IMPORTANT NOTICE: You must read the following before continuing. The following applies to the preliminary offering memorandum (the "Offering Memorandum") attached to this e-mail, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them, any time you receive any information from us as a result of such access.

The Offering Memorandum has been prepared in connection with the offer and sale of the notes described therein. The Offering Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. THE SECURITIES ARE BEING OFFERED AND SOLD: (1) WITHIN THE UNITED STATES IN RELIANCE ON RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A") ONLY TO PERSONS THAT ARE QUALIFIED INSTITUTIONAL BUYERS (EACH A "QIB") WITHIN THE MEANING OF RULE 144A ACTING ON THEIR OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QIB; AND (2) OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT ("REGULATION S")) IN RELIANCE ON REGULATION S. THE ATTACHED OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to receive the attached Offering Memorandum or to make an investment decision with respect to the notes as described therein, each prospective investor must be either (i) a QIB in respect of the securities being offered pursuant to Rule 144A, or (ii) outside the United States in respect of the securities being offered in offshore transactions pursuant to Regulation S. By accepting this e-mail and accessing the Offering Memorandum, you shall be deemed to have represented to us that (1) in respect of the securities being offered pursuant to Rule 144A, you are (or the person you represent is) a QIB, and that the e-mail address to which, pursuant to your request, the attached Offering Memorandum has been delivered by electronic transmission is utilized by a QIB, (2) in respect of the securities being offered pursuant to Regulation S, you are outside the United States and that the e-mail address to which, pursuant to your request, the attached Offering Memorandum has been delivered by electronic transmission is utilized outside the United States, (3) you are a person to whom the attached Offering Memorandum may be delivered in accordance with the restrictions set forth in "*Transfer Restrictions*" in the attached Offering Memorandum and (4) you consent to the delivery of such Offering Memorandum by electronic transmission. You are reminded that the Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered and you may not, nor are you authorized to, deliver the Offering Memorandum to any other person or make copies of the Offering Memorandum. The Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither (i) Techem Verwaltungsgesellschaft 675 mbH or any of its affiliates nor (ii) the Initial Purchasers named in the Offering Memorandum or any person who controls any of them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any alterations to the Offering Memorandum distributed to you in electronic format.

This e-mail and the attached document are intended only for use by the addressee named herein and may contain legally privileged and/or confidential information. If you are not the intended recipient of this e-mail, you are hereby notified that any dissemination, distribution or copying of this e-mail and the attached document is strictly prohibited. If you have received this e-mail in error, please immediately notify the sender by reply e-mail and permanently delete all copies of this e-mail and destroy any printouts of it.

The Offering Memorandum has not been approved by an authorized person in the United Kingdom. The securities described in the Offering Memorandum may not be offered or sold other than to persons whose ordinary activities involve these persons in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of such securities would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by us. In addition, no person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of such securities other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

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 securities described in the attached Offering Memorandum 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 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, 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.

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 securities described in this Offering Memorandum, taking into account the five categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority ("ESMA") on 5 February 2018 (in accordance with the FCA's policy statement entitled "Brexit our approach to EU non-legislative materials"), 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 such 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, 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.

PRIIPS Regulation/Prohibition of Sales to EEA Retail Investors: The securities described in the attached Offering Memorandum are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the 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 Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Article 2(e) of Regulation (EU) 2017/1129 (as amended, 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 such securities or otherwise making them available to retail investors in the EEA has been prepared and therefore, offering or selling such securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Offering Memorandum has been prepared on the basis that any offer of the securities described in the Offering Memorandum in any 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 securities. The Offering Memorandum is not a prospectus for the purpose of the EU Prospectus Regulation.

UK PRIIPS Regulation/Prohibition of Sales to UK Retail Investors: The securities described in the attached Offering Memorandum are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any "retail investor" in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. 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 such securities or otherwise making them available to retail investors in the UK has been prepared, and therefore, offering or selling such securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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

The information in this preliminary offering memorandum is not complete and may be changed. The Senior Secured Notes Issuer may not sell its securities until this preliminary offering memorandum is delivered in final form. This preliminary offering memorandum is not an offer to sell these securities and the Senior Secured Notes Issuer is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED APRIL 8, 2024

PRELIMINARY OFFERING MEMORANDUM
STRICTLY CONFIDENTIAL

NOT FOR GENERAL DISTRIBUTION
IN THE UNITED STATES

Techem Verwaltungsgesellschaft 675 mbH

€500,000,000 % Senior Secured Notes due 2029

Techem Verwaltungsgesellschaft 675 mbH, a limited liability company incorporated under the laws of Germany (the "Senior Secured Notes Issuer"), is offering (the "Offering") €500,000,000 in aggregate principal amount of its % senior secured notes due 2029 (the "Senior Secured Notes").

The proceeds from the Offering will be used, together with a portion of the proceeds from the Facility B (as defined herein), to (i) pay the purchase price for the Senior Secured Notes Issuer's outstanding 2% senior secured notes due 2025 (the "2% Notes due 2025") issued in reliance on Regulation S (as defined herein) validly tendered and accepted for purchase by the Senior Secured Notes Issuer pursuant to the Tender Offer (as defined herein) (the "Tendered 2% Notes due 2025"), together with accrued and unpaid interest thereon, up to, but excluding, the Tender Settlement Date (as defined herein), (ii) satisfy and discharge the Senior Secured Notes Issuer's and the Guarantors' obligations in respect of the 2% Notes due 2025 not validly tendered and accepted for purchase by the Senior Secured Notes Issuer pursuant to the Tender Offer (the "Remaining 2% Notes due 2025") on or about the Issue Date by depositing an amount in cash sufficient to redeem the entire outstanding principal amount of the Remaining 2% Notes due 2025 at par, together with accrued and unpaid interest thereon, up to, but excluding, April 17, 2025 (the "Remaining 2% Notes due 2025 Redemption Date") with the trustee in respect of such Remaining 2% Notes due 2025 and (iii) pay fees, costs and expenses incurred in connection with the foregoing. Whether the Senior Secured Notes Issuer will accept for purchase any 2% Notes due 2025 validly tendered in the Tender Offer is subject, without limitation, to (a) the successful completion of the Offering in an aggregate principal amount and on terms that are satisfactory to the Senior Secured Notes Issuer in its sole discretion and (b) the drawing of the Facility B on or prior to the settlement date of the Tender Offer, currently expected to be April 18, 2024, subject to the right of the Senior Secured Notes Issuer, in its absolute and sole discretion, to extend, re-open, withdraw and/or terminate the Tender Offer, as applicable (the "Tender Settlement Date"). The closing of the Offering is not conditioned on the consummation of the Tender Offer. See "*Use of Proceeds*."

The Senior Secured Notes Issuer will pay interest on the Senior Secured Notes at a rate of % per annum, payable semi-annually in arrears on each and , commencing on , 2024. The Senior Secured Notes will mature on , 2029. Prior to , 2026, the Senior Secured Notes Issuer will be entitled, at its option, to redeem all or a portion of the Senior Secured Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts (as defined herein), if any, to, but excluding, the redemption date, plus the applicable "make-whole" premium. In addition, (A) at any time on or prior to , 2026, the Senior Secured Notes Issuer may, at its option, redeem the Senior Secured Notes, in whole or in part, following the occurrence of any Initial Public Offering (as defined herein), with funds in an aggregate amount not exceeding the Net Cash Proceeds (as defined herein) of such Initial Public Offering received by the Senior Secured Notes Issuer as a contribution to the common equity capital of the Senior Secured Notes Issuer, at a redemption price equal to 102% of the principal amount of the Senior Secured Notes redeemed, plus accrued and unpaid interest to, but not including, the applicable redemption date and Additional Amounts, if any, and (B) prior to , 2026, the Senior Secured Notes Issuer may redeem, at its option, up to 40% of the original principal amount of the Senior Secured Notes with the net proceeds from certain equity offerings at the redemption price set forth in this offering memorandum (the "Offering Memorandum"), provided that at least 50% of the aggregate principal amount of the Senior Secured Notes originally issued remains outstanding. Prior to , 2026, the Senior Secured Notes Issuer may redeem up to 10% of the aggregate principal amount of the Senior Secured Notes originally issued (including the aggregate principal amount of any additional Senior Secured Notes issued) in each calendar year at a redemption price equal to 103% of the principal amount thereof. At any time on or after , 2026, the Senior Secured Notes Issuer may redeem all or part of the Senior Secured Notes at the redemption prices set forth in this Offering Memorandum.

The Senior Secured Notes Issuer may redeem all, but not part, of the Senior Secured Notes at a price equal to 100% of the principal amount thereof (including accrued and unpaid interest and Additional Amounts, if any) upon the occurrence of certain changes in applicable tax law. In connection with any tender offer for the Senior Secured Notes (including any Change of Control Offer or Asset Disposition Offer (each as defined in the "*Description of the Notes*")), if holders of not less than 90%

in aggregate principal amount of the outstanding Senior Secured Notes validly tender and do not withdraw such Senior Secured Notes in such tender offer and the Senior Secured Notes Issuer, or any third party making such a tender offer in lieu of the Senior Secured Notes Issuer, purchases all of the Senior Secured Notes validly tendered and not withdrawn by such holders, the Senior Secured Notes Issuer or such third party will have the right to redeem the Senior Secured Notes that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder of Senior Secured Notes in such tender offer. Upon the occurrence of certain defined events constituting a change of control, each holder of the Senior Secured Notes may require the Senior Secured Notes Issuer to repurchase all or a portion of its Senior Secured Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of repurchase. However, a change of control will not be deemed to have occurred if a specified consolidated total net leverage ratio is not exceeded in connection with such event.

On the Issue Date, the Senior Secured Notes will be guaranteed (the "Guarantees") on a senior secured basis by the Guarantors (as defined herein). The Senior Secured Notes will be general senior obligations of the Senior Secured Notes Issuer. The Senior Secured Notes and the Guarantees will be secured on a first-priority basis by security interests in the Collateral (as defined herein), subject to the Agreed Security Principles (as defined herein), within 120 days of the Issue Date. The Collateral also secures on a first-priority basis the liabilities under the Senior Facilities (as defined herein) and certain hedging obligations, and may also secure certain future indebtedness. A portion of the Collateral also secures the Senior Notes (as defined herein) on a second-priority basis. See "*Summary—The Offering—Collateral*." The validity and enforceability of the Guarantees and the Collateral will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations*."

There is currently no public market for the Senior Secured Notes. Application will be made to The International Stock Exchange Authority Limited (the "Authority") for the listing of and permission to deal in the Senior Secured Notes on the Official List of The International Stock Exchange (the "Exchange"). There can be no assurance that the Senior Secured Notes will be listed on the Official List of the Exchange, that such permission to deal in the Senior Secured Notes will be granted or that such listing will be maintained. The Exchange is not a regulated market pursuant to the provisions of Directive 2014/65/EU on markets in financial instruments, as amended.

Investing in the Senior Secured Notes involves risks. See "*Risk Factors*" beginning on page 34.

Issue price of the Senior Secured Notes: % plus accrued and unpaid interest, if any, from the Issue Date.

The Senior Secured Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any other jurisdiction, and are being offered and sold in the United States only to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act ("Rule 144A") and outside the United States in reliance on Regulation S under the U.S. Securities Act ("Regulation S"). Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the Senior Secured Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. The Senior Secured Notes are not transferable except in accordance with the restrictions described under "*Transfer Restrictions*."

The Senior Secured Notes will be in registered form and will initially be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof and will only be transferable in minimum principal amounts of €100,000 and integral multiples of €1,000 in excess thereof. The Senior Secured Notes will be represented on issue by one or more Global Notes (as defined herein), which we expect will be delivered through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, S.A. ("Clearstream") on or around , 2024 (the "Issue Date").

Sole Global Coordinator and Lead Bookrunner

Goldman Sachs Bank Europe SE

Joint Bookrunners

BNP PARIBAS	**Commerzbank**	**Crédit Agricole CIB**	**J.P. Morgan**	**Landesbank Baden-Württemberg**	**Natixis**	**UBS Investment Bank**	**UniCredit**

The date of this Offering Memorandum is , 2024

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In making an investment decision, you should rely only on the information contained in this Offering Memorandum. None of the Senior Secured Notes Issuer, the Guarantors or any of Goldman Sachs Bank Europe SE, BNP Paribas, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, J.P. Morgan SE, Landesbank Baden-Württemberg, Natixis, UBS AG London Branch and UniCredit Bank GmbH (the "Initial Purchasers") has authorized anyone to provide you with information that is different from the information contained herein. If given, any such information should not be relied upon. None of the Senior Secured Notes Issuer, the Guarantors or any of the Initial Purchasers is making an offer of the Senior Secured Notes in any jurisdiction where this Offering is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front cover of this Offering Memorandum.

NOTICE TO INVESTORS

This Offering Memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Senior Secured Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Senior Secured Notes may not be offered or sold, directly or indirectly, and this Offering Memorandum may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Senior Secured Notes or possess this Offering Memorandum. Neither we nor the Initial Purchasers are responsible for your compliance with these legal requirements. See "*Plan of Distribution*."

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

By accepting delivery of this Offering Memorandum, you agree to the foregoing restrictions and agree not to use any information herein for any purpose other than considering an investment in the Senior Secured Notes. This Offering Memorandum may only be used for the purpose for which it was published. The information set forth in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including the section entitled "*Book-Entry; Delivery and Form*," is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream.

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

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

The Initial Purchasers, our independent auditors, the Trustee (as defined herein) and any other agents acting with respect to the Senior Secured Notes accept no responsibility for and make no representation or warranty, express or implied, as to the accuracy or completeness of the information set forth in this Offering Memorandum and nothing contained in this Offering Memorandum is, or should be relied upon as, a promise or representation by the Initial Purchasers, our independent auditors, the Trustee or any other agents acting with respect to the Senior Secured Notes as to the past or the future. The Senior Secured Notes Issuer and not the Initial Purchasers has ultimate authority over the information contained in this Offering Memorandum and whether and how to communicate the information contained herein.

By purchasing the Senior Secured Notes, you will be deemed to have acknowledged that you have reviewed this Offering Memorandum and have had an opportunity to request, and have received, all additional information that you need from us. No person is authorized in connection with any offering made by this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum or any pricing term sheet or supplement and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the Initial Purchasers.

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

This Offering Memorandum is a confidential document that we are providing only to prospective purchasers of the Senior Secured Notes. You should read this Offering Memorandum before making a decision whether to purchase any Senior Secured Notes. You must not use this Offering Memorandum for any other purpose, make copies of any part of this Offering Memorandum or give a copy of it to any other person; or disclose any information in this Offering Memorandum to any other person.

The Senior Secured Notes are subject to restrictions on transferability and resale, which are described under the headings "*Plan of Distribution*" and "*Transfer Restrictions*." By possessing this Offering Memorandum or purchasing any Senior Secured Note, you will be deemed to have represented and agreed to all of the provisions contained in that section of this Offering Memorandum. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

The Senior Secured Notes Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of the Senior Secured Notes Issuer, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. However, the information set out under the headings "*Summary*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry*" and "*Business*" includes extracts from information and data, including industry and market data, released by publicly available sources in Europe and elsewhere. While we accept responsibility for the accurate extraction and summarization of such information and data, we have not independently verified the accuracy of such information and data and we accept no further responsibility in respect thereof. In addition, this Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. However, as far as the Senior Secured Notes Issuer is aware, no information or data has been omitted which would render reproduced information inaccurate or misleading.

We reserve the right to withdraw the Offering at any time. We and the Initial Purchasers may reject any offer to purchase the Senior Secured Notes in whole or in part and to allot to any prospective purchaser less than the amount of the Senior Secured Notes sought by it. The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Senior Secured Notes.

STABILIZATION

IN CONNECTION WITH THE ISSUANCE OF THE SENIOR SECURED NOTES, GOLDMAN SACHS BANK EUROPE SE (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT THE SENIOR SECURED NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SENIOR SECURED NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS

OF THE OFFERING OF THE SENIOR SECURED NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE SENIOR SECURED NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE SENIOR SECURED NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

IMPORTANT INFORMATION ABOUT SELLING AND JURISDICTIONAL RESTRICTIONS

United States

Neither the Senior Secured Notes nor the Guarantees have been or will be registered under the U.S. Securities Act or the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

In the United States, the offering of the Senior Secured Notes is being made only to "qualified institutional buyers" (as defined in Rule 144A). Prospective purchasers that are qualified institutional buyers are hereby notified that the Initial Purchasers of the Senior Secured Notes may be relying on an exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. Outside the United States, the Offering is being made in offshore transactions (as defined in Regulation S).

Neither the U.S. Securities and Exchange Commission (the "SEC"), nor any state securities commission nor any non-U.S. securities authority has approved or disapproved of these securities or determined that this Offering Memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

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 Senior Secured Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

***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 Senior Secured Notes, taking into account the five categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority ("ESMA") on 5 February 2018 (in accordance with the FCA's policy statement entitled "Brexit our approach to EU non-legislative materials"), has led to the conclusion that: (i) the target market for the Senior Secured Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (ii) all channels for distribution of the Senior Secured Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Senior Secured Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Senior Secured Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

***UK PRIIPS Regulation/Prohibition of Sales to UK Retail Investors*:** The securities described in the Offering Memorandum are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any "retail investor" in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the 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, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA, or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by 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 securities described in the Offering Memorandum or otherwise making them available to retail investors in the UK has been prepared, and therefore, offering or selling the securities described in the Offering Memorandum or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

For the purposes of the foregoing, the expression "offering" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Secured Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Senior Secured Notes.

This Offering Memorandum has been prepared on the basis that any offer of the Senior Secured Notes in the UK 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 purpose 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 Senior Secured Notes has led to the conclusion that: (i) the target market for the Senior Secured Notes 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 the Senior Secured Notes to eligible counterparties and professional clients are appropriate. The target market and distribution channel(s) may vary in relation to sales outside the EEA in light of local regulatory regimes in force in the relevant jurisdiction. Any person subsequently offering, selling or recommending such debt securities (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Senior Secured Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PRIIPS Regulation/Prohibition of Sales to EEA Retail Investors**:** The Senior Secured 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 Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in Article 2(e) of Regulation (EU) 2017/1129 (as amended, 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 Senior Secured Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore, offering or selling the Senior Secured Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

For the purposes of the foregoing, the expression "offering" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Secured Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Senior Secured Notes.

This Offering Memorandum has been prepared on the basis that any offer of the Senior Secured Notes in any 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 purpose of the EU Prospectus Regulation.

Germany

The Offering is not a public offering in the Federal Republic of Germany. The Senior Secured Notes may not be offered and sold in the Federal Republic of Germany except in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (*Wertpapierprospektgesetz*) (as amended, the "German Securities Prospectus Act"), the EU Prospectus Regulation 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 of the European Union (each a Member State), with which a securities prospectus may have been filed, pursuant to Article 25 of the EU Prospectus Regulation. The Senior Secured 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 Senior Secured 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 Senior Secured Notes to the public in Germany. Consequently, in Germany the Senior Secured Notes will only be available to, and this Offering Memorandum and any other offering material in relation to the Senior Secured Notes is directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 3 of the German Securities Prospectus Act in connection with Article 2 (e) of the EU Prospectus Regulation. Any resale of the Senior Secured Notes in Germany may only be made in accordance with the German Securities Prospectus Act, the EU Prospectus Regulation and other applicable laws.

Canada

The distribution of the Senior Secured Notes in Canada is being made on a private placement basis only and is exempt from the requirement that we prepare and file a prospectus with the relevant Canadian securities regulatory authorities. The Senior Secured Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Senior Secured Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable Canadian securities laws.

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

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the Offering as the Senior Secured Notes Issuer is relying on an exemption based on U.S. disclosure.

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes* (*incluant, pour plus de certitude, toute confirmation d'achat ou tout avis*) *soient rédigés en anglais seulement.*

AVAILABLE INFORMATION

Each purchaser of Senior Secured Notes from the Initial Purchasers will be furnished with a copy of this Offering Memorandum and, to the extent provided to the Initial Purchasers by us, any related amendment or supplement to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum acknowledges that:

(i) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(ii) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(iii) except as provided pursuant to (i) above, no person has been authorized to give any information or to make any representation concerning the Senior Secured 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 the Initial Purchasers or us.

For so long as any of the Senior Secured Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"), nor exempt from the reporting requirements under Rule 12g3-2(b) under the U.S. Exchange Act, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act. Any such request should be directed to: Techem Verwaltungsgesellschaft 675 mbH, Hauptstraße 89 65760, Eschborn, Germany.

We are not currently, and we will not be, subject to the periodic reporting and other information requirements of the U.S. Exchange Act. Pursuant to the Senior Secured Notes Indenture and so long as the Senior Secured Notes are outstanding, we will furnish periodic information to holders of the Senior Secured Notes. See "*Description of the Notes—Certain Covenants—Reports*."

FORWARD-LOOKING STATEMENTS

Various statements contained in this Offering Memorandum constitute "forward-looking statements." All statements other than statements of historical fact included in this Offering Memorandum, including, without limitation, statements regarding our future financial position, strategy, anticipated investments, costs and results (including growth prospects in particular countries), plans, projects to enhance efficiency, the impact of governmental regulations or actions, litigation outcomes and timetables, future capital expenditures, liquidity requirements, the successful integration of acquisitions and joint ventures into our Group (as defined herein), and objectives of management for future operations, may be deemed to be forward-looking statements. When used in this Offering Memorandum, the words "believe," "anticipate," "should," "intend," "plan," "will," "expect," "estimates," "positioned," "strategy" and similar expressions identify these forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted, whether expressed or implied, by these forward-looking statements. These factors include those set forth in the "*Risk Factors*" section of this Offering Memorandum which include, among others:

- changes in underlying regulations;
- slower than expected implementation or governmental enforcement of regulations;
- competition;
- difficulties implementing our corporate strategy and customer acceptance of our products;
- liability in connection with devices, incorrect readings or billing errors, incorrect servicing of our devices, or in connection with the operation of our CHP-units;
- risk of defects or security vulnerabilities of our products, or other reasons for which they do not meet customers' requirements;
- failure to implement our transformative initiatives successfully and failure to realize our management plan;
- an increase in in-source metering and billing of heat and water consumption, and resulting loss of customers;
- legal and regulatory disputes pose a risk of substantial penalties or damages;
- competition and antitrust laws;
- restrictions on our customers' ability to allocate the costs of our services to their tenants;
- price adjustment provisions in our customer contracts may be held invalid by courts;
- failure to adequately protect our intellectual property rights;
- failure to adequately safeguard operating and trade secrets;
- infringement of the intellectual property of third parties;
- risks related to advancements in technology;
- disruptions or deficiencies in our IT systems and communications systems;
- cyberattacks which could cause significant harm to our operations;

- failure to securely attain and keep radio frequencies and decryption keys required for an increasing number of our submeters;
- dependence on underlying systems and networks, the failure of which could have a negative impact on our operations;
- failure to protect personal data;
- additional costs from evolving sustainability regulation;
- reliance on third parties to develop our products, install our devices and provide certain related services;
- supply chain problems with or price increases by major suppliers;
- failure to assert warranty claims against suppliers;
- inadequate customer satisfaction level;
- dependency on our senior management as well as the hiring and retention of key employees;
- reduced demand for our devices due to technological advancements;
- currency fluctuations;
- fluctuating commodity prices and price differences between our actual purchase prices and the indices underlying our contracts;
- legal or regulatory actions due to infringements by our suppliers;
- risks related to our international business;
- economic, political and other adverse developments in the global economic environment and geopolitical tensions, as well as disruptions in financial markets and reduced demand for our products and services;
- adverse political or economic developments directly or indirectly affecting Germany;
- risks associated with financial stability of counterparties;
- liabilities based on actions of our employees, contractors, and partners;
- amendments to price support schemes under the Act on Combined Heat and Power Generation and the Act on Renewable Energy Sources;
- risks related to the impairment in the valuation of our intangible assets;
- tax risks;
- risks related to acquired assets;
- labor disputes;
- inadequate compliance and risk management systems and resulting penalties and reputational damage;
- failure to realize estimated cost savings, gains and synergies;

- ESG-related risks; and
- other risks associated with our indebtedness and corporate structure and the Senior Secured Notes discussed under "*Risk Factors*."

The risks included herein are not exhaustive. Moreover, we operate in a highly competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors 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, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

We assume no obligation to update the forward-looking statements contained in this Offering Memorandum to reflect actual results, changes in assumptions or changes in factors affecting these statements.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical Financial Information

All historical financial information presented in this Offering Memorandum is that of Techem Verwaltungsgesellschaft 671 mbH ("German TopCo") and its consolidated subsidiaries (including the Senior Secured Notes Issuer) prepared under International Financial Reporting Standards as adopted by the European Union ("IFRS"). Unless otherwise stated, all references to "Techem," "we," "us," "our," or the "Group" in respect of historical financial information in this Offering Memorandum are to German TopCo and its subsidiaries on a consolidated basis, unless the context otherwise requires.

This Offering Memorandum includes the historical consolidated financial statements listed below:

- the unaudited interim consolidated financial statements of the Group and the notes thereto as of and for the three months ended December 31, 2023 and 2022 (the "Unaudited Interim Financial Statements"), prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"); and
- the audited consolidated financial statements of the Group as of and for each of the financial years ended September 30, 2023, 2022 and 2021, which are presented in accordance with IFRS (the "Audited Financial Statements" and, together with the Unaudited Interim Financial Statements, the "Consolidated Financial Statements"). The Audited Financial Statements have been audited by our statutory auditors, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. Their auditor's reports are included elsewhere in this Offering Memorandum, together with the Audited Financial Statements.

The historical consolidated financial information of the Group as of and for the three-month period ended December 31, 2022 presented in this Offering Memorandum is derived from the prior-period comparative figures included in the Unaudited Interim Financial Statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgments. These standards require management to exercise its judgment in the process of applying accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed in the Audited Financial Statements included elsewhere in this Offering Memorandum and in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*." Our Consolidated Financial Statements are presented in euro.

We have included the historical consolidated financial information of German TopCo in this Offering Memorandum rather than that of the Senior Secured Notes Issuer because we report our consolidated financial condition and results of operations for the Group on an ongoing basis at the level of German TopCo. German TopCo is a holding company that has no revenue-generating activities of its own, no business operations, material assets or liabilities other than in connection with its shares in German MidCo, holding company expenses and the Group's long-term incentive plan. German Midco is a holding company that has no revenue-generating activities of its own, no business operations, material assets or liabilities other than in connection with its shares in the German Holdco and receivables from and liabilities to shareholders. German Holdco is a holding company that has no revenue-generating activities of its own, no business operations, material assets or liabilities other than in connection with its shares in the Senior Notes Issuer and receivables from and liabilities to shareholders. The Senior Notes Issuer is a holding company that has no revenue-generating activities of its own, no business operations, material assets or liabilities other than in connection with its shares in the Senior Secured Notes Issuer and those liabilities incurred in connection with its incorporation, the Acquisition and the Senior Notes.

The Senior Secured Notes Issuer is the direct subsidiary of the Senior Notes Issuer and an indirect subsidiary of German TopCo. The Senior Secured Notes Issuer is a holding company with no revenue-generating activities of its own and no business operations, material assets or liabilities other than its shares in Techem Metering and those liabilities incurred in connection with its incorporation, the Acquisition and the Transactions. Consequently, no separate historical consolidated financial information of the Senior Secured Notes Issuer has been included.

Financial Information Presented for the twelve months ended December 31, 2023

Unless otherwise indicated, and other than for percentages and ratios, the financial information of the Group for the twelve months ended December 31, 2023, represents the mathematical calculation of subtracting the applicable financial information for the three months ended December 31, 2022 from the applicable financial information for the year ended September 30, 2023, and adding the applicable financial information for the three months ended December 31, 2023. The financial information of the Group for the twelve months ended December 31, 2023 has not been audited or reviewed by our auditors, is not required by or presented in accordance with IFRS or any other generally accepted accounting principles and has been prepared for illustrative purposes only. This information is not necessarily representative of our results of operations for such a period or any future period or any financial position at any past or future date.

Non-GAAP Financial Measures

Certain parts of this Offering Memorandum contain non-GAAP financial measures and ratios, including EBIT, EBITDA, Adjusted EBITDA, Run-Rate Adjusted EBITDA, capital expenditures, free cash flow, working capital, and leverage and coverage ratios that are not required by, or presented in accordance with, IFRS. Such measures and ratios may not reflect accurately our performance, liquidity or our ability to incur debt and should not be considered as a substitute to net profit/(loss) or as a substitute to net cash generated by/(used in) operating activities or any other performance measures derived from or in accordance with IFRS, SEC requirements or any other generally accepted accounting principles. The financial information contained in this Offering Memorandum is not intended to comply with the reporting requirements of the SEC and will not be subject to review by the SEC. As used in this Offering Memorandum, the following terms have the following meanings:

- "EBIT" represents net profit/(loss) before income taxes, finance costs, financial income and share of profit/(loss) of investments accounted for using the equity method;
- "EBITDA" represents net profit/(loss) before income taxes, finance costs, financial income, share of profit/(loss) of investments accounted for using the equity method, depreciation on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets and impairment losses on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets;
- "Adjusted EBITDA" represents our EBITDA for the relevant period as adjusted for certain items which management considers to be non-cash or non-recurring in nature, and as adjusted for certain *pro forma* cost savings;
- "Run-Rate Adjusted EBITDA" represents Adjusted EBITDA as adjusted for certain cost savings or topline measures we have identified or contractually agreed in the twelve months ended December 31, 2023, annualized on a run-rate basis;
- "capital expenditures" represent the cash outflows for the period indicated used for the purchase of fixed assets, which are composed of: (i) metering devices for rent (capitalized as a result of new installations and the replacement of meters); and (ii) plant and equipment (including technical equipment and machinery related to Energy Contracting segment products and other equipment such as data collectors); and intangible assets (including software developments);
- "free cash flow" represents cash flows from operating activities less cash flows used in investing activities less income taxes paid/received;

- “working capital” represents trade accounts receivable, contract assets and inventories less trade accounts payable.

We present EBIT, EBITDA, Adjusted EBITDA, Run-Rate Adjusted EBITDA, capital expenditures, free cash flow and working capital for informational purposes only. This information does not represent the results we would have achieved had each of the transactions for which an adjustment is made occurred at the dates indicated. There can be no assurance that items we have identified for adjustment as non-recurring will not recur in the future or that similar items will not be incurred in the future. The calculations for Adjusted EBITDA and Run-Rate Adjusted EBITDA are based on various assumptions (including the successful implementation of certain initiatives) and management estimates. These amounts have not been, and, in certain cases, cannot be, audited, reviewed or verified by any independent auditors’ firm. This information is inherently subject to risks and uncertainties. It may not give an accurate or complete picture of the financial condition or results of operations for the periods presented, may not be comparable to our Consolidated Financial Statements or the other financial information included in this Offering Memorandum and should not be relied upon when making an investment decision.

We present EBIT, EBITDA, Adjusted EBITDA, Run-Rate Adjusted EBITDA, free cash flow and working capital because we believe they are helpful to investors as measures of our operating performance and ability to service our debt. These measures are not measurements of financial performance under IFRS and should not be considered as a substitute to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. EBITDA and its variants as presented in this Offering Memorandum may differ from similarly titled measures used by other companies and from “Consolidated EBITDA” contained in the section entitled “*Description of the Notes*” of this Offering Memorandum and in the Senior Secured Notes Indenture. For a reconciliation of EBIT, EBITDA, Adjusted EBITDA and Run-Rate Adjusted EBITDA to net profit/(loss), see “*Summary Consolidated Financial and Other Information—Other Financial and As Adjusted Information*.”

The non-IFRS measures presented in this Offering Memorandum may not be comparable to other similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. Some of the limitations of each of these non-IFRS measures are:

- they do not reflect cash outlays for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, working capital;
- they do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on indebtedness;
- they do not reflect income tax expense or the cash necessary to pay income taxes;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA, Adjusted EBITDA and Run-Rate Adjusted EBITDA do not reflect cash requirements for such replacements; and
- other companies, including other companies in our industry, may calculate EBITDA, Adjusted EBITDA and Run-Rate Adjusted EBITDA differently from how they are presented in this Offering Memorandum, limiting their usefulness as comparative measures.

We have included in this Offering Memorandum Run-Rate Adjusted EBITDA. See “*Summary Consolidated Financial and Other Information—Other Financial and As Adjusted Information*.” Run-Rate Adjusted EBITDA has been prepared for illustrative purposes only and does not represent what our actual results would have been had the cost savings presented therein been realized and fully reflected in our results for the twelve months ended December 31, 2023, nor does it purport to estimate, project or guarantee our results of operations at any future date. Moreover, prospective investors should note that the increase in Adjusted EBITDA reflected in Run-Rate Adjusted EBITDA may be offset, to a degree that may vary with the circumstances, by a number of factors, including the costs associated with implementing our cost saving initiatives. The adjustments to Run-Rate Adjusted EBITDA are based upon forecasts and estimates and are in part based upon historical information. Our estimates of the impact of cost savings are based upon a number of expectations and assumptions, which may prove to be incorrect. We cannot assure you that we will be able to realize, fully or at all, any of these cost savings, and the costs we incur in trying to realize these cost savings may be substantially higher than our current estimates and may outweigh the benefits. Run-Rate Adjusted EBITDA as included in this Offering Memorandum has not been prepared in accordance with Regulation S-X under the U.S. Exchange Act, the EU Prospectus Regulation, the UK Prospectus Regulation, IFRS or any generally accepted accounting standards. Neither the assumptions underlying the run-rate adjustments nor the resulting Run-Rate Adjusted EBITDA have been audited in accordance with IFRS or any generally accepted accounting standards. In evaluating the Run-Rate Adjusted EBITDA, you should carefully consider our Consolidated Financial Statements included elsewhere in this Offering Memorandum. Although certain of this data has been extracted or derived from our Consolidated Financial Statements contained in this Offering Memorandum, this data has not been audited or reviewed by our independent auditors.

As Adjusted Financial Information

We present in this Offering Memorandum certain as adjusted financial information to reflect certain effects of the Transactions on the indebtedness, cash position and interest expense of the Group as of and for the twelve months ended December 31, 2023. See "*Summary Consolidated Financial and Other Information—Other Financial and Other Information*." This as adjusted financial information has been prepared for illustrative purposes only and does not represent what our actual interest expense would have been had the Transactions occurred on January 1, 2023 or what our actual cash position or indebtedness would have been had the Transactions occurred on December 31, 2023, nor does it purport to project our indebtedness, cash position or interest expense at any future date. The as adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Securities Act, the EU Prospectus Regulation or any generally accepted accounting standards. The as adjusted financial information has not been audited or reviewed.

Defined Terms and Financial Information

Where financial information in the tables in this Offering Memorandum is labeled "audited," this means that it was taken from the Audited Financial Statements included elsewhere in this Offering Memorandum. The label "unaudited" is used in the tables in this Offering Memorandum when the information has not been taken from these financial statements but was taken or derived from the Unaudited Interim Financial Statements, the Group's internal accounting records or management reporting system or has been calculated on the basis of the figures taken from the aforementioned sources, unless otherwise indicated. Unless stated otherwise, all of the financial data presented in the text and tables in this Offering Memorandum is shown in millions of euros, commercially rounded to a one decimal point. Because of this rounding, the figures shown as totals in this Offering Memorandum may vary slightly from the exact arithmetic aggregation of the figures that precede them.

In respect of financial data set forth in the main body of this Offering Memorandum, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available but has been rounded to zero. By contrast, no such differentiation has been made in respect of the financial data set forth in the financial information section of this Offering Memorandum beginning on page F-1. In the financial information section, zero ("0") is used to signify both unavailable figures and figures which are either exactly zero or have been rounded to zero.

The contents of any website, including the websites of the Sponsors (as defined herein) or any member of the Group, do not form any part of this Offering Memorandum.

INDUSTRY AND MARKET INFORMATION

We operate in an industry in which it is difficult to obtain precise industry and market information. In this Offering Memorandum, we have relied on and refer to certain economic information, information regarding our industry and information regarding the markets in which we operate and compete. Unless otherwise indicated, industry and market data contained in this Offering Memorandum is based on a commissioned independent market study dated November 2023 (the "Commissioned Report") that we commissioned from a leading international third-party management consultancy firm. The Commissioned Report is based on discussions conducted by the management consultancy firm with market and industry experts and participants, secondary market research and internal financial and operational information supplied by us or on our behalf. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on management information and market research, which are based on sampling and subjective judgments by both the researchers and the respondents. Although we believe the information contained in the Commissioned Report has been obtained from sources believed to be reliable, the accuracy and completeness of such information is not guaranteed. Furthermore, the management consultancy firm does not warrant, represent or guarantee the accuracy and completeness of any information in this Offering Memorandum, and does not accept any responsibility or liability to any party who relies on any information contained in this Offering Memorandum. In addition, the following sources were used in the preparation of this Offering Memorandum:

- Bain & Company, Inc., "Decarbonizing the Real Estate Sector," brief dated December 4, 2023, https://www.bain.com/insights/decarbonizing-the-real-estate-sector/ (the "Bain Brief");
- European Commission, "Energy efficiency in buildings," February 17, 2020, https://commission.europa.eu/news/focus-energy-efficiency-buildings-2020-02-17_en ("European Commission"); and
- Vonovia, CO_2 Reduction in the Housing Portfolio, April 2023, https://report.vonovia.de/2022/nachhaltigkeitsbericht/en/reducing-co2-in-the-real-estate-portfolio ("Vonovia").

In many cases we have made statements in this Offering Memorandum regarding our industry and our position in the industry based on our experience and our own investigation of market conditions. Outside of Germany, our market position in the various jurisdictions in which we operate is calculated on the basis of either volume of devices or revenue depending on customary practice or available market information. We cannot assure you that any of these assumptions are accurate or correctly reflect our position in the industry, and none of our internal surveys or information has been verified by any independent sources.

Certain customer data included in this Offering Memorandum, including churn, is derived from management estimates, is not part of our financial statements and has not been audited or otherwise reviewed by our independent auditors, consultants or experts. The use or computation of the term "churn" may not be comparable to the use or computation of similarly titled measures reported by other companies in our industry.

CERTAIN DEFINITIONS USED IN THIS OFFERING MEMORANDUM

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

"**2% Notes due 2025**"	refers to the €1,145.0 million in aggregate principal amount of 2% senior secured notes due 2025 issued by the Senior Secured Notes Issuer under the 2020 Indenture;
"**2020 Indenture**"..........................	refers to the indenture dated as of January 29, 2020 that governs the 2% Notes due 2025, by and among, *inter alios*, the Senior Secured Notes Issuer and U.S. Bank Trustees Limited, as trustee;
"**Acquisition**"	refers to the acquisition on July 31, 2018, of all of the issued and outstanding share capital of Techem Metering and its subsidiaries by the Senior Secured Notes Issuer;
"**Agreed Security Principles**"	refers to the agreed security principles appended to the Senior Facilities Agreement as applied *mutatis mutandis* with respect to the Senior Secured Notes in good faith by the Senior Secured Notes Issuer;
"**C$**"	refers to the lawful currency of Canada;
"**CDPQ**"...	refers to Caisse de dépôt et placement du Québec;
"**Clearstream**"..............................	means Clearstream Banking, S.A.;
"**Collateral**"..................................	has the meaning given to such term in "*Summary—The Offering—Collateral*";
"**devices**".......................................	refers to heat cost allocators, water meters and heat meters;
"**EU**"	refers to the European Union;
"**euro**," "**euros**," "**€**" or "**EUR**".....	refer to the single currency of the Member States of the European Union participating in the third stage of the economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended or supplemented from time to time;
"**Euroclear**"..................................	refers to Euroclear Bank SA/NV;
"**Facility B**"	refers to the senior secured term loan in an aggregate outstanding principal amount of €1,800.0 million to be established pursuant to the Senior Facilities Agreement following the occurrence of the Senior Facilities Extension and Upsize;
"**German HoldCo**"	refers to Techem Verwaltungsgesellschaft 673 mbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany;

"**German MidCo**" refers to Techem Verwaltungsgesellschaft 672 mbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany;

"**German TopCo**" refers to Techem Verwaltungsgesellschaft 671 mbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany;

"**Guarantees**" refers to the guarantees of the Senior Secured Notes issued by the Guarantors pursuant to the Senior Secured Notes Indenture;

"**Guarantors**" refers to Techem Solutions GmbH (formerly named Techem Energy Contracting GmbH), Techem Energy Services GmbH, Techem GmbH and Techem Metering GmbH, collectively;

"**IFRS**" refers to the International Financial Reporting Standards, as adopted by the EU;

"**Initial Purchasers**" refers to Goldman Sachs Bank Europe SE, BNP Paribas, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, J.P. Morgan SE, Landesbank Baden-Württemberg, Natixis, UBS AG London Branch and UniCredit Bank GmbH;

"**Intercreditor Agreement**" has the meaning ascribed to it in "*Description of Other Indebtedness—Intercreditor Agreement*";

"**Issue Date**" refers to the date of the issuance of the Senior Secured Notes offered hereby;

"**Lux TopCo**" refers to Luxembourg Investment Company 261 S.à r.l., a private limited company (*société à responsabilité limitée*) incorporated under Luxembourg law;

"**Luxembourg**" refers to the Grand Duchy of Luxembourg;

"**Member State**" means a member state of the EU;

"**Offering**" refers to the offering of the Senior Secured Notes by the Senior Secured Notes Issuer;

"**OTPP**" refers to the Ontario Teachers' Pension Plan Board;

"**Partners Group**" refers to investment funds advised or managed by Partners Group AG;

"**Paying Agent**" refers to Elavon Financial Services DAC;

"**RCF Extension**" has the meaning ascribed to it in "*Summary—The Transactions—Extension of the Revolving Credit Facility*";

"**Registrar**" refers to Elavon Financial Services DAC;

"**Regulation S 2% Notes due 2025**"..	refers to the €1,128,721,000 in aggregate principal amount of 2% Notes due 2025 issued in reliance on Regulation S;
"**Remaining 2% Notes due 2025**"..	refers to the 2% Notes due 2025 not validly tendered or accepted by the Senior Secured Notes Issuer pursuant to the Tender Offer;
"**Remaining 2% Notes due 2025 Redemption Date**"........................	refers to April 17, 2025, the date on which the Remaining 2% Notes due 2025 will be redeemed in full;
"**Revolving Credit Facility**".........	refers to the €398.4 million (equivalent) revolving credit facility to be established pursuant to the Senior Facilities Agreement following the occurrence of the Senior Facilities Extension and Upsize;
"**Security Agent**"...........................	refers to U.S. Bank Trustees Limited;
"**Security Documents**".................	refers to the security and other documents and agreements that provide for security interests over the Collateral for the benefit of the holders of the Senior Secured Notes, as described in more detail under "*Description of the Notes—Security—General*";
"**Senior Facilities**".........................	refers to the Facility B and the Revolving Credit Facility, together;
"**Senior Facilities Agreement**".....	has the meaning ascribed to it in "*Description of Other Indebtedness—Senior Facilities Agreement*";
"**Senior Facilities Extension and Upsize**"	has the meaning ascribed to it in "*Description of Other Indebtedness—Senior Facilities Agreement*";
"**Senior Notes**"	refers to the €363.9 million in aggregate principal amount of the outstanding Senior Notes Issuer's 6% Senior Notes due 2026;
"**Senior Notes Indenture**"	refers to the indenture dated July 30, 2018, governing the Senior Notes (as amended and supplemented by a supplemental indenture dated October 24, 2018);
"**Senior Notes Issuer**"..................	refers to Techem Verwaltungsgesellschaft 674 mbH;
"**Senior Notes Trustee**"	refers to U.S. Bank Trustees Limited;
"**Senior Secured Notes Indenture**".....................................	refers to the indenture governing the Senior Secured Notes as described in "*Description of the Notes*";
"**Senior Secured Notes Issuer**"	refers to Techem Verwaltungsgesellschaft 675 mbH, a limited liability company incorporated under the laws of Germany;

"**Sponsors**"	refers to, collectively, Partners Group, CDPQ and OTPP;
"**Techem**," "**we**," the "**Group**," "**our**" or "**us**"	refer to German TopCo and its subsidiaries, unless the context otherwise requires;
"**Techem Metering**".....................	refers to Techem Metering GmbH;
"**Tendered 2% Notes due 2025**"..	refers to the 2% Notes due 2025 validly tendered and accepted for purchase by the Senior Secured Notes Issuer pursuant to the Tender Offer;
"**Transactions**"..............................	refers to: (i) the issuance by the Senior Secured Notes Issuer of €500 million aggregate principal amount of Notes offered hereby; (ii) the Senior Facilities Extension and Upsize; (iii) the Tender Offer and the payment of the purchase price in respect of the Tendered 2% Notes due 2025, together with the accrued and unpaid interest thereon, up to, but excluding, the Tender Settlement Date, if such Tender Offer is not withdrawn and/or terminated in the Senior Secured Notes Issuer's absolute and sole discretion; (iv) the satisfaction and discharge of the Senior Secured Notes Issuer's and the Guarantors' obligations in respect of the Remaining 2% Notes due 2025 on or about the Issue Date by depositing an amount in cash sufficient to redeem the entire outstanding principal amount of the Remaining 2% Notes due 2025 at par on the Remaining 2% Notes due 2025 Redemption Date (being April 17, 2025), together with accrued and unpaid interest thereon, up to, but excluding, the Remaining 2% Notes due 2025 Redemption Date, with the trustee in respect of such Remaining 2% Notes due 2025; and (v) the payment of costs, fees and expenses in connection with the foregoing transactions, including the fees and expenses to be incurred in connection with the Offering;
"**Transfer Agent**".........................	refers to Elavon Financial Services DAC;
"**Trustee**".......................................	refers to U.S. Bank Trustees Limited;
"**United States**" or "**U.S.**"	refers to the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia; and
"**U.S. dollars**," "**dollars**," "**U.S.$**" or "**$**"...	refers to the lawful currency of the United States.

SUMMARY

This summary highlights selected information contained elsewhere in this Offering Memorandum. It is not complete and does not contain all of the information that you should consider before investing in the Senior Secured Notes. You should read this Offering Memorandum carefully in its entirety, including the sections entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry" and "Business," as well as our Consolidated Financial Statements included elsewhere in this Offering Memorandum.

