,000	5,974	10,000	9,930
Credem	Euro	Eur3m+spread	2020	1,754	1,754	2,751	2,751
Cariparma	Euro	Eur6m+spread	2019	875	872	2,625	2,608
Intesa Sanpaolo	Euro	Eur6m+spread	2023	8,333	8,333	10,000	10,000
Intesa Sanpaolo	Euro	Eur6m+spread	2023	8,333	8,333	10,000	10,000
Agence de l'eau (Blendecques)	Euro		2026	228	228	286	286
Encelpa	Euro		2020	172	172	256	256
BNL	Euro	Eur6m+spread	2020	400	400		
Credito Emiliano	Euro	Fixed	2019	250	250		
Credito Emiliano	Euro	Fixed	2019	551	551		
UniCredit	Euro	Fixed	2022	352	352		
Berivo	Euro	Fixed	2021	2,996	2,996		
Endesa	Euro	Fixed	2021	3,298	3,298		
Kemira	Euro	Fixed	2020	254	254		
Be Spoken	Euro	Eur6m+spread	2024	3,490	3,490		
Procemex	Euro	Fixed	2019	31	31		
Silo Gescompost	Euro	Fixed	2019	55	55		
Total medium- and long-term loans				**96,504**	**96,076**	**61,998**	**61,722**
Short-term loans from banks for use of commercial facilities						**2,000**	**2,000**
Used portfolio	Euro	Euribor+spread	n/a			2,000	2,000
Pre-paid invoices	Euro	Euribor+spread	n/a				
Export loans	Euro	Euribor+spread	n/a				
Import loans	Euro	Euribor+spread	n/a				
Total short-term loans	**Euro**					**2,000**	**2,000**
Total interest-bearing liabilities	**Euro**			**96,504**	**96,076**	**63,998**	**63,722**

Other Financial Instruments

The fair value of receivables from customers, payables to suppliers and other financial assets and liabilities falling due contractually during the year has not been calculated, insofar as the book value of the financial instrument is virtually the same.

Other Information

The table below provides a breakdown of changes in the equity hedging reserve.

(thousands of Euros)	
Reserve 12.31.2017	**200**
Fair value adjustment of cash flow hedge derivatives	330
Tax effect of fair value adjustment of cash flow hedge derivatives	(75)
Transfers to the income statement	
Tax effect of transfers to the income statement	
Reserve 12.31.2018	**455**

Credit Risk

This section describes in both quantitative and qualitative terms the exposure to credit risk and the way in which this is managed.

Risk Exposure

Core business exposure to credit risk at the reporting date was as follows:

(thousands of Euros)	12.31.2018	12.31.2017
Gross trade receivables	86,605	73,882
– provision for bad and doubtful receivables	(6,636)	(3,020)
Total	**79,969**	**70,862**

Overdue or Impaired Financial Assets

The table below provides a breakdown of the seniority of trade receivables, net of individual write-downs, as at the reporting date:

	Overdue receivables				
December 31, 2018	more than 60 days	from 31 to 60 days	from 0 to 30 days	Non-overdue receivables	Total
(thousands of Euros)					
Italy	331	180	2,323	46,444	49,278
EU	495	214	4,811	17,010	22,530
Rest of the world		135	993	7,033	8,161
Total	**826**	**529**	**8,127**	**70,487**	**79,969**

	Overdue receivables				
December 31, 2017	more than 60 days	from 31 to 60 days	from 0 to 30 days	Non-overdue receivables	Total
(thousands of Euros)					
Italy	588	13	3,833	46,703	51,137
EU	212	221	3,725	6,489	10,647
Rest of the world	179	12	675	8,212	9,078
Total	**979**	**246**	**8,233**	**61,405**	**70,862**

The Group's overdue receivables as at December 31, 2018 remain in line with the previous year (€9.5 million). They represent 12% of the total portfolio in 2018 compared with 13% reported in the previous year.

How Credit Risk is Managed

As a general rule, the Group's commercial risk management policy is to insure all client receivables, excluding those of the Parent company's Italian customers, with leading insurance companies. Any uninsured or non-insurable positions, in particular those with Italian customers, are constantly monitored by the appropriate Corporate Functions.

The Parent company and French subsidiaries have also entered into non-recourse receivable assignment agreements.

The internal procedures for carrying out a creditworthiness assessment involve collecting and analyzing qualitative and quantitative information, and the use of external databases and commercial information. The policies adopted have so far enabled losses on receivables to be limited.

Market Risk

Market risk is defined as the risk that the fair value or the cash flows associated with a financial instrument will fluctuate because of changes in market variables such as exchange rates, interest rates, commodity prices, and stock prices.

The market risk to which the Group was exposed during the year may be broken down as follows:

— currency risk;

— interest rate risk;

— commodity risk.

The scale of these risks and the way in which they are managed is described below.

Currency risk

The Group's exposure to currency risk derives from:

— trade receivables/payables denominated in currencies other than the functional currency of the financial statements;

— cash and cash equivalents held in foreign-currency current accounts;

Other than the Euro, which is the functional currency, the main currencies in which the Group carries out its commercial activities are the United States dollar and the British pound. Exposure to other currencies is negligible.

In terms of exposure to currency risk, in 2018 the Group managed the marginal imbalance between investments and funds in the same currency by using a natural-hedging approach and by carefully and continually monitoring market conditions; as a result, it was not deemed necessary to resort to hedging derivatives.

The Group's exposure in euros, based on the official ECB exchange rates as at December 31, 2018 and December 31, 2017, is reported in the following table:

ECB exchange rates	**12.31.2018**	**12.31.2017**
(per Euro)		
USD	**1.1450**	**1.1993**
GBP	**0.8945**	**0.8872**
CHF	**1.1269**	**1.1702**
CAD	**1.5605**	**1.5039**
CNY	**7.8751**	**7.8044**
CZK	**25.724**	**25.535**
HUF	**320.98**	**310.33**
PLN	**4.3014**	**4.177**

The table below provides a breakdown of the consolidated exposure to currency risk, based on the notional amount of the exposure expressed in thousands of euros.

	12.31.2018							
(thousands of Euros)	**USD**	**GBP**	**CHF**	**CAD**	**CNY**	**CZK**	**HUF**	**PLN**
Trade receivables	3,927	558			27	1		
Trade payables	(4,541)	(291)	(1)			(2)	(5)	(1)
Cash and cash equivalents	(272)	1,533	—	1	—	143	138	257
Exposure	**(886)**	**1,800**	**(1)**	**1**	**27**	**142**	**133**	**256**

	12.31.2017						
(thousands of Euros)	**USD**	**GBP**	**CHF**	**CAD**	**CZK**	**HUF**	**PLN**
Trade receivables	4,524	1,898					156
Trade payables	(3,024)	(417)					(148)
Cash and cash equivalents	3,274	1,595	2	1	36	239	243
Exposure	**4,774**	**3,076**	**2**	**1**	**36**	**239**	**251**

Sensitivity Analysis of Currency Risk

In order to measure the possible effects of changes in the reporting-date exchange rates on the statement of financial position and income statement, assumptions were made (as at December 31, 2018 and December 31, 2017) as to variations in the value of the Euro against the major foreign currencies.

Specifically, two scenarios were used: a 10% appreciation and a 10% depreciation of the Euro against the other currencies. For each of the two scenarios, the gain or loss arising from transactions outstanding as at December 31, 2018 and December 31, 2017 was then calculated. In this way, it was possible to determine the effect on the income statement and on shareholders' equity had the market exchange rates been subject to the assumed changes.

The tables below provide a summary of the results of this analysis, indicating the additional effect on the actual figures recognized at the reporting date. These re-measurements based on changes in the exchange rate affect profit or loss for the year.

10% appreciation of the Euro (thousands of Euros)	**Profit or loss**
December 31, 2018	
USD	89
GBP	(180)
CNY	(3)
CZK	(14)
HUF	(13)
PLN	(26)
Total	**(147)**
December 31, 2017	
USD	(477)
GBP	(308)
CZK	(4)
HUF	(24)

10% depreciation of the Euro (thousands of Euros)	**Profit or loss**
December 31, 2018	
USD	(89)
GBP	180
CNY	3
CZK	14
HUF	13
PLN	26
Total	**147**
December 31, 2017	
USD	477
GBP	308
CZK	4
HUF	24

10% appreciation of the Euro (thousands of Euros)	Profit or loss	10% depreciation of the Euro (thousands of Euros)	Profit or loss
PLN	(25)	PLN	25
Total	**(838)**	**Total**	**838**

How Currency Risk is Managed

The main objective of the Group's currency-risk management policy is to limit the exposure to foreign currency arising from exporting finished goods to, and importing raw materials from, foreign markets. The following guidelines are used in pursuing this policy:

— inflows and outflows in the same currency are offset (natural hedging);

— recourse is made to forward sales or to export loans in the same currency. These transactions were arranged by using a notional amount and due date that correspond to those of the expected cash flows (if the amount is significant), so that any changes in the cash flows arising from the forward transactions, as the result of the appreciation or depreciation of the Euro against the other currencies, are substantially offset by a corresponding change in the expected cash flows of the underlying positions;

— forward sales are hedged. There were no outstanding transactions of this type at the reporting date.

As a general rule, the currency-risk management policy recommends maximizing the use of natural hedging and, in any case, excludes recourse to transactions involving complex derivatives, e.g., those with barriers.

The Administration and Finance Department of the Group is responsible for monitoring currency risk and recommends suitable currency-risk hedging strategies to keep exposure within the limits agreed with senior management.

Interest Rate Risk

Financial liabilities exposing the Group to interest rate risk are, for the most part, floating-rate medium- and long-term loans.

The table below sets out the positions that are subject to interest rate risk, separating fixed-rate from floating-rate exposure in terms of the nominal value of the financial instruments.

However, the exposure to interest rate risk arising from loans is partially mitigated by entering into interest rate swap agreements designed to hedge the volatility of future cash flows indexed to market rates.

(thousands of Euros)	12.31.2018	%	12.31.2017	%
Floating-rate medium- and long-term loans	(16,065)	16.9%	(18,497)	30.8%
Floating-rate medium- and long-term loans hedged by IRS	(51,738)	54.3%	(24,262)	40.4%
Fixed-rate medium- and long-term loans	(7,885)	8.3%	(399)	0.7%
Total non-current liabilities	**(75,688)**	**79.5%**	**(43,158)**	**71.8%**
Floating-rate medium- and long-term loans	(7,412)	7.8%	(9,263)	15.4%
Floating-rate medium- and long-term loans hedged by IRS	(7,524)	7.9%	(7,524)	12.5%
Fixed-rate medium- and long-term loans	(4,560)	4.8%	(142)	0.2%
Floating-rate short-term bank loans for use of commercial facilities				
Total current liabilities	**(19,496)**	**20.5%**	**(16,929)**	**28.2%**
Total (floating rate)	*(23,477)*	24.7%	*(27,759)*	46.2%
Total (fixed rate or hedged floating rate)	*(71,707)*	75.3%	*(32,328)*	53.8%

(thousands of Euros)	12.31.2018	%	12.31.2017	%
Total	**(95,184)**	**100.0%**	**(60,087)**	**100.0%**

Sensitivity Analysis of Interest Rate Risk

A sensitivity analysis of the financial instruments exposed to interest rate risk was performed upon preparation of the financial statements. The following assumptions were used in the model:

— for bank current-account exposure and spreads settled by interest rate swaps, financial income/expense was recalculated by applying +/-50 bps to the interest rate payable, multiplied by the carrying amounts and for a period equal to the financial year;

— for loans with a repayment plan, the change in financial expense was calculated by applying +/-50 bps to the loan interest rate payable at each refixing date, multiplied by the outstanding principal during the year;

— the change in the fair value of interest rate swaps at the reporting date was calculated by applying +/-50 bps to the Euro risk-free curve of deposit rates, futures and swaps at the reporting date.

	Profit (loss)		Shareholders' equity	
(thousands of Euros)	Increase of 50 bps	Decrease of 50 bps	Increase of 50 bps	Decrease of 50 bps
December 31, 2018				
Cash flows during the year	**(126)**	**108**		
Cash flows from derivatives	*178*	*(178)*		
Floating-rate loans	*(304)*	*286*		
Effectiveness of hedges			785	(785)
Net sensitivity of financial flows	**(126)**	**108**	**785**	**(785)**
December 31, 2017				
Cash flows during the year	**(91)**	**72**		
Cash flows from derivatives	*182*	*(182)*		
Floating-rate loans	*(273)*	*254*		
Effectiveness of hedges			339	(339)
Net sensitivity of financial flows	**(91)**	**72**	**339**	**(339)**

An analysis of these scenarios demonstrated that changes in interest rates had little impact on the income statement and shareholders' equity. Cash flow hedges considerably restrict the impact on financial expense recognized in the income statement.

How Interest Rate Risk is Managed

The Group uses various debt instruments according to the nature of its financial requirements. In particular, it uses short-term debt to fund working capital requirements and medium- and long-term financing to cover investments in the core business.

The techniques used most often are:

— advances for short-term requirements;

— loans for medium- and long-term requirements. These instruments, which are arranged with leading banks, are mainly indexed to floating rates that are subject to revision every three or six months.

The Group's current risk management policy aims to reduce the variability of the financial expense incurred on its debt and of the related effects on the profit or loss. The practical objectives in terms of risk management therefore involve stabilizing the cash flows linked to the cost of servicing debt in line with budget forecasts.

From an operating standpoint, the Group sets about achieving this goal by using derivatives in the form of interest rate swaps (IRS).

In line with the features of the transactions carried out and its risk management objectives, the Group has decided to structure its hedging relations using a cash flow hedge approach.

Specifically, the hedging relations involve converting floating-rate loan payments to fixed-rate payments. This is carried out by using interest rate swaps (IRS), under which the Group receives a flow of payments from the counterparty bank at the same floating rate as its debt, less the spread. In exchange, the Group makes payments at a fixed rate. The consolidated position (debt + IRS) is therefore a fixed-rate liability of which the amount of financial expense is certain (the aim of cash flow hedging).

The present hedging policy excludes the recourse to transactions involving complex derivatives.

As at the reporting date, the risk of variability in cash flows linked to floating-rate debt was mainly hedged by derivative financial instruments.