Overview

We are a leading digitally driven energy services provider for the real estate sector in Europe with a strong track record of managing complexity for our customers. This stems from our historically strong business in submetering as well as significant offerings in energy contracting and other building and energy related services. We are active in 18 countries, all located in Europe except for Brazil, and hold top one or top two positions in most of these countries. We believe we are a leading provider in the European energy services market, in particular in the residential submetering market in Germany where we believe to have a relative market share of approximately 27% based on revenue for the financial year ended September 30, 2022, and the largest installed asset base of heat and water meter devices. While our business is not regulated, it is supported by the regulatory framework our customers face and we see ourselves as their service provider to help them fulfill growing regulatory requirements.

We organize our business into the two reportable segments: Energy Services, which offers submetering and cost allocation services, ancillary energy efficiency solutions and supplementary products and services, and Energy Efficiency Solutions, where we procure, convert and supply energy to our customers. Energy Services consists of the business operating lines Energy Services Germany and Energy Services International, which oversees the development and strategy across 17 countries. All of these countries are located in Europe, with the exception of Brazil. For the twelve months ended December 31, 2023, our Energy Services business segment generated external revenues of €863.8 million. Germany generated 61.0% of these revenues, with the remainder generated by our operations outside Germany. For the twelve months ended December 31, 2023, our Energy Efficiency Solutions business segment generated external revenues of €148.6 million.

For the twelve months ended December 31, 2023, we generated revenue of €1,012.5 million. In addition, for the twelve months ended December 31, 2023, we generated free cash flow of €130.0 million and Run-Rate Adjusted EBITDA of €534.6 million.

We leverage our scale, expertise, access to the real estate sector and the large amount of energy consumption information we compile through submetering to provide additional energy efficiency solutions and to respond to the shift towards an increasing emphasis on health within properties. Services include smoke detection, water testing, energy contracting, metering point operations ("MPO"), digital heat chain (control) ("DHC") services and electric vehicle charging ("EV Charging"). We plan to define a new market by introducing a new multi-sensor device ("MSD") as an alternative to the classical smoke detector with the replacement cycle in Germany in 2024, developed together with Vonovia, that comprises smoke detection and climate monitoring (including heat, carbon monoxide and mold detection) as well as humidity and temperature sensors. Our services are integrated as we bundle our cloud-based infrastructure, digital infrastructure in properties, and our deep and long-standing domain expertise in one technologically advanced platform – our *One Digital Platform*. This platform is a key enabler for the majority of our offerings.

We believe digitalization is key to achieving climate-neutrality in the real estate sector. Consequently, we have strategically digitalized our business processes in recent years, building a foundation for optimizing our increasingly digital service offerings and improving customer satisfaction. We believe that global digitalization trends will allow us to develop new and attractive value pools as we continue digitalizing our submetering offering, while continuing to expand our business offerings. Our digital operating model allows for speed and adaptability in fulfilling regulatory requirements and developing new digital services, while at the same time reducing human induced errors in the process.

To improve customer satisfaction, we redesigned our business model along customer journeys with a focus on providing value-added services based on our extensive amount of energy consumption information. Oftentimes customers turn to us when they face complex regulatory requirements, helping us to design our products and services in accordance with customer needs. Supported by strong research and development (“R&D”) and information technology (“IT”) capabilities we have created a digitalized asset base. It provides us with additional efficiency gains and growth opportunities while simultaneously yielding an improved customer experience. For example, we believe we have achieved efficiency gains through our devices (designed to fulfill open metering system (“OMS”)) by providing significant cost advantages over third-party OMS devices. These cost advantages stem from using streamlined manufacturing services and bundling volumes for core components. We believe to have deep expertise, in developing low-power electronics (with a battery lifetime of up to twenty years) that have a high reliability over their lifetime.

Our track record is supported by the revenue growth at a CAGR of 11.2% over the period from the financial year ended September 30, 2021 to the financial year ended September 30, 2023. Our past financial performance has been supported by *ENERGIZE-T*, our value creation program introduced in 2018 focusing on quality and performance improvements, our *One Digital Platform*, accelerated growth, as well as our cultural transformation. Through *ENERGIZE-T*, we have introduced a systematic approach to further develop our business, create value for us and our customers and laid the foundation for further growth.

Demonstrating our sustainability commitment, in April 2023 we achieved an ESG score of 8.7 by Sustainalytics, rating our sustainability risks as in the lowest risk category “negligible.” This rating ranks us within the top two percent of all ratings Sustainalytics has currently issued for business support services companies. See “*Business—Sustainability*.”

Energy Services

Within Energy Services, we offer submetering and cost allocation services, smoke detection, water testing, MPO and, in 2024, we plan to introduce the new smoke detection and climate monitoring offering which comprises additional services such as climate monitoring as well as humidity and temperature sensors that allow for mold prevention recommendations. While many of our services are supported by the tightening regulatory frameworks which our customers face, we have positioned ourselves as a broad service provider for the real estate sector for further innovative technology-enabled services such as DHC and EV Charging Some of these products and services, such as the DHC or MPO, are currently only offered on the German market, partially due to regulatory frameworks (in the case of MPO) and partially due to our development processes. However, as we generally develop our products and services for group-wide deployment, we may expand our offering beyond markets in which we are currently active in.

Submetering / Cost Allocation Services

Submetering entails the metering of energy and water consumption of individual units within a multi-unit residential or commercial building as well as billing services. Our submetering business is supported by the EU regulatory framework which requires landlords to meter the consumption of individual tenants and bill these costs accordingly. At the same time, the readings we obtain through these services are the basis for some of our ancillary energy efficiency solutions. Submetering enables our customers to regularly monitor energy and water consumption data and associated costs. Hence, this offering raises consumption awareness among landlords and tenants who may adjust their consumption behaviors. We believe that the use of submetering and the related consumption adjustments can lead to a reduction of energy consumption in multi-dwelling buildings by approximately 20%.

Globally, we provide submetering services for approximately 13 million residential units and have installed more than 67 million metering devices (including smoke detectors) as of September 2023, with 5.8 million devices installed in the financial year ended September 30, 2023. As of September 30, 2023, 82% of our installed devices in Germany were radio enabled and approximately 60% of our devices were cloud connected.

We also offer the rental and sale of hardware for cost allocation. In particular, we often sell service contracts as we enter into sale or rental contracts of hardware, while our rental and sales arrangements are often complemented by service contracts relating to the respective hardware. Hence, our broad offering provides us with various key revenue streams.

Smoke detection & climate monitoring

We offer smoke detection and related services, such as intra-year function controls, with our devices being connected through our digital infrastructure in a given property (our *Techem Fixed Network*). This allows us to generate revenue synergies through cross-selling opportunities with our products and services in our submetering business. Furthermore, our smoke detection and related services help our customers comply with regulations related to smoke detection installation.

We plan to introduce our smoke detection and climate monitoring offering with the MSD as a functionally enhanced alternative, which will include smoke detection and advanced safety features, as well as value added services such as mold prevention recommendations, air quality measurement with airing recommendations and continuous monitoring. Due to its advanced features compared to a conventional smoke detector, we expect to be able to sell the MSD at a price approximately three to four times of that of a current generation smoke detector. With our plan to sell the MSD in 2024, we strive to make this device the new industry standard as older smoke detector devices are expected to be replaced due to regulatory obligations requiring a replacement after a service life of ten years. We believe that the roll-out of the MSD across our customer base will be supported by an arrangement with Vonovia pursuant to which we have secured the sale of a significant number of MSDs, and we aim to provide MSDs to Vonovia’s entire portfolio. As of September 2023, there were approximately 10.3 million smoke detectors installed in individual units, all of which were remotely monitored and controlled. In the financial year ended September 30, 2023 we generated revenues of approximately €58.0 million from our smoke detection business.

Water Testing

We offer water testing services for legionella prevention from initial inspection to laboratory analysis in Germany and Austria, leveraging our existing customer base in our submetering business. Our services, which we provide in cooperation with SGS Fresenius as an independent laboratory, help customers in fulfilling regulatory standards, such as testing, certificate provision, service for legionella prevention, analysis and they also provide concrete action recommendations for renovation of the respective infrastructure. In addition, together with our laboratory partner we provide our customers with negative tests certifications and reports for health authorities to assist them in demonstrating compliance with regulations.

Metering Point Operations

Through our MPO activities, we are active in the smart metering business for electricity, gas and (district) heat as we record and transmit consumption data of multiple commodities in our customers’ buildings. Smart metering systems are meters which are connected to a communication network through a smart meter gateway. Our MPO business allows us to offer integrated metering and submetering across major utilities ((district) heat, gas and electric power). Our business has been supported by regulatory changes geared towards a liberalization of the metering market in Germany which allows for metering systems to also be operated by third parties such as Techem. As a competitive third-party operator, we are not tied to the price caps for operating a metering point and believe to stand out from competitors because of our value proposition that goes beyond the legal requirements for installation and operating of a metering point.

While today our smart meter gateway is used in our MPO business, it could also be used in connection with our submetering business in the future. Hence, we believe our smart meter gateways address future regulatory requirements around cross-commodity measurement as they connect all metering devices in a dwelling and create transparency about all energy consumption as an important prerequisite for optimizing energy consumption and purchasing.

In Germany, smart metering systems for electricity are a regulatory requirement from 2025 onwards for end-users who have an annual electricity consumption over 6,000 kWh and a controllable consumption device (such as an electric heat pump). Furthermore, smart metering systems have to be installed for operators with an electricity generation capacity of more than 7 kW. Smart metering systems are to be installed throughout Germany from 2032.

In addition to enabling decarbonization strategies in our serviced buildings, we expect that MPO will form the basis for further integration of renewable, intermittent energy sources to the grid and will be a key tool for demand-side management. As of today, MPO provides energy consumption data. However, in the future we believe that energy demand control signals will also be transmitted through MPO to synchronize the generation of fluctuating renewable energy sources with the consumption of the building. We believe that MPO will enable us to offer diverse, digital, and flexible business models, such as landlord to tenant electricity supply models, for the energy transition in the real estate sector.

In combination with our digital submetering infrastructure, connecting all metering devices through smart readers (data collectors) and MPO energy consumption data and contract information, we can offer monthly, rather than annual, billing options. This allows us to offer a holistic view of a building's exact energy consumption on a high-frequency basis. This would result in increased transparency of energy and heat consumption which in turn enables transparency on energy costs and CO_2 emissions.

Digital Heat Chain

Our DHC service provides an innovative solution to make the operational status of heat generation systems for multi-dwelling buildings more transparent. See "*Business —Energy Efficiency Solutions*." We launched this service for customers in the second half of 2023. With DHC, temperature and meter data are collected from the central heat generation system and then transmitted into the cloud. In combination with other data, property-specific models can be trained and mapped to a digital twin of the respective heat generation system. This provides customers with an overview of the current status of their systems. Through DHC we can swiftly provide specific recommendations to reduce energy consumption and CO_2 emissions by optimizing the setting of the generation system as well as reliable notifications about malfunctions and failures in their systems. We developed our DHC service drawing on our many years of experience in submetering, energy efficiency analytics of buildings and the application of modern AI technologies. These analytics provide actionable recommendations for a more efficient and safer operation of heating systems. Furthermore, the DHC comprises machine-learning technology that further contributes to a continuous optimization of its analyses.

We believe that the DHC forms a relevant part of a building's decarbonization strategy. We offer DHC either standalone or bundled with energy contracting solutions. In addition to energy saving potentials driven by a mere adjustment of consumption behavior (such as through use of submetering services and the related consumption adjustments), the DHC enables for significant optimization of existing heating systems, energy consumption and CO_2 emissions. This results in an additional energy saving potential of approximately 15% at relatively low incremental cost for our customers. Our service works regardless of the type, manufacturer, or age of central heat generation system and it is functional across energy sources. This means that we can provide solutions for installation independently of the type of boiler and other hardware installed. DHC solutions use a similar digital infrastructure as our submetering services which provides us with efficiency gains and reliable technology.

EV Charging

Given our long-standing experience with data-handling, energy consumption and billing, we offer a comprehensive service for EV Charging stations in multi-dwelling and commercial buildings, with a focus on Germany. Through EV Charging, we aim to make an active contribution to the expansion and servicing of primarily privately owned EV Charging infrastructure. Our EV Charging service comprises sourcing, installation, commissioning and operation of the charging infrastructure (as a rental or sales model), with a particular focus on remote monitoring, user management and billing as well as maintenance services. We provide largely standardized billing services based on actual customer usage of the shared infrastructure and manage access and tariff configuration on behalf of our customers. EV Charging stations are digitally connected to a back-end platform and to our shared IT-infrastructure. Most of our services are based on a digital data connection and setup, allowing transparency in tracking connected charging points. Our main revenue streams for EV Charging are service fees for multi-user billing, and subscription and rental fees for the operation of charging stations.

Since 2022, we have been executing a project for the German Institute for Federal Real Estate (*Bundesanstalt für Immobilienaufgaben, BImA*) whereby we aim to install, operate, and bill up to 1,000 charging stations for electric vehicles in more than 250 properties on behalf of them. As of September 2023, we have installed approximately 700 EV Charging points.

Energy Efficiency Solutions

Through Energy Efficiency Solutions, we offer energy contracting and energy consulting services to customers in Germany. This business builds on our expertise in managing energy consumption and leverages the extensive market understanding and real estate sector expertise we have gained over the past decades. Energy Efficiency Solutions further benefits from our experience in heat curve behavior and optimization, which enables us to run heating systems at high efficiency without impacting the comfort of end-users.

The energy contracting services mainly include the planning and design, financing, energy provisioning and operation (management and billing) of heating and cooling solutions. We typically involve third parties for the commodity sourcing and the installation of these solutions. These projects are generally customer-specific and tailored to the needs of the individual building and customer.

In recent years, we have shifted to focus on providing customers with primarily green and sustainable technology (i.e., heat pumps) and addressing specific building requirements (e.g., less energy-efficient buildings) with bivalent solutions (heat pump combined with gas boilers for peak demand). Today, we offer renewable energy supply solutions with a usage of a minimum of 65% renewable energy as the average target. In alignment with our sustainability goals, we offer new contracting customers primarily renewable energy supply solutions, and we aim to renew existing contracts only with contracts that include a renewable energy component. The energy management systems we offer comply with ISO 50001 and are therefore a key instrument for the continuous and sustainable energy optimization and decarbonization of our customers' heating and supply systems.

We believe that the energy contracting market in Germany is much more fragmented than the submetering and cost-allocation market. As of the date of this Offering Memorandum, we operate approximately 3,000 heating systems for our customers. Our leading position in the submetering market in Germany enables us to benefit from synergies, for instance, with regard to our market access efforts. Furthermore, it allows for multiple cross-selling opportunities as we provide our customers with fully integrated solutions across both Energy Services and Energy Efficiency Solutions.

In addition, we provide energy consulting services. These include assisting landlords, property managers and other customers in their energy management with offerings such as energy monitoring solutions and services to enhance cost and energy efficiency in light of ongoing decarbonization efforts.

We believe these consulting services are highly important to our customers in the real estate sector, as the regulatory landscape on energy provision becomes increasingly complex to navigate.

Consistent with rising energy costs and tighter regulations, we see a growing demand for cost effective, high-impact solutions. In connection with the cross-selling opportunities, we continue to leverage our submetering and cost allocation services with our contracting and energy consulting expertise to offer further solutions to buildings already serviced by us. For example, we have developed solutions that connect heating room optimization solutions with the demands of individual apartments and building units. In addition, we believe that the decarbonization of buildings can only be achieved with the help of its users and residents, thus, we aim to develop unobtrusive solutions with a high degree of acceptance and user convenience.

Our Strengths

We hold top one or top two positions in most of the 18 countries we are active in. In our home market Germany, we are market leader in heat and water submetering services. We aim to achieve a high level of social relevance through our services, such as enabling a usage-based allocation of energy costs (primarily in the provision of heat and water), thus inducing a monetary incentive for conscious consumption. This relevance became evident in the 1970s as oil prices spiked, leading to the first German Heating Cost Ordinance (*Heizkostenverordnung*) in 1981. This type of regulation has since been adopted and further developed by the EU and implemented in most of its Member States, such as the Directive 2012/27/EU on energy efficiency (EED), amended in 2018 to introduced requirements for providing monthly consumption information.

Increased awareness around sourcing of renewable energy considering the political and regulatory discussion on climate change, as well as efforts to decrease reliance on fossil fuels, recently particularly in the EU in light of the Russian invasion of Ukraine, which started in February 2022 (the “Russia-Ukraine War”), has driven an increased shift towards conscious consumption of energy.

We believe we play a vital role in supporting the real estate sector in achieving decarbonization goals and fulfilling regulatory obligations. Closely related to the submetering service, we have developed a number of energy efficiency services that all aim at facilitating the reduction of energy consumption in properties, such as our DHC that allows for digital monitoring of existing heat systems in properties, and EV Charging. Our contracting business also focuses on decarbonization strategies.

We also support our customers to comply with ever more demanding regulatory requirements. For example, in the context of the German Carbon Dioxide Cost Allocation Act (*Kohlendioxidkostenaufteilungsgesetz*) and the energy cost relief programs, according to which the proportion of heating and water costs borne by the landlord depends on the energy efficiency of the respective residential building, it has become mandatory to specify in a heating cost bill the share of costs to be borne by the tenant and the landlord respectively. Similarly, we are providing smoke detection services, since, for example, it is mandatory in Germany for landlords to provide smoke detectors and ensure their functionality within a rented residential property.

Expanding submetering into smart metering services, which can provide continuous and timely monitoring of energy generation and consumption, increases awareness for energy usage, during periods of high energy demand.

With our *One Digital Platform* we bundle our digital metering technology, digital infrastructure in properties (our *Techem Fixed Network*), cloud infrastructures and our core systems (such as our own developed billing engine *HZ/3*, our digital customer portal *my.techem* as well as data exchange systems) with our long-standing domain expertise in metering, energy consumption and the real estate sector. Overall, we believe to be well-positioned at the intersection of three of the global megatrends, i.e., digitalization, decarbonization and urbanization providing energy efficiency services on our outstanding *One Digital Platform*.

Pan-European market leader with stronghold in the German submetering market

We are one of the leading submetering providers in Europe where we hold top one or top two positions in most of the 18 countries in which we operate. We believe to be one of only two submetering providers with a strong international market presence. Our international business is tightly connected to our home market in Germany, leveraging economies of skill and scale developed and improved on in the German market. This position is enabled through our device development and our *One Digital Platform*, global purchasing, and production power, as well as cross-selling synergies.

We believe that our strong pan-European presence enables us to capture additional market share from the increasing regulatory-supported submetering roll-out in many EU markets, while having the technical, digital infrastructure to remotely service millions of existing devices.

Tech-enabled energy management pioneer delivering measurable customer benefit

We have transformed our business through digitalization and invested significantly into our core assets: people and technology. Our digital value proposition is transforming the customer journey, while increasing the efficiency and scalability of our business model. For example, a key capability and strength is our ability to dynamically adapt our services to rapidly changing regulatory requirements. We believe our proprietary billing engine HZ/3 to be the leading system in the industry. It is our cornerstone for transactional data processing in billing. Furthermore, we believe we have been amongst the leaders for radio-technology deployment in our sector. As of September 2023, approximately 82% of our devices in Germany were using radio-based transmission, and approximately 60% of our devices were cloud connected as of September 30, 2023. As of January 2024, properties in Germany with a reading date on December 31 amounted to 304,462 compared to 299,300 in January 2022. As of January 2024, 86% of devices connected to smart readers were ready for billing within approximately ten working days after the start of the peak winter service period on January 1st compared to 71% in January 2022, i.e., 63% of all properties (including with and without smart meters) in 2024 compared to 46% in 2022.

We believe that digitalization and open, interoperable systems go hand in hand. Thus, we have embraced the vendor independent communication OMS standards. With approximately 56.4 million OMS devices in use as of September 30, 2022, we believe we are one of the largest operators of OMS devices in submetering and we strongly promote the use of this open standard.

Our highly connected digitalized asset base of approximately 67 million devices as of September 2023, and the technological capabilities to manage complexity at scale are the starting point to expand into other adjacent areas by providing ancillary services, such as holistic energy management solutions as well as recently launched offerings, such as MPO, where in the German market we support customers preparing for future regulatory requirements as these systems are to be installed throughout Germany from 2032.

We believe our data and digital capabilities are leading in the submetering market and stand out in the European energy services industry. Our market position today is a result of our significant investments into the right expertise and the achievements of our digital teams, including *Techem X*, our digital strategy lab, which we founded to drive customer journey-led digital product and service design and development.

We believe that our refined digitalized operating model has led to measurable benefits for customers, such as improved service, a reduced error rate and an increase in delivery time all of which is reflected in reduced amounts of complaints and inquiries, resulting in low customer churn rates.

Highly resilient, infrastructure-like business with strong support by regulatory trends

The submetering market is non-cyclical, with inherent macroeconomic and political stability offering a solid base for a resilient financial performance, in particular as submetering is an essential service required by law in most of the jurisdictions in which we operate.

The general market resilience is supported by the EU and national regulatory frameworks, where many of our core services help our customers to comply with regulatory obligations. The megatrends of decarbonization and urbanization give us regulatory support and we believe that it provides us with a growing market opportunity in the future. Furthermore, we believe that laws are shifting to require greater transparency in the real estate sector around utility consumption (i.e., heat, water, and power), which our products and services are well suited to provide. The global temperature increase limit committed by the Paris Agreement drives this need for the building sector, as approximately 40% of greenhouse gas emissions in Germany stem from the building sector. This is expected to result in increasing regulation and the decarbonization of the heating systems as the real estate sector aims to become more environment friendly. Central boiler rooms in multi-family homes are today based on gas, oil, or fossil fuel district heat. These systems, over time, will need to be replaced by renewable, carbon-free energy sources. Today we see a clear path to use heat pumps powered by green solar energy from photovoltaic systems in most multi-family houses. We are able to provide users with this technology through our green contracting business.

Additionally, we believe that new opportunities will arise for us as individual heating solutions in multi-family homes, such as single-story gas heaters in apartments, will be replaced by central, green heating systems, such as heat pumps. This leads to additional necessity of cost and consumption allocation through submetering. In addition, increasing urbanization leads to a growing market of multi-dwelling buildings, further increasing the potential for submetering as these services are often required at the unit level, thus increasing the number of devices in use.

Our water testing business in Germany is supported by the Drinking Water Ordinance (*Trinkwasserverordnung*), which requires testing for legionella in multi-dwelling units with central hot water systems. Similarly, our smoke detection business in Germany is supported by the building codes of the German states.

General business resilience is driven by long-term customer loyalty and a low churn rate of approximately 2% as of September 2023. Some customer relationships have lasted for significantly more than 20 years, and we occasionally have customer relationships for more than 40 years. We have a low customer concentration, with the top 10 customers in Energy Services Germany representing approximately 6% of revenue, and our top 30 customers less than 10% of revenue, in each case for the financial year ended September 30, 2023.

These external factors align with our own operational resilience, based on our outstanding One Digital Platform, a lean operating model and strict steering based on our measurable key performance indicators, which we have defined. Given our focus on digitalization of our services, we believe that this will further strengthen the attractiveness of our services to our customers.

We have a resilient financial profile with predictable cash flows and consistent growth

Our financial strength is based on our attractive economic model, the strong resilience supported by a stable and robust market environment, our service offerings based on our redesigned operating model, high visibility of future financial performance already today, as well as our past financial success on the back of our investments in our *One Digital Platform*, which enables us to react quickly to our customers' evolving requirements and at the same time provides further opportunities to offer additional value-added services.

Our economic model is based on our customer portfolio, which we believe to be well-diversified leading to a low customer concentration, coupled with high customer loyalty based on long-term customer relationships, and decreasing customer churn. This is further supported by the recurring nature of our business due to the regulatory requirements our customers face and our services address. In addition, today we enjoy the benefits of a lean cost structure and ability to scale, which in turn both allows for a high operating leverage to capture economies of scale and to utilize the investments we made into our *One Digital Platform* across a large number of customers served and devices operated in Germany and abroad. In addition, we have a track record of high re-forecast accuracy. In each of the financial years ended September 30, 2023, 2022 and 2021, our actual EBITDA deviated less than 1% compared to our re-forecasted EBITDA.

For over 15 years, our financials have shown a combination of both revenue and EBITDA growth as we successfully withstood all major societal, political, and macroeconomic cycles and upheavals, including the financial crisis, the COVID-19 pandemic, the Russia-Ukraine War, and the subsequent energy cost crisis, and did not experience a single year in which our EBITDA declined. At the same time, we expanded our margin, which demonstrates our financial resilience. In addition, we have also recently demonstrated our ability to accelerate growth on the back of the regulatory tailwind and the successful implementation of our strategic and operational initiatives, by increasing revenue at a CAGR of 11.2% from the financial year ended September 30, 2021 to the financial year ended September 30, 2023 and achieving growth across our segments and across our German and international portfolio. During the same period our EBITDA accelerated and grew by a CAGR of 6.9% while Adjusted EBITDA grew at a CAGR of 5.8%.

Complementary management team with deep expertise and strategic vision

Our management team has a strategic vision, a proven track record and demonstrated expertise in digitalization, sustainability, transformation, and the real estate sector.

Matthias Hartmann joined in early 2020 as Chief Executive Officer to drive our digital and cultural transformation. Mr. Hartmann previously held CEO positions at IBM DACH (Germany, Austria, and Switzerland) and at GfK SE. Dr.-Ing. Carsten Sürig joined in March 2019 as Chief Financial Officer (and Chief Performance Officer until June 2023) to drive performance and financial management, as well as our holistic value creation program ENERGIZE-T. Dr. Sürig was previously a Managing Partner at McKinsey & Company, Inc. Nicolai Kuß joined in December 2016 as Chief Operating Officer. Since March 2019, he has been responsible for sales and customer service and has most recently taken over the holistic leadership for the operational business in Germany as Chief Sales Officer. Mr. Kuß previously held top management positions at large German real estate companies.

In recent years, we have looked to hire top talent with the skills and expertise required to help us succeed and grow in our sector and beyond. We have transformed our company culture towards a more agile organization, with an operating model focusing on customer centricity and invested heavily in our digital transformation and data capabilities.

Overall, we have managed to attract leadership for the second and third executive levels from a wide range of backgrounds, sectors and with diverse experiences. Our strong commitment to our vision of making buildings green, smart, and healthy and advancing our sustainability goals, has become part of our strategy. This commitment is a key driver for us while additionally serving as an attractor for top talent.

Our Strategy

To achieve our vision to make our customers' buildings green, smart, and healthy, we have set ourselves a strategy targeting sustainable growth and increasing value for our stakeholders. We aim at continuously increasing our efficiency and quality of services to reach an unrivalled customer experience and thus satisfaction. We offer digitally enabled, ancillary energy services from various growth opportunities in our core business and beyond.

Delivering outstanding customer experience through digital platform and streamlined processes

Our strategy is anchored around significantly increasing customer experience and to step-change the way our customers experience submetering and adjacent services. We believe that changing the way how submetering services were provided for a long period of time and focusing on customer satisfaction are important prerequisites to be successful in the future and to capture the significant potential arising from the digitalization of the industry.

We have therefore significantly invested in our digital platform and processes to offer an improved customer journey and to deliver superior service outcomes. We have put the customer at the center of our business and redesigned our operating model and processes along the customer journey to tangibly enhance our customers' experience. Offering higher quality service and clear convenience benefits has removed some former pain points customers had experienced and has allowed us to earn a positive net promoter score ("NPS"). In addition, we have managed to materially reduce our customer churn from 4% in the financial year ended September 30, 2019 to 2% by September 2023, a strong testimony to our improved service offering.

Increasing the digital penetration of properties with digitalization and efficiency offerings

Our goal is to further increase the digital penetration of properties under service in the medium term. We believe to lead the market with a high digitalization rate of approximately 82% (share of our devices in Germany using radio-based transmission as of September 2023) and which grew from 76% as of September 30, 2019. We aim to increase this rate to almost 100% by 2027. An increased digitalization creates the opportunity to automate and change key processes and to provide our core services much faster and better, which are essential elements to increase the customer satisfaction through process efficiencies. We plan to further optimize our operating model along the customer journey, leading to further increased efficiency, as we aim to deliver even higher on-time delivery and reduced correction quotas.

We aim to continue leveraging the power of data analytics and AI to drive efficiency and at the same time create greater customer value, competitive differentiation, and growth opportunities. For instance, with our *One Digital Platform*, we expect to achieve high growth rates and a rapid development-to-market cycle of new services. Our goal is to help customers in real estate fulfil new regulatory requirements they face in a swift and efficient manner.

In the past years we have started our transformation journey of process standardization and automation, which we will continue to pursue in the future. We are convinced that this will lead to further cost-reducing economies of scale primarily through the continued extension and development of digital solutions, adaptable to all our current and future markets. Our approach to standardization and automation has also enabled us avoiding business performance bottlenecks we faced in peak times.

We plan to gradually reduce repetitive work in our offering and to increase the share of high-value, digital tasks. This shift is supported by our holistic digital learning platform *Techem Academy* with comprehensive training offerings, that has already won multiple external awards. This way, we aim to further increase our attractiveness on the labor markets and to be a sought-after employer for top employees and talents despite the shortage of skilled workers.

Seizing multiple growth opportunities across segments

We believe that the continued public and private focus to decarbonize heat production and optimize energy efficiency in the real estate sector will require additional services to achieve these goals. We aim to capture this potential and accelerate our growth by rolling out leading energy efficiency solutions across markets at scale, further positioning us as the partner of choice across solutions for our real estate customers. We believe that this trend of optimization of energy efficiency has already contributed to our past Energy Efficiency Solutions growth, contributing to revenue growth at a CAGR of 27.3% over the period of the financial year ended September 30, 2021 to the financial year ended September 30, 2023, among other factors. We expect to maintain continued high growth benefiting from our investments into digitalization, the operating model and our customer-centric approach.

In Energy Services, we expect our business in and outside Germany to benefit from various factors. We believe to be able to participate from the ongoing implementation and enforcement of the EED which will result in an expansion of opportunities in submetering across our European markets. To this end, we aim to utilize our *One Digital Platform* for our respective solutions and to scale direct billing and our digital sales channels. Furthermore, we expect to continuously drive service revenue per dwelling based on our digitally enabled value-added services. In Germany we expect extended opportunities in submetering in the commercial real estate sector, as digital measurements and recordings of the carbon footprint will allow addressing regulatory pressure more quickly. We have also developed a new multi-sensor device (MSD), with which we aim at creating a new market next to the smoke detection only devices. We believe to be well placed to create this opportunity and are planning to sell this device in the course of 2024, thereby also utilizing the upcoming replacement cycle. Furthermore, our existing submetering customer base in Germany provides us with additional upside to expand our water testing services. In addition to organic growth, we aim to continue our successful track record of dedicated accretive acquisitions of smaller submetering companies to consolidate the fragmented tail of markets in which we operate.

The digitalization of our core business also presents opportunities in our new business areas such as the field of multi-commodity and smart energy efficiency solutions. We see opportunities around the next development stages of our DHC, such as scaling our offering across further markets, including new functions and services, as well as metering service offerings for all types of consumption across all properties. We plan to tap into this potential through our MPO business strongly enforced by the digitalization and decarbonization goals of the German government. We also aim at growing the services for planning, installing, and operating EV Charging stations as e-mobility is expected to become more widespread. Lastly, we aim at expanding our white label offerings around our *One Digital Platform*, as we provide its billing functionalities to smaller submetering players, housing providers and municipal utilities who lack digital capabilities.

We expect Energy Efficiency Solutions to grow as we will continue focusing on green solutions based on sustainable, electricity-based technologies (e.g., heat pumps, photovoltaic systems) complemented by our digital metering capabilities. As we aim for a largely climate-neutral inventory of existing buildings in Germany, we plan to convert all our existing fossil fuel heating systems to decarbonized heat supply systems by 2045 and to win larger customer portfolios through strategic decarbonization partnerships.

The Sponsors

Partners Group is a leading global private markets firm. Since 1996, the firm has invested $210 billion in private equity, private real estate, private credit and private infrastructure on behalf of its clients globally. Partners Group seeks to generate superior returns through capitalizing on thematic growth trends and transforming attractive businesses and assets into market leaders. The firm is a committed, responsible investor and aims to create sustainable returns with lasting, positive impact for all its stakeholders. With $147 billion in assets under management as of December 31, 2023, Partners Group provides an innovative range of bespoke client solutions to institutional investors, sovereign wealth funds, family offices and private individuals globally. The firm employs more than 1,900 diverse professionals across 20 offices worldwide and has regional headquarters in Baar-Zug, Switzerland; Denver, USA; and Singapore. Partners Group Holding AG has been listed on the SIX Swiss Exchange since 2006 (symbol: PGHN).

CDPQ is a global investment group that manages funds primarily for public and para-public pension and insurance plans from the province of Québec, Canada. It receives money on deposit from its clients (known as "depositors") and manages these funds with a view to achieving optimal return on investment within the framework of depositors' investment policies, while at the same time contributing to Québec's economic development. CDPQ is one of Canada's largest institutional investors, with C$434 billion in assets under management as of December 31, 2023. It invests globally in major financial markets, private equity, infrastructure, real estate and private credit.

OTPP is the largest single-profession pension plan in Canada, managing C$248 billion in net assets as of December 31, 2023. OTPP invests to provide retirement security for 340,000 active and retired schoolteachers in a fully funded defined benefit plan. Headquartered in Toronto, OTPP has teams across London, San Francisco, New York, Hong Kong, Singapore, and Mumbai who are focused on investment opportunities across a variety of asset classes. Teachers Private Capital ("TPC") is the private equity investment arm of OTPP, which manages a portfolio of over C$62 billion and includes over 70 current portfolio companies and 100+ experienced investment professionals. In Europe, TPC has been an active investor since 1992 and currently has a European portfolio of C$8 billion.

The Transactions

Concurrent Tender Offer

Concurrently with the Offering, the Senior Secured Notes Issuer commenced an offer (the "Tender Offer") to purchase any and all of the outstanding Regulation S 2% Notes due 2025 for cash, subject to satisfaction or waiver of certain terms and conditions as described in the tender offer memorandum dated April 8, 2024 (the "Tender Offer Memorandum"). The Tender Offer will be made at the purchase price specified in the Tender Offer Memorandum, payable on the principal amount of the Tendered 2% Notes due 2025, together with accrued and unpaid interest thereon, up to, but excluding, the Tender Settlement Date (as defined herein). As of the date of this Offering Memorandum, €1,145.0 million in aggregate principal amount of the 2% Notes due 2025 is outstanding. The Tender Offer is expected to expire on April 15, 2024 and settle on April 18, 2024, subject to the right of the Senior Secured Notes Issuer, in its absolute and sole discretion, to extend, re-open, withdraw and/or terminate the Tender Offer, as applicable (the "Tender Settlement Date"). Whether the Senior Secured Notes Issuer will accept for purchase any 2% Notes due 2025 validly tendered in the Tender Offer is subject, without limitation, to (i) the successful completion of the Offering in an aggregate principal amount and on terms that are satisfactory to the Senior Secured Notes Issuer in its sole discretion and (ii) the drawing of the Facility B on or prior to the Tender Settlement Date. The closing of the offering of the Notes is not conditioned on the consummation of the Tender Offer or on any minimum amount of 2% Notes due 2025 being tendered pursuant to the Tender Offer.

The acceptance for purchase by the Senior Secured Notes Issuer of the 2% Notes due 2025 tendered pursuant to the Tender Offer is at the sole discretion of the Senior Secured Notes Issuer. The Senior Secured Notes Issuer may, at its sole discretion, waive any of the terms and conditions in respect of the Tender Offer. The Senior Secured Notes Issuer is not under any obligation to accept for purchase any or all 2% Notes due 2025 tendered pursuant to the Tender Offer.

This Offering Memorandum does not constitute an offer to purchase or a solicitation of an offer to sell the 2% Notes due 2025. The Tender Offer will be made solely to recipients of a separate Tender Offer Memorandum upon the terms and subject to the conditions set forth therein and not pursuant to this Offering Memorandum. Holders of the Regulation S 2% Notes due 2025 should refer to the Tender Offer Memorandum for full details. No tender offer has been made in respect of the 2% Notes due 2025 issued in reliance on Rule 144A.

The Tender Offer is not being made and will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of a national securities exchange of, the United States or to any U.S. Person (as defined in Regulation S of the United States Securities Act of 1933, as amended).

Satisfaction and Discharge of Remaining 2% Notes due 2025

On or about the Issue Date, the Senior Secured Notes Issuer expects to deposit an amount in cash sufficient to redeem the entire outstanding principal amount of the Remaining 2% Notes due 2025 at par on the Remaining 2% Notes due 2025 Redemption Date (being April 17, 2025), together with accrued and unpaid interest thereon, up to, but excluding, the Remaining 2% Notes due 2025 Redemption Date, with the trustee in respect of such Remaining 2% Notes due 2025. This Offering Memorandum does not constitute a notice of redemption or satisfaction and discharge of the 2020 Indenture. Any such notice will be given in accordance with the terms of the 2020 Indenture.

Senior Facilities Extension and Upsize

On March 14, 2024, an amendment and restatement agreement was entered into between, among others, the Senior Secured Notes Issuer and Credit Suisse AG, London Branch as agent to the Existing Senior Facilities Agreement, pursuant to which (i) a new term facility will established in an amount equal to €1,800.0 million ("Facility B5") with an extended maturity date of July 15, 2029 and (ii) a new revolving credit facility will be established in an amount equal to €375.0 million ("Revolving Credit Facility 2") with an extended maturity date of January 15, 2029 (together, the "Senior Facilities Extension and Upsize"). The proceeds of Facility B5 will be used in part to refinance Facility B4 in full with effect from on or around the Issue Date. Following the establishment of the Revolving Credit Facility 2, the Revolving Credit Facility will be permanently reduced to an amount equal to €23,375,000 with the remainder of the drawn amounts under the existing Revolving Credit Facility being refinanced from the proceeds of Revolving Credit Facility 2 with effect from on or around the Issue Date, such that the revolving facility commitments under the existing Revolving Credit Facility and Revolving Credit Facility 2 will, in aggregate, be €398,375,000. See "*Description of Other Indebtedness−Senior Facilities Agreement*" for further information.

Potential Financing Transactions

We continually evaluate different financing alternatives and may decide to enter into new credit facilities, access the debt capital markets (including by tapping the Senior Secured Notes offered hereby) or incur other indebtedness or enter into liability management transactions from time to time, including following the pricing of this Offering and prior to, or within a short time period following, the Issue Date (the "Potential Financing Transactions"). The cash proceeds of any Potential Financing Transactions may be used to refinance indebtedness or for general corporate purposes. The issuance of indebtedness under any such Potential Financing Transactions would be incurred in compliance with the applicable covenants under the Senior Facilities Agreement, the Senior Notes Indenture and the Senior Secured Notes Indenture. Any Potential Financing Transaction will be made at our election and, if such debt is in the form of securities, such debt would be offered and sold pursuant to, and on the terms described in, a separate offering memorandum or liability management document. "*Risk Factors—Risks Relating to our Indebtedness and Corporate Structure—We may incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Senior Secured Notes, and impair our ability to operate our business*."

Recent Developments

Current Trading

Based on our accounting records for the five months ended February 29, 2024:

- our revenue increased by 1.1% to €508.1 million in the five months ended February 29, 2024 from €502.6 million in the five months ended February 28, 2023. This increase is primarily driven by growth in our core business (billing and rental revenues), in addition to higher equipment sales within the Energy Services Germany segment, as well as strong organic growth throughout the majority of countries in which we operate, mainly driven by effectiveness of pricing measures and higher volumes within the Energy Services International Segment; these developments more than compensated for the expected reduction in revenue from our Energy Efficiency Solutions segment resulting from a decrease in energy prices (which is an item we pass through to customers, and has therefore limited impact on our profitability);

- our Adjusted EBITDA increased by 7.3% to €275.1 million in the five months ended February 29, 2024 from €256.3 million in the five months ended February 28, 2023, mainly due to the aforementioned top-line driven growth in the Energy Services Germany segment and the Energy Services International segment and higher energy margin in the Energy Efficiency Solutions segment, which more than offset an increase in personnel and other expenses; and

- our free cash flow increased by 9.9% to €75.6 million in the five months ended February 29, 2024 from €68.8 million in the five months ended February 28, 2023, mainly due to the aforementioned top-line driven earnings growth in the Energy Services Germany segment and the Energy Services International segment.

The financial results for the periods presented above are derived from our accounting records. This information has not been audited, reviewed or compiled, nor have any procedures been performed by our independent auditors with respect thereto. Accordingly, you should not place undue reliance on such financial results, and no opinion or any other form of assurance is provided with respect thereto. Our financial results are based upon a number of assumptions and judgments that are subject to inherent uncertainties and are subject to change, and are not intended to be a comprehensive statement of our financial or operational results for the periods presented.

BFW Dieter Ritter Acquisition

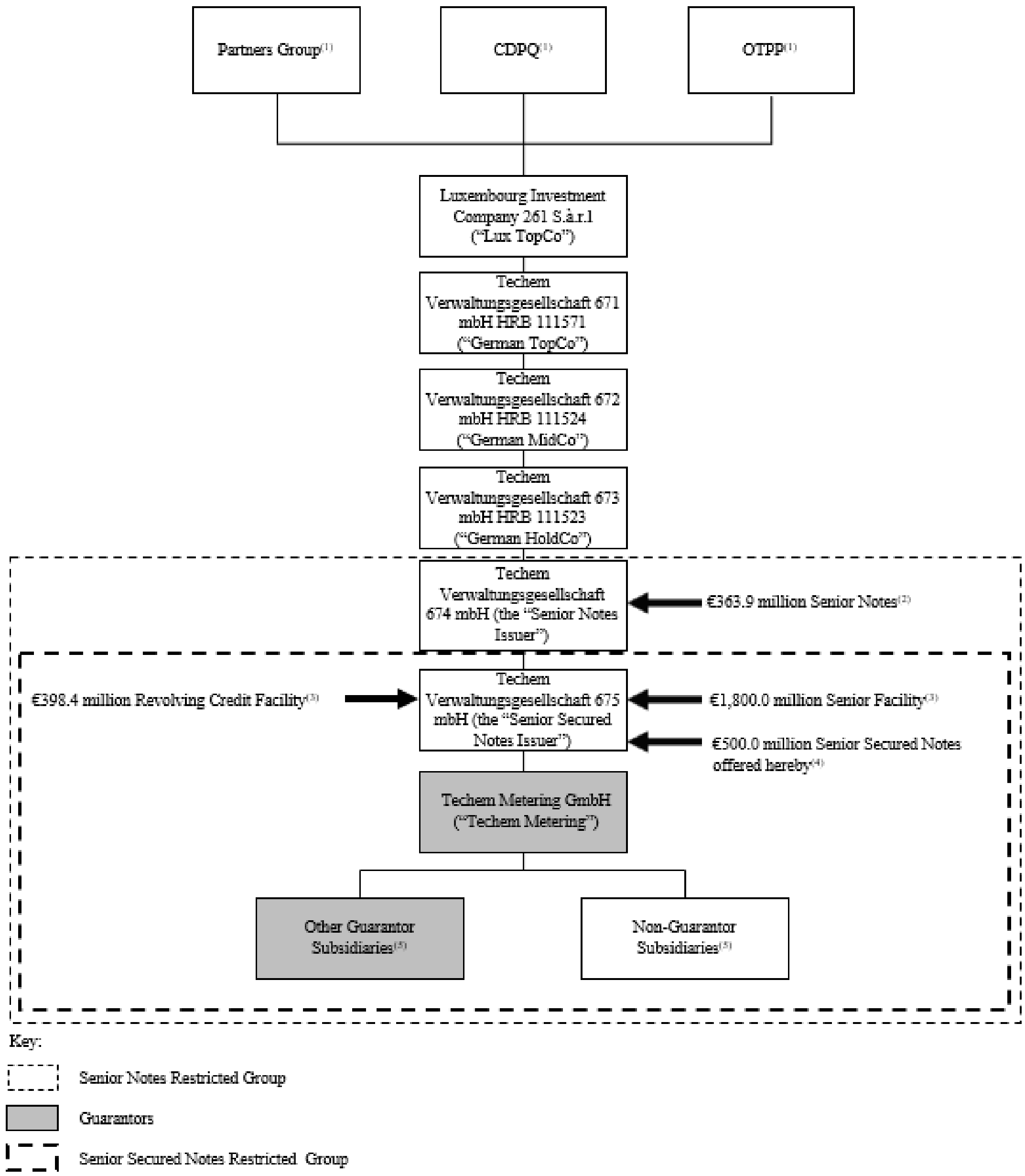
On January 4, 2024, we acquired BFW Dieter Ritter GmbH, Wyhl am Kaiserstuhl/Germany for a purchase price of €34.9 million. The business specializes in the reading and consumption-based billing of energy and water consumption, as well as the rental and sale of the respective devices.

Drawings of the Revolving Credit Facility

We expect that €42.8 million of drawings will be outstanding under the Revolving Credit Facility on the Issue Date and that approximately €5.1 million in non-cash guarantees under the Revolving Credit Facility will remain outstanding.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram presents our simplified corporate structure and principal outstanding financing arrangements after giving effect to the Transactions. All entities shown below are 100% owned (ignoring any *de minimis* shareholdings) unless otherwise indicated. For more information, see "*Description of Other Indebtedness*" and "*Description of the Notes*."



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(1) Entities managed or controlled by Partners Group, CDPQ and OTPP each hold 59.63%, 24.50% and 15.87% of the share capital of Lux TopCo, respectively. In addition, the Sponsors established a management equity participation program and a long-term incentive plan for the benefit of Techem's management. See "*Principal Shareholders and Related Party Transactions—Management Equity Participation Program*."

(2) On July 30, 2018, the Senior Notes Issuer issued €465.0 million in aggregate principal amount of 6% senior notes due July 30, 2026 (the "Senior Notes"). As of the date of this Offering Memorandum, €363.9 million of the Senior Notes remain outstanding. The Senior Notes are guaranteed by the Guarantors on a senior subordinated basis. The Senior Notes and the guarantees thereof are, pursuant to the terms of the Intercreditor Agreement, secured (i) on a first-priority basis by security interests over the shares in the Senior Notes Issuer and (ii) on a second-priority basis by security interests over the shares in the Senior Secured Notes Issuer.