Commodity Risk

In terms of the nature of the business carried out by RDM Group, commodity risk is the risk that the profit for the year will be reduced by incurring higher costs to purchase raw materials for the mills. This risk is part of the broader category of market risk, specifically where the cost of the raw materials is dependent on changes in a quoted index.

In 2017, the Group signed contracts for the supply of natural gas also for 2018, operating mainly on a quarterly and annual basis, negotiating fixed unit prices for each of the individual quarters of supply. This allowed for a significant reduction in "commodity risk" for the first part of the year and a partial reduction for the last quarter. The quotas relating the last quarter were negotiated and confirmed over the year in order to meet the mills' requirements, while benefiting from the decreasing prices for energy commodities. All prices are expressed in Euros per volume unit, with subsequent adjustments to the content of primary energy contained in it.

At the end of November 2017, the Group signed contracts for the supply of electricity at a price indexed according to the prices of certain continental energy markets, in some cases by providing fixing operations following the conclusion of contracts by utilizing appropriate clauses in their contracts. Supply quotas at a price indexed relating to reference markets are negotiated with spreads fixed with respect to these prices. The aim of fixing the supply prices is to contain commodity risk. as described above. The negotiated prices are expressed in Euros per unit of electricity. In 2018 several agreements for the supply of electricity were extended, with part of the excess withdrawals purchased and the deliveries sold agreed at fixed prices for 2019.

A sensitivity analysis was not performed on this category of risk because, as at the date of preparing the financial statements, it was not considered material in terms of its impact on the income statement and on the Group's business margins.

How Commodity Risk is Managed

The nature of the Group's business involves exposure to fluctuations in the prices of electricity, natural gas and certain chemical products derived from petroleum (such as latexes) and fibrous raw materials.

Natural gas supply contracts are usually agreed for shares of the total requirement and are negotiated at a fixed price at least three months, but sometimes longer, before the supply period. Electricity is purchased at a fixed price, and partially indexed according to the values of continental electricity markets as published by the bodies responsible for these markets.

In order to contain possible price pressure on raw materials, the Group aims to diversify its suppliers and its supply markets.

A commodity swap was entered into during the year by the subsidiary R.D.M. Arnsberg GmbH to hedge purchases of coal, the main energy source of that plant. There are no other derivative contracts on commodities.

Liquidity risk

Liquidity risk can take the form of difficulty in obtaining the funds required to satisfy scheduled contractual commitments at market conditions.

This may mean there are insufficient resources available to meet financial obligations under the agreed terms and conditions and at the pre-determined due dates, or it may mean the business is required to settle its financial liabilities earlier than the scheduled due date.

For each contract maturity date, the analysis is aimed at measuring the cash flows deriving from the various types of financial liability held as at December 31, 2018 and December 31, 2017.

Depending on their nature, financial liabilities were separated into non-derivative and derivative financial liabilities. Given the different accounting treatments, the latter were subdivided into liabilities where the derivative had been formally designated as a hedge, and had turned out to be effective, or liabilities where the derivative was not subject to hedge accounting.

The main assumptions relating to the Group's financial requirements that were used to carry out the analyses were as follows:

- — cash flows are not discounted;
- — cash flows are allocated to their respective time bands on the basis of the first possible payment date provided for by the contractual terms and conditions (the worst-case scenario);
- — all instruments held at the reporting date for which payments have been contractually designated are included; planned future commitments that have not yet been recognized in the financial statements are not included;
- — if the amount payable is not fixed (e.g., future interest payments), financial liabilities are measured at market terms and conditions at the reporting date;
- — cash flows also include the interest that the Group will pay up to the due date of the debt, measured at the reporting date and calculated on the basis of market forward interest rates.

December 31, 2018	**Book value**	**Contractual financial flows**	**6 months or less**	**6 – 12 months**	**1 – 2 years**	**2 – 5 years**	**Over 5 years**
(thousands of Euros)							
Cash and cash equivalents	**31,180**	**31,180**	31,180				
Trade receivables	**79,969**	**79,969**	79,969				
Other receivables	**20,476**	**20,476**	11,766		8,710		
Medium- and long-term bank loans	**(96,174)**	**(97,598)**	(10,594)	(8,163)	(21,814)	(48,099)	(8,928)
Other payables	**(22,605)**	**(22,605)**	(21,001)	(1,500)	(104)		
Hedging derivative instruments	**(784)**	**(784)**	(163)	(203)	(324)	(128)	32
Trade payables	**(130,409)**	**(130,409)**	(130,409)				
Total	**(118,347)**	**(119,771)**	(39,252)	(9,866)	(13,532)	(48,227)	(8,894)

December 31, 2017	Book value	Contractual financial flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	Over 5 years
(thousands of Euros)							
Cash and cash equivalents	19,128	19,128	19,128				
Trade receivables	70,862	70,862	70,862				
Other receivables	18,918	18,918	11,204		7,714		
Medium- and long-term bank loans	(63,789)	(64,759)	(10,861)	(8,839)	(16,310)	(24,899)	(3,850)
Other payables	(20,803)	(20,803)	(20,725)	(52)	(26)		
Hedging derivative instruments	(271)	(271)	(120)	(95)	(117)	50	11
Trade payables	(105,979)	(105,979)	(105,979)				
Total	**(81,934)**	**(82,904)**	**(36,491)**	**(8,986)**	**(8,739)**	**(24,849)**	**(3,839)**

The first section of the table compares the book value of the financial liabilities with the total value of cash flows that — given the market conditions at the reporting date — are expected to be received from or paid to counterparties. The second section of the table shows a breakdown by time period of the total cash flows, which make up the item “Contractual financial flows”.

How Liquidity Risk is Managed

The Group’s financial activity is centered largely on Reno De Medici S.p.A., which, on the basis of well-established practice inspired by prudence and stakeholder protection, negotiates credit facilities with banks and continually monitors the cash flows of the individual Group companies.

The Group’s management policies involve continually monitoring liquidity risk with a view to mitigating said risk by maintaining sufficient liquidity and/or short-term deposits with prime counterparties and by having access to short-term credit facilities backed mainly by receivables from domestic and foreign clients.

OTHER INFORMATION

Equity investments in subsidiaries, associates and joint venture as at December 31, 2017 (pursuant to Article 38, paragraph 2 of Legislative Decree 127/91).

LIST OF EQUITY INVESTMENTS IN SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Cartonboard industry — subsidiaries

R.D.M. Arnsberg GmbH
Arnsberg — Germany
Direct ownership percentage: 94%
Indirect ownership 6% (through Cascades Grundstück GmbH & Co.KG).

RDM Blendecques S.A.S.
Blendecques — France
Direct ownership percentage: 100%

Cartiera Alto Milanese S.r.l. in liquidation
Milan — Italy
Direct ownership percentage: 100%

R.D.M. Magenta S.r.l.
Milan — Italy
Direct ownership percentage: 100%

R.D.M. Ovaro S.p.A.
Milan — Italy
Direct ownership percentage: 90%

R.D.M. La Rochette S.A.S.
La Rochette — France
Indirect ownership percentage: 100% (through RDM Blendecques S.A.S.)

Barcelona Cartonboard S.A.U.
Barcelona — Spain
Direct ownership percentage: 100% (from October 31, 2018)

PAC Service S.p.A.
Vigonza — Padua — Italy
Direct ownership percentage: 60% (from January 1, 2018)
Indirect ownership percentage: 40% (through Bellim S.r.l.)

Services industry — subsidiaries

Cascades Grundstück Gmbh & Co.KG
Arnsberg — Germany
Direct ownership percentage: 100%

BELLIM S.r.l.
Vigonza — Padua — Italy
Direct ownership percentage: 100% (from January 1, 2018)

BCN Carton Portugal Unipessoal Lda.
Lisbon — Portugal
Direct ownership percentage: 100%

R.D.M. Marketing Germany GmbH
Krefeld — Germany
Direct ownership percentage: 100%

RDM Marketing France S.A.S.
Paris — France
Direct ownership percentage: 100%

R.D.M. Marketing Spain S.L.U.
Prat de Llobregat — Barcelona — Spain
Direct ownership percentage: 100%

R.D.M. Marketing UK Limited
Wednesbury — United Kingdom
Direct ownership percentage: 100%

R.D.M. Marketing Czech Republic S.r.o.
Prague — Czech Republic
Direct ownership percentage: 100%

R.D.M. Marketing Hungaria Kft.
Budapest — Hungary
Direct ownership percentage: 100%

R.D.M. Marketing Poland SP z.o.o.
Warsaw — Poland
Direct ownership percentage: 100%

LIST OF EQUITY — ACCOUNTED INVESTMENTS

Cartonboard sector and other industrial production

Emmaus Pack S.r.l.
Milan — Italy
Direct ownership percentage: 34.39%

Recogida Sel.Pap.YCart.C. A.I.E.
Barcelona — Spain
Indirect ownership percentage 50%

LIST OF INVESTMENTS IN OTHER COMPANIES

Cartonboard sector

Cartonnerie Tunisienne S.A.
Les Berges Du Lac — Tunis
Direct ownership 5.274%

Consortiums

Gas Intensive S.c.r.l.
Milan — Italy
Consortium share

Comieco
Milan — Italy
Consortium share

Conai
Milan — Italy
Consortium share

Consorzio Filiera Carta
Frosinone — Italy
Consortium share

C.I.A.C. S.c.r.l.
Valpenga (TO) — Italy
Consortium share

Idroenergia S.c.r.l.
Aosta — Italy
Consortium share

Paper Interconnector
Milan — Italy
Consortium share

Università Carlo Cattaneo
Castellanza (VA) — Italy
Consortium share

SUBSEQUENT EVENTS

No significant events took place after the year-end.

CERTIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS

as at December 31, 2018 pursuant to Article 81-ter of Consob Regulation no. 11971 of May 14, 1999 and later amendments and additions.

1. The undersigned, Michele Bianchi, as CEO and Luca Rizzo, as the Financial Reporting Executive of Reno De Medici S.p.A., certify, considering the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of February 24, 1998:

- the suitability for the characteristics of the business and
- the effective implementation

of the administrative and accounting procedures pertaining to the preparation of the year-end consolidated financial statements for the period from January 1 to December 31, 2018.

2. No significant issues have emerged in this regard.

3. It is further certified that

3.1 the consolidated financial statements:

a) were prepared in accordance with the applicable international accounting standards recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;

b) are consistent with the figures reported in the relevant accounting books and records;

c) are able to provide a true and fair view of the financial position, the results and the cash flows of the Issuer and of the companies whose accounts have been consolidated;

3.2. The comprises a reliable analysis of operating performance and results, as well as of the situation of the Issuer and of the companies whose accounts have been consolidated, together with a description of the major risks and uncertainties to which they are exposed.

Milan, March 18, 2019

Chief Executive Officer	Chief Financial Officer
Michele Bianchi	Luca Rizzo

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Reno De Medici S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Reno De Medici S.p.A. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to Art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Reno De Medici S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test on tangible assets

Description of the key audit matter	Reno De Medici Group's consolidated financial statements include Euro 245.9 million related to tangible assets as of December 31, 2018. As required by the "IAS 36 Impairment of Assets", the Directors, noting impairment indicators, have carried out the impairment test in order to determine that tangible assets are accounted for in the consolidated financial statements at December 31, 2018 at a value not higher than the recoverable value. Based on the impairment test approved by the Board of Directors, the Directors assessed that the carrying value of tangible assets is lower than the recoverable value and therefore no impairment losses were recognized. The recoverable amount of the abovementioned tangible assets was determined using the value in use, based on estimates of cash flows generated by the assets. To test these assets, the Directors referred to the individual Group's plants as cash-generating units (CGU), which correspond to a single company when referring to the Group's subsidiaries. With reference to the no longer operating part of the Magenta plant, in order to assess the recoverable value, it was necessary to use the fair value method less costs to sell that the Directors determined based on the preliminary sales agreement of land and buildings, signed in November 2018, for the disposal of the entire area. The valuation process is complex and based on assumptions concerning, among others, the forecast of expected cash flows of each CGU, resulting from the plans used for the purposes of the impairment test, and the determination of an appropriate discount rate (WACC) and medium-term growth rate (g-rate). In determining cash flow forecasts, the most relevant variables are the estimate of future sales volumes, the expected sales price trend, the variable costs of fibrous and chemical materials, margins, capital expenditures and other macroeconomic variables. Future expectations and market conditions influence these assumptions. Considering the relevance of the amount of tangible assets recorded in the financial statements, the subjectivity of the estimates relating to the determination of cash flows (DCF) and the key variables of the impairment model, we considered the impairment test a key audit matter of the audit of the consolidated financial statements of the Group. The "Impairment test" paragraph of the consolidated financial statements states the disclosures related to

the impairment test, including a sensitivity analysis performed by the Directors, which shows the effects that may occur on the recoverable value of tangible assets resulting from the changes in certain key assumptions used for the impairment test.

Audit procedures performed

Preliminarily, we have examined how the Directors determine the value in use of the CGUs by analyzing the methods and assumptions used and considered for the development of the impairment test.

As part of our audit, we have, among others, carried out the following procedures, also with the support of experts:

- understand the Company's relevant internal controls on the impairment test process;
- analysis of the reasonableness of the key assumptions underlying the cash flow calculation; also, through information obtained from the Management;
- analysis of the actual figures compared to the plans in order to assess the nature of the deviations and the reliability of the planning process;
- analysis of the reasonableness of the discount rate (WACC) and long-term growth rate (g-rate);
- review of the mathematical accuracy of the model used to estimate the value in use of the CGUs;
- review of the correct calculation of the book value of the CGUs;
- review of the Directors' sensitivity analysis;
- analysis of the preliminary sales agreement used by the Directors to determine the fair value of the land and buildings of the area of Magenta;
- analysis of the estimate made by the Directors relating to the cost to sell of the land and buildings referred to in the previous point.

Further, we also examined the adequacy and compliance of the disclosure provided by the Company on the impairment test based on IAS 36 disclosure requirements.

Accounting recognition of business combinations

Description of the key audit matter

During 2018 the Group acquired 66.67% of PAC Service S.p.A., a company key audit matter operating in the cardboard processing sector, and 100% of Barcelona Cartonboard SAU, a Spanish company operating in the white lined chipboard sector.

The business combinations were accounted for in the consolidated financial statements of the Group in accordance with the international accounting standard IFRS 3 “Business combinations,” which provides for the acquisition cost allocation process (Purchase Price Allocation — “PPA”). This required the evaluation by Management, along with the support of independent fair value specialists, of the fair values of the assets acquired and the liabilities assumed.