(3) The Senior Facilities historically provided for aggregate borrowings of up to €1,420 million in the form of (i) Facility B in an aggregate principal amount currently outstanding of €1,145.0 million and (ii) a Revolving Credit Facility in an aggregate principal

committed amount of €275.0 million. Following the completion of the Senior Facilities Extension and Upsize, the Senior Facilities will provide for aggregate borrowings of up to €2,198.4 million in the form of (i) Facility B in an aggregate principal amount outstanding of €1,800.0 million and (ii) a Revolving Credit Facility in an aggregate principal committed amount of €398.4 million. The proceeds of Facility B5 will be used in part to refinance Facility B4 in full with effect from on or around the Issue Date. Following the establishment of the Revolving Credit Facility 2, the Revolving Credit Facility will be permanently reduced to an amount equal to €23,375,000 with the remainder of the drawn amounts under the existing Revolving Credit Facility being refinanced from the proceeds of Revolving Credit Facility 2 with effect from on or around the Issue Date, such that the revolving facility commitments under the existing Revolving Credit Facility and Revolving Credit Facility 2 will, in aggregate, be €398,375,000. We expect that €42.8 million of drawings will be outstanding under the Revolving Credit Facility on the Issue Date and that approximately €5.1 million in non-cash guarantees under the Revolving Credit Facility will remain outstanding. The Guarantors also guarantee the Senior Facilities on an equal and ratable, senior secured basis. The Collateral also secures the liabilities under the Senior Facilities on a first-priority basis. See "*Description of Other Indebtedness—Senior Facilities Agreement*," "*Description of Other Indebtedness—Intercreditor Agreement" and "Risk Factors—Risks Relating to the Senior Secured Notes—If the Revolving Credit Facility is designated as a super senior liability in accordance with the terms of the Intercreditor Agreement, creditors under the Revolving Credit Facility and counterparties to certain hedging obligations and future indebtedness permitted to be incurred under the terms of the Senior Secured Notes Indenture and the Intercreditor Agreement ranking pari passu with the Revolving Credit Facility will be entitled to be repaid with proceeds from the enforcement of the Senior Secured Notes Collateral in priority over the Senior Secured Notes*."

(4) The Senior Secured Notes will be general senior secured obligations of the Senior Secured Notes Issuer. On the Issue Date, the Senior Secured Notes will be guaranteed on a senior secured basis by the Guarantors. The Senior Secured Notes and the Guarantees will be secured on a first-priority basis by security interests in the Collateral, subject to the Agreed Security Principles, within 120 days of the Issue Date. See "*Summary—The Offering—Collateral.*" The laws of Germany limit the amount of obligations that may be guaranteed, which security interests may be provided and the enforceability of the Guarantees and the rights to the security securing the Senior Secured Notes and the Guarantees. For more information on limitations to the validity and enforceability of the Guarantees and the security interests and the liability of the Guarantors, see "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations.*"

(5) The Guarantors accounted for 74.4% of our EBITDA (excluding intercompany transactions) for the twelve months ended December 31, 2023, accounted for 69.9% of our total revenue (excluding intercompany revenue) for the twelve months ended December 31, 2023, and held 61.0% of our total assets (excluding goodwill, equity investments in subsidiaries and intercompany transactions) as of December 31, 2023. As of December 31, 2023, on a *pro forma* basis to give effect to the Transactions, our subsidiaries not guaranteeing the Senior Secured Notes had outstanding indebtedness of €2.4 million (excluding intercompany loans) comprised of bank loans of various recently acquired small submetering companies in Germany, as well as a local bank loan of Techem Brazil. This amount will rank structurally senior to the Senior Secured Notes and the Guarantees. See "*Risk Factors—Risks Relating to the Senior Secured Notes—The Senior Secured Notes and the Guarantees will be structurally subordinated to the claims of creditors, including depositors, trade creditors and preferred stockholders* (*if any*)*, of our non-Guarantor subsidiaries*."

THE OFFERING

The summary below describes the principal terms of the Senior Secured Notes, the Guarantees, the Intercreditor Agreement and the Collateral. It is not intended to be complete and certain of the terms and conditions described below are subject to important exceptions. You should carefully review the "*Description of the Notes*" section of this Offering Memorandum for more detailed descriptions of the terms and conditions of the Senior Secured Notes, including the definitions of certain terms used in this summary.

Senior Secured Notes Issuer............	Techem Verwaltungsgesellschaft 675 mbH.
Senior Secured Notes Offered..........	€500,000,000 aggregate principal amount of % senior secured notes due 2029.
Issue Price..	The issue price for the Senior Secured Notes is % (plus accrued and unpaid interest from the Issue Date, if any).
Maturity Date....................................	, 2029.
Issue Date...	, 2024.
Interest Payment Dates.....................	The Senior Secured Notes Issuer will pay interest on the Senior Secured Notes semi-annually in arrears on each and , commencing on , 2024, at a rate equal to % per annum. Interest on the Senior Secured Notes will accrue from and including the Issue Date.
Form and Denominations.................	Global Notes will be issued for the Senior Secured Notes in denominations of €100,000 and integral multiples of €1,000 in excess of €100,000. Senior Secured Notes in denominations of less than €100,000 will not be available.
Ranking of the Senior Secured Notes..	The Senior Secured Notes will:

- be general senior obligations of the Senior Secured Notes Issuer, secured as set forth under "*Description of the Notes—Security*";
- rank *pari passu* in right of payment with any existing or future obligation of the Senior Secured Notes Issuer that is not subordinated in right of payment to the Senior Secured Notes, including the obligations of the Senior Secured Notes Issuer under the Senior Facilities and certain hedging obligations;
- rank senior in right of payment to any existing and future indebtedness of the Senior Secured Notes Issuer that is expressly subordinated in right of payment to the Senior Secured Notes, including the Senior Secured Notes Issuer's obligations under its guarantee of the Senior Notes;
- be effectively subordinated to any existing or future indebtedness or obligation of the Senior Secured Notes Issuer and its subsidiaries that is secured by property or

assets that do not secure the Senior Secured Notes, to the extent of the value of the property and assets securing such obligation or indebtedness;

- be guaranteed on a senior secured basis by the Guarantors; and
- be structurally subordinated to any existing or future indebtedness of the subsidiaries of the Senior Secured Notes Issuer that are not Guarantors, including obligations to their trade creditors;

The Senior Secured Notes will be subject to the terms of the Intercreditor Agreement, including, subject to certain exceptions, payment blockage, standstill and turnover provisions. See "*—Intercreditor Agreement*" and "*Description of the Notes—Security*."

Guarantors... On the Issue Date, the Senior Secured Notes will be guaranteed (the "Guarantees") on a senior secured basis by the Guarantors.

Ranking of the Guarantees.............. The Guarantee of each Guarantor will:

- be a general senior obligation of that Guarantor, secured as set forth under "*Description of the Notes—Security*";
- rank *pari passu* in right of payment with any existing and future indebtedness of that Guarantor that's not subordinated in right of payment to such Guarantee (including such Guarantor's obligations under the Senior Facilities and certain hedging obligations);
- rank senior in right of payment to all existing and future indebtedness of that Guarantor that is subordinated in right of payment to its Guarantee, including such Guarantor's obligations under its guarantee of the Senior Notes;
- be effectively subordinated to any existing or future indebtedness or obligation of that Guarantor and its subsidiaries that is secured by property or assets that do not secure the Senior Secured Notes or the Guarantees, to the extent of the value of the property and assets securing such indebtedness; and
- be structurally subordinated to any existing or future indebtedness of the subsidiaries of that Guarantor that do not guarantee the Senior Secured Notes, including their obligations to trade creditors.

The Guarantees will be subject to the terms of the Intercreditor Agreement. See "*—Intercreditor Agreement*."

The Guarantees will be subject to release under certain circumstances. See "Des*cription of the Notes—The Notes Guarantees*."

The obligations of the Guarantors will be contractually limited under the applicable Guarantees to reflect limitations under applicable law, including but not limited to, with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their directors. In certain cases, these limitations may apply to the Guarantees, but not to the Guarantors' obligations under other debt, including the Senior Facilities. See "*Description of the Notes—The Notes Guarantees," "Risk Factors—Risks Relating to the Senior Secured Notes—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral" and "Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations.*"

The Guarantors accounted for 74.4% of our EBITDA (excluding intercompany transactions) for the twelve months ended December 31, 2023, accounted for 69.9% of our total revenue (excluding intercompany revenue) for the twelve months ended December 31, 2023, and held 61.0% of our total assets (excluding goodwill, equity investments in subsidiaries and intercompany transactions) as of December 31, 2023. As of December 31, 2023, on a *pro forma* basis to give effect to the Transactions, our subsidiaries not guaranteeing the Senior Secured Notes, when excluding intercompany loans, had outstanding liabilities of €2.4 million comprised of bank loans of various recently acquired small submetering companies in Germany, as well as a local bank loan of Techem Brazil. This amount would have ranked structurally senior to the Senior Secured Notes and the Guarantees. See "*Risk Factors—Risks Relating to the Senior Secured Notes—The Senior Secured Notes and the Guarantees will be structurally subordinated to the claims of creditors, including depositors, trade creditors and preferred stockholders* (*if any*)*, of our non-Guarantor subsidiaries*."

Collateral .... The Senior Secured Notes and the Guarantees will be secured on a first-priority basis within 120 days of the Issue Date, subject to the Agreed Security Principles, by:

- a share pledge over the shares in the Senior Secured Notes Issuer;
- a share pledge over the shares in each of the Guarantors;

- a bank account pledge over the material bank accounts of the Senior Secured Notes Issuer; and
- a bank account pledge over the material bank accounts of each of the Guarantors,

(collectively, the "Collateral").

The Collateral also secures on an equal and ratable, first-priority basis the liabilities under the Senior Facilities and certain hedging obligations, and may also secure certain future indebtedness. A portion of the Collateral also secures the Senior Notes on a second-priority basis. The security interests in the Collateral will be subject to certain limitations under applicable law and may be released under certain circumstances. Security interests granted by subsidiaries of the Senior Secured Notes Issuer will be contractually limited under the applicable Security Documents to reflect limitations under applicable law, including but not limited to, with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the grantor of such security interest or its directors. In certain cases, these limitations may apply to such security interests to the extent they secure the Senior Secured Notes or the Guarantees, but not to the extent such security interests secure other debt, including the Senior Facilities. See "*Risk Factors—Risks Relating to the Senior Secured Notes—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral*."

Intercreditor Agreement .... The Intercreditor Agreement sets forth various matters governing the relative rights relating to our indebtedness and obligations. The Intercreditor Agreement provides that the holders of the Senior Secured Notes will receive proceeds from the enforcement of the Collateral on a *pari passu* basis with other senior priority obligations, including (i) obligations under the Senior Facilities, (ii) other indebtedness incurred pursuant to the terms of the Senior Secured Notes Indenture that is entitled to rank senior to the Senior Secured Notes with respect to the proceeds of an enforcement of the Collateral and (iii) certain future hedging obligations. See "*Description of Other Indebtedness—Intercreditor Agreement*." In addition, if Facility B is repaid in full, pursuant to the terms of the Intercreditor Agreement, we may choose to designate the Revolving Credit Facility and certain hedging obligations as a super senior liability, in which case the creditors of such liabilities would be entitled to be repaid in full from the proceeds of any enforcement of the Senior Secured Notes Collateral in priority to the Senior Secured Notes. See "*Risk Factors—Risks Relating to the Senior Secured Notes—If the Revolving Credit Facility is designated as a super senior* *liability in accordance with the terms of the Intercreditor Agreement, creditors under the Revolving Credit Facility and counterparties to certain hedging obligations and future indebtedness permitted to be incurred under the terms of the Senior Secured Notes Indenture and the Intercreditor Agreement ranking pari passu with the Revolving Credit Facility will be entitled to be repaid with proceeds from the enforcement of the Senior Secured Notes Collateral in priority over the Senior Secured Notes*."

Optional Redemption....................... At any time prior to , 2026, the Senior Secured Notes Issuer will be entitled, at its option, to redeem all or a portion of the Senior Secured Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date, plus the applicable "make-whole" premium.

At any time on or prior to , 2026, the Senior Secured Notes Issuer may, at its option, redeem the Senior Secured Notes, in whole or in part, following any Initial Public Offering, with funds in an aggregate amount not exceeding the Net Cash Proceeds of such Initial Public Offering received by the Senior Secured Notes Issuer as a contribution to the common equity capital of the Senior Secured Notes Issuer, at a redemption price equal to 102% of the principal amount of the Senior Secured Notes redeemed, plus accrued and unpaid interest to, but not including, the applicable redemption date and Additional Amounts, if any, as further described under "*Description of the Notes—Optional Redemption*."

At any time prior to , 2026, the Senior Secured Notes Issuer may redeem, at its option, up to 40% of the original principal amount of the Senior Secured Notes with the net proceeds from certain equity offerings at the redemption price set forth in this Offering Memorandum plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date, provided that, *inter alia*, at least 50% of the principal amount of the Senior Secured Notes originally issued remains outstanding.

Prior to , 2026, the Senior Secured Notes Issuer may redeem up to 10% of the aggregate principal amount of the Senior Secured Notes originally issued (including the aggregate principal amount of any additional Senior Secured Notes issued) in each calendar year at a redemption price equal to 103% of the principal amount of the Senior Secured Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date.

At any time on or after , 2026, the Senior Secured Notes Issuer may redeem all or part of the Senior Secured Notes at the redemption prices set forth in this Offering Memorandum.

In addition, the Senior Secured Notes Issuer may redeem all, but not part, of the Senior Secured Notes at a price equal to 100% of the principal amount thereof (including accrued and unpaid interest and Additional Amounts, if any) upon the occurrence of certain changes in applicable tax law.

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

Change of Control............................. Upon the occurrence of certain defined events constituting a change of control, the Senior Secured Notes Issuer must offer to purchase each holder's Senior Secured Notes at a purchase price of 101% of the principal amount of the Senior Secured Notes, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of repurchase. However, a change of control with respect to the Senior Secured Notes will not be deemed to have occurred if a specified consolidated total net leverage ratio is not exceeded in connection with such event. See "*Description of the Notes—Change of Control*."

Redemption for Taxation Reasons ..

If certain changes in the law of any relevant taxing jurisdiction impose certain withholding taxes or other deductions on the payments on the Senior Secured Notes, the Senior Secured Notes Issuer may redeem all but not some of the Senior Secured Notes at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons*."

Additional Amounts.......................... All payments made by or on behalf of the Senior Secured Notes Issuer or any Guarantor under or with respect to the Senior Secured Notes or its Guarantee, as applicable, will be made without withholding or deduction for, or on account of, any present or future taxes in any taxing jurisdiction unless required by applicable law. If withholding or deduction for such taxes is required to be made in a relevant taxing jurisdiction with respect to a payment on the Senior Secured Notes or the Guarantees, subject to certain exceptions, the Senior Secured Notes Issuer or the relevant Guarantor, as the case may be, will pay the additional amounts necessary so that the net amount received after the withholding or deduction is not less than the amount that would have been received in the absence of the withholding or deduction. See "*Description of the Notes—Withholding Taxes.*"

Certain Covenants .... The Senior Secured Notes Indenture will contain covenants that, among other things, will limit the ability of the Senior Secured Notes Issuer and its restricted subsidiaries to:

- incur or guarantee additional debt and issue certain preferred stock;
- make restricted payments, including dividends or other distributions;
- engage in certain transactions with affiliates;
- create or permit to exist certain liens;
- sell certain assets;
- guarantee additional debt without also guaranteeing the Senior Secured Notes;
- create restrictions on the ability of restricted subsidiaries to pay dividends or make other payments to the Senior Secured Notes Issuer;
- create unrestricted subsidiaries;
- merge or consolidate with other entities or transfer all or substantially all of the Senior Secured Notes Issuer's or a Guarantor's assets; and
- impair the security interests for the benefit of the holders of the Senior Secured Notes.

These covenants are subject to a number of important limitations and exceptions as described under "*Description of the Notes—Certain Covenants*."

Certain U.S. Federal Income Tax Considerations.................................. For a discussion of certain U.S. federal income tax considerations of an investment in the Senior Secured Notes, see "*Tax Considerations—Certain United States Federal Income Tax Considerations.*" You should consult your own tax advisor to determine the U.S. federal, state, local and other tax consequences of an investment in the Senior Secured Notes.

Transfer Restrictions .... The Senior Secured Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. We have not agreed to, or otherwise undertaken to, register the Senior Secured Notes (including by way of an exchange offer). See "*Transfer Restrictions*."

Use of Proceeds.................................. The Senior Secured Notes Issuer intends to use the proceeds from this Offering, together with a portion of the proceeds from the Facility B, to: (i) pay the purchase price for the Tendered 2% Notes due 2025, together with accrued and unpaid interest thereon, up to but, excluding, the Tender Settlement Date, (ii) satisfy and discharge the Senior Secured Notes Issuer's and the Guarantors' obligations in respect of the Remaining 2% Notes due 2025 on or about the Issue Date by depositing an amount in cash sufficient to redeem the entire outstanding principal amount of the Remaining 2% Notes due 2025 at par, together with accrued and unpaid interest thereon, up to, but excluding, April 17, 2025 (the "Remaining 2% Notes due 2025 Redemption Date") with the trustee in respect of such Remaining 2% Notes due 2025 and (iii) pay fees, costs and expenses incurred in connection with the foregoing. See "*Use of Proceeds*."

The presentation set forth in "*Use of Proceeds*" is for illustrative purposes only and assumes that (i) 50% of the 2% Notes due 2025 are validly tendered and accepted for purchase by the Senior Secured Notes Issuer pursuant to the Tender Offer and (ii) the remaining 50% of the 2% Notes due 2025 not validly tendered and accepted for purchase by the Senior Secured Notes Issuer pursuant to the Tender Offer are redeemed at par on the Remaining 2% Notes due 2025 Redemption Date, which is a level that has been selected to represent the mid-point of potential outcomes of the Tender Offer, and is not intended to be an indication of the expected result. Actual amounts are subject to adjustments and may vary from estimated amounts depending on several factors, including the principal amount of the Tendered 2% Notes due 2025 pursuant to the Tender Offer, the Tender Settlement Date, the actual redemption date of the Remaining 2% Notes due 2025 and actual fees, costs and expenses. Any additional amounts required to fund the actual amounts required for the uses presented in the "*Use of Proceeds*" shall be funded by Facility B proceeds. There is no assurance that the Tender Offer will be subscribed for in any amount. Completion of the Tender Offer is conditioned upon the completion of the Offering and the drawing of the Facility B. This Offering

	Memorandum does not constitute a notice of redemption or satisfaction and discharge of the 2020 Indenture. Any such notice will be given in accordance with the terms of the 2020 Indenture.
No Established Market	The Senior Secured Notes will be new securities for which there is currently no established trading market. Although the Initial Purchasers have informed us that they intend to make a market in the Senior Secured 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 the Senior Secured Notes will develop or be maintained.
Listing	Application will be made to the Authority for the listing of and permission to deal in the Senior Secured Notes on the Official List of the Exchange. There can be no assurance that the Senior Secured Notes will be listed on the Official List of the Exchange, that such permission to deal in the Senior Secured Notes will be granted or that such listing will be maintained.
Governing Law of the Senior Secured Notes Indenture, the Guarantees and the Senior Secured Notes	The State of New York.
Governing Law of the Security Documents	Germany.
Governing Law of the Intercreditor Agreement	England and Wales.
Trustee	U.S. Bank Trustees Limited.
Security Agent	U.S. Bank Trustees Limited.
Paying Agent and Transfer Agent ...	Elavon Financial Services DAC.
Registrar	Elavon Financial Services DAC.
Listing Agent	Carey Olsen Corporate Finance Limited.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following tables set forth our summary consolidated financial information and other data for the periods ended and as of the dates indicated below. Our summary consolidated financial information as of and for each of the financial years ended September 30, 2021, 2022 and 2023 has been derived from the Audited Financial Statements, which are included elsewhere in this Offering Memorandum. The Audited Financial Statements have been audited by our auditors and their auditor's reports are included elsewhere in this Offering Memorandum. Our summary consolidated interim financial information as of and for the three months ended December 31, 2022 and 2023 have been derived from the Unaudited Interim Financial Statements, which are included elsewhere in this Offering Memorandum. The Unaudited Interim Financial Statements are included elsewhere in this Offering Memorandum.

We also present in this Offering Memorandum certain unaudited financial information for the twelve months ended December 31, 2023. This information has been derived by adding the Audited Financial Statements for the period from October 1, 2022 to September 30, 2023 to the Unaudited Interim Financial Statements for the three months ended December 31, 2023 and then subtracting the Unaudited Interim Financial Statements for the three months ended December 31, 2022. The financial information for the twelve months ended December 31, 2023, has not been audited or reviewed and is not required by, or presented in accordance with, IFRS or any other generally accepted accounting principles and has been prepared for illustrative purposes only. This information is not necessarily representative of our results of operations for such a period or any future period or any financial position at any past or future date.

This Offering Memorandum includes certain financial information of the Group as of and for the twelve months ended December 31, 2023, on an as adjusted basis to give effect to the Transactions, including financial data as adjusted to reflect the effect of the Transactions on our indebtedness, as if the Transactions had occurred on December 31, 2023, and on our interest expense, respectively, as if the Transactions had occurred on January 1, 2023. Such information does not purport to project our financial results, indebtedness or interest expense at any future date. The as adjusted financial information as of and for the twelve months ended December 31, 2023, has not been prepared in accordance with IFRS or any other generally accepted accounting principle. Neither the assumptions underlying the adjustments nor the resulting as adjusted financial information as of and for the twelve months ended December 31, 2023, have been audited or reviewed in accordance with any generally accepted auditing standards.

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

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

Summary Consolidated Statement of Profit or Loss

	Financial year ended September 30,			Three months ended December 31,		Twelve months ended December 31,
	2021	2022	2023	2022	2023	2023
		(audited)			(unaudited)	
			(in € millions)			
Revenue	818.6	899.6	1,011.7	210.5	211.3	1,012.5
Capitalized internal work	26.2	30.8	35.1	7.1	8.6	36.5
Other income	9.9	11.2	11.4	4.0	2.0	9.4
Product expenses and purchased services	(178.6)	(200.5)	(240.9)	(70.6)	(56.7)	(227.0)
Personnel expenses	(235.0)	(249.2)	(304.6)	(66.8)	(71.4)	(309.1)
Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets	(240.4)	(196.9)	(207.4)	(49.2)	(52.9)	(211.1)
Other expenses	(86.6)	(96.9)	(108.0)	(25.6)	(28.2)	(110.6)
Earnings before interest and tax (EBIT)	**114.0**	**198.2**	**197.4**	**9.4**	**12.7**	**200.6**
Share of profit of investments accounted for using the equity method	0.6	0.5	0.8	0.1	0.1	0.8
Financial income	13.3	14.5	4.4	0.9	1.3	4.8
Finance costs	(200.8)	(202.0)	(228.1)	(50.1)	(63.3)	(241.3)
Earnings/(loss) before tax	**(72.9)**	**11.2**	**(25.4)**	**(39.7)**	**(49.2)**	**(35.0)**
Income taxes	(10.5)	(26.2)	(30.2)	1.8	0.6	(31.4)
Net profit/(loss)	**(83.4)**	**(15.0)**	**(55.7)**	**(37.8)**	**(48.6)**	**(66.4)**
Attributable to:						
Owners of the parent	(83.4)	(15.0)	(55.7)	(37.8)	(48.6)	(66.4)
Non-controlling interest	—	—	—	—	—	—

Summary Consolidated Statement of Financial Position

	As of September 30,			As of December 31,
	2021	2022	2023	2023
		(audited)		(unaudited)
			(in € millions)	
Cash and cash equivalents	41.3	28.9	34.5	105.5
Total current assets	323.0	355.2	404.3	488.1
Total non-current assets	5,100.2	5,177.4	5,234.1	5,236.8
Total assets	**5,423.2**	**5,532.6**	**5,638.4**	**5,724.9**
Total current liabilities	310.2	325.3	376.6	508.2
thereof:				
Other financial liabilities	35.1	21.0	40.6	37.8
Financial liabilities	55.9	67.5	47.8	187.6
Lease liabilities	17.5	17.0	19.3	20.4
Total non-current liabilities	5,027.1	5,121.0	5,232.1	5,230.1
thereof:				
Financial liabilities	2,605.0	2,616.9	2,630.0	2,623.4
Lease liabilities	98.4	95.5	93.7	92.2
Other financial liabilities	0.8	1.4	0.8	0.8
Total equity	**85.9**	**86.3**	**29.7**	**(13.4)**
Total liabilities and equity	**5,423.2**	**5,532.6**	**5,638.4**	**5,724.9**

Summary Consolidated Statement of Cash Flow

	Financial year ended September 30,			Three months ended December 31,	
	2021	2022	2023	2022	2023
		(audited)		(unaudited)	
			(in € millions)		
Cash generated by operating activities	337.8	349.5	436.0	42.0	23.1
Cash flows used in investing activities	(172.0)	(218.6)	(222.8)	33.5	42.5
Free cash flow(1)	52.8	90.7	160.0	1.1	31.1
Net cash (used in)/generated by financing activities	(165.2)	(104.7)	(152.6)	45.2	101.5

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(1) This measure is not a measurement of financial performance under IFRS and should not be considered as a substitute to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information*." Free cash flow represents cash flows from operating activities less cash flows used in investing activities less income taxes paid/received.

Other Financial and As Adjusted Information

	Financial year ended September 30,			Three months ended December 31,		Twelve months ended December 31,
	2021	2022	2023	2022	2023	2023
	(audited, unless stated otherwise)			(unaudited)		
	(in € millions)					
Revenues	818.6	899.6	1,011.7	210.5	211.3	1,012.5
EBITDA(1)(2)	354.5	395.1	404.8	58.7	65.6	411.7
Adjusted EBITDA(1)(3)(4)	439.8	456.7	492.3	65.7	72.8	495.1
Capital expenditures(1)(4)	148.6	151.1	162.4	32.2	34.2	164.4
EBITDA *less* capital expenditures(1)(4)	205.9	244.0	242.4	26.5	31.4	247.3
Run-Rate Adjusted EBITDA(1)(3)(4)						534.6
As adjusted net indebtedness(1)(4)(5)						2,759.3
As adjusted net secured indebtedness(1)(4)(6)						2,237.3
As adjusted interest expense(1)(4)(7)						x
Ratio of as adjusted net indebtedness to Run-Rate Adjusted EBITDA(1)(3)(4)(5)						5.2x
Ratio of as adjusted net secured indebtedness to Run-Rate Adjusted EBITDA(1)(3)(4)(6)						4.2x
Ratio of Run-Rate Adjusted EBITDA to as adjusted interest expense(1)(3)(4)(7)						x

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(1) This measure is not a measure of financial performance under IFRS and should not be considered as a substitute to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information.*"

(2) EBITDA represents the net profit/(loss) before income taxes, finance costs, financial income, share of profit/(loss) of investments accounted for using the equity method, depreciation on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets and impairment losses on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets.

(3) Adjusted EBITDA represents our EBITDA for the relevant period as adjusted for certain items which management considers to be non-cash or non-recurring in nature and as adjusted for certain *pro forma* cost savings. Run-Rate Adjusted EBITDA represents our Adjusted EBITDA as adjusted for certain cost savings or topline measures we have identified or contractually agreed in the twelve months ended December 31, 2023, annualized on a run-rate basis. The following table is a reconciliation of our net profit/(loss) to EBIT, EBIT to EBITDA, EBITDA to Adjusted EBITDA and Adjusted EBITDA to Run-Rate Adjusted EBITDA for the periods indicated:

	Financial year ended September 30,			Three months ended December 31,		Twelve months ended December 31,
	2021	2022	2023	2022	2023	2023
	(audited)			(unaudited)		
	(in € millions)					
Net profit/(loss)	**(83.4)**	**(15.0)**	**(55.7)**	**(37.8)**	**(48.6)**	**(66.4)**
Income taxes	(10.5)	(26.2)	(30.2)	1.8	0.6	(31.4)
Finance costs	(200.8)	(202.0)	(228.1)	(50.1)	(63.3)	(241.3)
Financial income	13.3	14.5	4.4	0.9	1.3	4.8
Share of profit of investments accounted for using the equity method	0.6	0.5	0.8	0.1	0.1	0.8
Earnings before interest and tax (EBIT)[(a)]	**114.0**	**198.2**	**197.4**	**9.4**	**12.7**	**200.6**
Depreciation and impairment losses on metering and other devices, property, plant and equipment and right-of-use assets[(b)]	(240.4)	(196.9)	(207.4)	(49.2)	(52.9)	(211.1)
EBITDA[(a)]	**354.5**	**395.1**	**404.8**	**58.7**	**65.6**	**411.7**

	Financial year ended September 30,			Three months ended December 31,		Twelve months ended December 31,
	2021	2022	2023	2022	2023	2023
	(unaudited, unless stated otherwise) (in € millions)					
EBITDA[(a)]	**354.5[(c)]**	**395.1[(c)]**	**404.8[(c)]**	**58.7**	**65.6**	**411.7**
Transformation costs[(d)]..........	24.4	16.3	16.2	3.7	1.6	14.1
Severance and partial retirement costs………...	7.9	5.7	32.5	0.7	2.2	34.0
Advisory service fee[(e)]...........	8.5	8.5	8.5	2.1	2.1	8.5
Energy Efficiency Solutions – change in estimate[(f)]	5.8	—	—	—	—	—
Other[(g)]	8.9	7.5	4.9	0.3	1.3	5.9
Pro-forma earnings contribution[(h)]	29.8	23.7	25.4	0.3	—	20.9[(i)]
Adjusted EBITDA[(a)]...........	**439.8**	**456.7**	**492.3**	**65.7**	**72.8**	**495.1**
ENERGIZE-T (earnings contribution)[(j)]						15.1
New business contracts[(k)]						14.4
Acquired entities[(l)]						3.3
Billing services backlog[(m)]						1.1
Other[(n)]						5.5
Run-Rate Adjusted EBITDA[(a)]						**534.6**

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(a) This measure is not a measure of financial performance under IFRS and should not be considered as a substitute to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information.*" EBIT represents net profit/(loss) before income taxes, finance costs, financial income and share of profit/(loss) of investments accounted for using the equity method.

(b) Includes impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets amounting to €6.7 million for the financial year ended September 30, 2023, €7.5 million for the financial year ended September 30, 2022 and €7.8 million for the financial year ended September 30, 2021.

(c) Represents audited financial data for the periods presented.

(d) Transformation costs represent costs incurred in connection with the *ENERGIZE-T* value creation program which we initiated in 2018 following the Acquisition with a focus on further process efficiencies, digitization and accelerated growth.

(e) Represents an annual fee charged by the Group's shareholders for advisory services provided to the Group throughout the relevant period.

(f) Represents a one-off impact resulting from a refined calculation model applied to the accrual of revenues and costs in the Energy Efficiency Solutions segment following a review of the intra-annual performance recording and reporting of this segment. For further information see note D to our financial statements for the financial year ended September 30, 2022 included elsewhere in this Offering Memorandum.

(g) Includes costs for M&A and post-acquisition activity amounting to €3.8 million, €3.0 million and €2.0 million in the financial years ended September 30, 2023, 2022 and 2021, respectively. In addition, represents costs incurred in connection with the COVID-19 pandemic (related to the purchase of safety/protective equipment and disinfectants, as well as the provision of a home office allowance for employees working from home) amounting to €0.1 million, €1.5 million and €4.7 million in the financial years ended September 30, 2023, 2022 and 2021, respectively. In the three months ended December 31, 2023, other mainly includes costs for M&A and post-acquisition activity amounting to €0.7 million (€0.2 million for the three months ended December 31, 2022).

(h) Represents costs which will be discontinued in subsequent periods following the full implementation of cost savings which are in the process of being implemented as part of our transformation as if such costs had been discontinued at the beginning of the relevant period. The related measures reflect process changes in the operative business to improve customer onboarding and customer services, taking into account of our digitalization strategy. For example, in relation to the implementation of our fixed network platform. The pro-forma earnings contribution for the financial year ended September 30, 2023 comprises cost savings from digital and organizational transformation measures (€9.7 million), as well as effect from the organizational redesign as a result of our transformation (€15.7 million).

(i) Pro-forma earnings contribution for the twelve-month period ended December 31, 2023 exclude an amount of €4.2 million which relates to realized personnel cost savings in relation to the *ENERGIZE-T* related personnel cost measures which are already reflected in EBITDA for the three months ended in December 31, 2023.

(j) Represents the estimated full-year run-rate impact (to the extent not already included in Adjusted EBITDA) of the *ENERGIZE-T* value creation program's measures which were fully implemented partway through the twelve-month period ended December 31, 2023, locked-in (e.g., contractually secured) or partially implemented during such period, as if such measures were implemented at January 1, 2023, with the related EBITDA impact expected to be realized during the next financial years.

(k) Represents the estimated full-year run-rate impact (to the extent not already included in Adjusted EBITDA) of new business contracts which were secured partway through the twelve-month period ended December 31, 2023 as if such new business contracts had been secured at January 1, 2023, with the related EBITDA impact expected to be realized during the next financial years. This also includes an extraordinary temporary installation backlog within the Energy Services Germany segment caused by recent supply chain shortages and installation capacity constraints.

(l) Represents the estimated full-year run-rate impact (to the extent not already included in Adjusted EBITDA) of entities which were newly acquired partway through the twelve months ended December 31, 2023 as if the relevant acquisition had taken place at January 1, 2023, with the related EBITDA impact expected to be realized during the next financial years.

(m) Represents the estimated impact from the delayed delivery of cost information from customers and the resulting temporary delay in the provision of billings services to customers. The reason for the delayed delivery of cost information from customers is the delayed delivery of this information from energy suppliers, affected by the recent introduction of regulatory changes following the energy crisis in 2023 ("energy price cap") which many energy suppliers have found difficult to implement into their energy bills to customers.

(n) Other represent miscellaneous adjustments, including the add-back of inventory and accounts receivable valuation adjustments and write-offs (€3.6 million), as well as income/loss attributable to deferred compensation plans or trusts (€0.7 million).

These adjustments are based upon various assumptions, forecasts and management estimates and are in part based upon historical information. This information does not represent the results we would have achieved had each of the adjustments occurred and been fully implemented on January 1, 2023. In addition, our estimates of the impact of cost savings are based upon forecasts and management estimates and are presented on an annual run-rate basis as if such cost-savings had been fully realized at the beginning of the relevant period. We may not be able to achieve these cost savings in a timely manner or at all. The estimated cost savings are based on a number of assumptions made in reliance on the information available to us and management's judgments based on such information. The assumptions used in estimating cost savings are inherently uncertain and are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in our estimates of cost savings. These numbers have not been, and cannot be, audited, reviewed or verified by any independent accounting firm. This information is inherently subject to risks and uncertainties. It may not be comparable to our Consolidated Financial Statements or the other financial information included in this Offering Memorandum and should not be relied upon when making an investment decision. Adjusted EBITDA and Run-Rate Adjusted EBITDA are included in this Offering Memorandum because we believe they are helpful to investors as measures of our operating performance and ability to service our debt. These measures are not measurements of financial performance under IFRS and should not be considered as a substitute to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Other companies, including those in our industry, may calculate a similarly entitled financial measure differently from us, and so the presentation of such financial measures may not be comparable to other similarly entitled measures of other companies. Funds depicted by certain of these measures may not be available for management's discretionary use due to covenant restrictions, debt service payments or other commitments.

(4) Represents unaudited financial data for the periods presented.

(5) As adjusted net indebtedness represents borrowings under the Senior Facilities, the Senior Secured Notes, the Senior Notes, lease obligations and other-third party borrowings, net of as adjusted cash and cash equivalents, as adjusted for the Transactions.

(6) As adjusted net secured indebtedness represents secured indebtedness, consisting of borrowings under the Senior Facilities and the Senior Secured Notes, but excluding the Senior Notes, lease obligations and other third-party borrowings, net of as adjusted cash and cash equivalents, as adjusted for the Transactions.

(7) As adjusted interest expense represents our interest expense on as adjusted indebtedness after giving effect to the Transactions as if it had occurred on January 1, 2023, as set forth in "*Use of Proceeds.*" As adjusted interest expense reflects the interest charges on the average amount of drawings under the Revolving Credit Facility for twelve months ended December 31, 2023. As adjusted interest expense does not include commitment fees in respect of undrawn amounts under the Revolving Credit Facility but includes interest expense on our lease liabilities. Interest expense on our lease liabilities amounted to €6.8 million for the twelve months ended December 31, 2023, and lease liabilities amounted to €112.6 million as of December 31, 2023 (with a nominal value of €155.7 million).

Working Capital

	As of September 30,			As of December 31,
	2021	2022	2023	2023
	(audited, unless stated otherwise)			(unaudited)
	(in € millions)			
Billed receivables and finance lease receivables(1)(2)	74.5	81.9	98.1	89.1
Unbilled trade accounts receivables(1)(2)	110.0	134.0	126.0	139.9
Trade accounts receivable	184.5	215.9	224.2	229.1
Contract assets(1)	26.3	25.9	27.8	28.9
Inventories(1)	47.9	56.2	80.0	79.2
Trade accounts payable	(49.1)	(48.0)	(72.6)	(74.4)
Working capital(3)	**209.6**	**250.0**	**259.4**	**262.8**

(1) Net of valuation allowances.

(2) Represents unaudited financial data for the periods presented.

(3) This measure is not a measurement of financial performance under IFRS and should not be considered as a substitute to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information.*"

Summary Consolidated Segment Information

The following table shows the external revenue of our business segments for the periods indicated:

	Financial year ended September 30,			Three months ended December 31,		Twelve months ended December 31,
	2021	2022	2023	2022	2023	2023
	(audited)			(unaudited)		
	(in € millions)					
Energy Services(1)	720.7	758.5	852.9	159.0	170.0	863.8
Energy Efficiency Solutions	97.9	141.1	158.8	51.5	41.3	148.6
Revenue	**818.6**	**899.6**	**1,011.7**	**210.5**	**211.3**	**1,012.5**

(1) Energy Services includes reading and billing services, rental and associated service revenue, sales, maintenance services and other.

The following table sets forth our revenue by region for the periods indicated:

	Financial year ended September 30,			Three months ended December 31,		Twelve months ended December 31,
	2021	2022	2023	2022	2023	2023
	(audited)			(unaudited)		
	(in € millions)					
Germany	625.5	686.8	770.4	160.7	156.6	766.3
International(1)	193.1	212.8	241.3	49.8	54.7	246.2
Revenues	**818.6**	**899.6**	**1,011.7**	**210.5**	**211.3**	**1,012.5**

(1) International includes: Region West (Belgium, Brazil, Denmark, France, Italy, Luxembourg, the Netherlands, Norway and Spain) and Region CEE (Austria, Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia, Switzerland and the United Arab Emirates (business sold on October 12, 2023)).

Key Performance Indicators

	As of September 30,			As of December 31,
	2021	2022	2023	2023
	(unaudited)			
Dwellings	12.2	12.5	13.1	13.1
Installed devices	62.0	63.3	66.7	66.6
thereof:				
Germany (radio)	23.7	24.4	25.5	25.8
Germany (non-radio)	7.8	7.3	7.9	7.9
International	21.3	22.0	23.0	22.4
Smoke detectors	9.2	9.5	10.3	10.5
Radio quota	80.2%	82.0%	82.0%	83.5%
Fixed network quota	30.4%	44.0%	59.7%	61.3%

RISK FACTORS

An investment in the Senior Secured Notes involves risks. You should carefully consider the risks described below before deciding to invest in the Senior Secured Notes. In assessing these risks, you should also refer to the other information contained in this Offering Memorandum, including the financial statements and related notes. These risks and uncertainties are not the only ones we face. Additional risks and uncertainties that are not currently known to us or that we currently consider immaterial could also impair our business, financial condition, results of operations and our ability to make payments on the Senior Secured Notes.

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

Risks Relating to Our Business

Our cost allocation business is influenced by regulation aimed at, among other things, promoting the efficient use of energy and water. Amendments to these regulations could have a negative impact on our business activities and significantly impair our prospects.

In our core market Germany and other countries where we operate, the metering and billing of heat and water consumption is influenced to a considerable degree by statutory provisions that are aimed at promoting the conservation of energy and water. Laws and regulations that require owners and landlords of residential and commercial units to provide consumption-based submetering and billing of heat and water consumption and that allow for an individual allocation of submetering costs to end-users have proven to be significant factors for our business and our growth.

In Germany, the Heating Cost Ordinance (*Verordnung über die verbrauchsabhängige Abrechnung der Heizungs-und Warmwasserkosten, in short: Verordnung über Heizkostenabrechnung*), the Operating Costs Ordinance (*Verordnung über die Aufstellung von Betriebskosten, in short*: *Betriebskostenverordnung*), the building codes (*Landesbauordnungen*) of most German federal states and certain regulations serve as integral drivers of increased demand for our products and services. Pursuant to the Heating Cost Ordinance, the owner of multi-unit residential or commercial buildings with a central heating or hot water system or that is commercially supplied with heat or hot water is required to meter heat and hot water consumption, respectively, of the individual units and allocate the respective costs at least to a certain extent based on the individual consumption of the end-users. The ordinance, however, provides for various exceptions from the obligation to provide consumption-based metering and billing of heat and hot water use. Additionally, the building codes of most German federal states (*Länder*) provide for an obligation to install cold water devices, at least in new buildings. We also benefit from certain regulations requiring building owners to install and check smoke detectors and to undertake legionella analysis. There can be no assurance that the Heating Cost Ordinance, federal state building codes, certain regulations or any other future statutory provisions will maintain the current requirements with respect to submetering of heat and hot water consumption, provision of consumption-based billing services, the installation and checking of smoke detectors, and performance of legionella analysis or that the exceptions to certain of these requirements will not be broadened. Any changes to these ordinances and codes or any other future statutory provisions could have a negative impact on our business.

Certain device type and production quality assessment approvals are required under national law (including, among others, for heat cost allocators and devices in contact with drinking water) while European conformity assessment and approval requirements are established under the Framework Directive 2004/22/EC of March 31, 2004 as recast by 2014/32/EU of February 26, 2014 on measuring instruments (the "MID") (including, among others, for water meters and heat meters) and as implemented in national laws. Similar assessment approvals are required for non-measuring devices (including, among others, radio devices and smoke detectors) which are regulated by various European directives. Such approvals are necessary to enable and allow the marketing of our devices in Europe. The approval procedures do not involve public authorities, but the producer implements so-called conformity assessment procedures itself, which may, depending on the specific product, require the involvement of external experts. The responsibility to ensure conformity with the evolving certification requirements in order to maintain approval remains with the producer. Additionally, in Germany, several of our devices are subject to the rules of the weights and measures regulations (for instance, the Measures and Weights Act (*Mess- und Eichgesetz*) as well as the associated rules of the Measures and Weights Ordinance (*Mess- und Eichverordnung*)). These rules require that installed and calibrated water and heat meters have to be recalibrated at regular intervals. Generally, for practical and cost reasons, devices are replaced, rather than recalibrated, at the expiration of the calibration period. If future legal regulations prolong the validity of calibrations or the equipment replacement cycle, or if our customers or we are found to not comply with these rules, our revenue and profitability could be adversely affected, and legal proceedings may be initiated against us or our customers. For example, we are, from time to time, subject to minor fines due to accidentally having used reading values of metering devices not fully in compliance with the German Measures and Weights Act. Under certain circumstances, such legal proceedings could also preclude us from participating in tender processes from existing and new customers. The calibration authority in Hesse is currently requesting data on all water meters installed in Hesse from major customers and metering service providers directly (including Techem). The concrete intention behind this request is not known.

In the majority of the jurisdictions where we operate, most of the costs related to submetering, including rental charges and maintenance costs, but also for the installation and maintenance of smoke detectors as well as legionella testing, can generally be passed through from landlords to their tenants by way of contractual agreement. In Germany, the allocation of operating costs to tenants is regulated through legislation and is generally restricted by the principle of economic efficiency (*Gebot der Wirtschaftlichkeit*), which means that costs can only be allocated if an adequate cost-benefit ratio exists. The costs for purchasing the devices may only be passed through to tenants under certain conditions as costs for modernization by way of a rent increase. Such increase in the annual rent for residential units is generally limited to 8% of the cost of modernization and within the following six years the monthly rent may only be increased by two or three euro per square meter, depending on the monthly rent per square meter of the living area before the rent increase. Besides a change to the pass-through regulation, there is also an according risk that not all innovations in the cost allocation industry promoting energy savings will result in products and services, the costs of which can be passed on to tenants. There is also a risk that a change in an individual customer’s cost-benefit ratio will restrict such customer’s ability to pass on costs for our devices and services, thereby reducing demand for our existing devices and services.

Additionally, if costs are not allocable, owners and landlords may not be willing to invest in innovative technologies because they are not the ultimate beneficiary of the resulting cost savings. Furthermore, there can be no assurance that current statutory provisions enabling such allocation of costs will remain in place. Any changes to the statutory provisions, for instance, by introducing caps or additional requirements that must be met, or court decisions affecting the possibility of passing on costs for submetering or the realization of any of the other abovementioned risks could have a negative impact on our business.

Future regulation could also further encourage the interchangeability of submetering and data collection equipment, decreasing our ability to differentiate our products and services from those of our competitors. Key components differentiate our devices from those of our competitors, making it difficult to replace or substitute our devices with those of our competitors. Thus, customers who wish to switch from our products and services to those of a competitor may have to exchange their devices, which can result in considerable costs, opt to revert to manual, in-person readings of their radio-enabled devices, or they can further engage us to deliver the reading values to the competitor. Conversely, convincing our competitors’ customers to switch to our products and services may be challenging due to the incompatibility of competitor’s proprietary radio devices with our devices.

However, given the increasing requirements to install remotely readable and interoperable metering devices, it is possible that in the future it may become easier for customers to switch their submetering provider, thus providing new business opportunities but also increasing competition.

In addition, our ability to retain customers also depends on our ability to enter into long-term agreements, especially agreements for the rental of metering devices. In the past the German Federal Court of Justice (*Bundesgerichtshof*) has held that a standard minimum term of ten years for the rental of metering devices by consumers was invalid under applicable German contract laws. Future court decisions or more restrictive consumer protection laws could have further negative consequences on our ability to enter into long-term agreements with our customers. For example, the Law on the Operation of Smart Meters (*Messstellenbetriebsgesetz*) already provides for a right of tenants and landlords in Germany (if certain requirements are fulfilled) to choose a different metering point operator. A landlord's right to choose takes precedence over that of the tenant, provided the metering point operator commits to (i) equip all metering points of a property with smart metering systems, (ii) provide submetering services not only for electricity but also for at least one additional media (gas, district or local heating) and (iii) not charge more than the total costs for all individual submetering services. In case the landlord exercises this right, the existing contract is automatically terminated provided that it had been in place for five years.