The acquisition of PAC Service S.p.A. was accounted for as a business combination achieved in stages, therefore, entailing the adjustment of the previously held interest (equal to 33.33%) to the relative fair value and allocating the difference with the previous book value in the income statement as gains from investments. The allocation of PPA values generated, at the acquisition date, the recognition in the consolidated financial statements of tangible assets of Euro 5.2 million, of which, Euro 2.5 million relate to the higher value of the aforementioned assets, Deferred taxes of Euro 0.7 million and Goodwill of Euro 4.3 million.

With regard to the acquisition of Barcelona Cartonboard SAU, the accounting for the business combination was determined on a provisional basis, as permitted by IFRS 3, because, as of the date of preparation of the consolidated financial statements, the Directors had not finalized the valuation processes, as disclosed in the notes to the financial statements. The provisional allocation of PPA values generated, among others, the recognition in the consolidated financial statements at the acquisition date of tangible assets of Euro 47.8 million, of which Euro 31.5 million relate to the higher value of the aforementioned tangible assets, Deferred taxes of Euro 2.2 million and Goodwill of Euro 0.5 million.

Given the relevance of the effects of the transactions and the complexity related to the valuation process, mainly related to the determination of the fair value of the net assets acquired, we considered the recognition of the business combinations a key audit matter of the consolidated financial statements of the Group as at December 31, 2018.

The financial statement disclosure related to this matter is reported in the notes to the financial statements and, in particular, in the paragraph “Scope of consolidation”.

Audit procedures performed

As part of our audit we have, among others, carried out the following audit procedures, also with the support of experts:

- analysis of the agreements relating to business combinations transactions;
- analysis of the criteria used by the Directors to account for the transactions in accordance with the international accounting standard IFRS 3

"Business combinations";

- analysis of the procedures carried out and understanding of the relevant controls put in place by the Directors;
- discussion with the Directors about the application of the "purchase method" for accounting recognition of the transactions;
- analysis of the criteria followed to identify the assets acquired and the liabilities assumed, for the estimate, or provisional estimate in the case of the acquisition of Barcelona Cartonboard SAU, of the related fair values;
- examination, also through the support of our specialists, of reports and opinions prepared by the independent fair value specialists appointed by the Company to support the evaluations of the Directors. Analysis of the methodological approach, competence and objectivity of the independent fair value specialists appointed by the Company;
- Review of the accuracy of the accounting entries.

Further, we have also examined the adequacy of the disclosures provided by the Group on the business combination and the compliance with the accounting standard IFRS 3.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to Art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, includingthe disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to Art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Reno De Medici S.p.A. appointed us on April 27, 2012 as auditors of the Company for the years from December 31, 2012 to December 31, 2020.

We declare that we have not provided prohibited non-audit services referred to in Art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in Art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to Art. 14 paragraph 2 (e) of Legislative Decree 39/10 and Art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Reno De Medici S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Reno De Medici Group as at December 31, 2018, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in Art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Reno De Medici Group as at December 31, 2018 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Reno De Medici Group as at December 31, 2018 and are prepared in accordance with the law.

With reference to the statement referred to in Art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to Art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 54

The Directors of Reno De Medici S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to Art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Gasperini
Partner

Milan, Italy
April 5, 2019

This report has been translated into the English language solely for the convenience of international readers.

Fineska B.V.
Unaudited Interim Consolidated Income Statement and Statement of Comprehensive Income
For the nine months ended September 30, 2021 and 2020

(In Euro thousand)	Note	Nine months ended September 30 2021	2020
Revenues from sales	4	141,201	107,318
Change in inventories of finished goods	5	6,808	(603)
Cost of raw materials and services	6	(103,232)	(60,150)
Personnel costs	7	(31,787)	(27,187)
Depreciation and amortization		(5,257)	(6,167)
Other operating costs		(1,298)	(824)
Operating profit		**6,435**	**12,387**
Net financial income (expense)		200	(1,008)
Profit before income tax		**6,635**	**11,379**
Taxes		(1,687)	(2,791)
Profit (loss) for the period		**4,948**	**8,588**
Profit (loss) attributable to the Group		*4,948*	*8,588*
Profit (loss) attributable to Minority interests		—	—

(in Euro thousand)	Note	Nine months ended September 30 2021	2020
Profit (loss) for the period		**4,948**	**8,588**
Other components that may be transferred to the income statement in subsequent financial years:			
Profit (loss) on translation of financial statements of foreign investee companies		(58)	(246)
Total other components of comprehensive profit (loss)		(58)	(246)
Total comprehensive profit (loss)		**4,890**	**8,342**
Total comprehensive profit (loss) attributable to the Group		*4,890*	*8,342*
Total comprehensive profit (loss) attributable to Minority interests		—	—

Fineska B.V.
Unaudited Interim Consolidated Statement of Financial position
As of September 30, 2021 and December 31, 2020

(In Euro thousand)	Note	As of September 30, 2021	As of December 31, 2020
Intangible fixed assets	8	1,089	1,462
Right-of-use asset	9	3,890	4,538
Tangible fixed assets	10	54,027	54,280
Deferred tax assets		29	22
Total non-current assets		**59,035**	**60,302**
Inventories		25,591	16,886
Trade receivables		23,334	15,967
Other receivables		7,781	2,411
Cash and cash equivalents		8,414	14,405
Total current assets		**65,120**	**49,669**
Total assets		**124,155**	**109,971**
Share capital*		—	—
Share premium		1,125	1,125
Other reserves		(1,084)	(1,026)
Retained earnings (losses)		63,187	58,239
Total shareholders' equity		**63,228**	**58,338**
Payables to banks and other lenders	11	15,405	14,257
Deferred taxes		655	253
Employee benefits		1,133	1,116
Total non-current liabilities		**17,193**	**15,626**
Payables to banks and other lenders	11	1,300	5,182
Trade payables		22,449	17,069
Current taxes		1,649	1,585
Other payables		18,336	12,171
Total current liabilities		**43,734**	**36,007**
Total liabilities		**60,927**	**51,633**
Total liabilities and shareholders' equity		**124,155**	**109,971**

* The authorised share capital of the Group as at September 31, 2021 amounts to € 100 and consists of 10,000 ordinary shares of € 0.01 each. All shares are issued and paid.

Fineska B.V.
Unaudited Interim Consolidated Statement of Cash Flows
For the nine months ended September 30, 2021 and 2020

		Nine months ended September 30	
(In Euro thousand)	**Note**	**2021**	**2020**
Profit (loss) for the year before taxes		**6,635**	**11,379**
Depreciation, amortization and write-downs	8/9/10	5,257	6,167
Financial expense (income)		(200)	1,008
Other non cash items		114	57
Cash flow from operating activities before changes in net working capital		**11,806**	**18,611**
Change in inventories		(8,181)	422
Change in receivables		(7,191)	1,865
Change in payables		5,035	(7,686)
Change in other assets/liabilities		3,773	1,452
Interest (paid) collected in the year		(280)	(333)
Taxes paid in the year		(4,089)	(4,435)
Cash flow from operating activities		**873**	**9,896**
Investment net of disinvestment in intangible fixed assets	8	—	(3)
Investment net of disinvestment in tangible fixed assets	10	(3,817)	(5,702)
Cash flow from investing activities		**(3,817)**	**(5,705)**
Repayment of long-term borrowings	11	(15,000)	(3,000)
Proceeds of long-term borrowings	11	13,000	—
Increase in short-term borrowings	12	—	488
Lease payments	11	(1,136)	(1,131)
Cash flow from financing activities		**(3,136)**	**(3,643)**
Exchange rate translation differences		89	123
Change in cash and cash equivalents		**(5,991)**	**671**
Cash and cash equivalents at the beginning of the year		14,405	8,702
Cash and cash equivalents at the end of the year		**8,414**	**9,373**

Fineska B.V.
Unaudited Interim Statement of Changes in Consolidated Equity
For the nine months ended September 30, 2021 and 2020

(in Euro thousand)	Share capital	Share premium	Other reserves	Retained earnings (losses)	Total Shareholders' Equity (Group)	Total shareholders' equity
As of January 1, 2020	**—**	**1,125**	**(473)**	**45,318**	**45,970**	**45,970**
Result for the period				8,588	8,588	**8,588**
Other items of comprehensive income			(246)		(246)	**(246)**
Total comprehensive result for the period	**—**	**—**	**(246)**	**8,588**	**8,342**	**8,342**
As of September 30, 2020	**—**	**1,125**	**(719)**	**53,906**	**54,312**	**54,312**
As of January 1, 2021	**—**	**1,125**	**(1,026)**	**58,239**	**58,338**	**58,338**
Result for the period				4,948	4,948	**4,948**
Other items of comprehensive income			(58)	—	(58)	**(58)**
Total comprehensive result for the period	**—**	**—**	**(58)**	**4,948**	**4,890**	**4,890**
As of September 30, 2021	**—**	**1,125**	**(1,084)**	**63,187**	**63,228**	**63,228**

Fineska B.V.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements
As of and for the nine months ended September 30, 2021

Explanatory Notes to the Interim Condensed Consolidated Financial Statements

1. General Information

Fineska B.V. (hereinafter "**Fineska**" or the "**Company**", and together with its subsidiaries, the "**Group**") is a company incorporated and domiciled in Netherlands, with registered office in Noorderstraat 394, Sappemeer, and is organized according to the Dutch legal system.

The Group operates in the production and trade of high-quality solid board.

This document was approved by the Company's Sole Director on November 11, 2021.

These interim condensed consolidated financial statements are unaudited.

2. Summary of Accounting Policies

The following details outline the main accounting policies and principles applied in preparing these interim condensed consolidated financial statements as of and for the nine months ended September 30, 2021 and 2020 (hereinafter the "**Unaudited Interim Condensed Consolidated Financial Statements**").

2.1. Basis of Preparation

The Unaudited Interim Condensed Consolidated Financial Statements have been prepared for the purpose of inclusion in the Offering Memorandum to be prepared in connection with the issuance of senior secured notes by Rimini Bidco S.p.A. to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**") in reliance on Rule 144A and (ii) to non-US persons outside the United States in offshore transactions in reliance on Regulations S.

These consolidated financial statements have been prepared on a voluntary basis in accordance with IAS 34 *Interim financial reporting*, while the Company's financial statements for previous periods were prepared in accordance with the statutory provisions of Part 9, Book 2, of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. It was therefore necessary to carry out a transition process in accordance with IFRS 1 — First Adoption and, for this purpose, January 1, 2020 was identified as the transition date to IFRS ("**Transition Date**"). The information relating to the transition process required by IFRS 1 is reported in note 14 "Transition to International Accounting Standards".

The Unaudited Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (hereafter, "**IFRS**"). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The designation IFRS includes all "International Financial Reporting Standards", all "International Accounting Standards" ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC"), adopted as of the reporting date, by the European Union in accordance with the procedures provided for in Regulation No. 1606/2002 of the European Parliament and of the Council of July 19, 2002. The IFRS were applied consistently to all the periods presented in this document.

The Unaudited Interim Condensed Consolidated Financial Statements have been prepared on a going concern basis, as the management has verified the absence of financial, management or other indicators that could indicate critical issues regarding the Group's ability to meet its obligations in the foreseeable future, and in particular in the next 12 months.

The Unaudited Interim Condensed Consolidated Financial Statements have been prepared and presented in Euro, which represents the functional currency of the prevailing economic environment in which the Group operates. Unless otherwise indicated, all amounts included in this document are expressed in Euro thousand.

2.2 Consolidation

The list of subsidiaries included in the scope of consolidation as of September 30, 2021, December 31, 2020 and September 30, 2020 are shown in the following table:

Corporate name	Registered office	Currency	Share capital (Euro thousands)	Control percentage
Eska B.V.	Hoogezand-Sappemeer	EUR	1,056	100%
Eska Italy B.V.	Hoogezand-Sappemeer	EUR	—	100%
Eska USA B.V.	Hoogezand-Sappemeer	USD	21	100%
Eska International B.V.	Hoogezand-Sappemeer	EUR	—	100%
Eska Power B.V.	Hoogezand-Sappemeer	EUR	18	100%
Eska Board Iberica S.A.	Gavà, Spain	EUR	270	100%
Eska Board UK Limited	Northampton, United Kingdom	GBP	—	100%
Eska Germany GmbH	Essen, Germany	EUR	26	100%
Eska Hong Kong Ltd	Hong Kong, Hong Kong	HKD	—	100%

2.3 Valuation Criteria

The most significant accounting principles and valuation criteria used for the preparation of the Consolidated Financial Statements are briefly described below.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Subsidiaries are deconsolidated from the date when control ceases. When the Group ceases to have control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts, derecognizes the carrying amount of non-controlling interests in the former subsidiary and recognizes the fair value of any consideration received from the transaction. Any retained interest in the former subsidiary is then remeasured to its fair value.

The acquisition method of accounting is used to account for business combinations by the Group.

All significant intra-group balances and transactions and any unrealized gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Tangible fixed assets

Tangible fixed assets are stated at their original cost of purchase, production or contribution, including directly incurred accessory costs required to bring an asset into a condition for use. Cost is reduced by accumulated depreciation and any impairment.

Costs for improvements, modernization and transformation incurred after the initial recognition of the asset acquired or produced internally are ascribed to fixed assets and depreciated across their useful life, provided they derive from separate analytical accounting measurements and when it is probable that the future economic benefits expected from the asset will increase.

Replacement costs of identifiable components of complex assets are ascribed to fixed assets and depreciated across their useful life. The residual value of the replaced component is ascribed to the income statement. Maintenance and repair costs are ascribed to the income statement in the year they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of assets, determined on the basis of the period during which the asset will be used by the company. Land is not depreciated, even if acquired together with buildings.

The useful life applied to each category for the purpose of depreciation is highlighted below:

Class of tangible assets	Useful life in years
Buildings	20 – 40
Plant & equipment	10 – 20
Other tangible fixed assets	3 – 10

The Group checks at least once a year if there is any indication that tangible assets have suffered impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss, as described in the section “Impairment” below.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An impairment loss is recognized when the recoverable amount is lower than the carrying amount. If the reasons for previous write-downs no longer exist, the assets are revalued at the lower of the recoverable value and the previous book value net of depreciation that would have been recorded in the absence of a write-down, with the adjustment being made on the income statement.