Furthermore, we cannot rule out that submetering services, under certain circumstances, may in the future become subject to specific price caps. Such price caps already exist, for example in Germany, for submetering services regarding electricity under the Law on the Operation of Smart Meters (*Messstellenbetriebsgesetz*), where the costs that can be passed on to tenants are capped depending, inter alia, on the electricity consumption level. For example, a recently proposed amendment which, however, did not become actual law, also introduced such price caps for bundled submetering of heat together with electricity.

Slower than expected implementation or governmental enforcement of regulations promoting the efficient use of energy and water could have a negative impact on our business activities and significantly impair our prospects.

Statutory provisions aimed at promoting the conservation of energy and water have an influence on the metering and billing of heat and water consumption. In particular, we are dependent on the regulatory environment regarding the requirement for consumption-based submetering and billing of heat and water consumption.

While the introduction of the Energy Efficiency Directive ("EED") in the European Union ("EU") in 2012, including subsequent amendments, offered the possibility of increased demand for our products and services in other European countries by requiring, to the extent technically feasible and cost-efficient, individual consumption metering, not all member states of the European Union ("Member States") have adopted the directive as promptly or effectively as Germany. For example, not all national implementations provide for penalties for a failure to comply with individual cost allocation requirements, and, in some cases, existing penalty provisions may not be enforced consistently or at all. As a result, expected penetration rates for submetering services have not always been met in the past and may in the future not be achieved in all Member States in the projected time frame or at all. This is, for example, the case for submetering requirements in France, where the actual implementation of submetering has been slow and Spain, where implementation of the EED has only begun in 2020 and is expected to be completed until 2027.

Any shortfall of the implementation of the EED or similar regulations, or a slower than expected enforcement of these rules in Member States could significantly impair our prospects as it will reduce demand for our products and services in those Member States.

Our business is highly competitive and the level of competition may increase in the future.

The geographic markets in which we operate are highly competitive. For example, five large providers currently serve approximately 86% of the German heat and water residential submetering market. Due to the maturity of some of our geographic markets, including our core market Germany, additional market share can be acquired only by displacing competitors, which is achieved typically through better service quality, broader service offering or competitive pricing. We also face competitive pressure as some of our competitors operate by offering lower prices. For example, we recently experienced pricing pressure in Poland for third-party water meter manufacturing. Because of our existing contractual relationships with manufacturers, we may not always be able to offer water meters at the lowest price and hence we may not be able to meet demand. Furthermore, even though the pricing of submetering services in Germany is generally flexible, we may experience pricing pressure should any of our competitors offer services at a lower price point in the form of service bundles.

Furthermore, constant technological advances and evolving regulatory requirements and industry standards impact the competitiveness of our business. To this end, we are required to continuously adapt our products and services to remain competitive. This includes updating our back-end systems and self-developed billing software in order to provide our customers with correct cost allocation and billing services. For example, from 2015 until 2017 the German Federal Cartel Office (*Bundeskartellamt*) conducted a sector inquiry and proposed various measures promoting competition in the German market for heating and water submetering such as introducing legal requirements regarding the interoperability of metering devices as well as imposing requirements to include more detailed information in cost bills. These measures increased competitive pressure as they required us to ensure that our devices comply with such interoperability standards, and we also had to enhance our billing products and services so that we are able to provide customers with bills containing further detailed information. Similar actions could adversely affect our margins in the mid-term. Furthermore, increasing regulations in the real estate sector regarding intra-year submetering services have been affecting us as a service provider for the real estate sector. This has required, and we expect will continue to require, us to digitize our submetering offering. If we are not able to keep up with the evolving regulatory requirements, our products could lose their competitiveness. In addition, declining demand in the residential real estate market resulting from increasing construction costs and rising interest rates may also affect our competitiveness in the markets in which we operate.

Additionally, large customers increasingly require submetering service providers to tender for the services which they require resulting in an overall increase in the number of tender processes. Such tenders often increase the competitive pressure and generally result in large customers splitting their contracts between suppliers, potentially at more attractive terms to the customers than they would receive if they had only approached a single supplier. As a result of tender processes, our margins could be adversely affected. Furthermore, customer contracts awarded in the context of tenders often provide for more extensive cancellation rights for customers. Due to these factors, price pressure could increase noticeably and force us to lower the prices of our products and services. Moreover, increased competition could slow down or prevent our growth in markets in which we intend to increase our market share.

Also, in certain countries in which we operate, European open metering system ("OMS") standards have been introduced, providing for open and vendor-independent standards for communication and allowing interoperability between meter products, such as in Germany with its implementation of the Buildings Energy Act (*Gebäudeenergiegesetz*) ("BEL"). The introduction of OMS facilitated the development and offering of metering solutions for new market participants due to a reduction of technical complexity, thereby increasing competition in our markets.

Increased competition could result in a decline in our market share and negatively impact our ability to obtain orders and the pricing of our products and services. This, in turn, may reduce sales, margins and cash flows and could adversely affect our business, financial condition, cash flows and results of operations and our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

Further, competitive pressure may prevent us from expanding our current market position in markets where we only have a relatively small market share, and we may ultimately decide to exit such markets as result of prevailing competitive pressure.

The implementation of our strategy is subject to our ability to successfully market new and existing products and services. Should customers not accept our products and services as we anticipate, we may lose our competitive position or market share which could adversely affect our business and results of operations.

The implementation of our strategy as a digitally driven energy service provider with a digitalized asset base is exposed to various risks. We are expanding our product offering for example by a multi-sensor device that allows for smoke detection and climate monitoring and comprises humidity and temperature sensors for mold prevention recommendations. The attractiveness of this device in Germany will to some extent be driven by it qualifying as a modernization measure under German law allowing for an increase in the annual rent for residential units. Due to the novelty of this device in our portfolio, we cannot rule out that competent courts might not regard the installation of it as a modernization measure which in turn would affect its attractiveness to customers. We also aim at expanding our metering point operations business, our recently launched digital heat chain service as well as our offering for electronic vehicle charging. However, demand for our new products, services and digital offerings may fall short of our expectations and our competitors may be more successful at marketing their products or there may be a delay in providing our products and services to the market.

We have only recently launched certain of our digital services offerings such as our digital heat chain which provides digitally driven solutions to make the operational status of heat generation systems for multi-dwelling buildings more transparent with the aim to reduce the energy consumption. Other offerings are in early development stages and customers may not accept our new technology due to higher costs or for any other reason. For example, some customers may continue to prefer printed bills instead of a digital service. If demand falls short of our current expectations or if our plans are delayed, we may not realize the benefits of our investments in the development and production of technology, or our revenues may not grow to the extent anticipated.

Furthermore, complementing our digital value proposition as well as customer centricity, we aim to differentiate ourselves from our competitors as we continue to optimize the integration of our Energy Services and Energy Efficiency Solutions businesses. Should we fail to differentiate ourselves from competitors, we are at risk of being regarded as a conventional submetering company resulting in a loss of our competitive position or our market share.

A failure to implement parts or all of our corporate strategy could result in a loss of market share, for example if we are unable to offer new digital services, and thereby impact our revenues. Further, our cost base could be impacted, if we are unable to realize synergies from the further integration of our Energy Services and Energy Efficiency Solutions businesses. This as a result could have a material adverse effect on our business, and results of operations and our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

We are exposed to liability in connection with potentially defective or incorrectly installed metering devices, incorrect readings or billing errors, incorrect servicing of our devices, or in connection with the operation of our CHP-units. Such liabilities could materially affect our financial condition and harm our reputation.

Faults or defects in our products can cause damage to the property or health of our customers, tenants, or third parties and lead to significant damages. In accordance with applicable general rules of civil liability, we may be obliged to bear such damages in whole or in part. Further, we might be required to carry out a product recall and to pay the costs of procuring defect-free replacement products. Faulty or defective products, product liability and warranty claims, as well as product recalls can damage our overall reputation and have a material adverse effect on our business, financial condition, and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantee.

We use a large number of submetering and data collection devices, especially heat and water meters as well as heat cost allocators, for our various metering activities. As of September 2023, there were 56.4 million submetering devices (66.7 million in total, including smoke detectors) installed in more than 13 million residential units in multi-unit residential or commercial buildings. In case of incorrect readings, due to defective or incorrectly installed devices or incorrect billing due to process errors, we reimburse customers using these devices. For example, we recently discovered deficiencies due to approximately 35,000 uncalibrated meters in Austria and we may discover further such deficiencies in any of our markets, including as a result of inquiries to this end by competent authorities. In addition, defective or incorrectly installed metering devices or incorrect readings or billing errors may violate statutory requirements or our contractual obligations.

In addition, defects in smoke detectors, the incorrect installation or servicing of these detectors by us or our installation or service partners and flaws in relation to customer specifications involve significant risks for personal injury and property damage which could result in us being liable for defects or insufficient services. As regards smoke detectors and the multi-sensor device, we do not manufacture such devices but procure them from third parties. Nevertheless, a failure to properly install or render the agreed services for these devices, or defects of the devices, may potentially lead to damage to human life and limb which would severely adversely affect our reputation. For example, recently some of the smoke detectors we procured from our supplier emitted signal noises on levels lower than specified in technical standards. As a consequence, substantial testing and investigations had to be conducted to determine whether the affected devices had to be exchanged (which was not the case).

As a result, we may be exposed to damage compensation claims by our customers or third parties or possibly be obligated to pay administrative fines. In addition, affected devices might be recalled or must be reinstalled, and we may not be able to pass this cost on to our suppliers. Any of these factors could have a material adverse effect on our business, financial condition, results of operations, our reputation and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

Furthermore, in our energy contracting business, we operate more than 300 combined heat and power ("CHP") units. Those heat and power units may fail to function properly. Other risks associated with the operation of these units are accidents such as the occurrence of fires (for example due to leaks or errors in the handling of fuels) and explosions (for example as a result of high-pressure components and the presence of combustion materials), or leakage of hot water (for example in connection with improperly fitted material), or the wear and tear of a unit. As the operator of these units, we may be liable under general rules of civil liability for damages caused in the course of their operation, as well as damages caused by a functional failure of any of these units. Under certain circumstances we may be held strictly liable for damages, in particular for damages to individuals, property, water and soil, which could have a material adverse effect on our business, financial condition, and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees if we were required to pay damages.

We are exposed to the risk of defects or security vulnerabilities of our products, or other reasons for which they do not meet customers' requirements. The materialization of such risks may harm our reputation and lead to the incurrence of warranty claims of our customers, which could adversely affect our business and financial condition.

We rent or sell many products that must meet demanding quality standards and product specifications that are either customary in the market, self-imposed or agreed with customers. Our products are subject to various technical risks over their lifecycle. Design defects and quality flaws in our products may expose us to liability and harm our reputation and business. For example, submetering and data collection equipment fitted with radio transmitters may be exposed to hacker attacks and security vulnerabilities may surface. This also applies to the smoke detectors we sell or rent and our multi-sensor device which we expect to launch in the course of this year. Each of these could be subject to particular interest by hackers due to their function as a safety device rather than a metering device.

To the extent the products we sell or rent could have production defects or security vulnerabilities, we may have to discontinue production of the relevant devices until the cause of the error in the product is identified and a remedy is found. In the case of products already delivered and installed, accurate consumption-based submetering for the affected customers might not be possible in the time prior to the discovery and the remedying of such a defect. If, for example, a submetering and data collection device is defective for a long period of time and has to be replaced, a customer might be liable for damages if the end-user has paid too much or too little over this time period or if it can no longer be determined how the costs are to be allocated to individual tenants. In addition, our customers may be in violation of certain laws in case of the use of a defective product, such as the German Heating Cost Ordinance. This may adversely affect our reputation and could lead to liability claims by our customers. Flaws in the submetering and data collection equipment could also impair the market acceptance of our other products and services and thus reduce revenue.

Each of these factors could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

If we are unable to implement our transformative initiatives successfully, we might fail to realize our management plan.

The implementation of our corporate strategy is dependent on a number of estimates and assumptions, including assumptions relating to the implementation of our various transformative initiatives, organized under our value creation program *ENERGIZE-T*.

In order to remain competitive in our markets and support our financial performance, we launched our comprehensive value creation program *ENERGIZE-T* in 2018. We organize all our major initiatives underpinning our management plan under this value creation program. *ENERGIZE-T* comprises various strategic initiatives, including initiatives regarding the improvement of our operational and commercial processes, digitalization (such as the development of our *One Digital Platform* and the full digitalization of our submetering infrastructure), ways to achieve growth in new products and services, further steps in our M&A activities, as well as measures around cultural transformation within our Group with a focus on environmental, social and governance ("ESG") matters. We closely monitor the progress of our initiatives under this program.

However, the expected benefits of any or all individual transformative initiatives under the *ENERGIZE-T* program may not be achieved within the time frame we currently anticipate or at all. Also, the process efficiencies we anticipate regarding the operational initiatives are based on our own current estimates and assumptions. These estimates and assumptions are uncertain and subject to significant business, economic and competitive uncertainties which we are not able to predict, and which are beyond our control.

If the implementation of any or all of our major transformative initiatives under our value creation program *ENERGIZE-T*, are not successful and the targeted efficiency gains cannot be realized fully or at all, our financial performance may not improve as expected. As a result, our financial condition could be materially adversely affected.

From time to time, property management companies seek to in-source the metering and billing of heat and water consumption. This could lead to a loss of customers and adversely affect our market share and, consequently, our results of operations.

In the past, large property management companies have, and may continue to, in-source the metering or billing of heat and water consumption rather than engaging energy service providers for these services. These initiatives could be driven by the desire to control or lower the costs associated with our services, having superior control over data and security, or integrating these processes with their own software and thereby streamlining operations. For example, in recent years, one of our customers with over 300,000 residential units, in-sourced the metering and billing of heat and water consumption as part of an overall strategy to in-source all external services, which did not materially impact our business. Using this approach, property management companies could refrain from or discontinue the use of our cost allocation services. Especially in economic downturns or in times of strained property markets as currently experienced in our markets, we view this trend as more pronounced, because property management companies may look for ways to reduce layoffs or to generate earnings themselves. While we noticed that the trend towards self-billing has mostly not established itself also due to customers increasingly recognizing the complexity of consumption-based billing and the requirements for digitalization and data protection, we cannot exclude that this trend may reassert itself in any of our markets in the future.

Such development may lead to a loss of customers and in turn could reduce our market share and revenues and therefore have a material adverse effect on our business, financial condition, and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

Legal and regulatory disputes pose a risk of substantial penalties or damages, as well as additional costs that we may be required to pay and could further harm our reputation.

Legal actions and claims involving our Group companies typically arise in the ordinary course of our business, and hence we are, and likely will be in the future, involved in legal and civil, tax, and regulatory proceedings to which we are a party or in which we are otherwise involved. Our business is subject to domestic and foreign laws and regulations, many of which include legal and administrative standards subject to interpretation. The outcome of these proceedings is uncertain. For example, we recently faced claims related to price escalation clauses used in general terms and conditions in some of our contracts for energy contracting.

Some of the proceedings we are currently involved in (or proceedings in which we may become involved), if adversely resolved, could result in an obligation for us to pay penalties or damages. We may therefore incur related losses which may not be covered by our insurance policies. Furthermore, such payments could exceed provisions we made for losses related to legal proceedings.

In addition, some of these proceedings, as well as proceedings involving members of our senior management in their personal capacity, may divert attention from our senior management or result in significant costs. Furthermore, our involvement, or the involvement of members of our senior management in legal, civil, tax, regulatory, competition, criminal and other proceedings may harm our reputation. We cannot assure you what the ultimate outcome of any particular proceeding will be, and a negative outcome in the form of a judgement for payment of damages or a fine could materially adversely affect our business, financial condition and results of operations.

We are subject to competition and antitrust laws, which may subject us to liability and hinder our business strategy.

Our business is subject to applicable competition and antitrust laws, rules, and regulations. These laws are designed to preserve free and open competition in the marketplace in order to enhance competitiveness and economic efficiency and to protect consumers. We have been in the past, and may in the future become, subject to investigations and proceedings by national and supranational competition and antitrust authorities for alleged infringements of competition or antitrust laws. Such investigations or proceedings may be initiated either by competent authorities, or as a result of complaint proceedings initiated by customers. For example, we currently are involved in an investigation conducted by the competition authority in North Rhine-Westphalia that was initiated by a third-party in relation to our pricing clauses. Furthermore, we were subject to a competition proceeding in Austria regarding a potential illegal exchange of information and agreements on prices and conditions with competitors in violation of antitrust law between July 2004 and February 2019. As of the date of this Offering Memorandum, no fines were imposed in connection with this proceeding. However, we are currently in negotiations with certain of our customers regarding potential claims for damages and additional claims may be filed in the future. Such investigations and proceedings may require considerable time and resources and may result in adverse publicity, irrespective of the investigation's ultimate outcome. Actual infringements of competition or antitrust laws could result in fines and other liabilities (including claims for damages), which could be significant, and harm our reputation and competitive position, including by restricting our ability to tender for services to public sector landlords.

We may also become subject to other inquiries and actions by the competent competition authorities. For example, in May 2017, the German Federal Cartel Office published its final report on its sector inquiry into the German market for heating and water submetering, initiated in July 2015. The report identifies certain deficits of the competitive process and proposes various measures in order to promote competition in the heating and water cost allocation market, including improving the interoperability of meters, the standardization of calibration periods and the service life of meters, and improved transparency for tenants. It is possible that these proposals will ultimately result in regulation detrimental to our business environment. The German legislator has now addressed most of the proposed measures. However, we cannot rule out that additional legislative measures may be enacted in the future. For example, the eleventh amendment to the German Competition Act (*Gesetz gegen Wettbewerbsbeschränkungen*) that came into effect in 2023 significantly expands the powers of the Federal Cartel Office. It reduces the maximum length of a standard sector inquiry to 18 months and empowers the Federal Cartel Office to directly intervene following its conclusion. Since the law does not include definitive guidance as to what constitutes a "restriction or distortion of competition," any economic sector with stable and/or oligopolistic market conditions may be subject to increased sector inquiries and potential interventions. It remains to be seen whether in light of the past sector inquiry the submetering sector would be an immediately obvious target for such a sector inquiry again.

In addition, competition and antitrust laws may also restrict our ability to make acquisitions, enter into joint ventures and otherwise implement our business strategy. As a result of any of the foregoing, detrimental effects from antitrust scrutiny may have a material adverse effect on our business, financial condition, and results of operations.

Finally, some of the agreements, for example exclusivity agreements, that we conclude with our suppliers and distributors, or sales representatives may contain clauses that may be found to be not in full compliance with applicable competition and antitrust laws. If any such clauses were challenged by a customer or declared void by courts or legislation of the jurisdictions in which we operate, fines could be imposed on us and could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

Restrictions on our customers' ability to allocate the costs of our services to their tenants may discourage them from utilizing our services and thus adversely affect our results of operation. In addition, price adjustment provisions in our customer contracts may be held invalid by courts.

In Germany, where we generated 75.7% of our revenues in the twelve months ended December 31, 2023, according to Section 556c of the German Civil Code (*Bürgerliches Gesetzbuch*, the "BGB"), a landlord is entitled to implement even without the tenant's consent an energy contracting system and to allocate the costs related to energy contracting to tenants, if (i) the tenants are contractually obliged to bear the costs of heating or hot water, (ii) heat is delivered in a more efficient way than before (either by new installation by the contractor or by a heat energy network) and (iii) the energy contracting solution is cost neutral for the tenant. If the annual efficiency rate of an existing installation is 80% or more, it is sufficient that the energy contractor improves the efficiency of the operation of the energy delivery (rather than complying with clause (ii) above). The cost neutrality is determined in a calculation formula set forth in the German Heat Delivery Ordinance (*Wärmelieferverordnung*, the "WärmeLV").

According to Sections 8-10 WärmeLV, cost neutrality would be achieved if the expected annual costs of the energy contracting solution to the tenants would not have exceeded the average heating and hot water costs paid by the tenants in the last three years (calculated based on the volume utilized in those last three years and prices of the last year, taking into account price adjustments). The above rules are mandatory for residential lease agreements in the sense that deviations therefrom, such as in the form of agreements that are to the detriment of residential tenants are invalid. These rules apply to all situations where a lease agreement is in place and the contracting system has been, or is, implemented at any time since July 1, 2013, during the lifetime of an existing lease agreement. If contracting has been implemented contrary to the statute, the landlord can, accordingly, only pass on the costs for heat and warm water but not the additional costs of the contractor.

The requirements of Section 556c of the BGB can significantly affect a landlord's ability to pass on contracting costs to tenants and as a result reduce the landlord's willingness to introduce energy contracting. This could have a material adverse effect on our product and service offering in this regard, and we have in this context experienced an adverse effect on our ability to win new business related to existing buildings. Moreover, we cannot exclude additional changes to the statutory provisions or court rulings interpreting such provisions to the detriment of landlords, which could further restrict the ability of landlords to allocate costs for investments in our innovative technologies and energy contracting to tenants, which may have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

We develop intellectual property for our business, and we may not be able to protect our intellectual property to an adequate degree. A failure to protect our intellectual property could adversely affect our market position and revenues.

Our business requires us to utilize our technical knowledge. To protect our intellectual property, we have patents, utility models, other protective rights, and applications for such rights. For example, we currently own more than 80 patents, mainly in Europe, with an additional more than 20 applications for patent pending. Patented key inventions are used in our metering devices with radio transmission, in the water meter radio module (e.g., leakage detection, manipulation detection, rotation detection), for manipulation protection (seal of heat cost allocator and securing local communication interface with authentication codes), and in systems and processes for reducing the energy consumption in buildings. The issuance of patents does not necessarily mean that they are valid or that potential patent claims will be enforceable to the required or desired extent. Furthermore, not all of our patent applications may mature into granted patents. Also, our existing patents may be successfully challenged, revoked, or circumvented in the future.

Moreover, in the case of new technologies, there can be no assurance that patents will be issued for all these new technologies in all countries where we deem this useful or necessary and have accordingly applied or intend to apply for patents. Furthermore, it is possible that our patents and protective rights might be infringed by third parties. Where legally possible and considered commercially viable, we will continue to seek the protection of patents, trademarks, and other IP rights, however, it might be impossible for us to prevent or remedy such infringement.

In addition, there can be no assurance that our patents and similar rights will provide us with a significant advantage over our competitors as they could independently develop technology that may prove to be comparable with or superior to our technology. Furthermore, inadequate protection of our intellectual property may result in the inability to take profitable advantage of technological advances that have been achieved. Likewise, competitors might manufacture or market products that are similar to the products developed by us in collaboration with our partners.

A failure to protect our intellectual property could negatively impact our market positions and lead to revenue declines that could have a negative impact on our profitability and future prospects and have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

Our competitive position could be impaired if our operating and trade secrets cannot be adequately safeguarded.

Our competitive position is dependent on the safeguarding of our proprietary, non-publicly available know-how against use by third parties, such as our know-how in the fields of information technology ("IT"), software, and cloud connectivity. Currently, large parts of our operating and trade secrets are not protected by patents because any patent application would require us to publish our related know-how, and in some instances trade secrets may not be protected by patents under applicable laws. Our trade secrets and unregistered property rights do not afford the same level of protection as patents. For example, we document various business workflows in manuals that are made available to companies belonging to our Group, but also to subcontractors working for us. Although we endeavor to safeguard our extensive operating and trade secrets comprehensively by means of confidentiality agreements, for example with our consultants and business partners, including across borders, these agreements may be breached. Furthermore, there can be no assurance that a confidentiality agreement is entered into with every person who learns of our operating and trade secrets and thus that comprehensive protection can be ensured.

Moreover, copyright laws offer only limited protection. Third parties may infringe protected legal positions or attempt to obtain our proprietary know-how despite our protective measures. This could cause us to enter into protracted and costly litigation. In addition, if any such disputes are resolved against us, our competitors could introduce products replicating the design or features of our own products.

Furthermore, there can be no assurance that our measures to safeguard our own intellectual property rights will successfully prevent the development and design of products or technologies by competitors that are similar to our products or that could enter into competition with them. If our operating and trade secrets become known to competitors, this could have a negative impact on our competitive position, result in a decline in revenue and thereby have a material adverse effect on our results of operations, financial condition and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

We might infringe the intellectual property of third parties which may prevent us from selling our products or services and could result in costs. We are exposed to the risk of underlying licenses not being extended. In such cases, we would have to find replacements which would result in a disruption of our operations and could adversely affect our business and financial results.

It is possible that we might infringe patents or other protective rights of third parties since our competitors also apply for patents for inventions and frequently receive patent protection. For example, we are involved in objection proceedings against some of our competitors' patents where we cannot exclude the possibility of infringement by certain of our technologies. If such infringements should occur, we would be prevented from using the respective technologies in the relevant countries where protective rights were granted.

In such cases, we might be unable to market, rent or sell our products or products manufactured for us that use such technologies, and we could potentially be forced to purchase licenses or may have to change the design, functionalities and technologies used in devices, or change the manufacturing processes. However, there can be no assurance that we will obtain the licenses necessary for our business success to the extent required and under reasonable terms. Moreover, there is no certainty that existing licenses will continue to be maintained to the extent necessary. Further, we could be obligated to pay damages. Even if we were successful in any such litigation, this could be time-consuming and costly and place considerable demands on our management's attention. Regardless of the outcome of such litigation, the negative external impact of litigation concerning the infringement of intellectual property could deter customers from collaborating with us or have a negative impact on such a collaboration, merely on account of the risks associated with such litigation.

The suspension, restriction or interruption of the delivery, sale, or production by suppliers as a result of a protective rights infringement or the loss of a license, the subsequent purchase of a corresponding license, or litigation in this regard may have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

We may fail to develop attractive products and services, and our competitors may develop devices or technologies and artificial intelligence solutions superior to our offering which could result in a loss of market share, and our revenues could be adversely affected.

We continually aim to improve our submetering technology and data collection equipment and to develop new products and solutions that are essential to expand our market-leading position as an energy services provider. A major objective of these efforts is to reduce our costs for submetering and data collection equipment by redesigning them to take advantage of new technology, such as modular technology, so that they can be produced more cost efficiently. Competitors may develop and market submetering and data collection equipment, submetering technologies or offer services that are superior to our products or services as they may be more convenient to use for customers, provide better results for customers, or such products and services could be less expensive compared to our product and service offerings. For example, our competitors may develop AI and machine learning technologies that could be superior to our technologies in the field of remote reading and plausibility tests involved in our billing processes or our competitors may have more extensive know-how on the development of technologies using AI. Furthermore, while we originally were one of only a few companies offering smoke detectors with remote function control, the majority of our competitors have now developed similar products. If our competitors develop and market offerings that are superior to ours, this may result in a loss of market share and ultimately adversely affect our results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

Recent technological advances in AI and machine learning technology pose risks to us. Machine learning technology is generally highly reliant on the collection and analysis of large amounts of data, and it is not possible or practicable to incorporate all relevant data into the model that machine learning technology utilizes to operate. Certain data in such models will inevitably contain a degree of inaccuracy and error and could otherwise be inadequate or flawed, which would be likely to degrade the effectiveness of machine learning technology. To the extent we are exposed to the risks of machine learning technology use (such as in connection with our digital heat chain offering) any such inaccuracies or errors could adversely impact our financial condition and results of operation and thus our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

The energy cost crisis as a result of the Russian invasion of Ukraine, which started in February 2022 ("Russia-Ukraine War") as well as regulatory changes have led to an increased development speed in our markets. These events have raised awareness of energy costs and consumption among our customers and their tenants, driving demand and innovation for energy-efficient solutions. Even though we were able to increase our development speed accordingly, our competitors might be able to develop and market new technologies more quickly, and we may not be able to keep pace with the increasing development speed in our markets, including due to delays in the development and production of our own products. The launch of our multi-sensor device in the course of 2024 could be delayed, for example should we not be able to obtain all required certifications in time. We might also face delays in case the partners with whom we cooperate for the development experience operational or financial difficulties, or due to supply delays or stoppages. Our competitive position could be further exacerbated should our competitors have greater financial, technical, marketing, or other resources.

Competition may result in more advanced technology or products, or services of equivalent quality being offered at a lower cost. Based on the proposition of more advanced technology or more favorable pricing, current or potential customers could decide to switch away from our products and services to or contract with our competitors, which would have a negative impact on our market shares and our competitive position. In addition, we may have to make significant investments to upgrade our products and services with more advanced technology which may adversely affect our financial condition and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

We are highly dependent on the error-free functioning of our IT and communications systems for the delivery of our services. Disruptions or deficiencies in our IT systems could adversely affect our business operations, and price increases related to our IT and communications systems may adversely affect our financial condition and results of operations.

We operate around 1,500 servers which are potentially vulnerable to damage or interruption. Our business activities rely heavily on functioning of efficient and modern centralized IT hardware and software systems and networks to support business processes, as well as internal and external communications. These systems and networks include, in particular, our proprietary billing software HZ/3 which forms a key part of transactional data processing. Data transfer from the buildings in which we offer our services relies on our smart readers for remote reading to be installed in our customers' buildings, and we collect and forward data for further management and analysis through our fully automated Techem Fixed Network. We also rely on our digital customer service portal my.techem and expect to rely even more on the functioning of this portal as our digitalization strategy progresses. In addition, we have developed smartphone applications which are connected to our reading devices and we aim to develop new applications.

Should any of these current or new systems or hardware be deficient or disrupted and thereby experience failures and become unavailable or inaccessible, this could adversely affect our business as it could lead to a reduced or lost ability for our business operations. Furthermore, our IT and communications systems are also vulnerable to natural disasters, industrial accidents, blackouts, criminal activity, technological changes or events, terrorism, or military action (including the Russia-Ukraine War), as well as other events beyond our control, including as a result of human error and other calamities. Adverse weather conditions, earthquakes, fires, telecommunications failures, breakage of land or submarine transmission cables, or similar events may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures. For example, a malfunction of the submarine cable connecting our main data center, which is located in Gothenburg (Sweden), with our IT systems for any reasons, including incidents in the Baltic Sea, could in turn cause the loss or corruption of data or malfunctions of our systems or hardware. Disruptions or deficiencies of our IT systems could adversely affect our ability to conduct our operations and delay or prevent us from providing our digital services. This may result in warranty claims of our customers and hence adversely affect our financial condition.

We outsource most of our IT infrastructure (such as servers and network services) to HCL GmbH, an external data center provider with whom we entered into various service level agreements and who provides us with support in connection with the planning, development, provision, operation, maintenance regarding our information and communication services. We have also entered into a cooperation with Microsoft's Azure as our cloud software and hardware provider as we aim to use cloud technology to ensure competitiveness of our digital services in the future. As a result, we are dependent on these and any of our other external providers adhering to such agreements and being capable of providing the agreed services such as the cloud. Furthermore, we rely on the security measures our external providers have put in place and the reliability of the external providers' operations. While our partners ability to comply with data protection laws is part of our selection process, some of our customers have questioned, and may continue to question, the compliance by the service providers we cooperate with when outsourcing our IT infrastructure as regards data protection law compliance.

An extended outage in a data center or telecommunications network we rely on, or a similar event could lead to an extended unanticipated interruption of services and could result in delayed data and cost collection and as a result we would not be able to render certain of our data driven services. It could furthermore result in loss of data, claims for damages by our customers and ultimately the loss of business should customers cease to trust in our ability to operate reliably. Damages or interruptions to our own or outsourced IT infrastructure could result from various events outside of our control, and our IT disaster recovery system may not be sufficient. The disaster recovery arrangements we have put in place, have not been tested during actual disasters or similar events and may not effectively permit us to continue to run our business in the event of any problems with respect to the data that we use which may result in a loss of business and adversely affect our financial condition.

As we rely significantly on third partners for the provision of these IT services, substantial increases in the prices of such service providers generally also lead to increases in the prices they charge us for their services. As a result, if such prices increase significantly or if we are required to find alternative suppliers, our costs to procure these services may increase significantly and we may not be able to pass these increased costs along to our customers. To the extent that we are unable to pass along to our customers such price increases, our cost base and hence our financial condition and results of operations may be adversely affected.

The realization of any risks related to our IT system and network could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

We are exposed to the risk of cyberattacks which could cause significant harm to our operations and therefore adversely affect our financial condition and results of operations.

We bundle our cloud-based infrastructure, digital infrastructure in properties, and domain expertise in our One Digital Platform. This platform serves as key enabler for most of our offerings as it permits seamless connectivity of our devices in buildings. Furthermore, our Techem Fixed Network is the digital infrastructure that connects our devices in a property. As a digitally driven business with a digitalized asset base, our IT systems therefore form an integral part of the functionality of our business as they ensure the security of the data on our One Digital Platform and data that otherwise supports many of our products and services. Our IT systems are subject to the risk of computer viruses or other malicious codes, unauthorized access, or cyberattacks from a variety of sources, including directly, through a vendor, customer, or other business partner with access to our IT systems, or through code embedded in a program or application we run on our IT systems. In particular, an increased number of cyberattacks continues to put a focus on information security and the protection of personal data. As a result, a generally heightened risk environment has emerged for companies like ours that deal with highly sensitive data, some of which have been severely disrupted by cyber-attacks. For example, in 2022 a cyberattack was carried out specifically targeting one of our competitors.

We currently observe more than one million unauthorized attempts per months to access our IT systems. Recently, we counted approximately two million malicious login attempts and received approximately 20,000 phishing emails within one month. Our preventive measures to reduce the risk of cyber incidents and protect our IT environment may be insufficient and we may experience break-ins, cyberattacks, or other security breaches to our systems. A successful cyberattack would have significant adverse effects on our business activities as it would disrupt our business operations and also affect our internal and external communication. It could also lead to a temporary or permanent functionality failure of our metering and detection devices or prevent us from accessing our systems in which metering data is stored and billing is carried out. As a result, we could lose some or all of this data and may not be able to create accurate bills. Any such attack may further expose us to risks relating to the confidentiality, availability and integrity of data and may lead to severe damage to our reputation and image. Due to the nature of evolving IT systems and cyber security landscape in light of the diverse and increasingly complex breaches, we cannot predict the method or outcome of every potential cyber incident, but the realization of such risk could have a material adverse effect on our operations as well as our financial condition, as we do not have insurance coverage for damages related to cyber-security attacks.

Failure to securely attain and keep the decryption keys required for an increasing number of our submeters could have a negative impact on our operations.

All radio equipped submeters newly installed within the EU which use radio encryption technology must comply with the requirements of the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, as amended ("GDPR"). In order to use the data for providing services to our customers a reliable decryption process is required that includes secure transmission and storage of keys. The loss of keys without the ability to restore them, leads to an extended unanticipated interruption of services and could result in an inability to use data, and therefore result in claims for damages by our customers, and ultimately the loss of business from these customers.

Also, if keys are not securely held and are leaked by accident or due to a cyberattack or an IT malfunction, the transmitted data (such as reading values) could be compromised, also leading to claims for damages by our customers and ultimately loss of business and reputation as our customers may doubt the integrity of our products and services.

This could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

Our Techem Fixed Network reading systems depend on underlying systems and networks, the failure of which could have a negative impact on our operations.

Our Techem Fixed Network reading systems depend on underlying systems and networks, including certificates to ensure secure communications, and telecommunications networks based on 3rd Generation Partnership Project standards such as General Packet Radio Service ("GPRS"). For our Techem Fixed Network reading systems secure communication is essential. For that purpose, certificates are used that have an expiration date. Once the expiration date has been reached, communication via mobile network is no longer possible. A technician is then required to exchange or update the device. Meanwhile, we would be unable to remotely read our submeters, which could result in a delay in readings or could require us to read the meters manually. Similarly, our remote reading system Techem Smart which is based on the technology of our radio frequency system relies on the availability of telecommunication networks supporting GPRS, and the discontinuation of GPRS without sufficient notice could have a negative impact on our operations as our services would be delayed or interrupted in the short term. Such delays or interruptions of our operations may lead to claims for damages by our customers, and ultimately the loss of business and could thus affect our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

Some of our submeters use radio technology that requires the use of radio frequencies subject to regulatory oversight. Failure to attain or maintain access to radio frequencies could have a negative impact on our operations.

We use radio technology in our submeters, smart readers and smoke detectors as they allow for wireless communication and require a lower level of maintenance compared to wired devices. In most countries where we operate, including Germany, radio frequencies are subject to regulatory oversight. We are required to maintain valid permits to use radio frequencies, which we need in order to use the radio technology in our radio-enabled devices.

The regulations relating to radio frequencies are subject to change. In case of such changes, or if we are unable to obtain or maintain our permits, our ability to use radio technology could be adversely affected. For example, if we were unable to use a specific radio frequency in a specific jurisdiction, we would be unable to remotely read our submeters, which could result in a delay in readings or could require us to read the meters manually which could lead to liability claims by our customers and as a result, adversely affect our business, financial condition and results of operations and thus our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

We collect and process personal data in our daily business, and the leakage of such data may violate law and could adversely affect our business.

We are subject to data protection legislation (including the GDPR) because we collect, store, and use personal data in the ordinary course of our business operations, especially with regard to cost allocation and the provision of billing services in relation to heat and water consumption to our customers. Furthermore, companies which we have acquired and might acquire in the future could also be subject to such legislation. Non-compliance or technical defects resulting in a leak, or the misuse of such data could result in damage to our reputation and otherwise harm our business.

The GDPR, which came into effect on May 25, 2018 and was immediately binding across all Member States of the EU, is a privacy regime regarding the protection of natural persons in relation to the processing of personal data and the free movement of such data. The GDPR obligates EU-based companies or companies that process personal data about EU subjects (either as "data controllers" or as "data processors") to comply with a large number of obligations, which relate for example to (i) the processing of personal data including transparency, data minimization, accuracy, storage limitation, security and confidentiality, (ii) the ability of the controller to demonstrate compliance with such principles (accountability), (iii) the obligation to identify a legal basis before the processing and (iv) the rights of data subjects, such as, among others, transparency, a right of access, the right to rectification and the right to erasure. The GDPR obligates companies to implement a number of formal processes and policies to review and document the privacy implications of the development, acquisition, or use of all new products, technologies or types of data. Non-compliance may be met with significant penalties including fines of up to 4% of total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach. The fine may be imposed instead of, or in addition to, measures that may be ordered by supervisory authorities (such as the request to cease processing). Compliance with the GDPR is a rigorous and time-intensive process that may increase our cost of doing business, and the failure to comply with these laws could subject us to significant fines and sanctions.

It is also possible that future changes to the applicable legal framework may lead to more strict data protection requirements. Such changes may especially occur in connection with radio-enabled devices and related services and may involve specific encryption and signature requirements. Independent of changes in the law, our customers may demand specific data protection measures going beyond those legally required to be applied to the submetering of water and heating. In these cases, we would have to adapt our products and services to these specific requirements. This may entail complex technical changes and significant investments. In the past, some of our customers have faced enquiries from their respective state data protection commissioners regarding our radio-enabled devices, data collection and the way consumption data is transmitted via radio. If such enquiries result in a finding that we did not comply with applicable data protection legislation we could be forced to modify the functionality of our radio-enabled devices. In addition, we do not currently have specific data security insurance coverage and we cannot guarantee that our general liability insurance coverage will be sufficient to cover all or any liabilities in the event of a breach of our data security systems. Should one or more of these risks materialize, it could have a material adverse effect on our business, financial condition and results of operation and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

We are subject to sustainability regulation and have set ourselves sustainability targets. Evolving regulation could result in additional costs. An actual or perceived deterioration of our sustainability profile could adversely harm our reputation and inhibit our ability to raise capital and hence adversely affect our financial profile.

The management of our ESG dimension is expected to drive impact on our success as a business as it will enable us to identify opportunities and risks at a relatively early stage. In particular, we have set ourselves specific ESG targets, such as our target to achieve 35% women in management positions by the end of the financial year 2025, and determined concrete performance indicators around the areas

"For the Climate & the Environment," "For the Individual & the Community," and "For Ethical Business Behaviour." Through these targets and indicators, we aim at ensuring the effective implementation of our ESG strategy. Our ongoing efforts to achieve our ESG goals may result in increased costs. Standards regarding ESG could change and become more onerous and costly for us to meet. Evolving data, methods, research and reporting requirements, including science-based assessments, could undermine or refute claims and beliefs that we have made in reliance on current data, research and reporting requirements which could result in additional costs or negative market perception.

We are dependent on successfully collaborating with third parties to develop our products, install our devices and provide certain related services. If our collaborations are terminated or do not succeed for other reasons, this could have a material adverse effect on our business.

We offer a number of services in collaboration with companies that do business in related industries as well as other suppliers and service providers. For example, for our water testing business we have established a cooperation with SGS Fresenius, an independent provider of laboratory services. Furthermore, we have set up collaborations for the development of certain devices which we plan to offer, such as our multi-sensor device which we expect to launch in the course of 2024, as well as for our electric vehicle charging business. As collaborations involve external third parties over which we have no or limited control, we may not be able to realize the expected benefits of these arrangements, for example due to a shortfall of the quality of services provided by our partners, or a partner's inability to adhere to agreed deadlines. Hence, our ability to fully exploit the strategic potential of the products and services that we offer through these collaborations could be impaired if we cease to agree with our partners on strategy and implementation if our collaborators no longer provide their services at competitive prices or with the desired quality or if they have financial difficulty or violate contractual obligations.

Our collaborators or joint venture partners may, for economic, strategic, or other reasons beyond our control, cease collaborating with us or have divergent views about business or strategy. As a result, we may be forced to acquire the partner's equity stake, which may adversely affect our financial condition, or to end the collaboration or to find a new partner, which could delay or prevent us from providing our services and hence adversely affect our strategy or our business and financial results.

There is also a risk that the transfer of know-how and trade secrets to partners in the context of joint ventures and other collaborations could result in a drain of expertise from us. In particular, after a potential separation from a joint venture or collaborator, there is no guarantee that the know-how or trade secrets transferred to such partner will not be used by our partners or disclosed and used by third parties, thereby adversely affecting our competitive position. Although most of our collaboration agreements contain clauses that prohibit the use of know-how and trade secrets shared during the collaborations outside of such a collaboration, there can be no assurance that these provisions will be adhered to by the relevant counterparties. In such cases, the disclosure of our know-how or trade secrets to our competitors could materially harm our market position and result in a loss of business which, in turn, could adversely affect our financial results and thus our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

Besides collaboration for the development of devices, we also collaborate with third parties for the installation of our devices and for the maintenance and services. The installation and servicing of our devices is handled by third-party service providers. This is particularly relevant for us as more than half of the installations are typically handled by third parties. To the extent that these installation partners face a shortage of skilled labor, we may not be able to find a sufficient number of partners for some of our products or in some or parts of our markets, or these partners may only be available to us at less attractive terms. Even in situations where we manage to contract a sufficient number of installation or service partners, their service may not meet our customers' expectations. Although we aim to supervise these third parties closely, we may experience deficiencies with regard to timeliness and quality of their services due to various factors on their end such as their inability to hire and retain skilled personnel.

To the extent the relevant third parties are unable to meet customer expectations or experience difficulties in providing their services, our reputation and business and thus our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees may be adversely affected.

Supply chain problems with or price increases by major suppliers may delay or prevent the delivery and installation of devices and other equipment or otherwise adversely affect our business and financial results.

Metering devices are the basis for our submetering and ancillary energy efficiency solutions, and we also offer devices to meter heating consumption as well as devices to meter water and cooling consumption. To this end, we rely on third party suppliers to develop, manufacture, and assemble our devices. As such, we depend on the performance of our suppliers. Price increases by or supply problems with any of our major suppliers could affect significant quantities of equipment which, under certain circumstances, other suppliers may not be able to provide to us in a timely manner or at all. In particular, we are susceptible to increases in our suppliers' production costs. For example, we have recently experienced increases in procurement costs, such as increasing prices for electronic components, and energy costs, which impact production costs of our suppliers passed on to us. Many devices that are relevant for our business have proprietary specifications and are produced exclusively for us, according to our specifications. Should our suppliers fail to meet our specifications, standards, and requirements, we may face quality issues regarding our devices. Further, supply shortages may prevent us from complying with statutory calibration periods for our metering products, which could lead to potential fines imposed on us. In addition, our brand and reputation are closely linked to our commitment to and delivery of high-quality products and services. Hence, should suppliers fail to meet our standards and requirements, our brand or reputation could be adversely affected.

Our or our suppliers' ability to maintain adequate supplies of materials could be impacted by factors outside of our control (e.g., as a consequence of armed conflicts, sanctions, pandemic-related lockdowns, export control measures, the introduction of tariffs and/or lack of freight capacity). Since August 2021, as a result of the COVID-19 pandemic and the ongoing Russia-Ukraine War, among other reasons, many sectors globally have experienced a general shortage of raw materials and components in addition to disruptions in national and international logistics systems as well as in the packaging market. In addition to materials such as wood, metals, chemicals and plastics, the availability of electronic components used in our metering devices and smoke detectors have been heavily affected by supply chain shortages. Furthermore, price volatility and the threat of shortages of gas or other energy related raw materials due to the unpredictability of the Russia-Ukraine War poses a significant risk. Our business is further susceptible to a worsening of the relationship between China and Taiwan, as such a development poses a significant risk of delays or disruptions in imports from China, which could adversely affect supply chains.

In addition, we depend on third-party logistics providers for the shipping and distribution of our products. Hence, we only have limited control over the handling of these products in the course of the fulfillment process and the timing of deliveries. For example, we may experience shipping delays due to, among other things, inclement weather, natural disasters, strikes, war or terrorism. We have observed disruptions in international supply chains as a result of the COVID-19 pandemic which rendered some of our third-party service providers unable to deliver our products in time or at all, and such disruptions to logistics networks and capacity constraints have resulted in increases in freight costs which adversely affected our cost of sales.

While we generally pursue a second or multiple source supply strategy for metering devices and other equipment in the financial year ended September 30, 2023, we ordered certain devices in large quantities from a single supplier. For example, we rely on Hager Safety Deutschland GmbH as a single source supplier for the delivery of certain smoke detectors. Any such dependence on a single-source supplier exposes us to risks, as, for example, our supplier may cease or reduce production or deliveries, raise prices, or renegotiate terms, become insolvent or cease to do business. In any of these circumstances we may be unable to locate a suitable replacement supplier on acceptable terms or on a timely basis.

Failures on the part of a large supplier could adversely affect our performance during times of high demand when inventory is low. In addition, the early termination or non-renewal of supply agreements with key suppliers could cause a delay in the delivery and installation of devices and other equipment, which could have a material adverse effect on our business, financial condition, and results of operations. If one of our material suppliers were to terminate its agreement with us, we may not be able to identify supply alternatives in a timely manner or at all.

Price increases and supply delays or failures could have a material adverse effect on our ability to deliver our products and services to customers in time or at all, increase our cost base and therefore affect our business, financial condition, and results of operations and thus our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

We may not be able to successfully assert warranty claims against the suppliers of our metering devices or other equipment. Any such cases would result in the occurrence of additional costs which could negatively impact our financial position and have a material effect on our results of operations.

The agreements with our suppliers usually provide for warranty claims in the event of defective devices. Generally, the supply agreements contain an obligation to replace defective devices and reimburse the costs incurred in handling the repair as well as an obligation of the suppliers to hold us harmless with regard to product liability claims. However, in some cases, liability claims against our suppliers are limited to foreseeable typical damages. The suppliers' liability for further damages is limited either directly to a certain amount or to the amount of the claims to which the supplier is entitled under its business liability insurance. In some cases, the underlying agreement provides for a liability cap limiting the extent to which we are able to claim damages. Therefore, if defects in individual devices exist or, more importantly, if production or design flaws exist, there is a risk that we will incur losses in an amount that we will not be able to claim either in full or at all in the form of warranty claims against our suppliers.

We also face a risk of consequential losses, such as damages in connection with billing errors and the loss of reputation due to negative publicity regarding quality or safety issues. This could reduce acceptance of and demand for our products and offerings, result in early cancellations of customer contracts or loss of customers and/or harm our ability to successfully launch and market our products in the future. Suppliers may also contest any warranty claims, and we may have to make significant expenditures and invest management time and attention to pursue warranty claims. Our suppliers may also experience financial difficulties, making recovery under warranty claims less likely.

An inability to hold ourselves harmless for the acts or omissions of our suppliers and/or against our suppliers could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

Our customer service or billing processes may not be perceived as adequate or satisfactory by our customers, which could result in increased customer churn and adversely affect our business.

Our success is driven by, among other factors, customer satisfaction. We track our customer churn ratio to measure customer satisfaction, which we calculate by comparing the churn rate based on the number of cancellations of our devices that become effective within a financial year to the number of active devices at the beginning of the relevant financial year. By September 2023, our overall customer churn rate was 2%.

However, we may not be able to maintain our customer churn rate at this level. Our customer service operations handle a significant number of customer contacts. Customer satisfaction depends, in particular, on the effectiveness of our customer service, in particular our ability to deal with complaints in a timely and satisfactory manner. Should we induce errors in the preparation of customer bills, fail to solve customer problems in a fast and efficient way or fail to provide customers with the general level and type of service they expect, for example as we are looking to introduce automated customer service processes in the future, this could negatively affect customer satisfaction levels, which could damage our reputation and contribute to increased customer churn. This could have a material adverse effect on our business.

Damage to our reputation or increased churn could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

We are dependent on our senior management as well as the hiring and retention of key employees and may face shortages of skilled labor which could slow growth and adversely affect our business, results of operations and financial condition.

Competition for talented personnel in our industry remains intense and our business success and future development depends significantly on our ability to hire and retain management members, qualified executives, and other key employees and rely on these persons to implement and further promote our strategy. In particular, we are reliant on trained personnel in the areas of engineering, IT development and data science personnel. Our business activities and expansion could be significantly jeopardized if we had to continue without the services of one or more members of our senior team, including our management board (the "Management Board") or if we were to lose key employees, all of which could have a material adverse effect on our market position and prospects. Furthermore, we could lose considerable expertise and access thereto could be gained by competitors.

We try to retain the commitment of our qualified executives and key employees in part through performance-based remuneration systems. Even with attractive compensation packages, there is no guarantee that we will be successful in retaining these executives and the employees in key positions or in attracting new employees with corresponding qualifications. Measures to reduce costs as a result of the implementation of our value creation program *ENERGIZE-T* may impact employee morale.

Furthermore, as our business involves installation of our devices, we also depend upon the ability to attract, motivate, and retain a skilled workforce. From time to time, we may experience a shortage of skilled labor in our markets. We have recently experienced such shortages of employees involved in installation in Germany. A shortage of skilled labor may make it increasingly difficult and expensive to attract, train and retain the services of a satisfactory number of qualified employees, which could disrupt our ability install and service our devices adversely impact some or all of our operations. Furthermore, competition for qualified employees, particularly in markets where such shortages exist, could require us to pay higher wages, which could result in higher personnel costs which represent one of our most significant cost items. A failure to attract and retain highly skilled personnel could adversely affect our ability to operate and hence have a material adverse effect on our business, cash flows and results of operations.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

Advanced building technologies and associated regulation as well as new heating technologies expose us to developments which could significantly reduce demand for our devices or services and thus adversely affect our results of operations.

With an increase in energy awareness and new technology, particularly in light of the energy crisis as a result of the Russia-Ukraine War as well as increased consumer focus on energy efficiency and the shift to green and renewable energy sources, advanced building standards such as the passive house standard from the "International Passive House Association" have developed. Buildings that meet the passive house standard consume so little energy that submetering is no longer economical. Therefore, buildings built in Germany that meet the passive house standard are exempt from regulatory requirements for consumption-based metering and billing of heat and hot water consumption. Demand for our cost allocation services may be affected if the number of new and existing buildings meeting such a standard begins to increase or if construction pursuant to the passive house standard becomes a legal requirement. Similar effects may impact our business outside Germany, especially in countries with high new construction and modernization levels as new construction would not use cost allocation and demand for our services would phase out, as we have experienced in Switzerland with regards to heat submetering in newly constructed structures. Such trends could significantly reduce demand for our devices or services and thus adversely affect our results of operations.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

As our business is conducted in various different currencies, we are, to a limited extent, exposed to currency fluctuations. If currency volatilities occur to our disadvantage, this may materially affect our financial condition and results of operations.

We operate in multiple jurisdictions and consequently generate part of our revenue, costs, and earnings in currencies other than the euro (for example, in Swiss francs, Danish crowns or Bulgarian lev). The most important foreign currency for us is the Swiss franc. In international markets, our devices are priced in euros, the value of which has fluctuated significantly in the past. In particular, global volatility as a result of geopolitical factors and instability in global markets have caused significant fluctuations in global currencies in recent years.

Overall, as the majority of our sales revenues are generated in the eurozone, our exposure to currency risk is limited. There is mainly a currency risk for intra-group loans from Techem Energy Services GmbH to foreign subsidiaries outside the eurozone. The foreign currencies concentrated through cash pooling are regularly converted into euros using currency swaps and are thus protected against currency fluctuations.

Other currency risks result from the fact that the revenue of a group company is realized in currencies other than those of the costs assigned to them. Furthermore, several of our consolidated companies conduct their accounting in currencies other than the euro, meaning that the corresponding items have to be translated to euros when consolidating such a group company. For these reasons, we are exposed to risks that arise due to fluctuations in the relative values of the relevant currencies, particularly between the euro and the Swiss franc, the Polish zloty, the Danish crown, and the Czech crown. These currency risks could have a material adverse effect on our financial condition and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

We face fluctuating commodity prices in our contracting business and the prices we charge our customers based on index-based price adjustment clauses may not always fully reflect our actual purchase prices. In the event of price differences between our actual purchase prices and the indices underlying our contracts, we may incur a financial loss that could adversely affect our financial condition and results of operations.

We face commodity price fluctuations in the context of our energy contracting business which we operate within Energy Efficiency Solutions. Our recurring revenues generated in this business are driven by two main components: a base price component which we charge for investments in and running of a heating and cooling solution, as well as a commodity price component which is based on the amount of energy we supply.

Most of the agreements with our customers are based on standardized contractual terms and conditions that have been prepared for a large number of contracts (general supply conditions, *allgemeine Versorgungsbedingungen*). Hence, the relevant statutory provision of the German Ordinance on the General Terms and Conditions for the Basic Supply of District Heating (*Verordnung über Allgemeine*

Bedingungen für die Versorgung mit Fernwärme) requires price clauses which are both transparent for the customer and based on the relevant market and cost development. Hence, these agreements usually contain price adjustment clauses. These adjustment clauses tie the commodity price component we charge our customers to certain statistical indices. As a result, the prices we charge to our customers are driven by the development of the indices underlying the price adjustment clauses.

We therefore are exposed to the risk that the costs we incur for energy do not develop in line with the sales revenue we generate. Although we aim to manage this risk by constantly monitoring and developing our purchasing strategy to purchase energy at prices that are in line or lower than the ones resulting from the respective index development, we may incur energy at prices that we cannot fully pass on to our customers under the price adjustment clauses.

Besides the risks associated with the purchasing prices, we are exposed to the risk that any of our price adjustment clauses could be declared void by a German court. Our customers regularly challenge the admissibility of these clauses, in particular in circumstances where the underlying indices are expected to rise. For these cases we have built up aggregated provisions of less than €0.5 million as of September 30, 2023. Although the German Federal Court of Justice (*Bundesgerichtshof*) has developed case law, there is still room for interpretation with regard to the details of the relevant provisions (e.g., the admissibility of a certain energy price index). If such clauses were declared void by a German court or by new legislation this would prevent us from adjusting agreed prices which could have a material adverse effect on our financial condition, and results of operations.

In addition, in accordance with the currently valid German Ordinance on the General Terms and Conditions for the Basic Supply of District Heating, customers may elect to terminate their contract with two months' notice if a customer aims at replacing the energy supply with the use of renewable energies. Furthermore, some of our agreements have a contract duration of more than ten years, thereby exceeding the statutory maximum period of ten years under the German Ordinance on the General Terms and Conditions for the Basic Supply of District Heating. This would allow a customer to declare the clause void and terminate the contract, unless we are able to prove that the term exceeding ten years had been agreed individually with the customer. In the event of an effective termination, we would be unable to generate revenue from the installed heating and cooling solution for the respective customer and we would be required to uninstall the solution, which could lead to additional costs and thereby have a material adverse effect on our business, financial condition, and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

We could become subject to legal or regulatory actions due to infringements by our suppliers resulting in fines or other sanctions which could materially affect our business and financial position.

Suppliers are essential to our business. If our suppliers intentionally or unintentionally violate applicable laws or regulations, including laws and regulations relating to product compliance and product safety, embargos, employment health and safety conditions, we could become subject to adverse legal and regulatory actions. For example, should our suppliers not observe these rules and regulations, we might be unable to sell some of our products, be required to recall such products or be subject to fines or penalty payments.

We may be subject to actions under the recently enacted German Supply Chain Act (*Lieferkettensorgfaltspflichtengesetz* (the "Supply Chain Act")), which started to apply to us on January 1, 2024. The Supply Chain Act establishes a range of obligations for the observance of human rights on the level of the Company as well as on the level of its direct – and to a certain extent indirect – business partners. This includes aspects such as (a) the prohibition of child, forced and slave labor, (b) the observance of workers' rights including occupational health and safety and organizational and trade union rights, (c) the prohibition of discrimination and unequal treatment, and (d) compliance with environmental standards and other environmental rights. In this context, a "supply chain" refers to all products and services of a company as well as all steps that are necessary to produce the products or provide the service. Hence, any of our own actions and those of our direct and indirect suppliers are subject to the Supply Chain Act. The responsibility and liability of the companies bound by the Supply Chain Act is measured according to the degree of knowledge and influence regarding the respective supplier and follows a tiered system. The law imposes stricter requirements relating to direct suppliers, e.g., the obligation to implement risk-based monitoring mechanisms to ensure that direct suppliers comply with the human rights strategy of the Company, including on-site inspections, use of certifications and training of direct suppliers. The Federal Office of Economics and Export Control (*Bundesamt für Wirtschaft und Ausfuhrkontrolle*) will be entrusted with monitoring compliance with the corresponding due diligence requirements.

Violations of the Supply Chain Act may be sanctioned both by administrative fines and possible exclusion from tenders subject to public procurement law. We have reflected our obligations under the Supply Chain Act in our group-wide supplier code of conduct and generally require written commitment to our supplier code of conduct by our suppliers which is embedded in our standard procurement documentation. Any findings under or violations of the Supply Chain Act may lead to significantly higher compliance costs or require changes to our business. Failure to comply with the Supply Chain Act could subject us to investigations and administrative fines of up to 2% of group revenue which could adversely affect our financial condition and our reputation. Furthermore, the framework imposed by legislation on potential supplier infringements, such as the Supply Chain Act, could in future become stricter and its scope be extended, for example in the context of an adoption of an EU directive such as the proposed "EU Corporate Sustainability Due Diligence Directive," on which an agreement (pending formal adoption by the European Parliament) was reached on March 15, 2024. More restrictive or extensive regulation could result in higher compliance costs and adversely affect our financial condition and thus our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

Our international business is exposed to various economic, political and other risks. Adverse developments in the global economic environment and geopolitical tensions, as well as disruptions in financial markets could reduce demand for our products and services and affect our supply chain and thereby have an adverse impact on our business, results of operations, and financial condition.

We are a global energy management and service provider operating in 18 countries. Therefore, our financial results and operations are dependent upon macro-economic and political conditions in markets where we operate or source our products. Rising inflation, supply chain disruptions, weak global economic growth, volatility in the global capital and credit markets, including in the European sovereign debt market, as well as political instability and military actions are already adversely impacting the global economy. This could, among other things, lead to fiscal reforms, currency instability, increased counterparty credit risk, and high levels of volatility, each of which, alone or combined with other factors, could affect the demand for our products and services. For example, rising inflation, which in turn has led to higher interest rates, may result in reduced new construction activity and thus reduced growth in our markets. Any such reduced market growth could in turn affect our business, results of operations, financial condition, and access to credit and capital markets.

The political conditions we are exposed to in the jurisdictions in which we operate or source our products, that could further pose a risk to our business, include, among other factors, the modification or termination of current trade agreements, increasing protectionism or uncertainties regarding the future political development in our target markets. In particular, policies, measures, controls, or other actions implemented by the governments of countries may restrict our business operations or harm our financial results. As a result, our revenue is exposed to risks inherent to the country where we operate or intend to operate.

We also face economic risks associated with ongoing geopolitical tensions between Taiwan and China. Currently, certain of our electronic components for our metering devices are manufactured in Taiwan. Accordingly, our business, financial condition and results of operations may be adversely affected by changes in governmental policies, taxation, social instability, and diplomatic and social developments in or affecting Taiwan. In particular, the political status of Taiwan and its political movement cause sustained tension between China and Taiwan. Past developments related to the interactions between China and Taiwan, especially in relation to trade activities such as bans on exports of goods from time to time, have on occasions depressed the transactions and business operations of certain Taiwanese companies and overall economic environment in Taiwan. The worsening of the relationship could delay or disrupt imports from China, which could in turn adversely affect our supply chains. It is uncertain whether the tensions between China and Taiwan will escalate which in turn could result in new bans or tariffs on exports or our suppliers could not be able anymore to manufacture and ship required electronic components. Changes in political conditions in the United States and China and changes in the China-U.S. relations also are difficult to predict and could adversely affect our business. Recently, the United States has been assessing trade agreements and has imposed significant increases on tariffs on imported goods, particularly those from China. Other countries have imposed similar tariffs on goods from China entering their countries. For example, as our new multi-sensor device is manufactured in China, potential export bans or tariffs could adversely affect our business. If we had to shift our manufacturing partner for the multi-sensor device, we may not be able to find a suitable partner on acceptable terms or on a timely basis.

Furthermore, the prevailing geopolitical situation has a significant impact on global economic conditions. The Russia-Ukraine War, continues to create substantial disruptions in the region and beyond. We are no longer active in the Russian market having sold our Russian subsidiary in 2016 and ceased all business with it since the start of the Russia-Ukraine War. However, the invasion, as well as the measures adopted, or that may be adopted in the future by other countries in response to it, including new and stricter sanctions by the EU, the United States, the United Kingdom and other countries and organizations against officials, individuals, regions, and industries in Russia, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, the Crimea Region of Ukraine and Belarus (or other regions or countries that were to become involved), may further exacerbate price inflation for critical supplies, such as electronic components, and disrupt supply chains, which could have a material adverse effect on our operations, demand for our products and our profitability. Rising inflation rates could also lead to increased personnel costs, including as a result of increasing wages. Personnel costs represent one of our most significant cost items amounting to €304.6 million in the financial year ended September 30, 2023, an increase of 22.2% compared to the financial year ended September 30, 2022.

Restrictions regarding the export of Russian coal, oil and gas, or cessation or limitation of supply by Russian suppliers have already resulted and are expected to further result in a significant increase in energy prices and might endanger the continuous energy supply in the EU. While potential increases in energy costs that landlords and tenants may face as a result of rising energy prices and disruptions to energy supplies do not directly impact our metering and cost allocation activities, such developments have already resulted in, and may continue to result in, higher prices for raw materials and components that we procure form our suppliers.

These developments already have and are expected to continue to have a significant adverse macro-economic impact in Europe and globally. It is not yet possible to predict with sufficient certainty the extent and impact which these and additional developments will have on the global economy, the financial markets, and the industry in which we operate. Depending on the duration and the further development of the Russia-Ukraine War, the related economic risks might further increase and there might be a long-lasting negative impact on the global economy.

Furthermore, pandemics, epidemics, outbreaks of infectious diseases or any other serious public health crises, similar to the outbreak of COVID-19 in 2020, together with any measures aimed at mitigating a further expansion of such diseases, such as government-imposed lockdowns, quarantines, or other social distancing measures, could have a material adverse effect on the global economy in general and on our business activities. For example, future lockdowns or social distancing measures could restrict us from accessing buildings to install new devices, take manual readings from metering devices or maintain already installed metering devices or detectors. During the lockdowns related to COVID-19 we experienced delays in the sale of these products and services which adversely affected our revenues during this period.

We currently operate and offer our products and services in 17 countries outside Germany. We have gradually expanded our international presence over the last decades, to the markets in Poland (1992), Czechia, Hungary, Slovakia (each in 1993), Italy, the Netherlands, Switzerland (each in 1995), Belgium (1997) and Bulgaria (1999). Most recently, our international expansion continued by entering markets such as Brazil and Denmark in 2006, and Norway and Spain in 2014. In some of the countries where we offer our products and services and where we seek to expand our activities, such as Brazil, we may not be sufficiently familiar with the cultural traditions and customs of the markets with a lesser degree of political, economic, and legal stability may prevail as compared to Germany or the EU. This applies, in particular, to some of the countries that we have identified as growth markets for our products and services such as Poland. For this reason, we are exposed to a range of factors that we cannot influence and that could have an impact on our business activities in these countries. These factors include the following:

- political, social, economic, financial, and market-related instability and volatility in markets in which we are present, which may reduce the demand for our products and services;

- foreign currency control provisions and other regulations or impairments in terms of exchange rates and foreign currencies, such as the lifting of exchange rate pegs and delays on the repatriation of earnings, for example with regard to our most important currency Swiss francs, as well as for Danish crowns or Bulgarian lev;

- inadequate infrastructure in the buildings in which our devices are installed, which may impede accessibility to installed submeters;

- trade restrictions, in particular associated with geopolitical tensions between Taiwan and China as our new multi-sensor device is manufactured in China, which may provide additional burdens for the import of our products to service countries;

- inadequately developed and differentiated legal and administrative systems, which can lead, for example, to the inadequate protection of intellectual property rights (such as our patented innovations which we use in metering devices with radio transmission, for manipulation protection purposes, as well as in systems and processes for reducing the energy consumption in buildings, which may harm our competitiveness and therefore market position, or can jeopardize the enforcement of receivables and other claims which may in turn adversely affect our financial position and results of operations; and

- the risk that legal framework conditions will become less favorable to our business, or the enforcement of existing regulation by authorities, in particular with regard to the regulatory environment for the requirement of consumption-based submetering and billing of heat and water consumption in Europe, which may reduce the demand for our products and services.

As of the date of this Offering Memorandum, the outlook for the global economy remains highly uncertain, and certain markets, including Europe, may not achieve the growth rates that they have forecasted or historically observed. Any of the foregoing developments (individually or in aggregate), or a perception that any of these developments may be likely to occur, could have a material adverse effect on the economic development of the affected countries or lead to economic recession or depression that could jeopardize the stability of financial markets or the overall financial and monetary system.

A failure to adequately respond to the needs of our operations in the various jurisdictions in which we are active, or a material deterioration in any of the factors named above could, directly or indirectly, have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

A large portion of our operations are carried out, and revenue is generated, in Germany, which exposes our business to adverse political or economic developments directly or indirectly affecting Germany. Such adverse developments could adversely affect our business, financial condition, and results of operations.

Our business in Germany accounted for the vast majority of our revenue for the financial year ended September 30, 2023. In light of this concentration, our business is sensitive to political or economic developments that impact Germany or otherwise affect our operations in Germany. In particular, changes to European or national legislation, such as the Energy Efficiency Directive ("EED") or the German Heating Cost Ordinance (*Heizkostenverordnung*) could have a detrimental effect on our business model. For example, the German Social Democratic Party, which is part of the current government coalition, recently published a position paper calling for better protection of tenants against excessive additional costs (*Nebenkosten*). Adverse political or economic developments affecting Germany could have a material adverse effect on our business, financial condition, and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

We are exposed to general counterparty risk.

As part of our business, we have contracts with a variety of entities. We face exposure to risks associated with the financial stability of these counterparties. Should a counterparty go bankrupt or renege on its contractual commitments to us, we may not realize the full value of our contractual investment or may incur costs enforcing our contractual rights. This risk holds especially true for our energy contracting business segment where single contracts are worth several hundreds of thousands of euros to us over the lifetime of the contract. If we incur significant losses based on our exposure to counterparties, our results of operations and financial condition would be negatively impacted and we may not be able to fulfill our obligations under the Senior Secured Notes and the Guarantees as a result.

The actions of our senior management, employees, contractors, and partners may expose us to liabilities and harm our business and reputation.

As a group operating in many jurisdictions, we are subject to international, European, national, and local laws, regulations, and ordinances. We are subject to many different regulatory requirements that change frequently, evolve continuously, and may become more stringent.

In addition, misconduct, fraud, non-compliance with applicable competition and other laws and regulations or other improper activities by one of our members of senior management, employees, contractors or partners could have a significant negative impact on our business and reputation. Such misconduct could include the failure to comply with applicable law or regulations, including tax laws, environmental laws, anti-bribery laws, regulations pertaining to internal controls over financial reporting and international sanctions, and competition and consumer-protection laws, particularly if our customers filed complaints against us alleging anti-competitive practices, as well as failure to comply with our internal controls and procedures and code of conduct policies designed to help us comply with such laws and regulations. The precautions we take to prevent and detect these activities have not always been effective and may not be effective in the future, particularly given our international operations and size, since our internal controls are subject to inherent limitations, including human error, and the possibility that controls could be circumvented or become inadequate because of changed conditions and fraud. Although we have established a corporate governance and organizational structure that we believe enables us to exercise Group-wide control over our operations and have adopted Group-wide control procedures and reporting and code of conduct policies, these policies and procedures may not be adequate to prevent or detect inadequate practices, accounting deficiencies, or violations of applicable laws or regulations. For example, an internal compliance audit conducted at Techem Romania during February and March 2018 identified potential improper contract procurement commissions payments paid to members of our sales personnel. The relevant employees of Techem Romania are no longer working at Techem Romania as of March 26, 2018. In addition, in May 2018, we learned that two employees of Techem Romania allegedly paid money to property managers in contravention of our compliance policies. In May 2018, Techem Romania self-reported the alleged activity to the Romanian authorities. The investigation has concluded and the Romanian authorities have decided not to take any action at this time.

Our failure, or the failure of our members of senior management, employees, contractors or partners, to comply with applicable laws or regulations or acts of misconduct could require significant time and resources from management, and could result in fines or penalties, cause reputational harm, damage relationships with customers and suppliers, reduce our revenue and profits, and subject us or such parties to criminal and civil enforcement actions.

Operators of combined heat and power units in Germany may benefit from price support schemes under the Act on Combined Heat and Power Generation and the Act on Renewable Energy Sources. Recent and future amendments to these regulations could have a negative impact on our business.

Operators of CHP-units may claim remuneration for the production of electricity under the price support schemes of the Act on Combined Heat and Power Generation (*Kraft-Wärme-Kopplungsgesetz*) (the "KWKG") or the Act on Renewable Energy Sources (*Erneuerbare-Energien-Gesetz*) (the "EEG"). Amendments to these acts have restricted the conditions under which operators may claim remuneration. In particular, operators of a large number of energy production facilities may claim support payments only if they win an award in a competitive tender process. For example, remuneration for CHP-units with a capacity of more than 500 kilowatt and less than 50 megawatt and put into operation after December 31, 2016, is generally determined through a tender process conducted by the Federal Network Agency (*Bundesnetzagentur*). The total electrical capacity that may be awarded in Germany each calendar year is limited. Whereas the amendments did not have an impact on the units we already operated when they entered into force, units we have commissioned since then and may commission in the future have been and are likely to be subject to a tender process if we intend to claim remuneration. If other operators submit more competitive bids and win the tender process, we risk not being awarded remuneration, with the consequences that we must charge market prices for the electricity we produce and we will not benefit from the price support regime under the KWKG or EEG. New European Union legislation will provide that support for new installations will only be granted on the basis of double-sided contracts-for-difference and it is possible that future legislation will further restrict price support under the KWKG and EEG, which may have a material adverse effect on our business, financial condition and results of operations.

Most of our balance sheet assets consist of intangible assets, the valuation of which could be impaired from year to year by changing future prospects, which may adversely affect our financial condition.

We recognized extensive intangible assets of €4.6 billion as of December 31, 2023, which made up 79.5% of the consolidated balance sheet total. Our intangible assets primarily consist of capitalized customer relationships, which are regularly amortized using the straight-line method, in the amount of €1.8 billion, goodwill of €2.3 billion and the trademark "Techem" of €215.6 million, each as of December 31, 2023.

In compliance with IAS 36 (Impairment of assets), goodwill and other intangible assets with an indefinite useful life is subject to an annual impairment test. The recoverable amount of each of our cash generating unit ("CGU") Energy Services Germany, Energy Services International and Energy Efficiency Solutions is determined by calculating the value in use or fair value less costs of disposal. Future cash flows are based on assumed growth rates which are based on historical trends. If the carrying amount of a group of CGUs exceeds the calculated recoverable amount an impairment loss must be recognized, which could have a material adverse effect on our financial condition and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

We are regularly audited and could be required to pay additional taxes and other sums, which could be significant, following audits of us or our subsidiaries.

We are regularly subject to tax audits. In ongoing or future tax audits, the tax laws, or relevant facts, e.g., in relation to acquisitions or restructuring activities, could be interpreted by the tax authorities in any applicable jurisdiction in a manner deviating from the relevant company's view. As a result, the tax authorities could revise original tax assessments and substantially increase the tax burden (including interest and penalty payments) of the relevant company.

Our most recent tax audit covered the financial years 2010 up to and including 2015 and was completed without a finding. We currently are subject to a tax audit in Germany for the financial years 2017 through 2019 which has a focus on transfer pricing. Until now there are no findings. Tax audits for periods not yet finally reviewed may lead to higher tax assessments, interest, and penalty charges, all of which could result in significant cash payments to the relevant tax authority. We have not yet set aside a reserve for current or future tax audits that could be used to cover any payments we might have to make with respect to any previous tax or financial year.

We have taken out loans in connection with our business activities which require interest payments. For German income tax purposes, the deduction of interest on loans may be restricted by the interest barrier (*Zinsschranke*) rules and other rules limiting the tax deductibility of interest expenses. We have relied on the "escape clause" of the German interest barrier rules for our tax returns for all completed financial years since April 1, 2009, until March 31, 2018, enabling us to deduct interest expenses without being subject to these barrier rules. The German interest barrier rules were first introduced in 2008 and a number of technical points of the rules and its exemptions remain unclear given the limited tax authority guidance and case law available. If the German tax authorities were to challenge our application of the escape clause, such challenge would have to be analyzed for each individual year and may affect one or more of all tax years since April 1, 2016, until March 31, 2018. Should the German tax authorities hence challenge our position, reopen our tax returns, and ultimately retroactively assess higher taxes, we would become liable to pay the incremental tax amounts, together with interest and penalties, for each of the financial years since April 1, 2017, for which our position would have been successfully challenged by the tax authorities. As of the date of this Offering Memorandum, we have not made a provision to cover the risk of any such reassessment. For tax periods from April 1, 2019, we applied the general German interest barrier rules: interest expenses of a business can basically be taken into account in a tax-reducing manner in the amount of the interest income of the same business year. If the balance of interest expenses and interest income is negative, the deductibility of the interest balance is generally limited to 30% of EBITDA adjusted for tax purposes. Therefore, the applicability of the interest barrier depends on the earnings we achieve; these earnings fluctuate and therefore cannot be predicted with any certainty. If we are increasingly affected by the applicability of these regulations in the future, this would result in a higher tax burden.

In addition, in Germany, we are subject to an ongoing wage tax audit for the years 2019 through 2022 and an ongoing tax audit which is related to energy taxes for the year 2018. For both tax audits there are no findings until now.

Any additional taxes or other sums that become due could have a material adverse effect on our cash flows, financial condition and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

Rules regarding the forfeiture of tax loss carry forwards under German law may prevent us from using any future loss carry forwards to set off future gains which could significantly increase our tax burden.

As of December 31, 2023, Techem Group in Germany has tax loss carried forward of approximately €1.3 million in total for both corporate income and trade tax purposes which, in each case, are neither assessed nor audited by the respective competent tax authority yet. Such losses can only be used subject to the minimum taxation, i.e., losses in an amount of €1 million can be deducted without limitation, and any exceeding losses can only be deducted in an amount of 60% of the income exceeding €1 million. Under German tax laws, any future tax loss carry forwards and unused tax losses in any future period will forfeit in full if more than 50% of the subscribed capital, membership rights, participation rights or voting rights in the respective company are transferred, directly or indirectly, to an acquirer or related parties of such acquirer (or a group of acquirers with common interests) within a period of five years or in case of comparable measures (harmful acquisition). The same applies for interest carry forwards. If and to the extent the tax loss carry forwards, interest carry forwards and unused losses of the current financial year are covered by the built-in gains of the loss-making company's business assets that are subject to domestic taxation a forfeiture of such items would generally not apply.

We may acquire businesses that could potentially deliver lower financial performance than anticipated and may have unexpected liabilities, which could adversely affect our financial condition. Acquired businesses may not operate in compliance with data protection legislation, and we may experience difficulties integrating acquired businesses in a timely manner, in which case we may have to incur additional costs to realize the anticipated potential of the acquisition which could adversely affect our financial condition.

Within Energy Services, we have acquired small businesses related to the cost allocation of heat and water as well as to the rental and the sale of metering devices (in Germany and selective foreign countries). For example, in the financial year ended September 30, 2023 we acquired 8 businesses, in the financial year ended September 30, 2022 we acquired 12 businesses, and in the financial year ended September 30, 2021 we acquired 8 businesses. In the financial year ended September 30, 2023, our net cash outflow relating to acquisitions amounted to €62.8 million (financial year ended September 30, 2022: €59.8 million). As a consequence, our results, in particular revenue, has partly been driven by such acquisitions. As part of our growth strategy, we intend to continue to pursue the acquisitions of businesses to generate future growth. Acquisitions may be pursued to expand our service and product portfolio as well as geographic reach.

We may experience difficulties in integrating newly acquired businesses, and the anticipated benefits of such acquisitions may not be realized fully (or at all) and may take longer to realize than expected. Our future performance will depend in part on whether we can effectively and efficiently integrate acquired businesses, which may be complex, time consuming and expensive and may involve a number of risks. These include potential non-compliance with data protection legislation (including GDPR) as the controls and procedures in place in acquired businesses may either not be sufficiently designed to comply with the requirements of the GDPR and the cybersecurity, privacy, and data protection laws of other jurisdictions in which we operate, or such procedures and controls may not be effective in ensuring compliance or preventing unauthorized transfers of personal data. Further risks involved with the integration of business include diversion of management resources from our operative business, the failure to retain key employees of the acquired targets, the failure to improve processes, the integration of IT structure and IT security, and the costs and expenses associated with any unexpected difficulties with respect to such assets and companies.

Even if we are able to integrate newly acquired businesses successfully, we nevertheless may not realize synergies, cost savings, revenue and cash flow enhancements, growth, operational efficiencies, and other benefits that we expect. Acquired businesses may also have unexpected liabilities for which we will be responsible.

We may also exit some of our markets and by disposing of businesses in the future, in particular with a view on anticipated attractiveness and risks involved with operations in such markets. For example, we have exited the markets in Serbia, Russia, Turkey, the Swedish market and most recently the market in the United Arab Emirates. However, our ability to selectively dispose of businesses at attractive terms and conditions depends on a number of factors, many of which are beyond our control, and we may not be able to dispose of a business in a timely manner. For example, if we are seeking a buyer for a particular business line, no suitable buyer may be available, or we may not be successful in negotiating satisfactory terms with prospective buyers or internally with works councils or employee representatives to the extent we are required to do so. Even if a disposal is successful, we may face indemnity and other liability claims by the acquirer or other parties.

As a result of the foregoing, any acquisitions (or attempted acquisitions) or disposals (or attempted disposals) could require significant management attention, disrupt our business, not result with the expected benefits and have a material adverse effect on our results of operations, financial condition and cash flows and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

We could face labor disputes with our employees, which would disrupt our business and could materially affect our results of operations.

Most of our employees are entitled to be represented by local works councils formed at their site of employment, which negotiate with management on behalf of those employees in respect of matters affecting employment and employee benefits. We may also encounter strikes or other disturbances, or threats of strikes or disturbances occasioned by our labor force, and upon the expiration of existing employment agreements, we may be unable to reach new agreements on satisfactory terms or without work stoppages, strikes or similar actions. Furthermore, we have undertaken ongoing initiatives to optimize our cost positions and to create the foundation for a straight-through processing environment that seamlessly automates processes in our core functions, including our *ENERGIZE-T* value creation program. We may be unable to fully realize the savings expected as a result of our value creation program *ENERGIZE-T* due to additional costs from any employee claims or from existing employment arrangements, including increased severance costs.

In addition, we use a significant number of subcontractors for, among other things, submetering, and smoke detection services, such as submeter reading, installation, testing, maintenance, and replacement. Even though we regularly conduct risk analyses for potential sham self-employments, we remain exposed to the risk that if any of these subcontractors were recharacterized as our employees, we could be required to pay salary, social insurance contributions, tax, and other benefits on a retroactive basis for such persons. If disputes with our works councils arise or our employees engage in a strike or other work stoppage, or if we need to incur higher personnel costs or experience a significant disruption of operations, this could have a material adverse effect on our business, results of operations and financial condition and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

Our compliance and risk management systems may prove to be inadequate. If such systems fail to prevent, identify, and address violations, this could result in penalties, other penalties and reputational damage.

Members of our governing bodies, senior management, employees, representatives, or agents may intentionally or unintentionally violate applicable laws and internal quality standards and procedures, in particular in relation to anti-corruption, money-laundering, antitrust, competition and sanctions compliance as well as compliance with laws and regulations regarding sales practices, products and services, environment, finance, employment, taxation and general corporate and criminal law. Our internal controls, procedures, compliance, and risk management systems may not be able to identify such violations, ensure that they are reported in a timely manner, evaluate them correctly or address them with the appropriate countermeasures. For example, we have identified weaknesses in our risk management processes in markets which we recently entered. Further, we may face particular challenges in assuring adequate and sufficient compliance measures as well their monitoring given the scale of our global operations as well as the various acquisitions we have conducted in the past. Last, these systems are not designed to identify non-compliance with such laws, rules and regulations by our members of senior management or employees in their personal capacity.

For example, our members of senior management and employees could engage in discussions and come to informal agreements with competitors on their participation or non-participation in tenders to secure tender business for us. Furthermore, our personnel from our strategy, marketing or sales departments may align with some of our competitors and discuss pricing approaches, intentions with regard to new market entrances or other restrictions to the competition between them and us. For our business in emerging markets, we also rely on consultants and intermediaries for the sale of our products and services, and their services may bear the risk of engaging in corrupt practices.

There can further be no certainty that any countermeasures we implement will be appropriate to reduce the corresponding risks effectively, that breaches of law, regulations or internal controls have not occurred in the past or that their discovery would not result in significant liability or reputational damage for us. Moreover, given the evolving legal and regulatory requirements applicable to our business, there can be no certainty that our risk management systems, internal controls and compliance systems and related governance structures will adequately identify and address all relevant requirements.

Any failure to effectively prevent, identify and/or address violations of our legal obligations as a result of inadequate internal controls, procedures, compliance systems and risk management systems could result in penalties, other sanctions, liabilities, the assertion of damages claims by third parties, and reputational damage, each of which could have a material adverse effect on our financial condition and our reputation and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

We may not realize any or all of our estimated cost savings, gains and synergies, which would have a negative effect on our results of operations.

This Offering Memorandum includes statements on our estimated cost savings, gains and synergies and adjustments as if such cost savings, gains and synergies had been fully realized at the beginning of the relevant period. The estimated cost savings, gains and synergies are based on a number of assumptions made in reliance on the information available to us and management's judgments based on such information. The assumptions used in estimating cost savings, gains and synergies are inherently uncertain and are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in our estimates of cost savings, gains and synergies. Our ability to realize the expected cost savings, gains and synergies associated with the adjustments included when calculating Adjusted EBITDA and Run-Rate Adjusted EBITDA and other non–IFRS financial measures depends on factors beyond our control, such as operating difficulties, increased operating costs, competitors and customers, delays in implementing initiatives and general economic or industry conditions. These numbers have not been, and cannot be, audited, reviewed or verified by any independent accounting firm. This information is inherently subject to risks and uncertainties. We may be required to make cash expenditures to achieve such cost savings, gains and synergies, and these costs are not reflected in Adjusted EBITDA or Run-Rate Adjusted EBITDA. We cannot assure you that these cash expenditures to achieve such cost savings, gains and synergies will not be higher than we anticipated. In addition, we may not fully realize such cost savings, gains and synergies on a timely manner, and may not do so at all. Accordingly, you should not view our presentation of this adjustment in our Adjusted EBITDA or Run-Rate Adjusted EBITDA as a projection that we will achieve these cost savings, gains or synergies. Our ability to realize these anticipated gains and synergies is subject to significant uncertainties and you should not place undue reliance on the adjustments in evaluating our anticipated results.

This information may not be comparable to our Consolidated Financial Statements or the other financial information included in this Offering Memorandum and should not be relied upon when making an investment decision. Adjusted EBITDA and Run-Rate Adjusted EBITDA are included in this Offering Memorandum because we believe they are helpful to investors as measures of our operating performance and ability to service our debt. These measures are not measurements of financial performance under IFRS and should not be considered as a substitute to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS.

In addition, any cost savings, gains and synergies that we realize may be offset, in whole or in part, by reductions in revenues, or through increases in other expenses, including as a result of the actions we take. As a result, our future performance may differ significantly from the *pro forma* financial information set forth herein.

The third-party ESG rating referenced in this Offering Memorandum may not accurately reflect the ESG-related risks. Any change in the ESG risk ratings of the Group or any actual or perceived lack of transparency or underperformance regarding ESG matters as a result of increasing scrutiny and changing expectations from investors, lender and other market participants may adversely affect the value of the Notes.

On April 13, 2023, Techem Verwaltungsgesellschaft 671 mbH had a Corporate ESG Assessment score of 8.7 (the "Rating") by Sustainalytics, which places it in the "Negligible Risk" category. Sustainalytics is not subject to any regulatory or other governmental oversight in respect of its determination of ESG risk ratings or the underlying methodologies it uses to make such determinations. The Rating is published on the Sustainalytics' website (the "Website"), but neither the Rating, nor any other information on the Website, is incorporated by reference into this Offering Memorandum. In its preparation of the Rating, Sustainalytics has relied on the reliability, accuracy and completeness of the information provided to it by Techem Verwaltungsgesellschaft 671 mbH, but there can be no guarantee that such information is reliable, accurate or complete.

The Rating and any other ESG risk rating obtained by Techem Verwaltungsgesellschaft 671 mbH from time to time may not reflect the potential impact of all ESG-related risks and information relevant to the Group, or additional risk factors discussed herein, or other factors that may affect the value of the Group, but rather reflect only the views and methodologies of the relevant ESG rating provider(s) at the time the rating is issued. ESG rating providers use different ratings methodologies to produce their ESG risk ratings and their valuations may be based on only publicly available information and in other cases may be based on information supplied by the relevant companies. As such, the quality of information in respect of each company included in Techem Verwaltungsgesellschaft 671 mbH's rankings may not be comparable and there may therefore be limitations on the utility of these rankings. Each ESG rating provider's rating should be evaluated independently of any other ESG rating provider's rating. There is no guarantee that the methodology used by any particular ESG rating provider (including those applied by Sustainalytics for the purpose of the Rating) will conform with the expectations or requirements of any investor or any present or future applicable standards, recommendations, criteria, laws, regulations, guidelines or listing rules. ESG risk ratings do not comment as to market price or suitability for investors. ESG rating providers (including Sustainalytics) may revise or replace entirely the methodology applied to derive ESG risk ratings. Any ESG risk rating obtained by Techem Verwaltungsgesellschaft 671 mbH provides no guarantee as to the actual environmental and/or social impacts of Techem Verwaltungsgesellschaft 671 mbH.

No assurance can be given that the Rating and any other ESG risk rating will remain constant for any given period of time or that an ESG risk rating will not be increased or withdrawn entirely by the ESG rating provider if, in its judgment, circumstances in the future so warrant. Any negative change, or an indication of a possible negative change, in the Rating or in any other ESG risk ratings obtained by Techem Verwaltungsgesellschaft 671 mbH from time to time, could impair or preclude the Group from accessing certain financial markets and products, thereby adversely affecting the Group's liquidity. Further, any negative change, or an indication of a possible negative change, in the Techem Verwaltungsgesellschaft 671 mbH's ESG risk ratings may adversely affect the reputation of Techem Verwaltungsgesellschaft 671 mbH and/or be reflective of fundamental weaknesses and/or risks in the sustainability of its business, results of operations, financial condition and prospects, and investors may also be required or choose to sell their holdings in the Group. This could have a material adverse effect on its business, results of operations and financial condition.

Risks Relating to Our Indebtedness and Corporate Structure

The Senior Secured Notes Issuer is a holding company that has no revenue-generating operations of its own and depends on cash from the operating companies of the Group to be able to meet its financial obligations and make payments on the Senior Secured Notes. If the Senior Secured Notes Issuer does not receive sufficient funds by its subsidiaries, it may be unable to pay interest.

The Senior Secured Notes Issuer is a holding company with no business operations and its principal assets are the equity interests it holds in each of its subsidiaries. The Senior Secured Notes Issuer is dependent upon the cash flow from its operating subsidiaries in the form of dividends, interest payments on intercompany loans or other distributions to meet its obligations, including its obligations under the Senior Secured Notes. If the subsidiaries of the Senior Secured Notes Issuer do not fulfill their obligations under certain intercompany loans to make scheduled payments, the Senior Secured Notes Issuer may not have any other source of funds that would allow it to make payments to the holders of the Senior Secured Notes. The amounts of such payments, dividends and other distributions available to the Senior Secured Notes Issuer will depend on the profitability and cash flows of its subsidiaries as well as the ability of those subsidiaries to declare dividends under applicable law. The subsidiaries of the Senior Secured Notes Issuer, however, may not be able, or may not be permitted under applicable law, to make distributions, make interest payments on, or otherwise advance upstream loans to the Senior Secured Notes Issuer to make payments in respect of its debt, including the Senior Secured Notes. While the Senior Secured Notes Indenture will limit the ability of the Senior Secured Notes Issuer's subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments, these limitations are subject to significant qualifications and exceptions, including exceptions for restrictions imposed by applicable law. In addition, the subsidiaries of the Senior Secured Notes Issuer that do not guarantee the Senior Secured Notes have no obligation to make payments with respect to the Senior Secured Notes.

Various agreements governing our debt may restrict and, in some cases may actually prohibit, the ability of these subsidiaries to move cash within their restricted group. Applicable law may also limit the amounts that some of our subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments. In particular, the ability of the Senior Secured Notes Issuer's subsidiaries to pay dividends to the Senior Secured Notes Issuer will generally be limited to the amount of distributable reserves available to each of them and the ability to pay their respective debts when due. Techem Metering is organized under German law which provides that dividends may only be distributed out of current profits and distributable reserves, and, generally, interim dividend contributions are not allowed under German law. The subsidiaries of the Senior Secured Notes Issuer that do not guarantee the Senior Secured Notes have no direct obligation to make payments with respect to the Senior Secured Notes or the Guarantees.

Our significant leverage may make it difficult for us to operate our businesses.

We currently have, and after the issuance of the Senior Secured Notes will continue to have, a significant amount of outstanding debt with substantial debt service requirements. As of December 31, 2023, on an unaudited as adjusted basis to give effect to the Transactions, we would have had €2,864.8 million of outstanding total indebtedness (excluding shareholder indebtedness), including €500.0 million in aggregate principal amount of Senior Secured Notes offered hereby, €1,800.0 million in aggregate principal amount of borrowings under Facility B, €363.9 million of Senior Notes, €155.7 million of lease liabilities and €2.4 million of other third-party borrowings. See "*Capitalization*." In addition, our Revolving Credit Facility will, following completion of the Senior Facilities Extension and Upsize, provide for borrowings up to an aggregate of €398.4 million, subject to certain conditions. We expect that €42.8 million of drawings will be outstanding under the Revolving Credit Facility on the Issue Date and that approximately €5.1 million in non-cash guarantees under the Revolving Credit Facility will remain outstanding. We anticipate that our high leverage will continue to exist for the foreseeable future and the covenants under the Senior Facilities Agreement, the Senior Secured Notes Indenture and the Senior Notes Indenture provide us with significant flexibility to incur additional debt and make distributions. Our significant leverage could have important consequences for our business and operations and for holders of the Senior Secured Notes, including, but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the Senior Secured Notes and our other debts and liabilities;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thus reducing the availability of our cash flow to fund working capital, capital expenditure, R&D, acquisitions, organic growth projects and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or general economic or industry conditions;
- placing us at a competitive disadvantage relative to competitors that have lower leverage or greater financial resources than we have;
- limiting our flexibility in planning for or reacting to competition or changes in our business and industry;
- negatively impacting credit terms with our suppliers and other creditors;
- increasing our exposure to interest rate increases because some of our indebtedness bears a floating rate of interest, placing us at a competitive disadvantage compared to our competitors that are not as highly leveraged and restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, our ability to borrow additional funds or raise equity capital in the future to fund future operations, capital expenditures, business opportunities, acquisitions and other general corporate purposes and increasing the costs of such additional financings.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Senior Secured Notes. Our ability to make payments on and refinance our debt and to fund acquisitions, working capital expenditures and other expenses will depend on our future operating performance and ability to generate cash from operations. Our ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. We may not be able to generate sufficient cash flow from operations or obtain enough capital to service our debt or to fund our future acquisitions or other working capital expenditures.