Rights of use

“Rights of use” is recorded under assets on the effective lease date, which is the date a lessor makes the underlying asset available to the lessee. This item is initially measured at cost and includes the initial measurement of the financial liability for leased assets. The Right of Use asset is systematically depreciated over the lease term. Depreciation starts on the effective date of the lease.

Intangible fixed assets

Intangible assets consist of identifiable assets without physical substance which are controlled by the Group and from which future economic benefits are expected.

Intangible assets are recognized when the cost of an asset can be measured reliably, in accordance with IAS 38 Intangible Assets.

Intangible assets with a definite useful life are measured at cost and amortized on a straight-line basis over their useful life, i.e., the estimated period during which the asset will be used by the Group.

The useful life of software over which software investments are amortized is estimated to be 5 years.

Impairment of non-financial assets

At each balance sheet date, the Group reviews the carrying amount of its tangible and intangible assets with a finite useful life to assess whether there are any signs that these assets may have lost value (impairment indicators). If any such signs exist, the Group estimates the recoverable amount of such assets to determine the write-down amount (impairment test). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. The fair value is estimated by taking into account the provisions contained in accounting standard IFRS 13 Fair Value Measurement.

In estimating the value in use, expected future cash flows are discounted to present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the estimated recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The resulting impairment loss is recognized in the income statement.

When there is no longer any reason for an impairment loss to be recognized, the carrying amount of an asset (or cash-generating unit) is increased to a new carrying amount based on its estimated recoverable value, which may not exceed the net carrying amount that would have been determined if no impairment loss had been recognized. The reversal of the impairment loss is recognized in the income statement.

It should be noted that for the nine-months ended 2021 and the comparative period no impairment indicators were identified referring to tangible and intangible assets with a finite useful life.

Trade and other receivables

Trade and other receivables are initially measured at the fair value of the amount to be received. Subsequent adjustments are made to account for any write-downs. Trade and other receivables are subsequently measured at amortized cost.

Inventories

Inventories are measured at the lower of purchase or production cost, determined on a weighted-average basis, and estimated realizable value, determined from market trends.

In the case of raw materials, market value means replacement cost; for finished goods and semi-finished goods, market value means net realizable value (net of the costs necessary to make the sale) representing the amount that the Group would expect to obtain from the sale of these goods as part of its normal business.

Cash and cash equivalents

This item consists of available cash on hand and bank deposits, shares in liquid funds and other highly liquid securities which can be readily converted into cash and which are subject to an insignificant risk of change in value.

Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Defined contribution plans

Costs arising from defined contribution plans are expensed as incurred.

Defined benefit plans

The Group's net obligations are determined separately for each plan by estimating the present value of future benefits that employees have earned in the current and prior periods and deducting the fair value of any plan assets. The present value of the defined benefit obligation is measured using actuarial techniques and actuarial assumptions that are unbiased and mutually compatible and attributes benefits to periods in which the obligation to provide post-employment benefits arise by using the Projected Unit Credit Method.

The components of the defined benefit cost are recognized as follows:

- the service costs are recognized in the consolidated income statement by function and presented in the relevant line items (cost of sales, selling, general and administrative costs, research and development costs, etc.);
- the net interest on the defined benefit liability is recognized in the consolidated income statement as net financial income/(expenses), and is determined by multiplying the net liability/(asset) by the discount rate used to discount obligations taking into account the effect of contributions and benefit payments made during the year; and
- the remeasurement components of the net obligations, which comprise actuarial gains and losses and any change in the effect of the asset ceiling are recognized immediately in other comprehensive income/(loss). These remeasurement components are not reclassified in the consolidated income statement in a subsequent period.

Other long-term employee benefits

The Group's obligations represent the present value of future benefits that employees have earned in return for their service during the current and prior periods. Remeasurement components on other long-term employee benefits are recognized in the consolidated income statement in the period in which they arise.

Provisions for risks and charges

The Group records provisions for risks and charges when it has a legal or constructive obligation, arising from a past event, where it is probable that a cost will be incurred to fulfill that obligation and when a reliable estimate of the amount can be made. Provisions are measured at the best estimate of the amount that, at the reporting date, the Group could reasonably expect to pay to extinguish the obligation or transfer it to a third party.

Where resources are expected to be used beyond the following financial year, the liability is recorded at actuarial value, as determined by discounting expected cash flows at a rate that also takes into account the cost of borrowing and the risk of the liability.

Changes in estimates are recognized in the income statement of the period in which the change occurs.

The risks where a liability is merely possible are described in the section "Contingent Liabilities, Commitments and Other Guarantees Given to Third Parties", but no provision is made.

Payables to banks and other lenders

This item includes financial liabilities made up of bank loans and payables to other lenders, including payables arising from lease contracts. Payables to banks and other lenders are measured at amortized cost.

Financial liabilities are initially recognized at cost, represented by the fair value of the amount received net of accessory loan arrangement charges. After initial recording, loans are subsequently measured at amortized cost, which is calculated using the effective interest method taking into account issue costs and any settlement discount or premium.

Trade and other payables

These liabilities are initially measured at the fair value of the amount to be paid. Subsequent measurement is at amortized cost using the effective interest method.

Revenue recognition

Revenues are recognized where it is probable that the Company will obtain the economic benefits associated with the sale of goods or provision of services, and where the relevant amount can be reliably determined. Revenues are recorded at the fair value of the consideration received or expected, taking into account any volume of other commercial discounts and premiums.

As regards the sale of goods, revenues are recognized when the Company has transferred to the purchaser the main risks and benefits of ownership.

Taxes

Current income taxes are based on an estimate of the taxable income for the year and on current legislation in the countries where the Group operates. The expected liability, net of any payments in advance or withholding tax incurred, is recognized under “Current taxes”.

Deferred tax assets and liabilities reflect the temporary differences between the carrying amount of an asset or liability and its tax base. “Deferred tax liabilities” consist of deferred tax liabilities arising from temporary differences which will be taxed in future years in accordance with prevailing tax legislation.

“Deferred tax assets” consist of taxes which, despite being recoverable in future years, refer to the current year and are recognized where it is probable that future taxable income will be sufficient to absorb their recovery.

Deferred tax liabilities were offset by deferred tax assets where conditions specified in IAS 12 were met, notably where the two items relate to income taxes levied by the same tax authority and where there is a legally enforceable right to offset in this manner.

Income taxes are recognized in the income statement unless they relate to items directly credited or charged to shareholders’ equity, in which case the tax effect is recognized directly in that item.

Deferred tax assets are recognized for the carryforward of unused tax losses where it is probable that future taxable income will be available against which the unused tax losses can be used.

Foreign exchange differences

Transactions in foreign currencies are recorded using the exchange rate on the date of the transaction. Assets and liabilities denominated in foreign currencies are converted into Euros using the exchange rate on the reporting date, with the relevant gain or loss recorded on the income statement.

Dividends

Dividends payable by the Group are reported as a change in equity in the period in which they are approved, as applicable under local rules and regulations.

CO2 Emission rights

Emission rights acquired for own use are accounted for as intangible assets and recorded at their nominal value (nil in case of free assignment). Under the net liability approach, the Company will recognize a provision related to the shortfall when actual emissions exceed the emission rights allowances held, thereby requiring the Company to purchase additional allowances in the market as required by regulatory requirements.

2.4 Recently adopted Accounting Standards

The following new standards and amendments have been endorsed by the European Union and will become effective from January 1, 2022. The Group is not expecting any significant changes based on these new standards and amendments.

Amendments to IFRS 3 Business combinations	On May 14, 2020 the IASB issued amendments to IFRS 3 — Business combinations to update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. These amendments are effective on or after January 1, 2022. The Group does not expect any material impact from the adoption of these amendments.
Amendments to IAS 16 Property, Plant and Equipment	On May 14, 2020 the IASB issued amendments to IAS 16 — Property, Plant and Equipment. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company should recognize such sales proceeds and the related cost in the income statement. These amendments are effective on or after January 1, 2022. The Group does not expect any material impact from the adoption of these amendments.
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	On May 14, 2020 the IASB issued amendments to IAS 37 — Provisions, Contingent Liabilities and Contingent Assets, which specify which costs a company includes when assessing whether a contract will be loss-making. These amendments are effective on or after January 1, 2022. The Group does not expect any material impact from the adoption of these amendments.
Annual Improvements to IFRSs 2018 - 2020 Cycle.	On May 14, 2020 the IASB issued Annual Improvements to IFRSs 2018 - 2020 Cycle. The improvements have amended four standards with effective date January 1, 2022: i) IFRS 1 — First-time Adoption of International Financial Reporting Standards in relation to allowing a subsidiary to measure cumulative translation differences using amounts reported by its parent, ii) IFRS 9 — Financial Instruments in relation to which fees an entity includes when applying the '10 percent' test for derecognition of financial liabilities, iii) IAS 41 — Agriculture in relation to the exclusion of taxation cash flows when measuring the fair value of a biological asset, and iv) IFRS 16 — Leases in relation to an illustrative example of reimbursement for leasehold improvements. The Group does not expect any material impact from the adoption of these amendments.

2.5 Recently issued Accounting Standards

Accounting standards not yet applicable, as they are not yet endorsed by the European Union

At the date of the Unaudited Interim Condensed Consolidated Financial Statements, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the following accounting standards and amendments. The Group is currently assessing the potential impact of the below mentioned amendments.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	On January 23, 2020 (deferral of effective date issued on July 15, 2020) the IASB issued the document "*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*" concerning the presentation of the financial statements and, specifically, the classification of current and non-current liabilities The provisions of the Amendments to IAS 1 are effective starting from financial years starting on or after January 1, 2023.
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2: Disclosure of Accounting policies	On February 12, the IASB issued the document "Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2: Disclosure of Accounting policies", which currently is expected to become effective starting from financial years starting on or after January 1, 2023.
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	On February 12, the IASB issued the document "Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates", which currently is expected to become effective starting from financial years starting on or after January 1, 2023.
Amendments to IAS 12 Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction	On May 7, 2021 the IASB issued the document "Amendments to IAS 12 Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction" which currently is expected to become effective starting from financial years starting on or after January 1, 2023.

3. Estimates and assumptions

The preparation of the interim condensed consolidated financial statements requires the management to apply accounting principles and methods which, in certain circumstances, are based on difficult and subjective assessments and estimates based on historical experience and assumptions that are considered reasonable from time to time and realistic according to the relative circumstances. The application of these estimates and assumptions affects the amounts reported in the interim condensed consolidated financial statements, the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows, and the other information provided. The final results of the financial statement items for which the aforementioned estimates and assumptions have been used may differ from those reported in the financial statements, which show the effects of the occurrence of the event being estimated, due to the uncertainty that characterizes the assumptions and conditions on which the estimates are based.

4. Revenues

Revenues from sales increased by €33.9 million, or 31.6%, to €141.2 million for the nine months ended September 30, 2021 compared to €107.3 million for the nine months ended September 30, 2020. The increase was primarily attributable to the increase in volume in the first nine months ended September 30, 2021. The tons sold in September 2021 were equal to 206 thousand units compared to 171 in September 2020.

5. Change in inventories of finished goods

Change in inventories of finished goods increased by €7.4 million to a positive value of €6.8 million for the nine months ended September 30, 2021 compared to a negative value of €0.6 million for the nine months ended September 30, 2020. The increase was primarily attributable to the price of raw materials, increasing value in working progress and finished goods still included in inventory as of September 30, 2021.

6. Cost of raw materials and services

Cost of raw materials and services increased by €43.0 million, or 71.6%, to €103.2 million for the nine months ended September 30, 2021 compared to €60.2 million for the nine months ended September 30,

2020. The increase was primarily attributable to increase in production and, therefore, purchase of recycled Paper, freight charges, electricity and gas costs.

The line item also includes non-recurring cost of services and acquisition related costs amounting to €0.3 million.

7. Personnel costs

Personnel costs include wages and salaries and social security contributions.

Personnel costs increased by €4.6 million, or 16.9%. to €31.8 million for the nine months ended September 30, 2021 compared to €27.1 million for the nine months ended September 30, 2020. The increase was primarily attributable to an increase of €1.2 million of one-off non-recurring bonus payments to employees.

8. Intangible assets

This item includes software and its related movements are detailed as follows:

(in Euro thousand)	2021	2020
Balance as of January 1	**1,462**	**1,368**
Of which:		
historical cost	*9,266*	*8,677*
accumulated amortization	*(7,804)*	*(7,309)*
Investments	—	3
Amortization	(373)	(267)
Balance as of September 30	**1,089**	**1,104**
Of which:		
historical cost	*9,266*	*8,680*
accumulated amortization	*(8,177)*	*(7,576)*

9. Right of use asset

Right of use assets movements are detailed as follows:

(in Euro thousand)	2021	2020
As of January 1	**4,538**	**6,235**
Of which:		
- *historical cost*	*15,019*	*15,239*
- *accumulated depreciation*	*(10,481)*	*(9,004)*
Increases	58	141
Depreciation	(816)	(816)
Exchange rate differences	110	(112)
As of September 30	3,890	5,448
Of which:		
- *historical cost*	*15,248*	*15,241*
- *accumulated depreciation*	*(11,358)*	*(9,793)*

10. Tangible assets

Tangible assets movements are detailed as follows:

(in Euro thousand)	2021	2020
Balance as of January 1	**54,280**	**52,858**
Of which:		
historical cost	254,998	*248,143*
accumulated depreciation	*(200,718)*	*(195,285)*
Investments	3,967	6,138
Disposals	(150)	(436)
Depreciation	(4,081)	(5,098)
Exchange rate differences	11	(11)
Balance as of September 30	**54,027**	**53,451**
Of which:		
historical cost	*258,826*	*253,834*
accumulated depreciation	*(204,799)*	*(200,383)*

11. Current and non-current borrowings

The following tables provide details of the item in question as of September 30, 2021 and December 31, 2020:

As of September 30, 2021 *(in Euro thousand)*	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Lease liabilities	1,300	2,405	—	3,705
Shareholder loan	—	13,000	—	13,000
Total	**1,300**	**15,405**	**—**	**16,705**

As of December 31, 2020 *(in Euro thousand)*	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Bank Borrowings	4,000	10,774	—	14,774
Lease Liabilities	1,182	3,483	—	4,665
Total	**5,182**	**14,257**	**—**	**19,439**

Lease liabilities

Lease Liabilities movements can be detailed as follows:

(in Euro thousand)	2021	2020
As of January 1	**4,665**	**5,838**
New contracts	58	141
Principal paid	(1,136)	(1,131)
Exchange rate differences	118	11
As of September 30	**3,705**	**4,859**

The following table shows the expected cash flows in the coming years related to the liabilities shown below as of September 30, 2021 and December 31, 2020:

As of September 30, 2021 *(in Euro thousand)*	Statement of financial position value	Within 12 months	Between 1 and 5 years	Over 5 years
Current and non-current borrowings	13,000	—	13,393	—
Current and non-current lease liabilities	3,705	1,429	2,426	—
Trade payables	22,449	22,449	—	—
Other payables	18,336	18,336	—	—
Total	**57,490**	**42,214**	**15,819**	**—**

As of December 31, 2020 *(in Euro thousand)*	Statement of financial position value	Within 12 months	Between 1 and 5 years	Over 5 years
Current and non-current borrowings	14,774	4,305	11,005	—
Current and non-current lease liabilities	4,665	1,297	3,436	—
Trade payables	17,069	17,069	—	—
Other payables	12,171	12,171	—	—
Total	**48,679**	**34,842**	**14,441**	**—**

Net Financial Indebtedness

Please see below a breakdown of net financial debt of the Group as of September 30, 2021 and December 31, 2020.