In addition, we may be able to incur substantial additional debt in the future, including debt in connection with future acquisitions. The terms of the Senior Facilities Agreement and the Senior Notes Indenture permit, and the Senior Secured Notes Indenture will permit, our subsidiaries to do so, in each case, subject to certain limitations. If new debt is added to our current debt levels, the risks that we now face could intensify. For a discussion of our cash flows and liquidity, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources*."

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

We may incur substantial additional debt in the future. Although the Senior Notes Indenture and the Senior Facilities Agreement contain, and the Senior Secured Notes Indenture will contain, restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of debt that could be incurred in compliance with these restrictions could be substantial. Under the Senior Notes Indenture and the Senior Secured Notes Indenture, in addition to specified permitted debt, we or the Senior Notes

Issuer are, or will be, able to incur additional debt so long as, on a *pro forma* basis, our or the Senior Notes Issuer's Fixed Charge Coverage Ratio (as defined in the Senior Secured Notes Indenture and the Senior Notes Indenture) is at least 2.00 to 1.00 or our or the Senior Notes Issuer's Consolidated Total Net Leverage Ratio (as defined in the Senior Secured Notes Indenture and the Senior Notes Indenture) does not exceed 7.2 to 1.0. In addition, in order to incur Senior Secured Indebtedness (as defined in the Senior Facilities Agreement) under the Senior Facilities Agreement and the Senior Secured Notes Indenture, our Consolidated Senior Secured Net Leverage Ratio (as defined in the Senior Facilities Agreement) may not exceed, on a *pro forma* basis, 5.80 to 1.00 or such debt would require capacity under certain specified permitted debt baskets. We are also able, or will be able, to refinance debt outstanding under our Senior Facilities Agreement and the Senior Notes Indenture with debt incurred in compliance with these ratios. In addition, we can test these ratios at the time of commitment of additional debt and then be able to draw amounts at a time when we do not meet these ratios. The terms of the Senior Secured Notes Indenture will permit us to incur future debt that may have substantially the same covenants as, or covenants that are more restrictive than, those of the Senior Secured Notes Indenture.

Moreover, some of the debt we may incur in the future could be structurally senior to the Senior Secured Notes (such as at the level of our subsidiaries that do not guarantee the Senior Secured Notes). We may incur debt that shares in the Collateral, that may be secured by collateral that does not secure the Senior Secured Notes and the Guarantees or could mature prior to the Senior Secured Notes. In addition, the Senior Secured Notes Indenture, the Senior Notes Indenture and our Senior Facilities Agreement do not prevent us from incurring obligations that do not constitute debt under those agreements. The incurrence of additional debt would increase the leverage-related risks described in this Offering Memorandum. An inability to service our debt could have a material adverse effect on our business, financial position, results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

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

Our Senior Facilities Agreement and the Senior Notes Indenture contain, and the Senior Secured Notes Indenture will contain, covenants that impose significant restrictions on the way we can operate, including restrictions on our ability to:

- incur or guarantee additional debt and issue preferred stock;
- make certain payments, including dividends or other distributions;
- make certain investments or acquisitions, including participating in joint ventures or undertaking capital expenditures;
- prepay or redeem subordinated debt;
- engage in certain transactions with affiliates;
- create unrestricted subsidiaries;
- agree to limitations on the ability of our subsidiaries to make distributions;
- sell assets, consolidate or merge with or into other companies;
- sell or transfer all or substantially all our assets or those of our subsidiaries on a consolidated basis;
- issue or sell share capital of certain subsidiaries;

- impair the security interests granted for the benefit of the holders of the Senior Secured Notes; and
- create or incur certain liens.

These covenants could affect our ability to operate our business and may limit our ability to react to market conditions or regulatory developments or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, pursue acquisitions, investments or alliances, restructure our organization or finance our capital needs or such acquisitions.

Our failure to comply with the covenants under the Senior Facilities Agreement, the Senior Secured Notes Indenture or the Senior Notes Indenture, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our financial condition and results of operations.

The Senior Facilities Agreement and the Senior Notes Indenture require, and the Senior Secured Notes Indenture will require, us to comply with various covenants, including a springing financial covenant in respect of the Revolving Credit Facility requiring us to maintain a specified senior secured net leverage ratio and which is tested when loans under the Revolving Credit Facility (subject to certain exceptions) aggregate 40% of the total commitments under the Revolving Credit Facility as of that testing date (or, if higher, the total commitments under the Revolving Credit Facility as of the date of the Senior Facilities Agreement) on the last day of a financial quarter. See "*Description of Other Indebtedness—Senior Facilities Agreement*." Our ability to meet this financial ratio could be affected by a deterioration in our operating results, as well as by events beyond our control, including, without limitation, unfavorable economic conditions, and we cannot assure you that we will be able to meet this ratio. Moreover, the Senior Facilities Agreement includes certain events of default (including, among other things, events of default for breaches of representations and warranties and an event of default for our failure to make principal payments when due on certain other debt) that are in addition to the events of default set forth in the Senior Secured Notes Indenture and the Senior Notes Indenture. Subject to a clean-up period lasting until the date falling 180 days after any permitted acquisition, if an event of default occurs and is continuing under the Senior Facilities Agreement, the agent under the Senior Facilities Agreement (if directed by the majority lenders thereunder (or majority lenders under the Revolving Credit Facility in the case of a financial covenant default)) could, among other things, terminate any available facilities, cancel any undrawn commitments and declare all amounts borrowed, together with accrued and unpaid interest and any other sums then payable, to be immediately due and payable. Borrowings under other debt instruments, including the Senior Secured Notes, that contain cross-acceleration or cross-default provisions also may be accelerated or become payable on demand in the event that acceleration occurs under the Senior Facilities Agreement. In these circumstances, our assets and cash flow may not be sufficient to repay in full that debt and our other debt, including the Senior Secured Notes then outstanding, if some or all of these instruments were accelerated, which could force us into bankruptcy or liquidation, and we might not be able to repay our obligations under the Senior Secured Notes in such an event.

The Senior Notes will mature prior to the Senior Secured Notes and the Senior Secured Notes Issuer may not be able to repay, redeem or otherwise refinance such indebtedness.

On an as *adjusted* basis following the completion of the Transactions, we expect that €363.9 million will be outstanding under the Senior Notes. An inability to repay, delay in refinancing, or the inability to refinance on commercially acceptable terms debt falling due in accordance with the maturity schedule of our indebtedness may result in an acceleration of such debt, and enforcement over our assets. The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. The refinancing of existing debt may be on different terms than our current ones, which, among other things, could drive an increase in debt service costs, thereby restricting our degree of flexibility. If we are unable to refinance our debt when due, we may not be able to satisfy our obligations under the Senior Secured Notes. Furthermore, any failure to repay amounts outstanding under the Senior Notes may result in a default under the Senior Secured Notes and Senior Facilities as a result of the cross-default provisions set forth in the Indenture and Senior Facilities Agreement. For details of the maturity profile of our debt, see "*Description of Other Indebtedness.*"

We may not be able to generate sufficient cash to service our debt or sustain our operations, including due to factors outside our control, and may be forced to take other actions to satisfy our debt obligations, which may not be successful.

Our ability to make payments on or to refinance the Senior Secured Notes or our other debt obligations, and to fund working capital and capital expenditures, will depend on our future operating performance and ability to generate sufficient cash. This depends on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control.

Our businesses may not generate sufficient cash flows from operations to make payments on our debt obligations, 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, or to refinance such debt, including the Senior Secured Notes, or to fund our liquidity needs. If we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs, we may be required to refinance or restructure our indebtedness. If our future cash flows from operations and other capital resources are insufficient to pay obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities, planned acquisitions and capital expenditures;
- sell assets;
- obtain additional debt or equity financing; or
- restructure or refinance all or a portion of our debt, including the Senior Secured Notes, on or before maturity.

We may not be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all.

In particular, our ability to restructure or refinance our debt will depend in part on our financial condition at such time. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more-onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the Senior Secured Notes Indenture may restrict us from adopting some of these alternatives. Furthermore, we may be unable to find alternative financing, and even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us. If we are not able to refinance 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 under the Senior Secured Notes. In that event, borrowings under other debt agreement or instruments that contain cross-default or cross-acceleration provisions may become payable on demand, and we may not have sufficient funds to repay all our debts, including the Senior Secured Notes.

In addition, any failure to make payments of interest or principal on our outstanding debt on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional debt. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The terms of our debt, including under the Senior Secured Notes Indenture, restrict our ability to transfer or sell assets. We may not be able to consummate certain dispositions or obtain the funds that we could have realized from the proceeds of such dispositions, and any proceeds we do realize from asset dispositions may not be adequate to meet our debt service obligations then due. In addition, the terms of our debt, including the Senior Secured Notes, the Senior Notes, the Senior Secured Notes Indenture, the Senior Notes Indenture and the Senior Facilities limit, or will limit, and any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict out business, financial position and results of operations.

In addition, the terms of our debt, including the Senior Secured Notes, the Senior Notes, the Senior Secured Notes Indenture, the Senior Notes Indenture and the Senior Facilities limit, or will limit, and any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial position and results of operations.

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

We are subject to complex tax laws. Changes in tax laws could adversely affect our tax position, including our effective tax rate or tax payments. We often rely on generally available interpretations of applicable tax laws and regulations. There cannot be certainty that the relevant tax authorities are in agreement with our interpretation of these laws. If our tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require us to pay taxes that we currently do not collect or pay or increase the costs of our services to track and collect such taxes, which could increase our costs of operations or our effective tax rate and have a negative effect on our business, financial condition and results of operations. The occurrence of any of the foregoing tax risks could have a material adverse effect on our business, financial condition and results of operations.

We might be exposed to risks resulting from deviating interpretations of applicable tax laws by the tax authorities or adverse amendments to current legislation which could result in additional tax burden.

Our business is subject to the general tax environment in the countries in which we operate. Changes in tax legislation, administrative practice or case law which deviate from our assessments could result in a higher tax burden. We cannot exclude that we may be impacted by tax effects as a result of the impending application of the global minimum taxation rules and additional tax burdens may have adverse effects on our cash flows and financial condition and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

We could fail, whether inadvertently or through reasons beyond our control, to comply with tax laws and regulations relating to the tax treatment of various of our financing arrangements, which could result in unfavorable tax treatment for such arrangements. If any competent tax authorities were to successfully challenge the tax treatment or characterization of, e.g., any of our intercompany loans or transactions, this could result in the disallowance of deductions, a limitation on our ability to deduct interest expenses, the imposition of withholding taxes, the application of significant penalties and accrued interest on intercompany loans or internal deemed transfers which would have a material adverse effect on our cash flows, financial condition and results of operations and thus on our ability to fulfill our obligations under the Senior Secured Notes and the Guarantees.

Due to our operations in various jurisdictions, we are exposed to various tax risks, including risks based on transfer pricing rules which apply to cross-border business relationships. Pursuant to such transfer pricing rules, related enterprises are required to conduct any inter-company transactions on conditions which would also apply among unrelated third parties concluding comparable agreements (so-called "arm's length principle") and to sufficiently document the relevant transactions, subject to the rules applicable to them in the relevant jurisdiction. It cannot be ruled out that one or more tax authorities will challenge our compliance with applicable transfer pricing rules. For example, our documentation may be considered to be insufficient by the relevant tax authorities or transfer prices may be considered to be inadequate or inadequately justified. This may result in double taxation in two or more jurisdictions and penalties. Transfer pricing risks may increase in the future in case our intra-group cross-border business grows or changes or if tax authorities change their interpretation of applicable transfer pricing rules. Our business activities might inadvertently trigger taxing rights of foreign countries (e.g., due to a representative's permanent establishment), which could result in additional tax.

We are exposed to interest rate risks, and such rates may adversely affect our debt service obligations.

A portion of our debt bears interest at a variable rate, and we are exposed to the risk of fluctuations in interest rates, primarily under Facility B and the Revolving Credit Facility, which are based on, in respect of the Facility B and any drawings under the Revolving Credit Facility in Euro, the Euro Interbank Offered Rate ("EURIBOR") (subject to a zero percent per annum floor) and in the case of any drawings under the Revolving Credit Facility in pounds-sterling or US dollars, the Sterling Overnight Index Average ("SONIA") and the Secured Overnight Financing Rate ("SOFR") (subject to a zero percent per annum floor), respectively, and in each case plus an applicable margin. These interest rates have significantly risen recently and could rise significantly in the future, increasing our interest expense associated with these obligations, reducing cash flow available for capital expenditures and hindering our ability to make payments on the Senior Secured Notes. Neither our Senior Facilities Agreement, the Senior Secured Notes Indenture nor the Senior Notes Indenture contains a covenant requiring us to hedge all or any portion of our floating rate debt.

Due to restrictions on the deductibility of interest expenses, we may be unable to fully deduct interest expenses on our financial liabilities and expect to pay higher taxes.

A certain amount of our annual financing expenses (primarily interest payments) is not deductible under existing interest limitation rules, especially the German interest barrier rules (*Zinsschranke*) as further described below. Subject to certain requirements, the German interest barrier rules impose restrictions on the deductibility of interest expenses for German tax purposes. The German interest barrier rules generally provide for a limitation on the deduction of net interest expenses in excess of 30% of tax-adjusted EBITDA. For purposes of the interest barrier rules, all entities that are part of the same fiscal unity (*Organschaft*) for corporate income and trade tax purposes are treated as one single business. Any nondeductible amount exceeding the threshold of 30% is carried forward and may be, again subject to the interest barrier rules, deductible in future financial years.

Furthermore, on June 20, 2016, the European Council adopted Directive (EU) 2016/1164, which provides rules against tax avoidance practices that directly affect the functioning of the internal market. The Anti-Tax Avoidance Directive I (ATAD I) contains five legally binding anti-abuse measures, which all member states have been required to apply against common forms of aggressive tax planning since January 1, 2017. Part of the package of measures is the implementation of an interest limitation in line with German rules. The restriction of the deductibility of interest expenses for tax purposes has adverse consequences for our financial position and results of operations. The European Council has also adopted Directive (EU) 2017/952 (ATAD II) targeted at mismatches which had to be implemented by December 31, 2019. At the end of June 2021, the German legislator passed the ATAD Implementation Act (*Gesetz zur Umsetzung der Anti-Steuervermeidungsrichtline*) in order to implement the respective changes into German tax law. Amongst others, this act has introduced provisions to counter tax shortfalls due to mismatches from the use of hybrid financial instruments or hybrid entities or due to dual tax residency and has amended the CFC rules. These rules may result in higher taxable income and a higher tax burden for corporate income tax and trade tax purposes in the past, current and future tax periods. Further measures may follow as part of the Organization for Economic Co-operation and Development's Base Erosion and Profit Shifting Project.

The interests of our principal shareholders may be inconsistent with the interests of holders of the Senior Secured Notes.

The Sponsors indirectly control the Group. See "*Principal Shareholders and Related Party Transactions*." As a result, the Sponsors have, directly or indirectly, the power to affect, among other things, our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve other changes to our operations. In addition, the Sponsors have control over our decisions to enter into any corporate transaction and will have the ability to prevent any transaction that requires the approval of shareholders regardless of whether our management believes that any such transactions are in our own best interests. For example, the shareholders could vote to cause us to incur additional indebtedness, to sell certain material assets or make dividends, in each case, so long as the Senior Secured Notes Indenture, the Senior Notes Indenture, the Senior Facilities Agreement and the Intercreditor Agreement so permit. The incurrence of additional indebtedness would increase our debt service obligations and the sale of certain assets could reduce our ability to generate revenue, each of which could adversely affect us. In addition, for compliance with certain restrictive covenants, we will depend upon the cooperation of our principal shareholders who have the power to effect compliance with such covenants. The interests of the Sponsors and their affiliates could conflict with the interests of holders of the Senior Secured Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. Affiliates of the Sponsors also have an interest in pursuing divestitures, financings or other transactions (including one or more divestitures of all or part of our business or sales of our shares which would result in changes to our shareholding structure) that in their judgment could enhance their equity investments, although such transactions might involve risks to holders of the Senior Secured Notes. In addition, the Sponsors or their affiliates may, in the future, own businesses that directly compete with ours or do business with us. The Sponsors may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. So long as investment funds associated with or designated by the Sponsors collectively continue to own a significant amount of our capital stock, even if such amount is less than 50%, the Sponsors will continue to be able to strongly influence or effectively control our decisions.

Risks Relating to the Senior Secured Notes

The Senior Secured Notes will be secured only to the extent of the value of the Collateral that has been granted as security for the Senior Secured Notes and future secured debt may be secured by certain assets that do not secure the Senior Secured Notes.

The Senior Secured Notes will be secured only to the extent of the value of the Collateral described in this Offering Memorandum. See "*Description of the Notes—Security*." The Collateral will also secure the liabilities owed to the creditors in respect of the Senior Facilities on an equal and ratable basis, and may also secure certain hedging obligations and certain future indebtedness or guarantee obligations ranking *pari passu* with the Senior Secured Notes, to the extent permitted by the terms of the Senior Secured Notes Indenture and the Intercreditor Agreement, and part of the Collateral also secures the Senior Notes on a second priority basis. Therefore, in addition to the above, the rights of the holders may be diluted by any increase in the *pari passu* debt secured by the Collateral, including an increase in the obligations under the Senior Facilities Agreement, or a reduction of the Collateral securing the Senior Secured Notes. Also, in the event of enforcement of the Collateral, holders of the Senior Secured Notes may not be able to recover on the Collateral if the aggregate of the then outstanding claims under obligations ranking *pari passu* with the Senior Secured Notes are greater than the proceeds realized. In addition, pursuant to the Intercreditor Agreement, the proceeds of an enforcement of the Collateral may also be applied in repayment of any debt or guarantee obligations which are secured on a "Super Senior" basis (to the extent the "Designation Date" (being the date on which the Senior Secured Notes Issuer has first designated liabilities as "Super Senior" (under and as defined in the Intercreditor Agreement)) has occurred), followed by (or unless the Designation Date has not occurred) any creditors in respect of the Senior Secured Notes and the Guarantees, certain other or future indebtedness or guarantee obligations that are secured on the Collateral on an equal and ratable basis.

To the extent the claims of the holders of the Senior Secured Notes exceed the value of the Collateral securing the Senior Secured Notes and the Guarantees, those claims will generally rank equally with the claims of the holders of all other existing and future senior unsecured debt ranking *pari passu* with the Senior Secured Notes and the Guarantees. As a result, if the value of the assets pledged as Collateral is less than the value of the claims of the holders of the Senior Secured Notes, those claims may not be satisfied in full. In addition, not all of our assets will secure the Senior Secured Notes, and the Senior Secured Notes Indenture will allow the Senior Secured Notes Issuer and its restricted subsidiaries to secure certain types of debt permitted to be incurred under the Senior Secured Notes Indenture with the property and assets of the restricted subsidiaries that do not secure the Senior Secured Notes. The value of such assets and property could be significant. If an event of default occurs and the obligations under the Senior Secured Notes are accelerated, the Senior Secured Notes and the Guarantees will not benefit from the assets securing such secured debt and will rank equally with the holders of other unsecured debt of the Senior Secured Notes Issuer and such Guarantors with respect to any property or assets that is excluded from the Collateral securing the Senior Secured Notes or such secured debt.

The value of the Collateral securing the Senior Secured Notes may not be sufficient to satisfy our obligations under the Senior Secured Notes and such Collateral may be reduced, diluted or difficult to enforce under certain circumstances.

If we default on the Senior Secured Notes, holders of the Senior Secured Notes will be secured only to the extent of the value of the Collateral granted in favor of holders of the Senior Secured Notes. In the event of an enforcement of the Collateral in respect of the Senior Secured Notes, the proceeds from the sale of the assets underlying the pledges may not be sufficient to satisfy the Senior Secured Notes Issuer's obligations with respect to the Senior Secured Notes, including due to the reasons described in the preceding sentence. No appraisal of the value of the Collateral has been made in connection with this Offering. The value of the assets underlying the Collateral will also depend on many factors, including, among other things, whether or not the business is sold as a going concern, regulatory restrictions that could affect such sale, the ability to sell the assets in an orderly sale, the condition of the economies in which operations are located and the availability of buyers.

The Collateral that is pledged for the benefit of the holders of the Senior Secured Notes may provide for only limited repayment of the Senior Secured Notes, in part because most of such Collateral may not be liquid and its value to other parties may be less than their value to us. Likewise, we cannot assure you that the Collateral will be saleable or, if saleable, that there will not be substantial delays in the liquidation thereof. In the event of foreclosure, the grant of permits and licenses necessary to operate our business may be revoked, the transfer of such permits and licenses may be prohibited or such transfer may require us to incur significant cost and expense. Furthermore, we cannot assure you that the applicable governmental authorities will consent to the transfer of all such permits and licenses. If the regulatory approvals required for such transfers are not obtained, are delayed or are economically prevented, the foreclosure may be delayed, a temporary or lasting shutdown of operations may result and the value of the Collateral may be significantly decreased. Furthermore, enforcement of the Collateral and any transfer of our operations may require, in certain jurisdictions, governmental or other regulatory consents, approvals or filings or might otherwise be challenged. Such consents, approvals or filings may take time to obtain or may not be obtained at all. As a result, enforcement may be delayed, a temporary shutdown of operations may occur and the value of the Collateral may be significantly decreased. Not all of our assets will secure the Senior Secured Notes and it is possible that the value of the Collateral will not be sufficient to cover the amount of indebtedness secured by the Collateral. With respect to any shares of any Guarantors pledged to secure the Senior Secured Notes and the Guarantees thereof, such shares may also have limited value in the event of bankruptcy, insolvency or other similar proceedings because all of the obligations of any such Guarantor must first be satisfied, leaving little or no remaining assets in the pledged entity. As a result, the creditors secured by a pledge of the shares of a Guarantor may not recover anything of value in the case of an enforcement sale. In addition, the value of the Collateral may decline over time. If the proceeds of the Collateral are not sufficient to repay all amounts due on the Senior Secured Notes, the holders of the Senior Secured Notes (to the extent not repaid from the proceeds of the sale of the Collateral) would have only a senior unsecured, unsubordinated claim against the Senior Secured Notes Issuer's and the Guarantors' remaining assets.

The Senior Secured Notes Indenture also permits the granting of certain liens other than those in favor of the holders of the Senior Secured Notes on the Collateral. To the extent that holders of other indebtedness or third parties enjoy liens, including statutory liens, whether or not permitted by the

Senior Secured Notes Indenture or the Security Documents, such holders or third parties may have rights and remedies with respect to the Collateral which, if exercised, could reduce the proceeds available to satisfy our obligations under the Senior Secured Notes. Moreover, if we issue additional Senior Secured Notes under the Indenture or borrow additional amounts under the Senior Facilities Agreement, holders of such Senior Secured Notes and lenders under the Senior Facilities Agreement would benefit from the same collateral as the holders of the Senior Secured Notes being offered hereby, thereby diluting your ability to benefit from the liens on the Collateral.

In addition, CDPQ and OTPP, two of our Sponsors, are subject to laws restricting their ability to (i) hold more than 30% of the voting rights with respect to the appointment or removal of directors of a corporation or (ii) own more than 30% of any class of ordinary securities of the Senior Secured Notes Issuer, respectively (together, the "30% Rule"). In order to assure compliance with the 30% Rule, the first-ranking security interest over the shares of the Senior Secured Notes Issuer and each Guarantor, each securing the Senior Secured Notes, may be released to allow a transfer of the relevant number of shares of each of the Senior Secured Notes Issuer and each Guarantor to a designee (a "30% Rule Designee") of CDPQ or OTPP, as applicable, provided such shares are pledged by such 30% Rule Designee in favor of the Senior Secured Notes. Similarly, in case of issuance of new shares of the Senior Secured Notes Issuer or a Guarantor to a 30% Rule Designee, such 30% Rule Designee will be required to pledge such shares in favor of the Senior Secured Notes. In case the 30% Rule is triggered, and certain shares of the Senior Secured Notes Issuer and/or any Guarantor are transferred or issued to, and pledged by, a 30% Rule Designee, the Security Agent will be required, in the case of an enforcement of the Collateral in respect of the Senior Secured Notes, to enforce such pledges separately from the pledges provided by the Senior Notes Issuer over the shares of the Senior Secured Notes Issuer and by the respective security provider over the shares of the respective Guarantor, in order to obtain control of 100% of the share capital of the Senior Secured Notes Issuer or a Guarantor, as applicable. Enforcement of multiple security interests over the shares of the Senior Secured Notes Issuer or a Guarantor could result in a delay in the enforcement of such Collateral, increase costs related thereto and hinder the ability of the holders of the Senior Secured Notes to derive full benefit from the applicable Collateral.

Further, the enforcement of the Collateral will be limited as set forth under "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations*," which limitations can be significant. See also "*—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral*."

If the Revolving Credit Facility is designated as a super senior liability in accordance with the terms of the Intercreditor Agreement and the Senior Secured Notes Indenture, creditors under the Revolving Credit Facility and counterparties to certain hedging obligations and future indebtedness permitted to be incurred under the terms of the Senior Secured Notes Indenture and the Intercreditor Agreement ranking pari passu with the Revolving Credit Facility will be entitled to be repaid with proceeds from the enforcement of the Senior Secured Notes Collateral in priority over the Senior Secured Notes.

The Intercreditor Agreement includes provisions governing the sharing of proceeds from enforcement of the Senior Secured Notes Collateral. Such enforcement proceeds are required to be turned over to the Security Agent after certain events, including the acceleration of the Senior Secured Notes. The Security Agent is required to apply turned-over amounts and other recoveries by the Security Agent from enforcement actions toward discharging any super senior obligations (including, among others, (following the designation of the Revolving Credit Facility as a super senior liability in accordance with the terms of the Intercreditor Agreement) those under the Revolving Credit Facility, certain hedging obligations and future indebtedness that may be secured on a super senior basis (the "Super Senior Liabilities")) in priority to applying any such amounts toward discharging the Senior Secured Notes. As such, in the event of a foreclosure of the Senior Secured Notes Collateral, you may not benefit from such recoveries if the then outstanding claims under such Super Senior Liabilities are greater than the proceeds recovered. Any proceeds remaining from an enforcement sale of Collateral will, after all obligations under such Super Senior Liabilities have been discharged, be applied *pro rata* in repayment of the Senior Secured Notes (if the Revolving Credit Facility has not been designated as a super senior liability in accordance with the terms of the Intercreditor Agreement) the Revolving Credit Facility and other Senior Facilities outstanding at such time, and any other indebtedness that ranks *pari passu* with the Senior Secured Notes.

The Collateral may not initially secure the Senior Secured Notes and the Guarantees.

The Security Documents existing as of the date of this Offering Memorandum purport to provide that certain future indebtedness of the Senior Secured Notes Issuer and its affiliates which is designated under the Intercreditor Agreement to be secured by the Collateral (including the Senior Secured Notes) will be secured by the Collateral. Pursuant to applicable local law, such provisions may not be sufficient to ensure that such future indebtedness (including the Senior Secured Notes) is in fact secured by the Collateral. Accordingly, the Senior Secured Notes and the Guarantees may not be secured by the Collateral until appropriate security confirmations and/or supplemental security interests are entered into, subject to the Agreed Security Principles, within 120 days of the Issue Date.

Certain actions in respect of defaults taken under the Senior Secured Notes Indenture by beneficial owners with short positions in excess of their interests in the Senior Secured Notes will be disregarded.

By acceptance of the Senior Secured Notes, each holder of Senior Secured Notes agrees, in connection with certain notices of Default (as defined under "*Description of the Notes*"), notices of acceleration or instructions to the Trustee to provide certain notices of Default, notices of acceleration or take any other action (a "Noteholder Direction"), to deliver a written representation to the Senior Secured Notes Issuer and the Trustee that such holder and any of its affiliates acting in concert with it in connection with its investment in the Senior Secured Notes (other than screened affiliates) are not (or, in the case such holder is Euroclear or Clearstream or their respective nominee, that such holder is being instructed solely by beneficial owners that (together with such affiliates) are not) Net Short (as defined under "*Description of the Notes*"). Holders of the Senior Secured Notes, including holders that have hedged their exposure to the Senior Secured Notes and/or other debt issued or guaranteed by the Group in the ordinary course and not for speculative purposes, may not be able to make such representations. These restrictions may impact a holder's ability to participate in Noteholder Directions and exercise its rights.

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

The granting of the Guarantees and security interests to secure the Senior Secured Notes may create hardening or voidance periods for such Guarantees and security interests in certain jurisdictions. The granting of shared security interests to secure future permitted debt may restart or reopen such hardening or voidance periods in particular, because the Senior Secured Notes Indenture permits the release and retaking of security granted in favor of the Senior Secured Notes in certain circumstances, including in connection with the incurrence of future debt. The applicable hardening or voidance period for these new security interests can run from the moment each new security interest has been granted or perfected. At each such time, if the security interest granted or recreated were to be enforced before the end of the respective hardening or voidance period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it. See "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations*."

The same rights also apply following the issuance of the Senior Secured Notes in connection with the accession of further subsidiaries as additional Guarantors and the granting of security interests over their relevant assets and equity interests for the benefit of holders of the Senior Secured Notes, as applicable.

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

The security interests that will secure the obligations of the Senior Secured Notes Issuer under the Senior Secured Notes and the obligations of the Guarantors under the Guarantees thereof will not be granted directly to the holders of the Senior Secured Notes but to the Security Agent, and thus the holders of the Senior Secured 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 relevant 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 Senior Secured Notes will have limited remedies and recourse against us in the event of a default. See "*Description of Other Indebtedness—Intercreditor Agreement.*"

In addition, the ability of the Security Agent to enforce the security interests is subject to mandatory provisions of the laws of each jurisdiction in which security interests over the Collateral are taken. 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 Senior Secured Notes that are not identified as registered holders in a security document will be validly secured. In 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 Senior Secured Notes Issuer and the Guarantors owed to holders of the Senior Secured Notes under or in connection with the Senior Secured Notes Indenture ("Principal Obligations"). All or part of the pledges and other security interests in Germany 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 Senior Secured 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 Senior Secured Notes will bear the risk of the insolvency or bankruptcy of the Security Agent. In addition, the Parallel Debt construct has not been tested under German law and to the extent that the security interests in the Collateral created under the Parallel Debt construct are not validly granted, are unenforceable or are successfully challenged by other parties, holders of the Senior Secured Notes will not receive any proceeds from an enforcement of such security interests in the Collateral. See "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations*."

Holders of the Senior Secured Notes may not control certain decisions regarding the Collateral held by the Security Agent.

The Intercreditor Agreement provides that the Security Agent will act only as provided for therein. The Security Agent may refrain from enforcing the Collateral unless otherwise instructed by the Instructing Group. For the purposes of enforcement, "Instructing Group" means, in the context of our capital structure upon the consummation of the Transactions, more than 50% by value of the total senior secured credit participations under the Senior Secured Notes, the Senior Facilities, certain hedge counterparties at that time, and any other additional *pari passu* indebtedness that may be secured on such Collateral (the "Majority Senior Secured Creditors"). The Majority Senior Secured Creditors may have interests that are different from the interests of holders of the Senior Secured Notes and they may, subject to the terms of the Intercreditor Agreement, elect to pursue their remedies under the Security Documents at a time when it would be disadvantageous for the holders of the Senior Secured Notes to do so. The constitution of the "Instructing Group" for these purposes may change if our capital structure changes. See "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Description of the Notes—Security*."

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

Under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party or the grantor of the security, as applicable. The liens on the Collateral securing the Senior Secured Notes may not be perfected with respect to the claims of the Senior Secured Notes if we fail or are unable to take the actions necessary to perfect any of these liens. Under German law, the creation of a valid security interest under a German law governed pledge agreement in relation to certain assets may be subject to the delivery of a notice of pledge by the security agent or the security provider to a third party. Any failure to perfect any security interest in the Collateral may result in the invalidity of the relevant security interest or adversely affect the priority of such security interest in favor of the Senior Secured Notes against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. The Trustee and the Security Agent will not be under any obligation or responsibility to take any steps or action to perfect, or ensure the perfection of, security interests in the Senior Secured Notes.

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

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

Furthermore, under German law a secured party is, upon request by the relevant security grantor, obligated to release security if the realizable value of the security is significantly higher than the value of the obligations secured by such security.

Finally, if the secured obligations are exchanged, novated or terminated, a pledge or other accessory security interest created pursuant to a Security Document governed by German law might be released as a matter of German law.

The insolvency and restructuring laws of Germany may not be as favorable to you as the insolvency and restructuring laws of the United States or those of another jurisdiction with which you are familiar; other limitations on the Guarantees and the security interests in the Collateral, including fraudulent conveyance statutes, may adversely affect their validity and enforceability.

On and after the Issue Date, as applicable, our obligations under the Senior Secured Notes will be guaranteed by the relevant Guarantors and secured by security interests over the Collateral. The Senior Secured Notes Issuer and the Guarantors are organized under the laws of Germany. There is a rebuttable presumption that the "centre of main interests" as defined in the Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (recast) is the jurisdiction where the registered office is situated. In addition, the Collateral will include a first-ranking pledge over the shares in the Senior Secured Notes Issuer and the Guarantors.

In the event of bankruptcy, insolvency, administration or a similar event, proceedings could be initiated in Germany. In this case, in general, your rights under the Senior Secured Notes, the Guarantees and the Collateral are likely to be subject to the insolvency and administrative laws of Germany. The insolvency, administration and other laws of Germany may be materially different from, or conflict with, the laws of the United States, including in the areas at rights of creditors, priority of governmental and other creditors, the ability to obtain post-petition interest, the duration of proceeding and preference periods.

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

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

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

If we cannot satisfy our obligations under the Senior Secured Notes and any Guarantee or security interest in the Collateral is found to be a preference, transaction at an undervalue, fraudulent transfer or conveyance or is otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the Senior Secured Notes. In addition, the liability of each Guarantor or security provider under its Guarantee or the security interests will be limited to the amount that will result in such Guarantee or security interest not constituting a fraudulent conveyance or improper corporate distribution or otherwise being set aside. The amount recoverable from the Guarantors and security providers under the Security Documents will also be limited. However, there can be no assurance as to what standard a court would apply in making a determination of the maximum liability of each. There is also the possibility that the entire Guarantee or security interest may be set aside, in which case the entire liability may be extinguished. See also "*—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral*."

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

- issued such Guarantee or created such security interest with the intent of hindering, delaying or defrauding current or future creditors or with a desire to prefer some creditors over others, or created such security after its insolvency;

- issued such Guarantee or created such security interest in a situation where a prudent business person as a shareholder of such Guarantor or security provider would have contributed equity to such Guarantor or security provider or where the relevant beneficiary of the Guarantee or security interest in the Collateral knew or should have known that the Guarantor or security provider was insolvent or a filing for insolvency had been made; or

- received less than reasonably equivalent value for incurring the debt represented by the Guarantee or security interest on the basis that the Guarantee or security interests were incurred for our benefit, and only indirectly the Guarantor's or security provider's benefit, or on some other basis and (i) was insolvent or rendered insolvent by reason of the issuance of the Guarantee or the creation of the security interest, or subsequently became insolvent for other reasons; (ii) was engaged, or was about to engage, in a business transaction for which the Guarantor's or security provider's assets were unreasonably small; or (iii) intended to incur, or believed it would incur, debts beyond its ability to make required payments as and when they would become due.

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

- its liabilities exceed the fair market value of its assets (in certain jurisdictions based on their liquidation value);

- it cannot pay its debts as and when they become due; or

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

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

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

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

The Guarantors are organized under the laws of Germany. Enforcement of the obligations under a Guarantee against, and/or any Collateral provided by (as applicable) any such Guarantor will be subject to certain defenses available to the Senior Secured Notes Issuer or the relevant Guarantor, as the case may be. These laws and defenses may include those that relate to fraudulent conveyance, financial assistance, corporate benefit, capital maintenance, liquidity maintenance or similar laws as well as regulations or defenses affecting the rights of creditors generally, particularly by limiting the amounts recoverable under the Guarantees and Collateral (as applicable) and the amounts recoverable thereunder will be limited to the maximum amount that can be guaranteed or secured by a particular Guarantor or security provider under the applicable laws of each jurisdiction, to the extent that the granting of such Guarantee or Collateral is not in the relevant Guarantor's or security provider's corporate interests, or the burden of such Guarantee or Collateral exceeds the benefit to the relevant Guarantor or security provider, or such Guarantee or Collateral would be in breach of capital maintenance, liquidity maintenance or thin capitalization rules or any other general statutory laws and/or would cause the directors of such subsidiary Guarantor or security provider to contravene their fiduciary duties and incur civil or criminal liability.

Guarantees and/or security interests granted by a German limited liability company (*Gesellschaft mit beschränkter Haftung*) ("GmbH") for the purpose of guaranteeing or securing liabilities of its direct or indirect shareholders or a subsidiary of such shareholders (excluding direct or indirect subsidiaries of such GmbH) are considered to constitute a benefit for such shareholder and therefore are subject to certain capital maintenance and liquidity maintenance rules. Therefore, any Guarantees and/or Collateral provided by a GmbH, including by the Senior Secured Notes Issuer, the Senior Notes Issuer and the Guarantors, will be subject to certain contractual limitations ("limitation language") contained in the Senior Secured Notes Indenture (or any other document under which any Guarantee is granted) and Security Documents, respectively, designed to ensure compliance with applicable capital maintenance, liquidity maintenance or any other general statutory laws.

Similarly, any guarantee and/or security interest granted by a GmbH may be held invalid pursuant to Section 138 of the German Civil Code (*Bürgerliches Gesetzbuch*) ("BGB") and would therefore not be enforceable if, at the time of the creation or enforcement of any such guarantee and/or security interest, among other things, the third-party creditor and the affiliate have committed a fraudulent conveyance (*kollusives Zusammenwirken*) to the detriment of the GmbH or other third-party creditors of the GmbH.

These provisions would also apply to any Guarantor in the form of a limited partnership (*Kommanditgesellschaft*) with a limited liability company as its only general partner ("GmbH & Co. KG").

As a result, the Senior Secured Notes Issuer's or any Guarantor's or the Senior Notes Issuer's liability under its Guarantee or Collateral (as applicable) could be materially reduced or eliminated, depending upon the law and contractual enforcement restrictions applicable to it. This could lead to a situation in which such Guarantee or Collateral cannot be enforced at all. It is possible that a Guarantor or security provider, or any of their creditors, or the bankruptcy trustee or other insolvency office holder in the case of a bankruptcy or insolvency of a Guarantor or security provider, may contest the validity and enforceability of the Guarantor's Guarantee or the Senior Notes Issuer's Collateral on any of the above grounds and that the applicable court may determine that the Guarantee or Collateral should be limited or voided. To the extent that any limitations on the relevant Guarantees or Collateral apply, the Senior Secured Notes would be to that extent effectively subordinated to all liabilities of the applicable Guarantor or security provider, including trade payables of such Guarantor or security provider. Future Guarantees and Collateral may be subject to similar limitations. See "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations*."

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

Because the Senior Secured Notes and the Guarantees have not been, and will not be, and are not required to be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction, they may not be offered or sold in the United States except to QIBs in accordance with Rule 144A, outside the United States in offshore transactions in accordance with Regulation S or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and all other applicable laws. These restrictions may limit the ability of investors to resell the Senior Secured Notes. It is the obligation of investors in the Senior Secured Notes to ensure that all offers and sales of the Senior Secured Notes in the United States and other countries comply with applicable securities laws. See "*Transfer Restrictions*."

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

The Senior Secured Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream.

Interests in the global Senior Secured Notes will trade in book-entry form only, and Senior Secured Notes in definitive registered form, or Definitive Registered Senior Secured Notes (as defined herein), 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 Senior Secured Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the global notes representing the Senior Secured Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Senior Secured Notes will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Senior Secured Notes and credited by such participants to indirect participants. After payment to Euroclear and Clearstream, the Senior Secured Notes Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if investors own a book-entry interest, they must rely on the procedures of Euroclear and Clearstream, and if investors are not participants in Euroclear and Clearstream, they must rely on the procedures of the participant through which they own their interest, to exercise any rights and obligations of a holder of the Senior Secured Notes under the Indenture.

Unlike the holders of the Senior Secured Notes themselves, owners of book-entry interests will not have the direct right to act upon the Senior Secured Notes Issuer's solicitations for consents, requests for waivers or other actions from holders of the Senior Secured Notes. Instead, if an investor owns a book-entry interest, it will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, from a participant. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Senior Secured Notes Indenture, unless and until Definitive Registered Senior Secured Notes are issued in respect of all book-entry interests, if investors own book-entry interests, they 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 Senior Secured Notes. See "*Book-Entry; Delivery and Form*."

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

We cannot assure you as to:

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

Future trading prices of the Senior Secured Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. The liquidity of a trading market for the Senior Secured Notes may be adversely affected by a general decline in the market for similar securities. Historically, the market for non-investment-grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Senior Secured Notes. Any such disruption may have a negative effect on you, as a holder of Senior

Secured Notes, regardless of our prospects and financial performance. The Initial Purchasers have advised that they intend to make a market in the Senior Secured Notes after completing the Offering. However, they have no obligation to do so and may discontinue market-making activities at any time without notice. In addition, such market-making activity will be subject to limitations imposed by the U.S. Securities Act and other applicable laws and regulations. As a result, there may not be an active trading market for the Senior Secured Notes. If no active trading market develops, you may not be able to resell your Senior Secured Notes at a fair value, if at all.

The Senior Secured Notes and the Guarantees will be structurally subordinated to the claims of creditors, including depositors, trade creditors and preferred stockholders (if any), of our non-Guarantor subsidiaries.

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

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

As such, the Senior Secured Notes and the Guarantees will be structurally subordinated to the creditors, including depositors, trade creditors and any preferred stockholders (if any) of the non-Guarantor subsidiaries of the Senior Secured Notes Issuer. As of December 31, 2023, on an as adjusted basis to give effect to the Transactions, our subsidiaries not guaranteeing the Senior Secured Notes had indebtedness of €2.4 million (excluding intercompany loans). This amount will rank structurally senior to the Senior Secured Notes and the Guarantees.

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

Investors may not be able to recover in civil proceedings for U.S. securities law violations.

The Senior Secured Notes Issuer and the Guarantors are organized or incorporated outside the United States, and their business is substantially conducted outside the United States. The directors and executive officers of the Senior Secured Notes Issuer and the Guarantors are non-residents of, and substantially all of their assets are located outside the United States. Although the Senior Secured Notes Issuer and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on the directors and executive officers of the Senior Secured Notes Issuer and the Guarantors. In addition, because substantially all of the assets of the Senior Secured Notes Issuer and the Guarantors and their subsidiaries and those of their directors and executive officers are located outside the United States, you may be unable to enforce against them judgments obtained in U.S. courts. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Senior Secured Notes Issuer and the

Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States.

Additionally, there is uncertainty as to whether the courts of foreign jurisdictions would enforce (i) judgments of U.S. courts obtained against the Senior Secured Notes Issuer, the Guarantors and the directors and executive officers who are not residents of the United States predicated upon the civil liability provisions of U.S. federal and state securities laws or (ii) in original actions brought in such foreign jurisdictions against us or such persons predicated upon U.S. federal and state securities laws.

The United States is not currently bound by a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters, with Germany. For further information, see "*Service of Process and Enforcement of Civil Liabilities*."

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

If a change of control triggering event (as defined in the Senior Secured Notes Indenture) occurs, the Senior Secured Notes Issuer will be required to make an offer to purchase all the outstanding Senior Secured Notes at a price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of purchase. In such a situation, the Senior Secured Notes Issuer may not have enough funds to pay for all of the Senior Secured Notes that are tendered under any such offer. If a significant principal amount of Senior Secured Notes is tendered, the Senior Secured Notes Issuer will likely have to obtain financing to pay for the tendered Senior Secured Notes. However, the Senior Secured Notes Issuer may not be able to obtain such financing on acceptable terms, if at all. A change of control may also result in a mandatory prepayment under the Senior Facilities Agreement and agreements governing any future indebtedness, and may result in the acceleration of such indebtedness. Any failure by the Senior Secured Notes Issuer to offer to purchase the Senior Secured Notes upon a change of control would constitute a default under the Senior Secured Notes Indenture, which would, in turn, constitute a default under the Senior Facilities Agreement.

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

In addition, the occurrence of certain events that might otherwise constitute a change of control will be deemed not to be a change of control, provided that upon consummation thereof, a certain consolidated net leverage ratio of the Senior Secured Notes Issuer and its restricted subsidiaries is met. For a complete description of events that would constitute a change of control under the Senior Secured Notes, see "*Description of the Notes—Change of Control*."

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

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

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

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

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

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

One or more independent credit rating agencies may assign credit ratings to the Senior Secured Notes. The credit ratings address our ability to perform our obligations under the terms of the Senior Secured Notes and credit risks in determining the likelihood that payments will be made when due under the Senior Secured Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Senior Secured 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 Senior Secured Notes by one or more of the credit rating agencies may adversely affect the cost, terms and conditions of our financings and could adversely affect the value and trading of the Senior Secured Notes.

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

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

The Senior Secured Notes may not become or remain listed on the Official List of the Exchange.

Application will be made to the Authority for the listing of and permission to deal in the Senior Secured Notes on the Official List of the Exchange. There can be no assurance that the Senior Secured Notes will become or remain listed. If the Senior Secured Notes Issuer cannot maintain the listing on the Exchange and the admission to dealing on the Official List thereof, or if it becomes unduly burdensome to make or maintain such listing, the Senior Secured Notes Issuer may cease to make or maintain such listing on the Official List of the Exchange. Listing of any of the Senior Secured Notes on the Exchange does not imply that a public offering of any of the Senior Secured Notes in the Channel Islands has been authorized. Although no assurance is made as to the liquidity of the Senior Secured Notes as a result of listing on the Official List of the Exchange or another recognized listing exchange for comparable issuers, failure to be approved for listing or the delisting of the Senior Secured Notes from the Official List of the Exchange or another listing exchange may have an adverse effect on a holder's ability to resell Senior Secured Notes in the secondary market.

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

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

USE OF PROCEEDS

The gross proceeds of the Senior Secured Notes offered hereby are estimated to be €500 million and will be used, together with a portion of the proceeds from the Facility B, to:

- pay the purchase price for the Tendered 2% Notes due 2025 pursuant to the Tender Offer, together with accrued and unpaid interest thereon, up to, but excluding, the Tender Settlement Date;
- satisfy and discharge the Senior Secured Issuer's and the Guarantors' obligations in respect of the Remaining 2% Notes due 2025 on or about the Issue Date by depositing an amount in cash sufficient to redeem the entire outstanding principal amount of the Remaining 2% Notes due 2025 at par on the Remaining 2% Notes due 2025 Redemption Date (being April 17, 2025), together with accrued and unpaid interest thereon, up to, but excluding, the Remaining 2% Notes due 2025 Redemption Date; and
- pay fees, costs and expenses incurred in connection with the Transactions.