(in Euro thousand)	As of September 30, 2021	As of December 31, 2020
Cash and cash equivalents	(8,414)	(14,405)
Current borrowings	—	4,001
Non-current borrowings	13,000	10,773
Current lease liabilities	1,300	1,182
Non-current lease liabilities	2,405	3,483
Net Financial Debt	**8,291**	**5,034**

12. Transaction with Related Parties

Related parties are recognized in accordance with IAS 24. Related party transactions are conducted under normal market terms and conditions; there is, however, no guarantee that had similar transactions been entered into between or with third parties, such third parties would have negotiated or entered into the contracts under the same conditions or in the same manner.

The transactions with related parties primarily relate to shareholder loan included in note 11.

13. Subsequent events

Nothing to be noted.

14. Transition to International Financial Reporting Standards

Set out below are the applicable IFRS 1 exemptions and exceptions applied in the purpose of the conversion from Dutch GAAP to IFRS.

IFRS Mandatory exemptions

Set out below are the applicable mandatory exemptions in IFRS 1 applied in the conversion from Dutch GAAP to IFRS.

Estimates

IFRS estimates as of January 1 2020 are consistent with the estimates as of the same date made in conformity with Dutch GAAP.

IFRS Optional exemptions

Leasing

The Company applied the IFRS 16 to contracts existing at the date of transition based on facts and circumstances at that date, based on the following approach:

— measure the lease liability at present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition;

— measure the right-of-use asset at an amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position before the date of transition to IFRS.

Furthermore, the Company applied the following practical expedients: (i) apply a single discount rate to a portfolio of leases with reasonably similar characteristics and (ii) apply the recognition exemptions to leases for which the lease term ends within 12 months of the date of transition or to leases for which the underlying asset is of low value.

Reconciliation between Dutch GAAP and IAS / IFRS

IFRS 1 requires an entity to reconcile equity and comprehensive income for prior periods. The following tables represent the reconciliations from Italian GAAP to IFRS for the respective periods noted for equity, earnings and comprehensive income.

Cash and cash equivalents were not impacted by the IFRS transition. As a result the cash flow statement under IFRS is substantially in line with the cash flow presented under Italian GAAP, except for certain reclassifications of the statement of financial position as described below.

Reconciliation of the Statement of Financial Position as of December 31, 2020

(in Euro thousand)	Note	Dutch GAAP	Reclassifications	Adjustments	IFRS
Intangible fixed assets		1,462	—	—	1,462
Right-of-use asset	(a) – (b)	—	747	3,791	4,538
Tangible fixed assets	(b)	55,027	(747)	—	54,280
Deferred tax assets	(a)	—	—	22	22
Total non-current assets		**56,489**	**—**	**3,813**	**60,302**
Inventories		16,886	—	—	16,886
Trade receivables	(b)	17,411	(1,444)	—	15,967
Other receivables		2,411	—	—	2,411
Cash and cash equivalents		14,405	—	—	14,405
Total current assets		**51,113**	**(1,444)**	**—**	**49,669**
Total assets		**107,602**	**(1,444)**	**3,813**	**109,971**
Share capital		—	—	—	—
Share premium		1,125	—	—	1,125
Other reserves	(d)	178	—	(1,204)	(1,026)
Retained earnings (losses)	(a)	58,303	—	(64)	58,239
Total shareholders' equity		**59,606**	**—**	**(1,268)**	**58,338**
Payables to banks and other lenders	(a)	11,309	—	2,948	14,257
Deferred taxes		659	—	(406)	253
Employee benefits	(b)	—	1,116	—	1,116
Non-current provision for risks and charges	(b)	1,189	(1,189)	—	—
Total non-current liabilities		**13,157**	**(73)**	**2,542**	**15,626**
Payables to banks and other lenders	(a)	4,253	—	929	5,182
Trade payables		17,069	—	—	17,069
Current taxes	(b)	—	1,585	—	1,585

(in Euro thousand)	Note	Dutch GAAP	Reclassifications	Adjustments	IFRS
Other payables	(b)	13,517	(2,956)	1,610	12,171
Total current liabilities		**34,839**	**(1,371)**	**2,539**	**36,007**
Total liabilities		**47,996**	**(1,444)**	**5,081**	**51,633**
Total liabilities and shareholders' equity		**107,602**	**(1,444)**	**3,813**	**109,971**

Reconciliation of Shareholders' Equity as of January 1, September 30 and December 31, 2020

(in Euro thousand)	Note	As of January 1, 2020	As of September 30, 2020	As of December 31, 2020
Equity under Dutch GAAP		47,174	55,572	59,606
IFRS 16	(a)	—	(56)	(64)
Share-based payments	(d)	(1,204)	(1,204)	(1,204)
Equity under IFRS		**45,970**	**54,312**	**58,338**

Reconciliation of Income Statement for the year ended December 31, 2020

(in Euro thousand)	Note	Dutch GAAP	Reclassifications	Adjustments	IFRS
Revenues from sales	(b)	147,353	1,430	—	148,783
Other revenues and income		—	—	—	—
Change in inventories of finished goods	(b)	(763)	(155)	—	(918)
Cost of raw materials and services	(a) – (b)	(76,698)	(8,481)	1,107	(84,072)
Personnel costs	(b)	(38,159)	763	—	(37,396)
Depreciation and amortization	(a)	(6,992)	—	(1,062)	(8,054)
Other operating costs	(b)	(7,326)	7,199	—	(127)
Operating profit		**17,415**	**756**	**45**	**18,216**
Net financial income (expense)	(a) – (b)	(425)	(756)	(131)	(1,312)
Profit before income tax		**16,990**	**—**	**(86)**	**16,904**
Taxes	(a)	(4,030)	—	22	(4,008)
Profit (loss) for the period		**12,960**	**—**	**(64)**	**12,896**

Reconciliation of result for the nine months ended September 30, 2020 and the year ended December 31, 2020

(in Euro thousand)	Note	Nine months ended September 30, 2020	Year ended December 31, 2020
Profit (loss) for the period under Dutch GAAP		**8,644**	**12,960**
IFRS 16	(a)	(56)	(64)
Profit (loss) for the period under IFRS		8,588	12,896

The following tables provide details of historical Dutch GAAP Revenues from sales and EBITDA for the year ended 2018, 2019 and 2020.

(in Euro thousand)	Year ended December 31, 2018	2019	2020
Revenues from sales	169,925	162,555	147,353
EBITDA	17,658	22,796	24,407

The following table shows the IFRS Summary Consolidated Statement of Cash flow information as of December 31, 2020.

(In Euro thousand)	Year ended December 31, 2020
Cash flow from operating activities	21,047
Cash flow from investing activities	(7,495)
Cash flow from financing activities	(7,307)
Exchange rate translation differences	(542)
Change in cash and cash equivalents	**5,703**

The following table shows the EBITDA and EBITDA adjustments for the year ended 2018, 2019 and 2020, for the nine months ended September 30, 2020 and 2021 and for the last twelve months September 30, 2021

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,
	2018	2019	2020	2020	2021	2021
				Unaudited		
			(in € millions)			
Profit (loss) for the period	8.0	12.1	12.8	8.6	4.9	9.1
Taxes	2.5	3.4	4.0	2.8	1.7	2.9
Net financial income (expense)	0.3	0.2	1.3	0.9	(0.2)	0.2
Depreciation and amortization	6.9	7.1	8.1	6.2	5.3	7.2
Eska EBITDA	**17.7**	**22.8**	**26.2**	**18.5**	**11.7**	**19.4**
Eska management adjustments[(a)]	3.2	0.7	0.4	0.4	1.5	1.5
Eska Adjusted EBITDA	**20.9**	**23.5**	**26.6**	**18.9**	**13.2**	**20.9**

(a) Management adjustments are comprised of items that management considers unusual, non-recurring or otherwise not reflective of the underlying business. For 2018, these adjustments mainly include one off advisory fees of €2.9 million. For 2019, these adjustments include bonus payments to employees of €0.4 million and management fees due to previous shareholders of €0.3 million . For 2020, these adjustments include management fees due to previous shareholders amounting to €0.2 million and sell side advisory transaction costs amounting to €0.2 million. For the nine months ended September 30, 2020, these adjustments include management fees due to previous shareholders amounting to €0.2 million and sell side advisory transaction costs amounting to €0.2 million. For the nine months ended September 30, 2021, these adjustments include bonus payments amounting to €1.2 million, management fees due to previous shareholders amounting to €0.1 million and sell side advisory transaction costs amounting to €0.2 million

EBITDA and Adjusted EBITDA for the year ended December 31, 2018 and 2019 have been presented in accordance with Dutch GAAP.

Explanatory notes to IFRS Transition

a) IFRS 16

Rental expenses that were treated as cost of raw materials and services under Dutch GAAP, have been accounted for in accordance with IFRS 16. Specifically, the adoption of IFRS had determined:

- as of the Transition date, both the increase in right-of-use assets and lease liability accounted through "Payables to banks and other lenders" amounts to € 4.932 thousand, with no impact on shareholders' equity;
- as of December 31, 2020, the decrease in equity amounts to € 90 thousand before the income tax effect of € 22 thousand; and
- for the nine months ended September 30, 2020, the increase in depreciation and financial expenses amount to €802 thousand and €102 thousand, respectively. The decrease in cost of raw materials and services amounts to €830 thousand. The increase in taxes amounts to € 18 thousand.
- for the year ended December 31, 2020, the increase in depreciation and financial expenses amount to €1.062 thousand and €131 thousand, respectively. The decrease in cost of raw materials and services amounts to €1.107 thousand. The increase in taxes amounts to € 22 thousand.

(b) Reclassifications

The adoption of IFRS has required certain reclassifications that have had no effect on either the consolidated result for the year or consolidated equity. Such reclassifications mainly relate to:

- assets related to finance leases accounted through "Tangible fixed assets" under Dutch GAAP, classified in "Right-of-use assets";
- the separate classification "Employee benefits" and other reclassification of "Other payables" and "Other operating costs".

Consolidated financial statements

Consolidated balance sheet as at 31 December 2020
(Before proposed appropriation of result)

		31 December 2020		31 December 2019	
	Ref.	**EUR**	**EUR**	**EUR**	**EUR**
Assets					
Fixed assets					
Intangible Fixed Assets	5	1,462		1,368	
Tangible Fixed Assets	6	55,027		54,161	
Financial Fixed Assets	7	0		97	
			56,489		55,626
Current Assets					
Inventories	8	16,886		17,727	
Receivables	9	19,822		25,880	
Cash at banks and in hand	10	14,405		8,702	
			51,113		52,309
			107,602		107,935

		31 December 2020		31 December 2019	
	Ref.	**EUR**	**EUR**	**EUR**	**EUR**
Shareholders' equity and Liabilities					
Group equity					
Shareholders' equity	12	59,605		47,174	
			59,605		47,174
Provisions	13		1,847		2,500
Long-term liabilities	14		11,309		18,259
Current liabilities	15		34,841		40,002
			107,602		107,935

Consolidated profit and loss account for the year ended 31 December 2020

	Ref.	2020 EUR	2020 EUR	2019 EUR	2019 EUR
Sales	18		147,353		162,555
Net change in work in progress and finished goods			-763		-228
Net sales including net change in work in progress and finished goods			**146,590**		**162,327**
Raw Materials		-48,985		-63,850	
Subcontracted out and Other services		-27,713		-28,286	
Personnel expenses	19	-38,159		-39,163	
Depreciation/Amortisation		-6,992		-7,097	
Other operating expenses	20	-7,326		-8,232	
Total costs			-129,175		-146,628
Operating result			**17,415**		**15,699**
Financial income and expenses	22		-425		-271
Result before taxation			**16,990**		**15,428**
Taxation on result	23		-4,030		-3,521
Minority Interest			0		17
Net result after taxation			**12,960**		**11,924**

	Ref.	2020 EUR	2019 EUR
Operating Result		**17,415**	**15,699**
Depreciation/Amortisation	5/6	6,992	7,097
EBITDA		**24,407**	**22,796**

Consolidated cash flow statement for the year ended 31 December 2020

	Ref.	2020 EUR	2020 EUR	2019 EUR	2019 EUR
Cash flow generated from operating activities					
Operating result			**17,415**		**15,699**
Amortisation of intangible fixed assets	5	493		398	
Depreciation of tangible fixed assets	6	6,498		6,699	
Addition to provisions		-93		-35	
			6,898		7,062
Changes in working capital:					
Receivables	9	6,058		169	
Inventories	8	841		-286	
Current liabilities	15	-5,422		-2,249	
			1,477		-2,366
Cash flow generated from ordinary activities			**25,790**		**20,395**
Corporate income tax paid		-4,435		-4,349	
Interest paid		-308		-208	
			-4,743		-4,557
Cash flow generated from operating activities			**21,047**		**15,837**

	Ref.	2020 EUR	2020 EUR	2019 EUR	2019 EUR
Cash flow generated from investment activities					
Investments in:					
– Intangible fixed assets	5	-587		-659	
– Tangible fixed assets	6	-6,975		-5,463	
– Investments in associates		0		100	
Disposals of:					
– Tangible fixed assets	6	68		70	
Cash flow generated from investment activities			-7,495		-5,952
Cash flow generated from financing activities					
New Loans		0		22,000	
Repay L.T. Liabilities		-7,307		-9,692	
Repay Equity		0		-21,577	
Cash flow generated from financing activities			-7,307		-9,269
Net cash flow			**6,245**		**617**
Exchange and translation differences on cash and cash equivalents			-542		113
Increase cash and cash equivalents			**5,703**		**730**
Movements in cash and cash equivalents					
Cash and cash equivalents as at 1 January			8,702		7,972
Increase cash and cash equivalents			5,703		730
Cash and cash equivalents and bank overdrafts as at 31 December			**14,405**		**8,702**

Notes to the consolidated balance sheet and profit and loss account

1 General notes

1.1 *Activities*

The activities of Fineska B.V. and its subsidiaries (the Group) mainly comprise:

- the production of, and trade in high quality solid board;
- the participation in, financing of and managing of companies which are part of the group.

Sales are realised in both the domestic and foreign markets.

1.2 *Going Concern*

The accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the going concern assumption.

1.3 *Implications of COVID-19 on our business*

Introduction

The COVID-19 outbreak and resulting measures taken by various governments to contain the virus have slightly negatively affected our business in the first three months of 2020. The results for April and May have been impacted by drop in volume but have to large extent recovered in June to August. Consequently COVID-19 has impacted the full year result but due to the relatively quick recovery the impact is limited.

In addition to the already known effects, the macroeconomic uncertainty has a negative impact on the economic activity and it is unknown what the longer term impact on our business may be. The scale and duration of this pandemic remain uncertain but are expected to further impact our business. Effects of the COVID-19 crisis on our business have also been described in note 26 Post balance sheet events.

Description of the measures taken to guarantee going concern

As several governments are providing aid to businesses located in their country, there are a few regulations which will partly mitigate the effects of the COVID-19 crisis. Management has applied for government support in the Netherlands and the USA. Management also prepared several internal measures to minimize the impact of COVID-19. Some of which have already been acted upon to save costs and maintain liquidity, such as reducing operational expenses and less crucial capital expenses. Other measures are prepared to act upon when needed, in order to meet its obligations and the agreed upon covenants with the bank. We continue to follow the various national institutes policies and advice and in parallel we continue our operations in the best and safest way possible.

The uncertain development of sales volume might negatively impact liquidity. Management believes the current financing agreements with its bank, its positive liquidity position, the ability to obtain support from the different external measures and the internal measures taken and prepared will be sufficient to meet our obligations and the agreed upon covenants with the bank. The conclusions of management are also based on several forecast calculations, including pessimistic scenarios.

Closing

Although uncertainties remain and that currently it is difficult to estimate the future impact, management does believe that COVID-19 will result in a negative effect on the financial conditions and liquidity of the group. Despite the uncertainty, we do not believe, however, that the impact of the COVID-19 virus will have a material adverse effect on our financial condition or liquidity.

1.4 *Accounting policies*

The consolidated financial statements were prepared in accordance with the statutory provisions of Part 9, Book 2, of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

1.5 *Registered office*

Fineska B.V. has its registered office at Noorderstraat 394, 9611 AW, Sappemeer and is registred at the chamber of commerce under number 59196203. Statutory seat is Hoogezand-Sappemeer, the Netherlands.

1.6 *Group structure*

Fineska B.V. is head of the Eska group and is headquarted in Hoogezand-Sappemeer, the Netherlands.

1.7 *Consolidation*

The consolidation includes the financial information of Fineska B.V., its group companies and other legal persons in which it exercises decisive control or whose central management it conducts. Group companies are legal entities in which Fineska B.V. exercises direct or indirect decisive control due to its possession of the majority of the voting rights, or who's financial and operating activities it can otherwise control. Potential voting rights that can directly be exercised on the balance sheet date are also taken into account. Group companies and other legal persons in whom Fineska B.V. exercises decisive control or whose central management it conducts are consolidated in full. Minority interests in group equity and group profit are disclosed separately.

Intercompany transactions, profits and balances among group companies and other consolidated legal persons are eliminated. Unrealised losses on intercompany transactions are eliminated as well, unless such a loss qualifies as impairment. The accounting policies of group companies were changed where necessary, in order to align them to the prevailing group accounting policies.

Since the income statement for 2018 of Fineska B.V. is included in the consolidated financial statements, an abridged income statement has been disclosed (in the company financial statements) in accordance with Section 402, Book 2, of the Dutch Civil Code.

The consolidated financial statements comprise the financials of Fineska B.V. and the following Group companies:

Name	Place of register	Percentage
Eska B.V.	Hoogezand-Sappemeer	100%
Eska Italy B.V.	Hoogezand-Sappemeer	100%
Eska USA B.V.	Hoogezand-Sappemeer	100%
Eska International B.V.	Hoogezand-Sappemeer	100%
Eska Power B.V.	Hoogezand-Sappemeer	100%
Eska Board Iberica S.A.	Gavà, Spain	100%
Eska Board UK Limited	Northampton, United Kingdom	100%
Eska Germany GmbH	Essen, Germany	100%
Eska Hong Kong Ltd	Hong Kong, Hong Kong	100%

1.8 *Related-party transactions*

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the company are considered a related party. In addition, statutory directors, other key management Fineska B.V. and Eska B.V. and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required for to provide the true and fair view.

1.9 *Acquisition and disposal of group companies*

Identifiable assets acquired and liabilities assumed in a business combination are recognised in the consolidated financial statements from the acquisition date, being the moment that control can be exercised over the acquired company.

The acquisition price consists of the cash consideration, or equivalent, agreed for acquiring the company plus any directly attributable expenses. If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalised as goodwill under intangible assets. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (*i.e.*, negative goodwill) is disclosed under accruals and deferred income (refer to the respective note). Entities continue to be consolidated until they are sold; they are deconsolidated from the date that control ceases and if they are classified as held-for-disposal.

1.10 *Notes to the cash flow statement*

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and cash in hand — except for deposits with a maturity longer than three months — and the bank overdraft forming part of the current liabilities. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities.

Dividends paid are recognised as cash used in financing activities. The purchase consideration paid for the acquired group company has been recognised as cash used in investing activities where it was settled in cash. Any cash at banks and in hand in the acquired group company have been deducted from the purchase consideration.

Investments in group companies are recognised at acquisition cost less cash and cash equivalents available in the company acquired at the time of acquisition.

Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement. The value of the related asset and lease liability are disclosed in the notes to the balance sheet items. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

1.11 *Changes in accounting policies*

The group has not implemented changes in the accounting policy.

1.12 *Estimates*

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the cessary for the purposes of providing the view required under Section 362(1), Book 2, of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

The Company has applied for government support in the Netherlands and USA in 2020 related to the COVID 19 pandemic. No final declaration for these support programs has been filed and to our best knowledge and estimation the impact has been accounted for the 2020 results.

2 Principles of valuation of assets and liabilities

2.1 *General*

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet and profit and loss account include references to the notes.

2.2 *Comparison with prior year*

The principles of valuation of assets and liabilities and determination of result remain unchanged compared to the prior year.

2.3 *Foreign currencies*

Functional currency

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency of Fineska B.V.

Transactions, receivables and payables

Transactions denominated in foreign currencies during the reporting period are recognised in the financial statements at the exchange rate ruling at the transaction date.

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the income statement, unless hedge-accounting is applied. Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date. Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

Translation differences in relation to intragroup long-term loans that effectively constitute an increase or decrease in net investments in foreign operations are directly recognised in equity as a component of the statutory reserve for translation differences.

Exchange rate differences arising on foreign currency loans that are entered into to finance the net investment in a foreign participation are recognised in the translation differences reserve insofar that such loans effectively hedge the exchange rate exposure on that net investment.

Foreign exchange gains and losses arising on trading transactions are taken to operating result; those arising on cash and cash equivalents, current investments and borrowing are taken to financial items.

Group companies

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the rate of exchange prevailing at the balance sheet date; income and expenses are translated at average exchange rates during the financial year. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of these subsidiaries and translated at the closing rate. Any resulting exchange differences are taken directly to the legal reserve for translation differences within equity.

2.4 *Intangible fixed assets*

Research and development expenditure

Research expenditure is recognised in the income statement. Expenditure incurred for development projects is capitalised as a component of manufacturing price if the projects in question are likely to be commercially and technically viable (*i.e.*, it is likely that economic benefits will be realised) and the expenditure can be reliably estimated. Capitalised development expenditure is amortised as soon as the commercial production process has commenced, with amortisation being based on the estimated useful life of the asset.

Goodwill

Goodwill arising from acquisitions, and determined in line with note 1.7, is brought to the shareholders equity in the year of acquisition. Goodwill resulting from acquisitions is capitalised and amortised on a straight-line basis over the estimated economic life.

Software

Expenditures for major software purchases and software developed for internal use are capitalized and amortized over a 5 year period on a straight-line basis. External direct costs of materials and services are capitalized which are associated with developing or obtaining internal use computer software. In addition, the Company also capitalizes certain payroll and payroll-related costs for employees who are directly associated with internal use computer software projects. The amount of capitalizable payroll costs with respect to these employees is limited to the time directly spent on such projects. Costs associated with preliminary project stage activities, training, maintenance and all other post-implementation stage activities are expensed as incurred.

For determining whether an impairment charge in respect of an intangible fixed asset applies, reference is made to note 2.7.

2.5 *Tangible fixed assets*

Land and buildings are valued either at cost plus additional direct expenses, less straight-line depreciation over the estimated economic life or market value if lower. Land is not depreciated. Any impairment as at the balance sheet date is taken into account. For determining whether an impairment charge in respect of a tangible fixed asset applies, reference is made to note 2.7.

Other fixed assets are valued at acquisition or production cost including directly attributable expenses, less straight-line depreciation over the estimated useful economic life, or market value if lower. Directly attributable production cost includes the costs of the raw materials and consumables, and also includes interest during construction and installation costs. Spare parts that are specifically attributable to certain machines or installations are capitalised. Technical materials are valuated at acquisition costs including directly attributable expenses or realisable value if lower.

Investment subsidies are deducted from the relating acquisition or production cost.

Tangible fixed assets operated by the Group under financial lease agreements are capitalised, the cost of which has been determined as the lower of the fair value of the leased property or the sum of the discounted value of future lease payments. The corresponding rental obligations, net of finance charges, are presented under liabilities with the interest element of the finance charge being taken to income over the lease period. Tangible fixed assets acquired under financial lease agreements are depreciated over the lesser of the useful life of the asset or the lease period.

Expenses regarding major repairs to buildings, machinery and equipment are valued at acquisition or production cost, less straight-line depreciation over the estimated useful economic life, or market value if lower. No provision is made for future major repairs.

2.6 *Financial fixed assets*

Associates

Group companies and other associates in which the Company exercises significant influence, generally accompanying a shareholding of 20% or more of the voting rights, are stated at net asset value.

Net asset value is calculated using the accounting policies applied in these financial statements. Associates whose financial information cannot be aligned to these policies are valued based on their own accounting policies. Associates with an equity deficit are carried at nil. A provision is formed if and when Fineska B.V. is fully or partially liable for the debts of the associate, or has the firm intention to allow the associate to pay its debts.

Associates acquired are initially measured at the fair value of the identifiable assets and liabilities upon acquisition. Any subsequent valuation is based on the accounting policies that apply to these financial statements, taking into account the initial valuation.

Associates in which no significant influence can be exercised are recognised at cost. If an asset qualifies as impaired, it is measured at its impaired value; any write-offs are disclosed in the income statement (refer to note 2.7).

Loans to associates

Receivables recognised under financial fixed assets are initially valued at the fair value less transaction cost (if material). These receivables are subsequently valued at amortised cost. For determining the value, any impairments are taken into account.

Other receivables

Other receivables disclosed under financial assets include issued loans and other receivables as well as purchased loans and debentures that will be held to their maturity date. These receivables are initially measured at fair value, and subsequently carried at amortised cost. If debentures are acquired or loans are issued at a discount or premium, the discount or premium is recognised through profit or loss over the maturities of the debentures or loans using the effective interest method. Also transaction costs are included in the initial valuation and recognised in profit or loss as part of the effective interest method. Impairment losses are deducted from amortised cost and expensed in the income statement.

2.7 *Impairment of fixed assets*

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash-generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value costs to sell and value in use.

Fair value less costs to sell is determined based on the active market. For the purposes of determining value in use, cash flows are discounted at market rate. An impairment loss is directly expensed in the income statement.

If it is established that a previously recognised impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognised.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the income statement.

The amount of an impairment loss incurred on financial assets stated at amortised cost is measured as the of estimated future cash flows, the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in profit or loss.

If an impairment loss has been incurred on an investment in an equity instrument carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss shall be reversed only if the evidence of impairment is objectively shown to have been removed.

2.8 *Inventories*

The raw materials and consumables are valued at acquisitions cost using the FIFO or lower realisable value.

Inventories of semi-finished and finished products are stated at the lower of standard manufacturing cost or realisable value. Cost comprises the cost of raw materials and consumables, labour costs, depreciation, other direct costs and related production overhead.

The realisable value is the estimated sales price less directly attributable sales costs. In determining the realisable value the obsolescence of the inventories is taken into account.

2.9 *Receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

2.10 *Construction contracts*

Construction contracts are carried at contract revenue generated, which is comprised of contract costs incurred and attributable profits (for details, see the accounting policy set out in Note 3.2). Where appropriate, recognised losses and progress billings are deducted from construction contracts. Construction contracts are recognised as a current liability where progress billings exceed contract revenue.

2.11 *Cash at banks and in hand*

Cash at banks and in hand consists of cash in hand, cash at banks and deposits with a maturity of less than twelve months and internal in-house bank accounts within the Group. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is carried at nominal value.

2.12 *Shareholders' equity*

Where the Group purchases its own shares, the acquisition price of the shares purchased is deducted from other reserves, until the moment these shares are cancelled or sold. If purchased shares are sold, the proceeds on the sale are added to other reserves.