The estimated sources and uses of the funds in connection with the Transactions are shown in the table below. The presentation below is for illustrative purposes only and assumes that (i) 50% of the 2% Notes due 2025 are validly tendered and accepted for purchase by the Senior Secured Notes Issuer pursuant to the Tender Offer and (ii) the remaining 50% of the 2% Notes due 2025 not validly tendered and accepted for purchase by the Senior Secured Notes Issuer pursuant to the Tender Offer are redeemed at par on the Remaining 2% Notes due 2025 Redemption Date, which is a level that has been selected to represent the mid-point of potential outcomes of the Tender Offer, and is not intended to be an indication of the expected result. Actual amounts are subject to adjustments and may vary from estimated amounts depending on several factors, including the principal amount of the Tendered 2% Notes due 2025 pursuant to the Tender Offer, the Tender Settlement Date, the actual redemption date of the Remaining 2% Notes due 2025 and actual fees, costs and expenses. Any additional amounts required to fund the actual amounts required for the uses presented below shall be funded by Facility B proceeds. There is no assurance that the Tender Offer will be subscribed for in any amount. Completion of the Tender Offer is conditioned upon the completion of the Offering.

Sources of funds	€ in millions	Uses of funds	€ in millions
Senior Secured Notes offered hereby(1).......	500	Refinancing of 2% Notes due 2025(3).........	1,136
Facility B(2)………………………………..	1,800	Refinancing of existing term loan B……...	1,145
		Transaction fees, expenses and accrued interest(4)……………………………...	19
Total Sources..	2,300	**Total Uses**..	2,300

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(1) Represents estimated gross proceeds from the issuance of €500 million aggregate principal amount of Senior Secured Notes offered hereby, assuming an issuance at par.

(2) Represents the proceeds from Facility B which is expected to be drawn on the Issue Date, and a portion of which is required to satisfy the Senior Secured Issuer's obligations in respect of the uses on the basis described above (assuming that (x) 50% of the 2% Notes due 2025 are validly tendered and accepted for purchase by the Senior Secured Notes Issuer pursuant to the Tender Offer and (y) the remaining 50% of the 2% Notes due 2025 not validly tendered and accepted for purchase by the Senior Secured Notes Issuer pursuant to the Tender Offer are redeemed at par on the Remaining 2% Notes due 2025 Redemption Date).

(3) Represents the aggregate amount required to (i) pay the purchase price for the Tendered 2% Notes due 2025 at the price and upon the terms specified in the Tender Offer Memorandum, assuming that 50% of the 2% Notes due 2025 are validly tendered and accepted for purchase by the Senior Secured Notes Issuer and (ii) satisfy and discharge the Senior Secured Notes Issuer's and the Guarantors' obligations in respect of the Remaining 2% Notes due 2025 by depositing an amount in cash sufficient to redeem the entire outstanding principal amount of the Remaining 2% Notes due 2025 at par on the Remaining 2% Notes due 2025 Redemption Date (assumed to be April 17, 2025) with the trustee in respect of such Remaining 2% Notes due 2025, assuming 50% of the 2% Notes due 2025 are not accepted by the Senior Secured Issuer pursuant to the Tender Offer. The obligations of the Senior Secured Notes Issuer and the Guarantors in respect of the Remaining 2% Notes due 2025 will be satisfied and discharged on or about the Issue Date.

In the event that (i) 100% of the Regulation S 2% Notes due 2025 are validly tendered and accepted for purchase at the Tender Purchase Price, such total amount would be €1,128.1 million and (ii) 0% of the 2% Notes due 2025 are validly tendered and accepted for purchase at the Tender Purchase Price, such total amount would be €1,145.0 million, in each case taking into account both the payment of the purchase price in respect of the Tendered 2% Notes due 2025 as well as the satisfaction and discharge of the Senior Secured Notes Issuer's and the Guarantors' obligations in respect of the Remaining 2% Notes due 2025 and their redemption on the Remaining 2% Notes due 2025 Redemption Date (if applicable), in each case without giving effect to any accrued and unpaid interest thereon.

(4) Represents estimated fees and expenses incurred in connection with the Transactions, including accrued but unpaid interest on the 2% Notes due 2025, commissions and commitment, placement, advisory and other fees. The actual amount of transaction fees and expenses may differ from the estimated amount depending on several factors, including differences from our estimates of fees and expenses and the actual fees and expenses as of the completion of the Transactions, as well as the actual Issue Date.

CAPITALIZATION

The following table sets forth the consolidated cash and cash equivalents and the capitalization of the Group (i) as of December 31, 2023 on a historical basis and (ii) as of December 31, 2023 on a consolidated as adjusted basis to reflect the Transactions as if they had occurred on December 31, 2023. The adjusted information below is illustrative only and does not purport to be indicative of our capitalization following the completion of the Transactions.

The table below should be read in conjunction with "*Summary Consolidated and Other Financial Information*," "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Other Indebtedness*," "*Description of the Notes*," and the Consolidated Financial Statements included elsewhere in this Offering Memorandum.

	As of December 31, 2023	
(in € millions)	**Actual**	**As Adjusted for the Transactions**
	(unaudited)	
Cash and cash equivalents[1]	**105.5**	**105.5**
Financial debt[2]:		
2% Notes due 2025[3]	1,145.0	—
Revolving Credit Facility[4]	130.0	42.8
Facility B[5]	1,145.0	1,800.0
Senior Secured Notes offered hereby[6]	—	500.0
Total senior secured indebtedness	**2,420.0**	**2,342.8**
Senior Notes[7]	363.9	363.9
Lease liabilities[8]	155.7	155.7
Other third-party borrowings[9]	2.4	2.4
Total debt, excluding shareholder debt	**2,942.0**	**2,864.8**
Shareholder equity	(13.4)	(13.4)
Total capitalization	**2,928.6**	**2,851.4**

(1) As of December 31, 2023, this amount represents €105.5 million of cash and cash equivalents on balance sheet. The as adjusted amount may vary depending on interim trading and the principal amount of the Tendered 2% Notes due 2025, which may result in an increase or decrease of cash on balance sheet.

(2) Amounts are not reduced by the amount of capitalized debt issuance costs.

(3) The actual amount represents the aggregate outstanding principal amount of the 2% Notes due 2025 as of December 31, 2023 and the adjusted amount reflects (i) the repurchase by the Senior Secured Notes Issuer of the outstanding principal amount of the Tendered 2% Notes due 2025 pursuant to the Tender Offer and (ii) the satisfaction and discharge of the Senior Secured Notes Issuer's and the Guarantors' obligations in respect of the entire outstanding principal amount of the Remaining 2% Notes due 2025 on or about the Issue Date, following the settlement of the Tender Offer, by depositing with the trustee certain proceeds of the Senior Secured Notes, together with a portion of the proceeds drawn under the Facility B, in an amount in cash sufficient to redeem the entire outstanding principal amount of the Remaining 2% Notes due 2025 at par, together with accrued and unpaid interest thereon, up to, but excluding, the Remaining 2% Notes due 2025 Redemption Date.

(4) The Revolving Credit Facility provides for aggregate borrowings of up to €398.4 million, comprised of €375.0 million under the Revolving Credit Facility 2 and €23.4 million under the existing Revolving Credit Facility. We expect that €42.8 million of drawings will be outstanding under the Revolving Credit Facility on the Issue Date and that approximately €5.1 million in non-cash guarantees under the Revolving Credit Facility will remain outstanding.

(5) The actual amount represents the aggregate outstanding principal amount of the term loan drawn under the Senior Facilities Agreement and the adjusted amount represents the aggregate principal amount of the new term loan expected to be drawn under the Senior Facilities Agreement on or about the Issue Date to partially finance the Transactions.

(6) Represents the aggregate principal amount of Senior Secured Notes offered hereby.

(7) Represents the aggregate outstanding principal amount of the Senior Notes as of December 31, 2023, excluding estimated accrued and unpaid interest.

(8) Represents the nominal value of our lease liabilities as of December 31, 2023. As of December 31, 2023, the carrying amount of our lease liabilities was €112.6 million.

(9) Represents bank loans of various recently acquired small submetering companies in Germany, as well as a local bank loan of Techem Brazil.

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

The following is a discussion of our financial condition and results of operations in the periods set forth below, based on data extracted from the financial statements of the Group as discussed under "Presentation of Financial and Other Information." You should read this discussion in conjunction with our Audited Financial Statements included elsewhere in this Offering Memorandum. The following presentation and analysis contain forward-looking statements which, although based on assumptions that we consider reasonable, involve risks and uncertainties. For the reasons explained under "Forward-Looking Statements" and "Risk Factors" and elsewhere in this Offering Memorandum, our future results may differ materially from those expected or implied in these forward-looking statements.

The following tables set forth our summary consolidated financial information and other data for the periods ended and as of the dates indicated below. Our summary consolidated financial information as of and for each of the financial years ended September 30, 2021, 2022 and 2023 has been derived from the Audited Financial Statements, which are included elsewhere in this Offering Memorandum. The Audited Financial Statements have been audited by our auditors and their auditor's reports are included elsewhere in this Offering Memorandum. Our summary consolidated interim financial information as of and for the three months ended December 31, 2022 and 2023 have been derived from the Unaudited Interim Financial Statements, which are included elsewhere in this Offering Memorandum. The Unaudited Interim Financial Statements are included elsewhere in this Offering Memorandum.

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

You should read the information set forth below in conjunction with the sections "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalization" and the Consolidated Financial Statements included elsewhere in this Offering Memorandum. Our historical results do not necessarily indicate results that may be expected for any future period.

Overview

We are a leading digitally driven energy services provider for the real estate sector in Europe with a strong track record of managing complexity for our customers. This stems from our historically strong business in submetering as well as significant offerings in energy contracting and other building and energy related services. We are active in 18 countries, all located in Europe except for Brazil, and hold top one or top two positions in most of these countries. We believe we are a leading provider in the European energy services market, in particular in the residential submetering market in Germany where we believe to have a relative market share of approximately 27% based on revenue for the financial year ended September 30, 2022, and the largest installed asset base of heat and water meter devices. While our business is not regulated, it is supported by the regulatory framework our customers face and we see ourselves as their service provider to help them fulfill growing regulatory requirements.

We organize our business into the two reportable segments: Energy Services, which offers submetering and cost allocation services, ancillary energy efficiency solutions and supplementary products and services, and Energy Efficiency Solutions, where we procure, convert and supply energy to our customers. Energy Services consists of the business operating lines Energy Services Germany and Energy Services International, which oversees the development and strategy across 17 countries. All of these countries are located in Europe, with the exception of Brazil. For the twelve months ended

December 31, 2023, our Energy Services business segment generated external revenues of €863.8 million. Germany generated 61.0% of these revenues, with the remainder generated by our operations outside Germany. For the twelve months ended December 31, 2023, our Energy Efficiency Solutions business segment generated external revenues of €148.6 million.

Key Factors Affecting Our Results of Operations and Financial Condition

Factors affecting our results of operations include the following:

Demand and prices for our devices and services

The volume of revenue we generate generally depends, among other factors, on the demand for our devices and services, as well as our prices for those devices and services. We believe the nature of our business and the industry in which we operate provides inherent stability and resilience in economic downturns or volatility. Our services are provided to landlords (owner of the apartments) for their respective tenants. Regulation is only applicable for the landlords' rental of apartments to tenants and not to our service, which makes our services essential.

In Germany, we benefit from long-term and established customer relationships, with some customer relationships lasting for significantly more than 20 years, and occasionally customer relationships for more than 40 years. The duration of our typical customer contract in Energy Services varies among the types of business, equipment used and customer segment. For example, for rental services, some of our contracts rely on the legally required replacement cycles, which amount to ten years for smoke detectors and six years for water and heat meters, while for other contracts there are no legally binding replacement cycles, such as for heat cost allocators, which typically have a contract duration of ten or more years. The duration of our typical customer contract in Energy Efficiency Solutions is between 15 and 20 years. Long-term contracts are both attractive for our customers and provide relatively high visibility for us on the revenue generation over the next years. Since our customers are primarily landlords and property managers of multi-unit residential and commercial buildings, the revenue we generate also depends on the total number of such buildings in a relevant market, the number of units that are equipped or can be equipped with devices, the average number of devices per building and the number of related services we provide. For example, demand for our devices generally increases as a result of new construction, but may also decrease as a result of the demolition of apartment buildings, such as happened in the former Eastern German federal states. We anticipate intrinsic growth of the total number of dwellings in the EU to be approximately 1% per year. In addition, increasing regulatory requirements, e.g., intra-year reading, CO_2 tax allocation are expected to lead to additional revenue generation and positively impact our business and do not depend on an increasing building stock. We also believe that higher energy prices and the CO_2 tax, shared between landlords and tenants, will drive demand for our products as awareness on energy costs and CO_2 footprint increases.

In mature, international markets such as Austria, Switzerland, Belgium, Italy, the Netherlands and Denmark, where cost allocation penetration is similar to the German market, demand is typically determined by drivers similar to those in Germany. Revenue generation in these developed markets, which amounted to €118.2 million in the financial year ended September 30, 2021 and grew to €142.3 million in the financial year ended September 30, 2023, is therefore expected to be positively impacted by the offering of higher valued and priced services on the basis of the already installed base of remotely and or cloud connected devices. In other international markets where cost allocation penetration is lower and the industry is less established, the most important drivers of demand are the number of buildings that can be equipped with devices and the cooperation of utility providers and potential customers to adhere to legal requirements for submetering. In these developing markets, specifically France, Poland and Spain, revenue amounted to €43.3 million in the financial year ended September 30, 2021 and grew to €57.2 million in the financial year ended September 30, 2023. The opportunities for the largest growth exist in markets with both a large base of multi-unit residential buildings and low penetration rates, whereas areas with lower number of multi-unit buildings or where central heating systems are less prevalent offer comparably smaller growth opportunities.

The number of installed submetering devices has grown from 62.0 million devices as of September 30, 2021 to 66.7 million devices as of September 30, 2023, driving an implied reading and billing services revenue per dwelling in Germany of €50.50 and internationally of €16.10 as of September 30, 2023 (reading and billing services revenue divided by number of dwellings) and implied rental and associated service revenue per device in Germany (excluding DMG) of €6.58 as of September 30, 2023 (rental contract value divided by number of rental devices).

Demand for services has grown significantly in recent years as complexity within the industry has increased, leading us to develop innovative solutions and to implement more digitization within our business and automation within our devices. There has been a shift from mechanical (evaporator) and simple electronic devices to more sophisticated and efficient radio-enabled devices due to technological advancements, demand from tenants for a more efficient, less intrusive and more accurate meter reading process, and regulation in Germany. Monthly consumption information enforced by the EED for all dwellings by Jan 1, 2027, at the latest, requires cloud-enabled data gathering to ensure cost-efficient services (instead of a physical reading once a year). The rental and sales prices we charge for our devices depend on the technology utilized in the device. For example, we charge higher prices for radio-enabled devices than for mechanical or electronic devices. Outside Germany, our service prices are also typically increased in line with consumer prices. Service prices are reviewed and in general adjusted on a yearly basis primarily following the movement of consumer prices, the cost of labor as well as the inclusion of incremental services. We believe our ability to meet demands of customers and tenants for more digitization has in turn led to more loyalty among customers as well as opportunities for greater revenue streams from more accurate and even more timely delivery of services. We also believe new services, in particular MPO, DHC control, EV Charging and smoke detection and climate monitoring (MSD — which builds upon our long established smoke detection business with more than 10 million devices installed and with replacement cycles upcoming) in Germany.

Social, political and regulatory developments

In certain European countries, there is increased public awareness of the need for and political intention to implement energy-saving measures and CO_2-reduction measures, both in business as well as in private life. Higher prices for energy and water encourage consumers to reduce energy and water consumption and to stay informed of energy costs related to their housing. High energy prices incentivize consumers to demand cost allocation metering services and to pay only for their own energy consumption.

These social developments are supported by favorable regulatory developments. In Germany, for example, several regulations have supported the development of submetering and cost allocation since as early as 1981. For instance, pursuant to the 1981 German Heating Cost Ordinance (*Heizkostenverordnung*), the owner of a multi-unit residential or commercial building with a central heating source or commercially supplied heat or hot water is required to measure and bill heating and hot water based on individual consumption by the end-user. At the same time, applicable tenancy laws allow for a landlord to pass on submetering costs to tenants. In addition, the building codes (*Landesbauordnungen*) of most German federal states also provide for an obligation to measure the consumption of cold water in residential units, at least with respect to new buildings. More recently, the German Act to Restart the Digitisation of the Energy Transition (*Gesetz zum Neustart der Digitalisierung der Energiewende*) enacted in 2023 aims to support an unbureaucratic and speedy rollout of smart (electricity) meters and smart meter gateways throughout Germany.

In addition, we believe that globally there is increased legislation aimed at saving energy. Under the Paris Agreement, the EU and its Member States are committed to a 40% target reduction in CO_2-emissions throughout the EU by 2030 (compared to 1990). In addition to the legislation and regulations already in place in certain European countries, the EU Parliament adopted and published the Energy Efficiency Directive (the "EED") in 2012, which imposes an obligation to provide end-users with individual submeters that accurately measure and report their energy consumption, provide actual consumption information at least quarterly and ensure that billing is accurate and based on actual consumption. On December 24, 2018, a revised version of the EED became effective. This was followed by a further revision published in September 2023 (together with the December 24, 2018 amending directive, the "Revised EED"), which came into force on October 10, 2023, offering new opportunities for increased penetration of radio-controlled devices and increased availability of intra-annual consumption and billing data to be made available. The Revised EED mandates, among other things, that (i) all (existing and new) installed metering and cost allocation devices for heating, cooling and domestic hot water are remotely readable by January 1, 2027, with all newly installed devices to be remotely readable since October 25, 2020, and (ii) consumption data for radio-controlled devices be made available at least monthly since January 1, 2022. In Germany, the further requirements of the Revised EED 2023 have been implemented by an amendment to the Heating Costs Ordinance with effect from October 16, 2023.

While other EU Member States have implemented the EED (especially the submetering requirements) at different times and not all have complied with the official transposition dates (June 5, 2014 for the EED and October 25, 2020 for the Revised EED), certain key aspects have been reflected in recent legislation, or are expected to be reflected in legislation in the near future, in some of the key countries we operate in. For example, in Italy, the submetering of certain buildings became mandatory on June 30, 2017, though penalties for non-compliance are not regularly enforced. In France, submetering of certain buildings became mandatory on January 1, 2018 and EED legislation with an acceptable threshold for apartments which have a low energy consumption is currently pending, following an objection raised by the social housing organization. In Spain, the EED has been approved by the government in August 2020, with installation deadlines varying by climatic area and ranging up until April 30, 2023. In Poland, a new EED legislation was signed in April 2021, followed by a consultation process to outline the detailed requirements in a decree which was completed in December 2021. However, the timing of legislative processes and speed of implementation in these and other countries may be adversely affected by the COVID-19 pandemic or other socio-economic factors. We expect that the directive and the proposed revisions, if fully implemented, will have a favorable impact on our cost allocation business in less- or non-penetrated countries within the EU.

More recently, based on the recommendations of the Expert Commission on Gas and Heat, which proposed a one-time payment in December as an emergency relief for gas and heat customers, the Bundestag passed a bill for this emergency relief in December 2022 on November 10, 2022, which entered into force on November 19, 2022 (Natural Gas and Heat Emergency Relief Act, "EWSG"). The EWSG regulates the one-time relief of costs for natural gas and heat for end consumers for the month of December 2022. This relief granted to the landlord must be passed on by the landlord to his tenants, which will primarily take place in the context of the annual heating cost billing prepared by the Group.

Further, on January 1, 2023, a new regulation for the allocation of CO_2-costs between tenants and landlords and to increase incentives for energy-efficient renovations came into force which we believe will have a positive impact on our business. In future, the allocation of CO_2-costs will generally be shown in the heating cost billing prepared by Techem.

Also, on January 1, 2023, the German Gas/Heat Price Brake Act entered into force, including a cap of gas and heat prices at 12 cents and 9.5 cents, respectively, gross per kilowatt-hour from March 2023 to April 2024 for private households, small and medium-sized enterprises with gas consumption of less than 1.5 million kWh per year, for 80 percent of annual consumption from the previous year. The price brake for natural gas and heat is to apply from March 1, 2023, to April 30, 2024. In March, the relief amounts for January and February 2023 were applied retroactively These regulations have been implemented and are taken into account in the heating cost billing prepared by the Group.

The regulatory environment also affects our Energy Efficiency Solutions business. For example, Germany provides certain tax incentives for energy contracting companies that are also manufacturing companies and the EU is actively encouraging energy contracting solutions for conserving energy. We focus our attention on our core Energy Efficiency Solutions product, System Contracting.

Furthermore, the Federal Council of Germany adopted an amendment of the German Civil Code concerning the law of tenancy (*Mietrechtsänderungsgesetz*), pursuant to which as of July 1, 2013, landlords can transition more easily from the self-supply of heating and warm water to the supply from energy service providers such as Techem, although strict conditions must be met (for example, cost neutrality for the tenant and improved energy efficiency). We have adjusted our System Contracting product range to this legislation.

To further digitalize the energy transition in Germany, the Metering Point Operation Act (*Messstellenbetriebsgesetz*), which was introduced in 2016 and last amended in 2021, has created a central framework for the use of intelligent metering systems. The aim of the law is to achieve an extensive, nationwide rollout of smart meter gateways to which all commodity inflows into a property need to be digitally connected (district heat, electric power and gas). The Metering Point Operation Act as well as numerous further obligations in other laws such as the Renewable Energy Act (*Erneuerbare-Energien-Gesetz*) or Combined Heat and Power Act (*Kraft-Wärme-Kopplungsgesetz*) lead to the further mandatory installation of smart meter gateways in real estate. The installation of photovoltaic systems or combined heat and power systems or electric vehicle charging systems all demand Metering Point Operations services based on Smart Meter Gateways, from which we benefit as a competitive Metering Point Operator for our real estate customers.

In further support of energy efficiency solutions, the Building Electric Mobility Infrastructure Act (*Gebäude-Elektromobilitätsinfrastruktur-Gesetz*) has provided for the installation of charging stations in the building sector under certain conditions since 2021.

Also, the aforementioned EWSG as well as the German Gas/Heat Price Brake Act which came into force on November 19, 2022 and January 1, 2023, respectively, also apply to our Energy Efficiency Solutions business in those cases in which we provide natural gas / heat to customers as described above.

Changes in the application of tax laws also affect our results of operations. For example, the elimination of tax loss carry forwards and the new application of the interest barrier rule, in each case, as a result of the change of ownership which occurred in July 2018, result in increased tax payments in the financial year ended September 30, 2021 (including retroactive and advance payments) for the Group.

Innovation

Product and service innovation is an important factor in the business environment in which we operate, and has become even more critical as regulation, environmental concerns, and tenant driven demands for transparency around consumption and costs have created more complexity within the industry. We strive to stay ahead of the curve, using technology and innovation to improve on time delivery and accuracy of readings. For example, we were the first to introduce radio-enabled technologies to the market on a large scale and as of the end of the financial year ended September 30, 2023, 82.0% of devices (including smoke detectors) were radio-enabled (compared to 76.1% as of September 2019) and 59.7% of devices (including smoke detectors) were cloud connected (compared to 11.0% as of September 2019), providing fully remote readable properties. Since bringing radio-enabled technologies to the market and building them into devices, we have seen growing demand for such radio-enabled devices. Additionally, we are able to offer our energy efficiency and safety solutions to customers using such devices.

We believe that, with the range and quality of our products and services, we are highly competitive in the market. In 2020, we successfully initiated the roll-out of our smart readers which are intended to increase the amount of devices readable via our Techem Fixed Network. As of September 30, 2023, 82.0% of our devices were radio-enabled and 59.7% were cloud connected. More recently, we introduced fully digitalized services which utilize the existing installed base of remote cloud connected devices (such as monthly consumption information in order to fulfill regulatory obligations of our customers based on the EED). We also implemented a real-time heat cost allocation billing service which can reduce lead times to approximately 10 minutes per billing cycle, an additional service for which we see customers willing to pay. Furthermore, we implemented a new smoke detection service option by changing the test frequency per device from once per year to two times a month, increasing safety for tenants and landlords and allowing us to increase our service offering. In addition, our DHC service provides 24/7 monitoring of central heating systems, enabling our customers to adjust the parameters of the central heating system and reduce energy consumption.

We continue to invest in developing and innovating products and services to improve customer and tenant satisfaction. We believe these innovations contribute to lower churn levels (less than 3% in the financial year ended September 30, 2023) as well as higher revenue per customer.

In the financial years ended September 30, 2023, 2022 and 2021, research and development costs amounted to €22.1 million (thereof €19.6 million personnel expenses), €20.4 million (thereof €17.9 million personnel expenses), and €17.7 million (thereof €15.7 million personnel expenses), respectively. Our primary innovation focus is currently on the development of the smoke detection and climate monitoring service, DHC services, EV Charging and MPO.

Competition and price pressure

Our businesses are subject to strong competition with over 350 competitors in the German submetering market alone. However, in our cost allocation business, entry into the market for new competitors is cost intensive and customers are party to long-term contracts, resulting in a relatively stable market position for us. In our Energy Efficiency Solutions business, the market in Germany is characterized by many service providers, of which we are one of the larger independent companies not affiliated with a local utility or an equipment provider. Our Energy Efficiency Solutions business is primarily focused on the residential market in order to leverage our existing customer relationships in Energy Services. In the commercial clients market, some of our competitors with ancillary business interests, such as the provision of primary energy or equipment, offer their services at very low margins in order to protect existing customer relationships. We also offer energy services to supply multi-unit commercial buildings with energy (mainly heating, cooling and electricity) that focus on energy and cost efficiency.

While the market is largely fragmented, we believe we are well-suited to take a large portion of market share given the sophistication and breadth of our products and services platform. Many customers, particularly the largest and most sophisticated customers in a market, do not have single-sourcing strategies for submetering. We must compete within a tender process, often facing meter consultants and other procurement professionals. Such tender processes generally result in these large customers splitting their contracts between us and some of our largest competitors, potentially at more attractive terms than they would receive if they had only approached a single supplier. Deciding factors in the competitive landscape we operate in and which can influence customer decisions include service delivery, time, price and similar factors.

Value creation initiatives

We have ongoing initiatives to enhance our operational and financial performance. As an umbrella for all of our key transformational activities, we launched our Group-wide value creation program *ENERGIZE-T* in 2018. *ENERGIZE-T* comprises various strategic initiatives to add value to our operational and commercial processes. Our initiatives are centered around quality and performance resulting in enhanced customer experience, automation and digitalization, and accelerated growth. From its start in 2019, *ENERGIZE-T* has been responsible for an EBITDA impact of approximately €94.0 million during the period until September 30, 2023. The respective non-revenue / pricing related effects thereby are evaluated every financial closing to be realized within the following 24 months. With that, as of September 30, 2021, an impact of €30 million EBITDA and as of September 30, 2022, around €24 million have been determined and measured. In the year ended September 30, 2023, we additionally incurred costs for a personnel alignment of €29.0 million which we expect to return a double digit (mid-teens) euro million amount in annual savings from 2024.

Based on an end-to-end view along the entire value chain a new target operating model is designed to significantly enhance customer experience and bring process efficiencies to the next performance level and consequently drive our core business to full digitization. The customer experience will be improved and simplified through digital submetering services supported by portal and online solutions, as well as through the interlinking of all communication channels. We believe the increased use of agile working methods and a clear customer orientation create the framework for the cultural change to a digital service provider. In addition, the comprehensive conversion of the infrastructure to wireless sensors and smart readers in connection with modern cloud technology makes it possible to expand the use of our modern measurement and control technology to increase energy efficiency and avoid CO_2-emissions. The connection to our IT platform enables us to process business transactions for and with our customers efficiently and without errors. With the process improvements in the core business and our new infrastructure, we intend to create the conditions for a growth path in all of our existing business areas and for new products and services.

A result-oriented allocation of capital and resources is ensured by consistently aligning projects with current and future customer needs. The Net Promoter Score ("NPS") has improved over the past 24 months: We are above the industry average in the private customer segment. In addition, customers even confirm the high quality of our services provided digitally (quality, speed, benefits and user-friendliness as well as new digital value-added offerings) with an NPS that is higher compared to users who still choose the classic path.

Acquisitions and dispositions

Since 2020, we have acquired 31 businesses (thereof 27 in Germany and four elsewhere) related to the reading of consumption-based energy and water devices as well as the rental and the sale of the respective devices. Our results, most notably revenue, are impacted by acquisitions, as well as dispositions. In addition, our level of indebtedness has historically been impacted as a result of acquisitions. Our acquisitions are generally small, typically ranging between €1 million and €5 million, and have lower operating and EBITDA margins than our existing business. The acquisitions we have made since October 1, 2020 are mainly held by our subsidiary DMG and have contributed €39.4 million in aggregate additional revenue and €14.8 million in aggregate additional EBITDA in the twelve months ended December 31, 2023 compared to the financial year ended September 30, 2021. DMG's EBITDA margin in the financial years ended September 30, 2021, 2022 and 2023 and the twelve months ended December 31, 2023 was 32.3%, 39.1%, 36.6% and 36.7%, respectively.

In the twelve months ended December 31, 2023, we acquired 11 businesses (nine thereof in Germany) and disposed of one business. If the acquired companies and businesses had been part of our Group since January 1, 2023, Group revenues would have amounted to €1,019.0 million and Group net loss to €65.3 million in the twelve months ended December 31, 2023. If the acquired companies and businesses had been part of our Group since January 1, 2023, their EBITDA contribution would have amounted to €11.1 million in the twelve months ended December 31, 2023. Since joining the Group, the acquisitions have contributed €6.2 million of EBITDA in the twelve months ended December 31, 2023.

In the financial year ended September 30, 2022, we acquired 12 businesses. If the acquired companies and businesses had been part of our Group since October 1, 2021, Group revenues would have amounted to €903.4 million and Group net loss to €14.3 million in the financial year ended September 30, 2022. Since joining the Group, the acquisitions generated total revenues of €7.6 million and total net loss of €0.9 million in the year ended September 30, 2022 (thereof €1.7 million revenues and €0.2 million net loss of SANNcompact GmbH as well as €0.3 million revenues and €0.1 million net loss of Ditschun Wärmemeßtechnik GmbH). In the financial year ended September 30, 2022, costs directly attributable to the acquisitions amounted to €0.9 million, which were recognized in other expenses. If the acquired companies and businesses had been part of our Group since October 1, 2021, their EBITDA contribution would have amounted to €8.2 million in the financial year ended September 30, 2022. Since joining the Group, the acquisitions have contributed to EBITDA in the amount of €1.3 million in the financial year ended September 30, 2022.

In the financial year ended September 30, 2021, we acquired eight businesses. If the acquired companies and businesses had been part of our Group since October 1, 2020, Group revenues would have amounted to €821.3 million and Group net loss to €82.8 million in the financial year ended September 30, 2021. Since joining the Group, the acquisitions generated total revenues of €4.6 million and total net loss of €0.1 million in the year ended September 30, 2021. In the financial year ended September 30, 2021, costs directly attributable to the acquisitions amounted to €0.3 million, which were recognized as other expenses. If the acquired companies and businesses had been part of our Group since October 1, 2020, their EBITDA contribution would have amounted to €2.9 million in the financial year ended September 30, 2021. Since joining the Group, the acquisitions have contributed to EBITDA in the amount of €0.8 million in the financial year ended September 30, 2021.

The following table shows the total purchase price and the net cash outflow relating to acquisitions in the periods indicated below:

	Financial year ended September 30,			Three months ended December 31,
	2021	2022	2023	2023
		(audited)		(unaudited)
		(in €millions)		
Total purchase price	27.9	68.1	66.9	10.9
Less: cash and cash equivalents acquired	(1.0)	(5.3)	(5.0)	(0.5)
Less: contingent considerations	(1.0)	(1.3)	(0.1)	—
Less: outstanding purchase price payments	(0.1)	(2.7)	—	—
Add: contingent considerations paid (relating to the acquisition in the financial year 2021)	—	1.0	1.0	—
Net cash outflow relating to acquisitions	25.9	59.8	62.8	10.4
Fair value				
Cash and cash equivalents	1.0	5.3	5.0	0.5
Metering and other devices	5.8	15.0	17.0	1.3
Customer relationships and trademarks	20.3	51.6	42.5	1.7
Other assets (current and non-current)	2.0	8.9	7.2	0.6
Liabilities (current and non-current)	(4.5)	(16.0)	(11.3)	(0.5)
Deferred tax liabilities (net)	(5.7)	(16.2)	(13.5)	(0.9)
Net assets acquired	**19.0**	**48.7**	**46.9**	**2.7**
Goodwill	9.1	21.0	20.1	8.2
Correction of the gain from a bargain purchase	—	—	—	—
Gain from a bargain purchase	(0.2)	(1.6)	(0.1)	—
Total purchase price	**27.9**	**68.1**	**66.9**	**10.9**

Seasonality

We experience seasonality in our business, with the first quarter of the financial year being the weakest and the second quarter generally the strongest in terms of revenue and earnings contribution.

In our Energy Services segment, a major part of our revenue is derived from equipment rental, maintenance and reading and billing agreements. In general, these services are invoiced once a year, leading to the recognition of billed receivables. Revenue from rental and maintenance agreements is accrued or deferred (depending on whether these are invoiced in arrears or in advance, respectively) and recognized over time on a straight-line basis over the term of the agreement. Revenue from reading and billing services is recognized with respect to the services already rendered using the percentage-of-completion method. Most of our reading and billing activity occurs during the winter months because December 31 is the most popular annual determination date for submetering data. Therefore, most of the billing revenue is recognized between January and April according to the progress of the completion of meter reading and billing activities. Our invoices are usually paid within 30 days. Similarly, our

Working Capital pattern is linked to this annual cycle. We expect the annual billing cycle to remain the strongest, despite monthly readings becoming more common.

Our business experiences regular fluctuations in revenues as described above, but we believe is impacted only tangentially by external macro events, for example the COVID-19 pandemic or recent military conflicts in the Middle East and Ukraine. During the COVID-19 pandemic, we voluntarily delayed installations for a very short period, but were able to overcompensate for the decrease in revenue within the same financial year. With regards to knock-on effects from the military conflicts between Ukraine and Russia, energy prices increased, which only affects our Energy Efficiency Solutions segment whereas these increases were passed through to the ultimate consumers of energy and did not have material negative impacts on the results of our operations. Our Energy Services segment is not affected by energy prices, as we only allocate but do not charge for the energy.

Segment Reporting

We report in two segments, Energy Services and Energy Efficiency Solutions. Our reportable segment Energy Services includes two operating segments – Energy Services Germany and Energy Services International– which are aggregated into a single reportable segment as a result of similar economic characteristics, products and services and similar distribution and customer structures.

Within the segment Energy Services, we provide our customers, which mainly comprise service providers, including landlords and property managers, in the housing and real-estate industry, with measurement, submeter reading and billing services relating to energy and water consumption as well as selected adjacent services including services with regard to smoke detection. The reading and billing services are subject to seasonal fluctuations, which impact the results of operations accordingly, especially as the reading has historically taken place in the first months of a calendar year.

We rent and sell metering devices, which are necessary to provide the services. Rental contracts for the metering devices have a term of up to ten years. We also offer maintenance services required for the devices. Maintenance services are included in the rental contracts. For sold devices the maintenance service is offered in separate maintenance contracts. Our supplementary services include the planning, installation and maintenance of smoke detectors. The smoke detectors are usually rented to customers. In addition, we offer a smoke detection service. In addition, we, in cooperation with SGS Institut Fresenius, offer legionella analysis services, primarily in Germany.

The segment Energy Efficiency Solutions provides its customers with services in relation to the planning, financing, construction and operation of heat generation plants and is focused on providing green solutions. The plants are maintained and serviced continuously. Green solutions, gas, oil, district heating and electricity are provided to the customers.

Segment Results

Revenue

The following table shows the external revenue of our business segments for the periods indicated:

	Financial year ended September 30,			Three months ended December 31,		Twelve months ended December 31,
	2021	2022	2023	2022	2023	2023
	(audited, unless stated otherwise)			(unaudited)		
	(in € millions)					
Energy Services[1]	720.7	758.5	852.9	159.0	170.0	863.8
thereof:						
Energy Services Germany[2]	527.7	545.8	611.7	109.2	115.2	617.7
thereof:						
Legionella Analysis[2]	7.4	7.8	10.1	2.5	1.9	9.5
Energy Services International[2][3]	193.1	212.8	241.3	49.8	54.7	246.2
Energy Efficiency Solutions	97.9	141.1	158.8	51.5	41.3	148.6
Revenue	**818.6**	**899.6**	**1,011.7**	**210.5**	**211.3**	**1,012.5**

(1) Energy Services includes reading and billing services, rental and associated service revenue, sales, maintenance services and other.

(2) Represents unaudited financial data for the periods presented.

(3) International includes: Region West (Belgium, Brazil, Denmark, France, Italy, Luxembourg, the Netherlands, Norway and Spain) and Region CEE (Austria, Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia, Switzerland and the United Arab Emirates (business sold on October 12, 2023)).

The following table sets forth our revenue by region for the periods indicated:

	Financial year ended September 30,			Three months ended December 31,		Twelve months ended December 31,
	2021	2022	2023	2022	2023	2023
	(audited)			(unaudited)		
	(in € millions)					
Germany	625.5	686.8	770.4	160.7	156.6	766.3
International[1]	193.1	212.8	241.3	49.8	54.7	246.2
Revenues	**818.6**	**899.6**	**1,011.7**	**210.5**	**211.3**	**1,012.5**

(1) International includes: Region West (Belgium, Brazil, Denmark, France, Italy, Luxembourg, the Netherlands, Norway and Spain) and Region CEE (Austria, Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia, Switzerland and the United Arab Emirates (business sold on October 12, 2023)).

Three Months Ended December 31, 2023 Compared with Three Months Ended December 31, 2022

	Three months ended December 31, 2023	Three months ended December 31, 2022	Amount of change	% change
	(unaudited) (in € millions)			
Revenue	211.3	210.5	0.8	0.4%
Capitalized internal work	8.6	7.1	1.4	20.0%
Other income	2.0	4.0	(2.0)	(49.9)%
Product expenses and purchased services	(56.7)	(70.6)	13.9	19.7%
Personnel expenses	(71.4)	(66.8)	(4.6)	(6.8)%
Depreciation and impairment on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets(1)	(52.9)	(49.2)	(3.7)	7.4%
Other expenses	(28.2)	(25.6)	(2.6)	10.1%
Earnings before interest and tax (EBIT)(2)	**12.7**	**9.4**	**3.3**	**34.6%**
Share of profit of investments accounted for using the equity method	0.1	0.1	0.0	8.5%
Financial income	1.3	0.9	0.4	49.3%
Finance costs	(63.3)	(50.1)	(13.3)	26.5%
Earnings before tax	**(49.2)**	**(39.7)**	**(9.6)**	**24.1%**
Income taxes	(0.6)	(1.8)	1.2	(67.0)%
Net profit/(loss)	**(48.6)**	**(37.8)**	**(10.8)**	**(28.5)%**

(1) Includes impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets amounting to €1.3 million in the three months ended December 31, 2023 and €0.8 million in the three months ended December 31, 2022.

(2) This measure is not a measurement of financial performance under IFRS and should not be considered as a substitute to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information*."

Revenue

Our revenues increased by 0.4% to €211.3 million in the three months ended December 31, 2023 from €210.5 million in the three months ended December 31, 2022. The external revenue in our segments developed as follows:

Energy Services: External revenue of Energy Services increased by 6.9% to €170.0 million in the three months ended December 31, 2023 from €159.0 million in the three-month period ended December 31, 2022.

- Energy Services Germany: External revenue of Energy Services Germany increased by 5.5% to €115.2 million in the three months ended December 31, 2023 from €109.2 million in the three months ended December 31, 2022. The key drivers behind this increase reflect continued growth in our core business (billing and rental revenues), in addition to higher equipment sales (e.g., in relation to our recently introduced product EV charging). This is partly offset by lower revenues related to legionella analysis services which decreased by 25.4% to €1.9 million in the three months ended December 31, 2023 from €2.5 million in the three months ended December 31, 2022. This development is in line with the regular three-year testing cycle. Excluding the revenue from legionella analysis, revenue of Energy Services Germany increased by 6.2% to €113.3 million in the three months ended December 31, 2023 from €106.7 million in the three months ended December 31, 2022.

- Energy Services International: External revenue of Energy Services International increased by 9.9% to €54.7 million in the three months ended December 31, 2023 from €49.8 million in the three months ended December 31, 2022. This increase primarily reflects strong organic growth throughout the majority of countries included within this segment, mainly driven by the effectiveness of pricing measures and higher volumes.

- Energy Efficiency Solutions: Our external revenue in the Energy Efficiency Solutions segment decreased by 19.7% to €41.3 million in the three months ended December 31, 2023 from €51.5 million in the three months ended December 31, 2022. This expected development with minimal earnings impact primarily reflects the decrease in energy prices (pass-through item), which more than offset the positive effect from new business growth.

Capitalized internal work

Capitalized internal work increased by 20.0% to €8.6 million in the three months ended December 31, 2023 from €7.1 million in the three months ended December, 31, 2022. This increase mainly reflects higher capitalized installation costs within the Energy Services segment, as well as higher capitalized personnel costs in relation to selected ENERGIZE-T measures.

Other income

Other income decreased by 49.9% to €2.0 million in the three months ended December, 31, 2023 compared to €4.0 million in the three months ended December, 31, 2022 This decrease mainly reflects lower remaining rental payments in relation to cancelled rental contracts.

Product expenses and purchased services

Product expenses and purchased services decreased by 19.7% to €56.7 million in the three months ended December, 31, 2023 from €70.6 million in the three months ended December, 31, 2022. This decrease is primarily explained by lower energy prices in the Energy Efficiency Solutions segment, partly offset by higher equipment sales in the Energy Services segment.

Personnel expenses

Personnel expenses increased by 6.8% to €71.4 million in the three months ended December, 31, 2023 from €66.8 million in the three months ended December, 31, 2022. This increase mainly reflects an intentional investment in additional personnel in order to further support the company’s growth path and annual regular salary increases.

Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets

Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets increased by 7.4% to €52.9 million in the three months ended December, 31, 2023 compared to €49.2 million in the three months ended December, 31, 2022. This increase mainly reflects a year-over-year increase in our rental base.

Other expenses

Other expenses increased by 10.1% to €28.2 million in the three months ended December, 31, 2023 from €25.6 million in the three months ended December, 31, 2022. The largest drivers behind this increase are higher IT costs, as well as marketing and public relations costs.

Earnings before interest and tax (*EBIT*)

EBIT increase by 34.6% to €12.7 million in the three months ended December, 31, 2023 compared to €9.4 million in the three months ended December, 31, 2022. Apart from the increase in depreciation and impairment losses explained above, the key drivers behind the development in EBIT are the same as for the development of EBITDA. As such, please refer to the EBITDA explanations below.

EBITDA and Adjusted EBITDA

EBITDA increased by 11.8% to €65.6 million in the three months ended December 31, 2023 from €58.7 million in the three months ended December 31, 2022, and Adjusted EBITDA increased by 10.7% to €72.8 million in the three months ended December 31, 2023 from €65.7 million in the three months ended December 31, 2022. The key driver behind this increase is the top-line driven earnings growth, in particular in relation to higher billing and rental revenues in the Energy Services segment, which more than offset the increase in personnel and other expenses.

Share of profit of investments accounted for using the equity method

Share of profit of investments accounted for using the equity method remained stable at €0.1 million in the three months ended December, 31, 2023 compared to €0.1 million in the three months ended December, 31, 2022.

Financial income and finance costs

Financial income increased to €1.3 million in the three months ended December 31, 2023 from €0.9 million in the three months ended December 31, 2022. In the three months ended December 31, 2023 financial income mainly included exchange gains on intercompany loans of €0.4 million (three months ended December 31, 2022: €0.6 million) and a gain resulting from foreign exchange hedges amounting to €0.4 million (loss in the three months ended December 31, 2022: €0.1 million).

Finance costs increased to €63.3 million in the three months ended December 31, 2023 from €50.1 million in the three months ended December 31, 2022. These costs mainly include interest expenses, which amounted to €62.5 million in the three months ended December 31, 2023 compared to €49.6 million in the three months ended December 31, 2022. Third party interest expenses increased to €36.1 million in the three months ended December 31, 2023 from €24.6 million in the three months ended December 31, 2022, primarily due to the higher base rate interest levels on the capital markets. Interest expenses on intercompany transactions increased to €26.5 million in the three months ended December 31, 2023 compared to €25.0 million in the three months ended December 31, 2022. The increase in interest expenses on intercompany transactions was due to the capitalization of unpaid interest amounting to €99.0 million as of March 31, 2023.

Income taxes

Income tax expenses decreased to €0.6 million in the three months ended December 31, 2023 from €1.8 million in the three months ended December 31, 2022. This results from deferred tax income which decreased by €2.3 million, mainly resulting from the Energy Services Germany segment. Additionally, current income tax expenses decreased by €1.1 million, mainly due to the decreased taxable income of the German tax group, which leads to €1.5 million less current income taxes in this period. In contrast, the taxable income of the ESI segment increased, which leads to €0.4 million more current income taxes in the three months ended December 31, 2023 compared to the three months ended December 31, 2022.

Net profit/loss

In the three months ended December, 31, 2023 we generated a net loss of €48.6 million compared to a net loss of €37.8 million in the three months ended December, 31, 2022. This decrease in net result was mainly due to the increase in finance costs.