Expenses directly related to the purchase, sale and/or issue of new shares are charged directly to corporate income tax effects. Other direct movements within taking into account relevant corporate income tax effects.

2.13 *Provisions*

Provisions are formed for legally enforceable or constructive obligations existing on the balance sheet date, the settlement of which is likely to require an outflow of resources whose extent can be reliably estimated. Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations as at the balance sheet date. Provisions are stated at the discounted value of the expenditure expected to be required to settle the obligations.

Jubilee benefits

The provision for jubilee benefits is measured at the present value of expected benefits payable during employment. The calculation of the provision takes the likely stay into account. Future salary increases are not taken in account. The present value factor is based at an interest rate of 3.0% (2019: 3.0%).

Staff Leaving Indemnity

The staff leaving indemnity is a legal obligation in Italy. It is a remuneration connected with the employment service rendered, with payment deferred to the termination of the employment relationship. In some cases the employee can ask for an advance payment.

The annual accrual is a fixed % of the salary. The accrual increases each year applying a 1.5% fixed rate and by 75% of the increase in the index of consumer prices for families of workers, ascertained by ISTAT, compared with December of the prior year.

Restructuring

The restructuring provision is recognised at the nominal value of the for the settlement of the obligation expected outflow of money.

2.14 *Deferred tax assets and liabilities*

Deferred tax assets and liabilities are recognised in respect of timing differences between valuation of assets and liabilities according to fiscal provisions on the one hand and the valuation principles as used in these financial statements on the other. Deferred tax assets and liabilities are calculated based on the ruling tax rates as at year-end or future applicable rates, insofar as already decreed by law.

Deferred tax assets, including those from losses carried forward, are valued if it is probable that fiscal profit will be available to offset losses, and settlement possibilities can be utilised.

Deferred taxes liabilities are recognised for timing differences in respect of group companies, participations and joint ventures unless the Group is in a position to determine the reversal date of the timing difference, and it is not probable that the timing difference will reverse in the foreseeable future.

Deferred taxes are valued at nominal value. Deferred tax assets are recognised under financial fixed assets; deferred tax liabilities are recognised under provisions.

2.15 *Liabilities*

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised costs, being the amount received taking account of any premium or discount, less transaction costs.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest in the income statement over the period of the borrowings using the effective interest method.

2.16 *Leasing*

Financial lease

The Group leases part of the machinery and has, to a large extent, the risks and rewards incidental to ownership of these assets. When the lease contract is entered into, the assets are capitalised on the balance sheet at their fair value, or the cash value of the minimum lease terms, if lower. The lease amounts payable are split on an annuity basis between a redemption and interest part, based on a fixed interest rate. The relating lease obligations, excluding the interest element, are taken up under long-term liabilities. The interest component of the lease term is recognised in the profit and loss account. The relating assets are depreciated over the remaining economic life or lease term, if shorter.

Operating lease

Leases in which a significant portion of the risks and rewards incidental to the ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.17 *Financial instruments*

Securities included in financial and current assets are stated at fair value. All other on-balance financial instruments are carried at (amortised) cost.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using ailable, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, making allowance for entity-specific inputs.

The valuation of derivative financial instruments depends on the instrument: is it quoted in an active market or not. If the underlying object of the derivative financial instrument is listed on a stock exchange, it is valued at fair value. If the object is not quoted in an active market, it will be stated at amortised cost.

Recognition of changes in the value of a derivative financial instrument is dependent on whether or not the instrument is designated as a hedging instrument.

Fineska B.V. applies hedge accounting. The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items. The Company also tests its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Cost price hedge

In applying cost price hedge accounting, the initial recognition of, and the accounting policies for, the hedging instrument are dependent on the hedged item, which has the following implications:

- if as the hedged item is recognised at cost in the balance sheet, the derivate instrument is also stated at cost;
- as long as the hedged item is not yet recognised in the balance sheet, the hedging instrument is not remeasured. This applies, for instance, to hedging currency risks on future transactions.

If the hedged item qualifies as a monetary item denominated in a foreign currency, the derivative instrument, where it has currency elements, is also stated at the spot rate at the balance sheet date.

If the derivate instrument has currency elements, the difference between the spot rate on the date the derivate instrument is contracted and the forward rate at which it will be settled is spread over the maturity of the derivative instrument.

The ineffective portion of the hedge is recognised directly in profit or loss.

Fineska B.V. shall discontinue prospectively the cost price hedge accounting if:

- the hedging instrument expires or is sold, terminated or exercised;
- the hedge no longer meets the criteria for hedge accounting.

Fineska B.V. uses cost price hedge accounting for:

- forward exchange contracts and options intended for future sales in GB pounds and in US dollars;
- interest SWAPS to mitigate its interest risks on the long-term loans.

3 Principles for determination of result

3.1 *General*

The result represents the difference between the value of the consideration rendered and the costs and other charges for the year. The results on transactions are recognised in the year they are realised.

3.2 *Revenue recognition*

General

Net turnover comprises the income from the supply of goods and services and realised income from construction contracts after deduction of discounts and such like and of taxes levied on the turnover.

Sales of goods

Revenue from sales of goods is recognised when all significant risks and rewards incidental to the ownership of the goods have been transferred to the buyer.

Sales of services

Revenue from sales of services is recognised under the percentage-of-completion method based on the services performed to the balance sheet date as a percentage of the total services to be performed.

Contract revenue and costs

When the outcome of a contract can be estimated reliably, contract revenue and costs are recognised as revenue and costs in the income statement under the percentage-of-completion method.

The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised as revenue in the income statement only to the extent of contract costs incurred that are likely to be recoverable; contract costs are recognised as expenses in the period in which they were incurred. When the outcome of a contract can be estimated reliably, revenue is recognised using the percentage-of-completion method by reference to the services provided up to the balance sheet date.

Profit or loss is determined as the difference between contract revenue and contract costs. Contract revenue comprises the initial amount agreed in the contract; variations in contract work, claims and incentive payments are also included in contract revenue to the extent that they may have been agreed with the customer and are capable of being reliably measured. Contract costs comprise costs that relate directly to the specific contract, costs that are attributable to contract activity in general and can be allocated to the contract, and such other costs as are specifically chargeable to the customer under the terms of the contract.

If it is probable that total contract costs will exceed total contract revenues, any expected excess of total contract costs over total contract revenue for the contract is recognised as an expense immediately within cost of sales. The provision for the loss is recognised within construction contracts.

3.3 *Exchange differences*

Exchange differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they arise, unless they are hedged.

3.4 *Costs*

Costs are recognised on the historical cost convention and are allocated to the reporting year to which they relate.

3.5 *Personnel remuneration*

Regular payments

Salaries, wages and social security costs are charged to the profit and loss account when due, and in accordance with employment contracts and obligations.

Pensions

The Group has applied the liability method for pension plans. The premiums payable for the financial year are charged to the result. The Group pays contributions to pension funds and insurance companies on a compulsory, contractual or voluntary basis. Except for the payment of contributions, the Group has no other obligation in connection with these pension schemes.

Dutch pension plans

Fineska B.V. has a number of pension plans. The main characteristics of these plans are:

- Pension plans are defined benefit schemes and are based on average-salary schemes.
- Until 31 December 2011 the pension commitments were insured at insurance company Zwitserleven.
- Since 1 January 2012 the pension commitments were placed at "Pensioenfonds Grafische Bedrijven" (PGB). Transfer of the standard pensions from Zwitserleven to PGB was not possible due to the coverage rate of the funds.

The conditions of the Dutch Pension Act are applicable. Fineska B.V. pays premiums based on contractual basis to the pension provider. Premiums are recognised as personnel costs when they are due. There are no other obligations other than premiums to be paid to the pension provider.

Foreign pension plans

For foreign pension plans similar to the way the Dutch pension system is designed and operates, recognition and measurement of liabilities arising from these pension schemes are carried out in accordance with the valuation of the Dutch pension schemes.

3.6 *Depreciation*

Intangible assets, including goodwill, are amortised and tangible fixed assets are depreciated over their expected useful life as from the inception of their use. Land and investment property are not depreciated. Future depreciation is adjusted if there is a change in estimated future useful life. Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

3.7 *Financial income and expense*

Interest income and expense are time apportioned, taking into account the effective interest rate for the relating assets and liabilities. The treatment of interest expenses for loans received takes account of any transaction costs.

3.8 *Taxation*

Profit tax is calculated on the profit/loss before taxation in the profit and loss account, taking into account any losses carried forward from previous financial years (insofar as these are not included in deferred tax assets), tax-exempt items and non-deductible expenses, and using current tax rates. Account is also taken of changes in deferred tax assets and deferred tax liabilities owing to changes in the applicable tax rates.

3.9 *Results from participations*

The result is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation to the extent that this can be attributed to Fineska B.V.

4 Financial instruments and risk management

4.1 *Price risk*

Currency risk

Fineska B.V. operates globally. The currency risk for Fineska B.V. mainly concerns positions and future transactions in US dollars and GB Pounds. Based on its risk assessment management can decide to hedge risks. Forward exchange contracts and options are used for this purpose.

Interest rate and cash flow risk

The interest rate risk for the company is limited, 1 point change in interest rate has an effect of about EUR 0.2 million.

4.2 *Credit risk*

Fineska B.V. does not have any significant concentrations of credit risk. Sales are insured at a credit insurance company and are made to customers that meet the

4.3 *Liquidity risk*

Fineska B.V. has a revolving facility of EUR 8.0 million by Rabobank this facility is only partly used during the year.

5 Intangible fixed assets (x 1,000)

	Software	Total
	EUR	EUR
1 January 2020		
Acquisition or production costs	8,677	8,677
Accumulated impairments and amortisation	-7,308	-7,308
Carrying value	1,368	1,368
Movements 2020		
Additions	587	587
Transfer additions	0	0
Disposals	0	0
Exchange differences	0	0
Amortisation	-493	-493
Transfer amortisation	0	0
Amortisation on disposals	0	0
Exchange differences	0	0
Total movements	94	94
31 December 2020		
Acquisition or production costs	9,264	9,264
Accumulated impairments and amortisation	-7,802	-7,802
Carrying value	1,462	1,462

The estimated useful lives in years are:

Software	5 years

6 Tangible fixed assets (x 1,000)

	Land and buildings	Machinery and equipment	Other fixed assets	Assets under construction	Total
	EUR	EUR	EUR	EUR	EUR
1 January 2020					
Acquisition or production costs	54,188	193,748	8,870	1,930	258,736
Accumulated impairments and depreciation	-41,843	-156,873	-5,860	0	-204,577
Carrying value	12,345	36,875	3,010	1,930	54,160
Movements 2020					
Additions	2,517	2,676	288	1,725	7,206
Transfer additions	0	0	0	0	0
New financial leases	0	0	184	0	184
Disposals	0	-95	-341	0	-436
Exchange differences	-2	-173	-22	0	-198
Depreciation	-854	-5,067	-507	0	-6,428
Depreciation on disposals	0	73	295	0	368
Transfer depreciation	0	0	0	0	0
Exchange differences	2	155	15	0	173

	Land and buildings	Machinery and equipment	Other fixed assets	Assets under construction	Total
	EUR	EUR	EUR	EUR	EUR
Total movements	1,663	-2,431	-89	1,725	868
31 December 2020					
Acquisition or production costs	56,704	196,156	8,978	3,655	265,492
Accumulated impairments and depreciation	-42,696	-161,712	-6,057	0	-210,464
Carrying value	14,008	34,444	2,921	3,655	55,028

The estimated useful lives in years are:

Land	Not depreciated
Buildings	20 – 40 years
Plant & equipment	10 – 20 years
Other tangible fixed assets	3 – 10 years
Fixed assets under construction	Not depreciated

The Carrying value of tangible fixed assets held under financial lease, which are held without legal title by the Group, amounts to EUR 740 as at 31 December 2020.Land and buildings are collateral for the credit facility, as provided by the Rabobank. See also note 16 Indemnities granted.

7 Financial fixed assets (x 1,000)

	Deferred income tax	Total
	EUR	EUR
1 January 2020	97	97
Investments	0	0
Transfer	-97	-97
Received	0	0
31 December 2020	**0**	**0**

8 Inventories (x 1,000)

	31 December 2020	31 December 2019
	EUR	EUR
Raw materials	5,418	5,080
Finished products	11,468	12,647
	16,886	17,727

- Raw materials and consumables valued at a lower realisable value have a book value of EUR 0 as at the balance sheet date.
- Finished products valued at a lower realisable value have a book value of EUR 1,468 as at the balance sheet date.

9 Receivables (x 1,000)

	31 December 2020	31 December 2019
	EUR	EUR
Trade debtors	17,411	20,763

	31 December 2020	31 December 2019
	EUR	EUR
Other taxes and social security contributions	1,286	3,391
Other receivables	355	139
Prepayments and accrued income	769	1,586
	19,822	25,880

Trade debtors are stated at face value, less an allowance for possible uncollectible amounts of EUR 165. The expectation is that the receivables will be collected within one year.

10 Cash at banks and in hand

All cash at banks and in hand as at 31 December 2020 are freely available to the Company.

11 Notes to the cash flow statement

Under the investments in fixed assets only the investments are included for which in 2020 cash was paid. In addition, investments have been made by means of financial leasing at a value of EUR 176,000 which is not shown in the cash flow statement.

12 Shareholders' equity

Shareholders' equity is explained in detail in note 29 to the company financial statements.

13 Provisions (x 1,000)

	31 December 2020	31 December 2019
	EUR	EUR
Deferred tax liabilities	658	1,218
Jubilee benefits	993	989
Staff Leaving Indemnity	196	293
	1,847	2,500

As a result of the fiscal facilities used by the former shareholders of Greenpower Hoogezand B.V. the fiscal book value is EUR 4,264 lower than the commercial book value as included in the tangible fixed assets. No deferred tax liability is accounted for this temporary difference between fiscal and commercial book value in accordance with applicable reporting standards.

Of the provisions, EUR 1,425 qualifies as long-term (*i.e.*, in effect for more than one year). In total EUR 422 qualifies as short-term, consisting of EUR 351 deferred taxes and EUR 71 jubilee benefits.

Movements in the provisions are specified as follows:

	Deferred tax liabilities	Jubilee benefits	Staff Leaving Indemnity	Total
	EUR	EUR	EUR	EUR
1 January 2020	1,218	989	293	2,500
Additions	0	108	17	125
Payments	0	-104	-114	-218
Released	-565	0	0	-565
Exchange differences	5	0	0	5
31 December 2020	658	993	196	1,847

14 Long-term liabilities (x 1,000)

	31 December 2020			
	Term <= 1 year	Term 1 - 5 years	Term >= 5 years	Total Term > 1 year
	EUR	EUR	EUR	EUR
Loan	4,000	10,774	0	10,774
Financial lease liabilities	248	535	0	535
	4,248	11,309	0	11,309

Repayment liabilities within 12 months of the end of the financial year, as set out above, are included under the current liabilities.

Movements in the long-term liabilities are specified as follows:

	Loans	Financial lease liabilities	Total
	EUR	EUR	EUR
1 January 2020	17,663	596	18,259
New Loans	0	180	180
Repayments	-7,000	-298	-7,298
Financial costs loans	110	0	110
Transfer to Short Term	0	64	64
Translation difference	0	-7	-7
31 December 2020	10,773	535	11,309

Loans

On 21 November 2019 a credit facility was issued by the Rabobank. Securities for this credit facility are listed under note 16. The loan has three facilities:

- Facility A: a senior loan of EUR 12 million. Repayment is scheduled in 12 quarterly instalments of EUR 1 million, starting 31 March 2020. The interest rate constists of a margin of 1.85% + EURIBOR.
- Facility B: a senior loan of EUR 10 million. Full repayment is scheduled for 31 December 2022. The interest rate constists of a margin of 1.85% + EURIBOR.
- Revolver facility of EUR 7.5 million accounted for under the current liabilities. The interest rate constists of a margin of 1.25% + EURIBOR.

Financial covenants are tested annually and Fineska needs to ensure that CAPEX is below a maximum threshold of EUR 5 million with the ability to use 75% of excess net cash flow from previous year. Secondly, Fineska needs to realize a minimum EBITDA level of EUR 13.5 million.

Financial lease liabilities

The financial lease liabilities mainly relate to the financials lease of forklift trucks. The average interest rate is 5%.

15 Current liabilities (x 1,000)

	31 December 2020 EUR	31 December 2019 EUR
Loan short-term	4,000	4,000
Financial lease liabilities short-term	248	312
Trade creditors	17,199	20,115
Construction Contracts	0	0
Corporate income tax	1,583	1,553
Other taxes and social securities	1,274	2,779
Other liabilities	0	24
Holiday pay and holiday days	1,596	1,154
Accruals and deferred income	8,942	10,065
	34,841	40,002

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short-term character. All construction contracts have been finalised as per 31 December 2019.

16 Indemnities granted

Credit facility

On 21 November 2019, the Rabobank issued a revolving facility of EUR 8.0 million and a senior loan of EUR 22.0 million. The following securities are given for this facility:

- Deed of mortgage on real estate property in the Netherlands.
- Deed of pledge of movables, receivables, intellectual property, bank account rights, benefits of insurance of Fineska B.V., Eska International B.V., Eska USA B.V., and Eska Italy B.V.

The facility is in place till 31 December 2022 after which it can be cancelled.

17 Commitments and contingencies not included in the balance sheet (x 1,000)

As at the balance sheet date, indemnities granted amount to EUR 150. The indemnities can be specified as follows:

	31 December 2020 EUR
Expire by:	
Indefinite	150
	150

CAPEX commitments for an amount of EUR 1,896 have not been included in the balance sheet.

The obligations from operational leases per 31 December 2020 amount to EUR 4,501 of which EUR 985 within 12 months and EUR 3,516 later than 1 year and no later than 5 years. During the reporting period an amount of EUR 1,987 is included in the income statement with respect to leases.

The Company is part of an income and a VAT tax group with Eska B.V., Eska Power B.V., Eska International B.V., Eska Italy B.V., and Eska USA B.V. under the standard conditions, the members of the tax groups are jointly and severally liable for any taxes payable by the Groups. The financial statements of the fiscal unit Fineska B.V. and associates, recognise a tax liability based on its profit for financial reporting purposes. Fineska B.V. settles its intercompany balances with the other members of the fiscal unit based on their profit for financial reporting purposes.

The consolidated accounts include the results of our UK subsidiary, Eska Board UK Limited (Registration number: 01989255). The subsidiary is exempt from the requirement to have an audit in the UK, by virtue of Section 479 A of the Companies Act 2006.

18 Sales (x 1,000)

	2020 EUR	2019 EUR
The Netherlands	7,853	7,698
Other EU countries	67,459	71,139
Other European countries	10,207	11,798
Other	61,835	71,920
	147,353	162,555

The sales relates to trade activities.

19 Personnel expenses (x 1,000)

	2020 EUR	2019 EUR
Wages and salaries	-23,369	-23,382
Pension costs	-3,976	-3,706
Other social security costs	-3,889	-4,145
Other personnel expenses	-6,925	-7,931
	-38,159	-39,163

Personnel expenses related to temporary employees have been reallocated in the comparative figures of 2019 from Wages and salaries to Other personnel expenses. From 2020 onward these expenses will be accounted for under Other personnel expenses.

20 Other operating expenses (x 1,000)

	2020 EUR	2019 EUR
Rent and Lease	-1,987	-1,805
Office expenses	-1,047	-956
Insurance costs	-1,012	-857
Automation costs	-1,212	-1,187
Communication costs	-512	-539
Travelling expenses	-277	-914
Advertising and promotional expenses	-390	-688
Consultancy and legal fees	-983	-1,079
Audit fees	-150	-129
Other	477	306
Extraordinary activities	-234	-382
	-7,326	-8,232

The total other operating expenses of EUR 7,304 (2019: EUR 8,232) are including exchange differences of EUR (48) (2019: EUR 35).

21 Audit fees (x 1,000)

The following audit fees were expensed in the income statement in the reporting period:

	2020 EUR	2019 EUR
Audit of the financial statements	-108	-129
Tax services	-28	-58
Other non-audit services	-14	-15
	-150	-202

The fees listed above relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external independent auditor as referred to in Section 1, subsection 1 of the Audit Firms ntantsorganisaties — based accounting firms, including their tax services and advisory groups.

These fees relate to the audit of the 2020 financial statements, regardless of whether the work was performed during the financial year.

22 Financial income and expenses (x 1,000)

	2020	2019
	EUR	EUR
Interest income	44	28
Interest expenses	-469	-298
	-425	-271

23 Taxation on result (x 1,000)

	2020	2019
	EUR	EUR
Result on ordinary activities before taxation	16,989	15,428
Corporate income tax actual year	-4,131	-3,891
Corporate income tax previous years	102	370
Effective tax rate	23.7%	22.8%
Applicable tax rate	24.3%	25.2%

The applicable tax rate is based on the relative and the tax rates ruling in the countries concerned.

The applicable tax rate is lower differences in the profits before tax per country and higher tax deductions.

24 Employees

During 2020 the average of 397 employees employed by entities included in the consolidation can be analysed by country as follows (excluding temporary employees):

	2020	2019
Employed:		
In the Netherlands	332	313
Outside the Netherlands	65	72
	397	385

The number of employees can be split over the activities as follows (excluding temporary employees):

	2020	2019
Direct and Indirect Production Related	307	295
Sales and General Related	91	90
	397	385

Temporary employees have been excluded from the comparative figures and for the reporting year and are no longer included in the total (2020: 67, 2019: 82).

25 Related parties

No related parties agreements or transactions which need to be separately disclosed.

26 Post balance sheet events

According to our knowledge there are no further material post balances sheet events that require recognition or disclosure in these accounts.

Company financial statements

Balance sheet as at 31 December 2020 (x 1,000)
(Before proposed appropriation of result)

	Ref.	31 December 2020		31 December 2019	
		EUR	EUR	EUR	EUR
Assets					
Fixed assets					
Financial Fixed Assets	28	96,173		83,419	
			96,173		83,419
Current Assets					
Receivables		251		124	
Cash at banks and in hand		300		17	
			551		141
			96,724		83,560

	Ref.	31 December 2020		31 December 2019	
		EUR	EUR	EUR	EUR
Shareholders' equity and liabilities					
Group equity	29				
Shareholders' equity		59,605		47,174	
			59,605		47,174
Long-term liabilities	30		10,773		17,663
Current liabilities	31		26,346		18,723
			96,724		83,560

Profit and loss account for the year ended 31 December 2020 (x 1,000)

	Ref.	2020	2019
		EUR	EUR
Result from participations after taxation	28	13,283	12,094
Company Profit after taxation		-324	-171
Result after taxation		12,959	11,923

Notes to the balance sheet and profit and loss account

27 General

Principles of valuation and determination of result

The principles of the valuation and determination of result for the company's financial statements and the consolidated financial statements are the same. Participations in Group companies are carried at net asset value. For the principles of valuation of assets and liabilities and for the determination of result reference is made to the notes to the consolidated balance sheet and profit and loss account, on pages 16 to 30.

28 Financial fixed assets (x 1,000)

An overview of the movements of the financial fixed assets is taken up below:

	Investments in Group companies	Total
	EUR	EUR
1 January 2020		

	Investments in Group companies	Total
	EUR	EUR
Carrying value	83,419	83,419
Movements 2020		
Result Participations	13,283	13,283
Other adjustments	45	45
Repayments	0	0
Translation difference	-574	-574
Total movements	12,754	12,754
31 December 2020		
Carrying value	96,173	96,173
Carrying value	96,173	96,173

29 Sharehoders' equity (x 1,000)

The authorised share capital of the company as at 31 December 2020 amounts to EUR 100 and consists of 10,000 ordinary shares of EUR 0.01 each. All share are issued and paid. The movements in s equity over 2019 and 2020 are as follows (x 1,000):

	Issued share capital	Share premium	Translation difference reserve	Other reserves	Result for the year	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 1 January 2019	0	22,700	614	24,829	8,899	57,042
Appropriation of result prior year	0	0	0	8,899	-8,899	0
Interim Dividend	0	0	0	0	0	0
Result Actual Year	0	0	0	0	11,924	11,924
Transfer	21,575	-21,575	0	0	0	0
Repayments	-21,575	0	0	0	0	-21,575
Other Adjustments	0	0	0	-334	0	-334
Translation difference	0	0	117	0	0	117
Total movements	0	-21,575	117	8,565	3,025	-9,868
Balance as at 31 December 2019	0	1,125	731	33,394	11,924	47,174
Balance as at 1 January 2020	0	1,125	731	33,394	11,924	47,174
Appropriation of result prior year	0	0	0	11,924	-11,924	0
Interim Dividend	0	0	0	0	0	0
Result Current Year	0	0	0	0	12,959	12,959
Other Adjustments	0	0	19	30	0	49
Translation difference	0	0	-577	0	0	-577
Total movements	0	0	-558	11,954	1,035	12,431
Balance as at 31 December 2020	0	1,125	173	45,348	12,959	59,605

The share premium qualifies as paid-up share capital for tax purposes.

Proposed appropriation of result (x 1,000)

Following the proposed result appropriation of the Board of Directors, and pursuant to Article 18.1 of the Articles of Association, an amount of EUR 0 of the 2020 result amounting to EUR 12,850 is paid out to the holders of preference shares. Furthermore, it is proposed to add the net result of EUR 12,850 to other reserves.

	Ref.	2020	2019
		EUR	EUR
Result from participations after taxation	28	13,283	12,094
Company Profit after taxation		-324	-171
Result after taxation		12,959	11,923

30 Long-term liabilities (x 1,000)

	31 December 2020			
	Term <= 1 year	Term 1 - 5 years	Term >= 5 years	Total Term > 1 year
	EUR	EUR	EUR	EUR
Loan	4,000	10,773	0	10,773
	4,000	10,773	0	10,773

Movements in the long-term liabilities are specified as follows:

	Loan	Total
	EUR	EUR
1 January 2020	17,663	17,663
New Loans	0	0
Repayments	-7,000	-7,000
Financial costs loans	110	110
Transfer to Short Term	0	0
31 December 2020	10,773	10,773

Long-term liabilities are further specified in note 14 to the consolidated accounts.

31 Current liabilities

	31 December 2020	31 December 2019
	EUR	EUR
Loan short-term	4,000	4,000
Trade creditors	0	150
Loans from group companies	20,747	12,803
Corporate income tax	1,492	1,635
Other taxes and social securities	11	22
Accruals and deferred income	95	113
	26,345	18,723

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short-term character.

32 Employees

During 2020 an average of 1 employee was employed on a full-time basis (2019:1).

33 Remuneration of members of the Board of Directors

In accordance with Article 383, paragraph 1, Book 2 of the Dutch Civil Code, no statement regarding remuneration of members of the Board of Management is given.

34 Post Balance sheet events

For the disclosure of the events after balance sheet data refer to note 26 Post balance sheet events in the consolidated financial statements.

Sapperneer, 25 May 2021

Original documents are signed by

Johan Volckaerts
Statutory Director

Original documents are signed by

Rienk Jan van der Kooi
Chief Executive Officer

Other Information

Profit appropriation according to the Articles of Association

According to Article 18.1 of the Articles of Association the profit for the year is at the free disposal of the General Meeting of Shareholders. The holders of shares are entitled to a dividend distribution of the shares held by them, if and as far as the result for the year is adequate to that end.

Independent Auditor's Report

de Jong & Laan

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INDEPENDENT AUDITOR'S REPORT

To: The shareholders of Fineska B.V.

Report on the audit of the financial statements 2020

Our opinion

We have audited the financial statements 2020 of Fineska B.V. based in Sappemeer.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Fineska B.V. as at 31 December 2020 and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company balance sheet as at 31 December 2020;
2. the consolidated and company profit and loss account for 2020; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards of Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Fineska B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the directors' report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting, unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;

- obtaining 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 entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- concluding on the appropriateness of the board of directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's 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 auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are also responsible for the direction, supervision and performance of the group audit. In this context we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Groningen, 1 June 2021
De Jong & Laan accountants B.V.

Original documents are signed by

M.A. Herder RA

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€445,000,000 Floating Rate Sustainability-Linked Senior Secured Notes due 2026

OFFERING MEMORANDUM

Joint Global Coordinators and Joint Bookrunner

Barclays **BNP PARIBAS**

Joint Bookrunners

Credit Suisse **IMI — Intesa Sanpaolo** **UniCredit**

Sustainability Structuring Advisor

Barclays

The date of this Offering Memorandum is November 30, 2021.