Financial Year Ended September 30, 2023 Compared with Financial Year Ended September 30, 2022

	Financial year ended September 30,		Amount of change	% change
	2023	2022		
	(audited)		(unaudited)	
	(in € millions)			
Revenue	1,011.7	899.6	112.1	12.5%
Capitalized internal work	35.1	30.8	4.3	14.0%
Other income	11.4	11.2	0.2	1.9%
Product expenses and purchased services	(240.9)	(200.5)	(40.4)	(20.2)%
Personnel expenses	(304.6)	(249.2)	(55.3)	(22.2)%
Depreciation and impairment on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets(1)	(207.4)	(196.9)	(10.6)	(5.4)%
Other expenses	(108.0)	(96.9)	(11.1)	(11.5)%
Earnings before interest and tax (EBIT)(2)	**197.4**	**198.2**	**(0.9)**	**(0.4)%**
Share of profit of investments accounted for using the equity method	0.8	0.5	0.3	65.8%
Financial income	4.4	14.5	(10.1)	(69.6)%
Finance costs	(228.1)	(202.0)	(26.1)	(12.9)%
Earnings before tax	**(25.4)**	**11.2**	**(36.7)**	**(326.3)%**
Income taxes	(30.2)	(26.2)	(4.0)	(15.4)%
Net profit/(loss)	**(55.7)**	**(15.0)**	**(40.7)**	(272.3)%

(1) Includes impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets amounting to €6.7 million for the financial year ended September 30, 2023 and €7.5 million for the financial year ended September 30, 2022.

(2) This measure is not a measurement of financial performance under IFRS and should not be considered as a substitute to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information*."

Revenue

Our revenues increased by 12.5% to €1,011.7 million in the financial year ended September 30, 2023 from €899.6 million in the financial year ended September 30, 2022. The external revenue in our segments developed as follows:

Energy Services: External revenue of Energy Services increased by 12.5% to €852.9 million in the financial year ended September 30, 2023 from €758.5 million in the financial year ended September 30, 2022.

- Energy Services Germany: External revenue of Energy Services Germany increased by 12.1% to €611.7 million in the financial year ended September 30, 2023 from €545.8 million in the financial year ended September 30, 2022. The key drivers behind this increase include strong growth in our core business (billing and rental revenues), in addition to higher revenues from recently introduced products (e.g., provision of intra-annual consumption data and EV charging). Also, revenue related to legionella analysis services increased by 30.0% to €10.1 million in the financial year ended September 30, 2023 from €7.8 million in the financial year ended September 30, 2022. This development is in line with the regular three-year testing cycle. Excluding the revenue from legionella analysis, revenue of Energy Services Germany increased by 11.8% to €601.5 million in the financial year ended September 30, 2023 from €538.0 million in the financial year ended September 30, 2022.

- Energy Services International: External revenue of Energy Services International increased by 13.4% to €241.3 million in the financial year ended September 30, 2023 from €212.8 million in the financial year ended September 30, 2022. This increase primarily reflects strong organic growth throughout the majority of countries included within this segment, mainly driven by the effectiveness of pricing measures and higher volumes.

- Energy Efficiency Solutions: Our external revenue in the Energy Efficiency Solutions segment increased by 12.5% to €158.8 million in the financial year ended September 30, 2023 from €141.1 million in the financial year ended September 30, 2022. The key drivers behind this development include higher energy prices in combination with a solid operational contribution.

Capitalized internal work

Capitalized internal work increased by 14.0% to €35.1 million in the financial year ended September 30, 2023 from €30.8 million in the financial year ended September 30, 2022. This increase mainly reflects higher capitalized installation costs within the Energy Services International segment.

Other income

Other income remained broadly stable at €11.4 million in the financial year ended September 30, 2023 compared to €11.2 million in the financial year ended September 30, 2022, representing an increase of 1.9%.

Product expenses and purchased services

Product expenses and purchased services increased by 20.2% to €240.9 million in the financial year ended September 30, 2023 from €200.5 million in the financial year ended September 30, 2022. This increase is primarily driven by higher energy prices in the Energy Efficiency Solutions segment and higher equipment sales in the Energy Services segment, as well as higher external workforce expenses.

Personnel expenses

Personnel expenses increased by 22.2% to €304.6 million in the financial year ended September 30, 2023 from €249.2 million in the financial year ended September 30, 2022. Apart from the intentional investment in additional personnel in order to further support the company's growth path and annual regular salary increases, this increase is affected by sizeable one-off severance costs attributable to ENERGIZE-T related personnel cost measures.

Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets

Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets increased by 5.4% to €207.4 million in the financial year ended September 30, 2023 compared to €196.9 million in the financial year ended September 30, 2022. This increase mainly reflects a year-over-year increase in our rental base.

Other expenses

Other expenses increased by 11.5% to €108.0 million in the financial year ended September 30, 2023 from €96.9 million in the financial year ended September 30, 2022. The largest drivers behind this increase are higher IT costs, as well as travel and vehicle costs.

Earnings before interest and tax (*EBIT*)

EBIT remained stable at €197.4 million in the financial year ended September 30, 2023 compared to €198.2 million in the financial year ended September 30, 2022, representing a decrease of 0.4%. Apart from the increase in depreciation and impairment losses explained above, the key drivers behind the development in EBIT are the same as for the development of EBITDA. As such, please refer to the EBITDA explanations below.

EBITDA and Adjusted EBITDA

EBITDA increased by 2.5% to €404.8 million in the financial year ended September 30, 2023 from €395.1 million in the financial year ended September 30, 2022, and Adjusted EBITDA increased by 7.8% to €492.3 million in the financial year ended September 30, 2023 from €456.7 million in the financial year ended September 30, 2022. The key driver behind this increase is the top-line driven earnings growth, in particular in relation to higher billing and rental revenues in the Energy Services Germany and Energy Services International segments, which more than offset the increase in personnel and other expenses.

Share of profit of investments accounted for using the equity method

Share of profit of investments accounted for using the equity method increased to €0.8 million in the financial year ended September 30, 2023 compared to €0.5 million in the financial year ended September 30, 2022. The increase was due to the increase in profit of the associated company, Energieversorgungsgesellschaft Klinikum Ludwigsburg mbH.

Financial income and finance costs

Financial income decreased to €4.4 million in the financial year ended September 30, 2023 from €14.5 million in the financial year ended September 30, 2022. Financial income in the financial year ended September 30, 2023 mainly included exchange gains on intercompany loans of €2.2 million (financial year ended September 30, 2022: €2.2 million). Financial income in the financial year ended September 30, 2022 also included a gain on financial instruments resulting from the mark-to-market valuation of the interest rate hedging instruments amounting to €11.3 million (financial year ended September 30, 2023: €0.6 million).

Finance costs increased to €228.1 million in the financial year ended September 30, 2023 from €202.0 million in the financial year ended September 30, 2022. These costs mainly include interest expenses, which amounted to €225.5 million in the financial year ended September 30, 2023 compared to €199.5 million in the financial year ended September 30, 2022. Third party interest expenses increased to €123.5 million in the financial year ended September 30, 2023 from €103.3 million in the financial year ended September 30, 2022, primarily due to the higher base rate interest levels on the capital markets. Interest expenses on intercompany transactions increased to €102.0 million in the financial year ended September 30, 2023 compared to €96.2 million in the financial year ended September 30, 2022. The increase in interest expenses on intercompany transactions was due to the capitalization of unpaid interest amounting to €93.3 million as of March 31, 2022 and €99.0 million as of March 31, 2023.

Income taxes

Income tax expenses increased to €30.2 million in the financial year ended September 30, 2023 from €26.2 million in the financial year ended September 30, 2022. Deferred tax expenses decreased by €0.7 million mainly resulting from the Energy Services Germany segment. Additionally, current income tax expenses increased by €4.8 million mainly due to the increased taxable income of the German tax group and of the Energy Services International segment in total in the financial year ended September 30, 2023 compared to the financial year ended September 30, 2022.

Net profit/loss

In the financial year ended September 30, 2023 we generated a net loss of €55.7 million compared to a net loss of €15.0 million in the financial year ended September 30, 2022. This decrease in net result was mainly due to the increase in finance costs and tax expenses and the decrease in financial income.

Financial Year Ended September 30, 2022 Compared with Financial Year Ended September 30, 2021

	Financial year ended September 30,		Amount of	
	2022	2021	change	% change
	(audited)		(unaudited)	
	(in € millions)			
Revenue	899.6	818.6	81.0	9.9%
Capitalized internal work	30.8	26.2	4.6	17.4%
Other income	11.2	9.9	1.3	13.3%
Product expenses and purchased services	(200.5)	(178.6)	(21.8)	(12.2)%
Personnel expenses	(249.2)	(235.0)	(14.2)	(6.0)%
Depreciation and impairment on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets(1)	(196.9)	(240.4)	43.6	18.1%
Other expenses	(96.9)	(86.6)	(10.3)	(11.8)%
Earnings before interest and tax (EBIT)(2)	**198.2**	**114.0**	**84.2**	**73.9%**
Share of profit/(loss) of investments accounted for using the equity method	0.5	0.6	(0.1)	(19.1)%
Financial income	14.5	13.3	1.2	9.2%
Finance costs	(202.0)	(200.8)	(1.2)	(0.6)%
Earnings before tax	**11.2**	**(72.9)**	**84.1**	**115.4%**
Income taxes	(26.2)	(10.5)	(15.7)	(148.8)%
Net profit/(loss)	**(15.0)**	**(83.4)**	**68.5**	**82.1%**

(1) Includes impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets amounting to €7.5 million for the financial year ended September 30, 2022 and €7.8 million for the financial year ended September 30, 2021.

(2) This measure is not a measurement of financial performance under IFRS and should not be considered as a substitute to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information*."

Revenue

Our revenues increased by 9.9% to €899.6 million in the financial year ended September 30, 2022 from €818.6 million in the financial year ended September 30, 2021. The external revenue in our segments developed as follows:

- Energy Services: External revenue of Energy Services increased by 5.2% to €758.5 million in the financial year ended September 30, 2022 from €720.7 million in the financial year ended September 30, 2021 and, as a percentage of our total revenue, decreased to 84.3% in the financial year ended September 30, 2022 from 88.0% in the financial year ended September 30, 2021.

- Energy Services Germany: External revenue of Energy Services Germany increased by 3.4% to €545.8 million in the financial year ended September 30, 2022 from €527.7 million in the financial year ended September 30, 2021 and, as a percentage of our total revenues, decreased to 60.7% in the financial year ended September 30, 2022 from 64.5% in the financial year ended September 30, 2021. The key drivers behind this increase include higher billing and rental revenues (both the result of an increase in new business and a lower churn rate), in addition to new revenues from our new EED product (provision of intra-annual consumption data), partly offset by lower equipment sales (one-off smoke detector sales included in prior year figure). Revenue related to legionella analysis services increased by 5.1% to €7.8 million in the financial year ended September 30, 2022 from €7.4 million in the financial year ended September 30, 2021, and, as a percentage of our total revenues, remained stable at 0.9%. Excluding the revenue from legionella analysis, revenue of Energy Services Germany increased by 3.4% to €538.0 million in the financial year ended September 30, 2022 from €520.3 million in the financial year ended September 30, 2021 and, as a percentage of our total revenues, decreased to 59.8% in the financial year ended September 30, 2022 from 63.6% in the financial year ended September 30, 2021.

- Energy Services International: External revenue of Energy Services International increased by 10.2% to €212.8 million in the financial year ended September 30, 2022 from €193.1 million in the financial year ended September 30, 2021, and, as a percentage of our total revenue, increased to 23.7% in the financial year ended September 30, 2022 from 23.6% in the financial year ended September 30, 2021. This increase primarily reflects organic growth throughout the majority of the countries included within this segment.
- Energy Efficiency Solutions: Our external revenue in the Energy Efficiency Solutions segment increased by 44.1% to €141.1 million in the financial year ended September 30, 2022 compared to €97.9 million in the financial year ended September 30, 2021 and, as a percentage of our total revenue, increased to 15.7% in the financial year ended September 30, 2022 from 12.0% in the financial year ended September 30, 2021. The key driver behind this development is the pass-through of higher energy costs.

Capitalized internal work

Capitalized internal work increased by 17.4% to €30.8 million in the financial year ended September 30, 2022 from €26.2 million in the financial year ended September 30, 2021. This increase mainly reflects higher capitalized personnel costs in relation to selected *ENERGIZE-T* measures as well as higher capitalized installation costs within the Energy Services International segment.

Other income

Other income increased by 13.3% to €11.2 million in the financial year ended September 30, 2022 from €9.9 million in the financial year ended September 30, 2021. This increase mainly reflects a gain realized in the context of an acquisition.

Product expenses and purchased services

Product expenses and purchased services increased by 12.2% to €200.5 million in the financial year ended September 30, 2022 from €178.6 million in the financial year ended September 30, 2021. This increase is primarily driven by the aforementioned external revenue increase in the Energy Efficiency Solutions segment.

Personnel expenses

Personnel expenses increased by 6.0% to €249.2 million in the financial year ended September 30, 2022 from €235.0 million in the financial year ended September 30, 2021. This increase mainly reflects an intentional investment in additional personnel in order to further support the company's growth path in the future as well as annual regular salary increases.

Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets

Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets decreased by 18.1% to €196.9 million in the financial year ended September 30, 2022 compared to €240.4 million in the financial year ended September 30, 2021. This is mainly the result of a lower amortization of customer relationships, reflecting recent improvements in the customer churn rate.

Other expenses

Other expenses increased by 11.8% to €96.9 million in the financial year ended September 30, 2022 from €86.6 million in the financial year ended September 30, 2021. The main drivers behind this increase are higher office costs (financial year ended September 30, 2021 includes provision release in relation to our headquarter offices), vehicle and travel costs, and personnel recruitment/training costs, partly offset by lower consulting costs.

Earnings before interest and tax (*EBIT*)

EBIT increased by 73.9% to €198.2 million in the financial year ended September 30, 2022 from €114.0 million in the financial year ended September 30, 2021. Apart from the decrease in depreciation and impairment losses explained above, the key drivers behind the development in EBIT are the same as for the development of EBITDA. As such, please refer to the EBITDA explanations below.

EBITDA and Adjusted EBITDA

EBITDA increased by 11.5% to €395.1 million in the financial year ended September 30, 2022 from €354.5 million in the financial year ended September 30, 2021. The key driver behind this development is the top-line driven earnings growth across all segments, which more than offset the increase in personnel and other expenses.

Adjusted EBITDA increased by 3.9% to €456.7 million in the financial year ended September 30, 2022 from €439.8 million in the financial year ended September 30, 2021. The key driver behind this development is the top-line driven earnings growth across all segments, which more than offset the increase in personnel and other expenses.

Share of profit of investments accounted for using the equity method

Share of profit of investments accounted for using the equity method decreased to €0.5 million in the financial year ended September 30, 2022 compared to €0.6 million in the financial year ended September 30, 2021. The decrease was due to the decreased share of profit from the associated company, Energieversorgungsgesellschaft Klinikum Ludwigsburg mbH.

Financial income and finance costs

Financial income increased to €14.5 million in the financial year ended September 30, 2022 from €13.3 million in the financial year ended September 30, 2021. Financial income in the financial year ended September 30, 2022 mainly included a gain on financial instruments resulting from the mark-to-market valuation of the interest rate hedging instruments amounting to €11.3 million (financial year ended September 30, 2021: €11.4 million) and exchange gains on intercompany loans of €2.2 million (financial year ended September 30, 2021: €1.3 million).

Finance costs increased to €202.0 million in the financial year ended September 30, 2022 from €200.8 million in the financial year ended September 30, 2021. These costs mainly include interest expenses, which amounted to €199.5 million in the financial year ended September 30, 2022 compared to €199.6 million in the financial year ended September 30, 2021. Third party interest expenses decreased to €103.3 million in the financial year ended September 30, 2022 from €109.0 million in the financial year ended September 30, 2021, mainly due to the repayment of the Senior Notes in an aggregate nominal amount of €50.0 million in September 2021. Interest expenses on intercompany transactions increased to €96.2 million in the financial year ended September 30, 2022 compared to €90.6 million in the financial year ended September 30, 2021. The increase in interest expenses on intercompany transactions was due to the capitalization of unpaid interest amounting to €88.0 million as of March 31, 2021 and €93.3 million as of March 31, 2022.

Income taxes

Income tax expenses increased to €26.2 million in the financial year ended September 30, 2022 from €10.5 million in the financial year ended September 30, 2021. Current income tax expenses increased by €10.7 million mainly due to the increased taxable income of the German tax group in the financial year ended September 30, 2022 compared to the financial year ended September 30, 2021. Additionally, deferred tax income decreased by €5.0 million, mainly resulting from the Energy Services Germany segment.

Net loss

In the financial year ended September 30, 2022 we generated a net loss of €15.0 million compared to a net loss of €83.4 million in the financial year ended September 30, 2021. This decrease in net loss was mainly due to the increase in EBIT, which was partly offset by the increase in income tax expenses. Net financial result remained stable in absolute terms.

Liquidity and Capital Resources

Overview

Our principal sources of liquidity are existing cash and cash equivalents, cash generated from operations and borrowings under our Revolving Credit Facility. We expect that €42.8 million of drawings will be outstanding under the Revolving Credit Facility on the Issue Date and that approximately €5.1 million in non-cash guarantees under the Revolving Credit Facility will remain outstanding. See "*Capitalization*." Following completion of the Senior Facilities Extension and Upsize, our total Revolving Credit Facility will be increased to €398.4 million. Drawings under the Revolving Credit Facility will be subject to certain conditions. We enter into interest rate swaps from time to time in order to hedge against interest rate risk associated with our borrowings that are subject to floating rates of interest, including the Senior Facilities. As the Senior Secured Notes have a fixed rate of interest, we do not anticipate entering into any interest rate hedges in connection therewith. See "*Description of Other Indebtedness.*"

We anticipate that our principal uses of cash will be to fund capital expenditures, provide working capital, meet debt service requirements (including under the Senior Facilities, the Senior Notes and the Senior Secured Notes) and finance our strategic plans.

We may also seek to finance our capital expenditures and other cash requirements through finance leases or other debt arrangements that provide liquidity on favorable borrowing terms.

Based on our current operating performance and liquidity, after giving effect to the Transactions, we believe that the cash provided by our operating activities, available cash balances and commitments under the Revolving Credit Facility available for future drawing will be sufficient to fund our projected working capital, debt service and capital expenditure requirements for the next twelve months.

Our management continues to monitor working capital activities on a regular basis and as a result does not expect significant movements in the core working capital categories in the near term.

We believe cash generated from our operations and other current sources of financing will be adequate to meet our foreseeable financial needs. We may from time to time seek to retire or repurchase our outstanding debt through cash purchases, in open market purchases, privately negotiated transactions or otherwise. Such repurchases will depend on market conditions, our liquidity requirements, contractual restrictions and other factors, and the amounts involved may be material.

Working Capital

Working Capital consists of trade accounts receivables, contract assets and inventories less trade accounts payable.

In our Energy Services segment, receivables generally represent revenue from equipment rental, maintenance and reading and billing agreements. In general, rental, maintenance and reading and billing services are invoiced once a year, leading to the recognition of billed receivables. Revenue from rental and maintenance agreements is accrued or deferred (depending on whether they are invoiced in arrears or in advance, respectively) and recognized over time on a straight-line basis over the term of the agreement and evenly distributed throughout the year. This leads to the recognition of unbilled trade accounts receivable or contract liabilities, respectively. Revenue from reading and billing services is accrued and recognized over time with respect to the services already rendered and generally follow a seasonal pattern, with the majority of reading and billing services being realized in the first months of the calendar year. This leads to the recognition of contract assets.

In the Energy Efficiency Solutions segment, revenue in respect of the delivery of heat is recognized over time in relation to the amount of the services already rendered, leading to a higher volume of trade accounts receivable (prepayments and monthly accruals) in the winter months, which has been particularly high since the beginning of the Russia-Ukraine conflict caused gas prices to rise.

The following table summarizes our historical working capital as of the dates indicated:

Working Capital

	As of September 30,			As of December 31,
	2021	2022	2023	2023
	(audited, unless stated otherwise) (in € millions)			(unaudited)
Billed receivables and finance lease receivables(1)(2)	74.5	81.9	98.1	89.1
Unbilled trade accounts receivables(1)(2)	110.0	134.0	126.0	139.9
Trade accounts receivable	184.5	215.9	224.2	229.1
Contract assets(1)	26.3	25.9	27.8	28.9
Inventories(1)	47.9	56.2	80.0	79.2
Trade accounts payable	(49.1)	(48.0)	(72.6)	(74.4)
Working capital(3)	**209.6**	**250.0**	**259.4**	**262.8**

(1) Net of valuation allowances.

(2) Represents unaudited financial data for the periods presented.

(3) This measure is not a measurement of financial performance under IFRS and should not be considered as a substitute to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information.*"

December 31, 2023 Compared with September 30, 2023

Working capital amounted to €262.8 million as of December 31, 2023 compared to €259.4 million as of September 30, 2023. The predominant driver behind the overall increase of €3.4 million is the increase in trade accounts receivable, which amounted to €4.9 million and reflects an increase in unbilled trade accounts receivable, which was partly offset by a decrease in billed receivables. Whilst the former is mainly explained by the regular accrual of annual rental and maintenance revenues, the latter is primarily driven by the receipt of customer payments in relation to previously invoiced revenues. The developments in contract assets, inventories and trade accounts payable are considerably smaller in absolute terms and largely offset one another.

September 30, 2023 Compared with September 30, 2022

Working capital amounted to €259.4 million as of September 30, 2023 compared to €250.0 million as of September 30, 2022. The largest driver behind the overall increase of €9.4 million in financial year ended September 30, 2023 is the increase in inventories, which amounted to €23.9 million from €56.2 million as of September 30, 2022 to €80.0 million as of September 30, 2023. This increase is due to the build-up of a safety buffer in order to ensure product availability in light of ongoing supply chain shortages, as well as to support increased installation activities. Furthermore, trade accounts receivable increased by €8.3 million from €215.9 million as of September 30, 2022 to €224.2 million as of September 30, 2023. This increase is the result of (i) higher billed receivables in the Energy Services International and Energy Efficiency Solutions segments attributable to top-line growth and comparably later customer invoicing, respectively, partly offset by (ii) lower unbilled receivables, primarily driven by the Energy Efficiency Solutions segment and affected by the increase in monthly customer instalment payments in the second half of 2022, following the surge in energy prices. Furthermore, contract assets increased by €1.9 million from €25.9 million as of September 30, 2022 to €27.8 million as of September 30, 2023, mainly reflecting a higher amount of unfinished billing services in the Energy Services Germany segment. In contrast, trade accounts payable increased by €24.6 million from €48.0 million as of September 30, 2022 to €72.6 million as of September 30, 2023, driven by higher device purchases in the Energy Services Germany segment, in combination with comparably later supplier invoicing in the Energy Efficiency Solutions segment.

September 30, 2022 Compared with September 30, 2021

Working capital amounted to €250.0 million as of September 30, 2022 compared to €209.6 million as of September 30, 2021. The largest driver behind the overall increase of €40.3 million is the increase in trade accounts receivable, which increased by €31.4 million from €184.5 million as of September 30, 2021 to €215.9 million as of September 30, 2022. This increase is attributable to higher trade accounts receivable in all segments affected by top-line growth, but most notably within the Energy Efficiency Solutions segment driven by higher energy costs. Furthermore, inventories increased by €8.3 million from €47.9 million as of September 30, 2021 to €56.2 million as of September 30, 2022, mainly to support increased installation activities in the Energy Services International segment. Contract assets and trade accounts payable remained broadly stable.

Capital Expenditures

Our capital expenditures mainly consist of purchases of metering and other devices (capitalized as a result of new installations and the replacement of meters) as well as property, plant and equipment (including technical equipment and machinery related to Energy Efficiency Solutions segment products and other equipment) and intangible assets (including software developments). Capital expenditures in connection with metering devices are only incurred when we have already concluded a rental contract for those devices such that we can expect to generate revenue therefrom.

The following table shows our capital expenditures for the periods indicated:

	Financial year ended September 30,			Three months ended December 31,		Twelve months ended December 31,
	2021	2022	2023	2022	2023	2023
	(audited, unless stated otherwise)			(unaudited)		
	(in € millions)					
Metering and other devices	91.2	83.6	90.0	20.9	23.7	92.9
Property, plant and equipment	26.4	28.2	27.9	4.4	3.8	27.3
Intangible assets	31.0	39.3	44.6	7.0	6.7	44.3
Total capital expenditure[(1)(2)]	**148.6**	**151.1**	**162.4**	**32.2**	**34.2**	**164.4**

(1) This measure is not a measurement of financial performance under IFRS and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "Presentation of Financial and Other Information."

(2) Represents unaudited financial data for the periods presented.

Three Months Ended December 31, 2023 Compared with Three Months Ended December 31, 2022

In the three months ended December 31, 2023, our capital expenditures were €34.2 million compared to €32.2 million in the three months ended December 31, 2022, an increase of 6.0%. This increase is primarily driven by an increase in capital expenditure for metering and other devices which amounted to €2.8 million and is mostly explained by an increase in the installation of sub-metering devices in the Energy Services segment, in light of the slightly improving device scarcity situation. In contrast, capital expenditure for property, plant and equipment decreased by €0.6 million, primarily explained by lower purchases of new office furniture at our headquarters. Capital expenditure for intangible assets remained broadly stable.

Financial Year Ended September 31, 2023 Compared with Financial Year Ended September 30, 2022

In the financial year ended September 30, 2023, our capital expenditures were €162.4 million compared to €151.1 million in the financial year ended September 30, 2022, an increase of 7.5%. This increase is mainly driven by an increase in capital expenditure for metering and other devices which amounted to €6.3 million and is mainly explained by an increase in the installation of submetering devices in the Energy Services International segment. Furthermore, capital expenditure for intangible assets increased by €5.4 million primarily attributable to the acquisition of usage rights in relation to a larger project within the Energy Efficiency Solutions segment. Capital expenditure for property, plant and equipment remained stable.

Financial Year Ended September 31, 2022 Compared with Financial Year Ended September 30, 2021

In the financial year ended September 30, 2022, our capital expenditures were €151.1 million compared to €148.6 million in the financial year ended September 30, 2021, an increase of 1.7%. This increase is primarily driven by an increase in capital expenditure for intangible assets which amounted to €8.2 million and largely reflects higher capitalized costs in relation to selected *ENERGIZE-T* measures. Furthermore, capital expenditures for property, plant and equipment increased by €1.8 million, explained by comparably higher project completions in the Energy Efficiency Solutions segment. These developments are largely offset by a decrease in capital expenditure for metering and other devices, which amounted to €7.5 million and is mainly affected by fewer smoke detector installations (roll-out tailing-off), as well as the harmonization of calibration periods of water meters and heat meters and the current supply situation.

Consolidated Statement of Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Financial year ended September 30,			Three months ended December 31,	
	2021	**2022**	**2023**	**2022**	**2023**
		(audited)		**(unaudited)**	
			(in € millions)		
Cash generated by operating activities	337.7	349.4	436.0	42.0	23.1
Cash flows used in investing activities	(172.0)	(218.6)	(222.8)	33.5	42.5
Free cash flow[(1)]	52.8	90.7	160.0	(1.1)	(31.1)
Net cash (used in)/generated by financing activities	(165.2)	(104.7)	(152.6)	45.2	101.5

(1) This measure is not a measurement of financial performance under IFRS and should not be considered as a substitute to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information*."

Three Months Ended December 31, 2023 Compared with Three Months Ended December 31, 2022

Cash generated by operating activities. Our cash generated by operating activities was €23.1 million in the three months ended December 31, 2023, compared with €42.0 million in the three months ended December 31, 2022. The primary movements in cash generated by operating activities in the three months ended December 31, 2023, compared with the three months ended December 31, 2022 were the following:

- EBITDA increased by €6.9 million to €65.6 million in the three months ended December 31, 2023 from €58.7 million in the three months ended December 31, 2022.
- Changes in working capital generated a negative cash flow effect of €2.4 million in the three months ended December 31, 2023, compared to a positive cash flow effect of €6.2 million in the three months ended December 31, 2022. The key drivers behind the resulting negative cash flow variance of €8.6 million are: (i) a €16.1 million negative cash flow variance from changes in trade accounts payable within Energy Services Germany and the Energy Efficiency Solutions segment, primarily affected by the timing of supplier payments and lower energy prices, respectively, partly offset by (ii) a €8.3 million positive cash flow variance from changes in trade accounts receivable (including unbilled receivables), largely reflecting a seasonally driven build-up of unbilled receivables in the Energy Efficiency Solutions segment in the prior year period (following the increase in monthly customer instalment payments in the second half of 2022, the comparable effect for the current financial year is included within changes in other liabilities).
- Changes in other receivables remained stable in absolute terms and generated a negative cash flow effect of €3.5 million in the three months ended December 31, 2023, compared to a negative cash flow effect of €4.2 million in the three months ended December 31, 2022, resulting in a positive cash flow variance of €0.7 million.
- Changes in other liabilities generated a negative cash flow effect of €30.1 million in the three months ended December 31, 2023, compared to a negative cash flow effect of €16.6 million in the three months ended December 31, 2022. The resulting negative cash flow variance of €13.5 million is mainly affected by a seasonally driven decrease of other liabilities in the Energy Efficiency Solutions segment (comparable effect for prior year period included within changes in working capital), as well as the prior year period including the receipt of relief payments from the KfW Bank (energy price cap).

- Changes in provisions generated a negative cash flow effect of €6.3 million in the three months ended December 31, 2023, compared to a negative cash flow effect of €2.1 million in the three months ended December 31, 2022. The resulting negative cash flow variance of €4.3 million mainly reflects severance payments in connection with *ENERGIZE-T* related personnel cost measures.

Cash flows used in investing activities. Cash flows used in investing activities increased by €9.0 million to a negative cash flow effect of €42.5 million in the three months ended December 31, 2023 from a negative cash flow effect of €33.5 million in the three months ended December 31, 2022. The key drivers behind this increase are higher payments in connection with the acquisition of smaller cost allocation companies, as well as higher capital expenditures.

Free cash flow. Based on our cash flows generated by operating activities and cash flows used in investing activities as well as income taxes paid, our free cash flow decreased by €30.0 million to a negative cash flow effect of €31.1 million in the three months ended December 31, 2023 compared to a negative cash flow effect of €1.1 million in the three months ended December 31, 2022. The largest drivers behind this development are (i) the prior year period including a favorable effect from the receipt of relief payments from the KfW Bank (energy price cap), (ii) higher level of activity with regard to the acquisition of smaller German cost allocation companies, (iii) a shift of supplier payments within Energy Services Germany from the fourth quarter of the fiscal year ended September 30, 2023 to the quarter ended December 31, 2023, and (iv) severance payments in connection with *ENERGIZE-T* related personnel cost measures.

Net cash generated by financing activities. Net cash generated by financing activities amounted to an inflow of €101.5 million in the three months ended December 31, 2023 compared to an inflow of €45.2 million in the three months ended December 31, 2022. Net change in debt amounted to an inflow of €104.1 million in the three months ended December 31, 2023 compared to an inflow of €49.5 million in the three months ended December 31, 2022. The inflow in the three months ended December 31, 2023, was due to drawings of the Revolving Credit Facility in an aggregate amount of €110.0 million, which are partly offset by the repayment of lease liabilities in an amount of €5.5 million and other minor movements. The inflow in the three months ended December 31, 2022 was due to the net drawings of the Revolving Credit Facility in an aggregate amount of €55.1 million, which are partly offset by the repayment of lease liabilities in an amount of €5.0 million and other minor movements.

Interest paid decreased to €2.9 million in the three months ended December 31, 2023 compared to €3.7 million in the three months ended December 31, 2022.

Cash and cash equivalents as per the consolidated statement of cash flows amounted to €105.5 million as of December 31, 2023 compared to €72.5 million as of December 31, 2022.

Financial Year Ended September 31, 2023 Compared with Financial Year Ended September 30, 2022

Cash generated by operating activities. Our cash generated by operating activities was €436.0 million in the financial year ended September 30, 2023 compared to €349.5 million in the financial year ended September 30, 2022. The primary movements in cash generated by operating activities in the financial year ended September 30, 2023 compared to the financial year ended September 30, 2022 were the following:

- EBITDA increased by €9.7 million to €404.8 million in the financial year ended September 30, 2023 from €395.1 million in the financial year ended September 30, 2022.

- Changes in working capital generated a negative cash flow effect of €6.0 million in the financial year ended September 30, 2023 compared to a negative cash flow effect of €37.4 million in the financial year ended September 30, 2022. The key drivers behind the resulting positive cash flow variance of €31.5 million are: (i) a €25.3 million positive cash flow variance from changes in trade accounts payable, mainly explained by higher device purchases in the Energy Services Germany segment, in combination with comparably later supplier invoicing in the Energy Efficiency Solutions segment; and (ii) a €23.1 million positive cash flow variance from changes in trade accounts receivable (including unbilled receivables), predominantly affected by the increase in monthly customer instalment payments in the Energy Efficiency Solutions segment in the second half of 2022, following the surge in energy prices; partly offset by (iii) a €13.7 million negative cash flow variance from changes in inventories, reflecting the build-up of a safety buffer in order to ensure product availability in light of ongoing supply chain shortages, as well as to support increased installation activities.

- Changes in other receivables generated a negative cash flow effect of €5.2 million in the financial year ended September 30, 2023 compared to a negative cash flow effect of €3.2 million in the financial year ended September 30, 2022. The resulting negative cash flow variance of €2.0 million mainly relates to changes in VAT tax claims.

- Changes in other liabilities generated a positive cash flow effect of €21.8 million in the financial year ended September 30, 2023 compared to a negative cash flow effect of €3.5 million in the financial year ended September 30, 2022. The resulting positive cash flow variance of €25.3 million is mainly attributable to the aforementioned increase in monthly customer instalment payments in the Energy Efficiency Solutions segment.

- Changes in provisions generated a positive cash flow effect of €22.9 million in the financial year ended September 30, 2023 compared to a positive cash flow effect of €0.3 million in the financial year ended September 30, 2022. The resulting positive cash flow variance of €22.6 million is mainly due to a build-up in severance provisions attributable to *ENERGIZE-T* related personnel cost measures.

Cash flows used in investing activities. Cash flows used in investing activities increased by €4.1 million to a negative cash flow effect of €222.8 million in the financial year ended September 30, 2023 from a negative cash flow effect of €218.6 million in the financial year ended September 30, 2022. The key drivers behind this increase are higher payments in connection with the acquisition of smaller cost allocation companies, as well as higher capital expenditures.

Free cash flow. Based on our cash flows generated by operating activities and cash flows used in investing activities as well as income taxes paid, our free cash flow increased by €69.3 million to a positive cash flow effect of €160.0 million in the financial year ended September 30, 2023 compared to a positive cash flow effect of €90.7 million in the financial year ended September 30, 2022. The largest drivers behind this development are (i) the top-drive driven earnings growth, in combination with (ii) the increase in monthly customer instalment payments in the Energy Efficiency Solutions segment in the second half of 2022, following the surge in energy prices, reflecting effective working capital management.

Net cash used in financing activities. Net cash used in financing activities amounted to an outflow of €152.6 million in the financial year ended September 30, 2023 compared to an outflow of €104.7 million in the financial year ended September 30, 2022. Net change in debt amounted to an outflow of €50.8 million in the financial year ended September 30, 2023 compared to an outflow of €14.4 million in the financial year ended September 30, 2022. The outflow in the financial year ended September 30, 2023 was due to a net repayment of the Revolving Credit Facility in an aggregate amount of €29.9 million, the repayment of lease liabilities in an amount of €19.8 million and other minor movements. The outflow in the financial year ended September 30, 2022 was due to the repayment of lease liabilities in an amount of €20.5 million and other minor movements in an aggregate amount of €3.8 million. As an offsetting effect net cash drawings of the Revolving Credit Facility in an amount of €9.9 million were made.

Interest paid increased to €101.3 million in the financial year ended September 30, 2023 compared to €90.8 million in the financial year ended September 30, 2022.

Cash and cash equivalents as per the consolidated statement of cash flows amounted to €36.0 million as of September 30, 2023, compared to €28.9 million as of September 30, 2022. Cash and cash equivalents as per the consolidated statement of financial position as of September 30, 2023 are €1.4 million lower than in the consolidated statement of cash flows because this amount is recognized as assets classified as held for sale in the consolidated statement of financial position.

Financial Year Ended September 31, 2022 Compared with Financial Year Ended September 30, 2021

Cash generated by operating activities. Our cash generated by operating activities was €349.5 million in the financial year ended September 30, 2022 compared to €337.8 million in the financial year ended September 30, 2021. The primary movements in cash generated by operating activities in the financial year ended September 30, 2022 compared to the financial year ended September 30, 2021 were the following:

- EBITDA increased by €40.6 million to €395.1 million in the financial year ended September 30, 2022 from €354.5 million in the financial year ended September 30, 2021.

- Changes in working capital generated a negative cash flow effect of €37.4 million in the financial year ended September 30, 2022 compared to a negative cash flow effect of €9.1 million in the financial year ended September 30, 2021. The largest drivers behind the resulting negative cash flow variance of €28.3 million are: (i) a €17.7 million negative cash flow variance from changes in trade accounts receivable (including unbilled receivables), affected by top-line growth in all segments, but most notably in the Energy Efficiency Solutions segment driven by higher energy costs; (ii) a €6.3 million negative cash flow variance from changes in trade payables, primarily explained by the prior year figure including a one-off impact relating to a refined calculation model applied to the accrual of revenues and costs in the Energy Efficiency Solutions segment; and (iii) a €4.6 million negative cash flow variance from changes in inventories, largely reflecting the build-up of stock levels in our Energy Services International segment in order to support increased installation activities.

- Changes in other receivables generated a negative cash flow effect of €3.2 million in the financial year ended September 30, 2022 compared to a positive cash flow effect of €0.5 million in the financial year ended September 30, 2021. The negative cash flow variance of €3.8 million is mainly attributable to changes in supplier balances in the Energy Efficiency Solutions segment in the prior year period affected by higher energy costs (offsetting effect within changes in other liabilities).

- Changes in other liabilities generated a negative cash flow effect of €3.5 million in the financial year ended September 30, 2022 compared to a negative cash flow effect of €7.8 million in the financial year ended September 30, 2021. The resulting positive cash flow variance of €4.3 million is mainly attributable to changes in customer balances in the Energy Efficiency Solutions segment in the prior year period affected by higher energy costs (offsetting effect within changes in other receivables).

- Changes in provisions remained stable in absolute terms and generated a positive cash flow effect of €0.3 million in the financial year ended September 30, 2022 compared to a positive cash flow effect of €0.4 million in the financial year ended September 30, 2021 resulting in a negative cash flow variance of €0.1 million.

Cash flows used in investing activities. Cash flows used in investing activities increased by €46.7 million to a negative cash flow effect of €218.6 million in the financial year ended September 30, 2022 from a negative cash flow effect of €172.0 million in the financial year ended September 30, 2021. This increase is primarily driven by (i) higher payments in connection with the acquisition of smaller cost allocation companies; (ii) a loan granted to the parent company Luxembourg Investment Company 261 S.à r.l. used to pay holding company expenses, as well as the service fee to our shareholders; and (iii) an increase in capital expenditures.

Free cash flow. Based on our cash flows generated by operating activities and cash flows used in investing activities as well as income taxes paid, our free cash flow increased by €37.9 million to a positive cash flow effect of €90.7 million in the financial year ended September 30, 2022 compared to a positive cash flow effect of €52.8 million in the financial year ended September 30, 2021. The key drivers behind this development are (i) considerably lower tax payments, as the prior year included a sizable one-off effect (combination of final payments, advance payments, and retroactive advance payments); as well as (ii) a positive deviation in cash generated by operating activities, reflecting top-line driven earnings growth, which more than offset the build-up in working capital; partly met by (iii) a negative deviation in cash flows used in investing activities.

Net cash used in financing activities. Net cash used in financing activities amounted to an outflow of €104.7 million in the financial year ended September 30, 2022 compared to an outflow of €165.2 million in the financial year ended September 30, 2021. Net change in debt amounted to an outflow of €14.4 million in the financial year ended September 30, 2022 compared to an outflow of €69.7 million in the financial year ended September 30, 2021. The outflow in the financial year ended September 30, 2022 was due to the repayment of lease liabilities in an amount of €20.5 million and other minor movements in an aggregate amount of €3.8 million. As an offsetting effect net cash drawings of the Revolving Credit Facility in an amount of €9.9 million were made. The outflow in the financial year ended September 30, 2021 was due to the voluntary partial repayment of the Senior Notes in an amount of €50.0 million in September 2021, the repayment of lease liabilities in an amount of €19.5 million and other minor cash movements.

Interest paid decreased to €90.8 million in the financial year ended September 30, 2022 compared to €96.0 million in the financial year ended September 30, 2021.

Cash and cash equivalents as per the consolidated statement of cash flows amounted to €28.9 million as of September 30, 2022 compared to €41.3 million as of September 30, 2021.

Financial Obligations and Financial Guarantees

The table below summarizes our financial obligations and financial guarantees as of December 31, 2023 (excluding those relating to indebtedness).

	As of December 31, 2023	Up to one year	Between one year and five years	Over five years
		(unaudited) (in € millions)		
Financial obligations due to purchase of fixed assets	13.6	13.6	—	—
Financial obligations due to purchase of intangible assets	4.2	4.2	—	—
Financial obligations due to energy supply contracts(1)	34.7	33.6	0.9	0.1
Total other financial obligations	52.5	51.5	0.9	0.1

(1) In addition to the amount of financial obligations to our energy suppliers, this disclosure also includes the amount we have to pay in order to meet contractual obligations to our customers. The amount included for these contractual obligations amounts to €16.3 million (the whole amount up to one year).

Additionally, as of December 31, 2023, financial guarantees in an amount of €0.2 million have been issued.

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition or results of operations.

Quantitative and Qualitative Disclosures Regarding Market Risk

Our segments operate in competitive markets and are subject to changes in business, economic and competitive conditions. Our business is subject to:

- credit risks;
- liquidity risks;
- interest rate risks and interest rate management;
- risks relating to interest rate instruments not subject to hedge accounting; and
- currency risks and risks relating to currency management.

Developments in any of these risk areas could cause our results to differ materially.

Credit Risks

We offer our services to a large number of customers active in various sectors and geographical regions. We grant credit terms to eligible customers and believe we are not exposed to an unreasonable concentration of risk. Imminent or actual irrecoverable receivables are accounted for by write-downs depending on the age of the receivable concerned. Several dunning stages are also used. When a certain dunning stage is reached, legal action is initiated. Furthermore, allowances for expected credit losses are recorded with respect to trade accounts receivable, contract assets, finance lease receivables and unbilled receivables.

As of December 31, 2023 the total of trade accounts receivable, including receivables from finance leases (current and non-current), was €235.5 million. The historical write-offs of our trade accounts receivable amounted to €0.2 million in the financial year ended December 31, 2023.

Liquidity Risks

Liquidity risk is the risk concerning the ability to meet obligations arising out of financial liabilities. Liquidity risk arises mostly in relation to cash flows generated and used in working capital and from financing activities, particularly by servicing our debt, in terms of both interest and capital, and our payment obligations relating to our ordinary business activities. We manage liquidity risks by continually monitoring our expected cash flows and working capital levels and ensuring that adequate borrowing facilities are maintained.

Interest Rate Risks and Interest Rate Management

Interest rate risks arise from the fact that a large part of our loan agreements is subject to a floating rate of interest. Our interest rate risk is analyzed centrally and managed by the treasury department. Interest rate risk items are separated from the liquidity commitment in individual hedge agreements with the help of interest rate derivatives, such as interest rate caps, and are managed as an overall portfolio to balance the risks. Interest rate derivatives are used exclusively to optimize credit terms and limit interest rate risks as part of our financing strategy and are not used for trading or speculative purposes. Hedging instruments are only used in the Group to hedge interest rate risks on variable cash flows (cash flow hedges).

In accordance with internal guidelines, the use of derivatives is restricted to the hedging of existing risks. Generally, we use hedging instruments that are measurable and have a transparent risk profile. All derivatives are measured at fair value in accordance with IFRS 13 (Fair value measurement). This is determined using the mark-to-market method (for interest rate swaps and caps), including a credit risk adjustment relating to the counterparty or us. The fair values of interest rate swaps and caps are reported as other financial assets or other financial liabilities.

The Senior Secured Notes will bear interest at a fixed rate. The Facility B and the Revolving Credit Facility each bear interest at a variable rate, based on, EURIBOR (subject to a zero percent per annum floor), or in the case of Revolving Credit Facility drawings denominated in pounds-sterling or US Dollars, SONIA and term SOFR (respectively and each subject to a zero percent per annum floor), and in each case plus an applicable margin.

Interest Rate Instruments Not Subject to Hedge Accounting

Changes in fair value are recognized in the income statement but do not affect cash. As of December 31, 2023, we had interest rate caps with a total nominal value of €880.0 million related to our current Senior Facilities Agreement. These interest rate instruments capped the six-month EURIBOR for the period from July 4, 2023 until January 4, 2024. In the Consolidated Financial Statements, the receivables from hedging instruments are shown under current other financial assets because the instruments can be cancelled at any time. The aggregate fair value of the cap agreements as of September 30, 2023, was €1.8 million. As a result, 90% of our total non-current financial debt is either fixed or capped for the twelve-month period ended December 31, 2023. Following the Transactions, we plan to re-evaluate the implementation of hedging contracts for any floating rate debt exposure, in line with our historical approach.

Currency Risks and Currency Management

A large part of our revenue was generated in the eurozone and was not subject to major currency risks. However, currency risks may originate from loans that Techem Energy Services GmbH grants to its subsidiaries outside the eurozone as part of intercompany financings.

As of December 31, 2023, we had foreign exchange hedging instruments not subject to hedge accounting with an aggregate nominal amount of €19.0 million and an aggregate market value of €19.2 million.

Critical Accounting Policies

In the opinion of the management of our Group, the following accounting policies and topics are critical for the Consolidated Financial Statements in the present economic environment. The influences and judgements, as well as the uncertainties which affect them, are also important factors to be considered when looking at present and future operating earnings of our Group.

The preparation of the Consolidated Financial Statements under IFRS requires assumptions and estimates to be made which can impact the valuation of the assets and liabilities recognized, income and expenses, as well as the disclosure of contingent liabilities. Assumptions and estimations also relate to the accounting and measurement of provisions. All assumptions and estimations made are based on the circumstances as of the balance sheet date. The actual future circumstances may differ. When this occurs the assumptions will be adjusted, and, if applicable, the book values of the respective assets and liabilities will also be adjusted.

We have summarized below our accounting policies that require the more subjective judgment of our management in making assumptions or estimates regarding the effects of matters that are inherently uncertain and for which changes in conditions may significantly affect our results of operations and financial condition. For more information, see the notes to our Consolidated Financial Statements included in the financial statements included elsewhere in this financial report.

Business combinations. Subsidiaries acquired by the Group are accounted for using the acquisition method. The acquisition costs are equivalent to the fair value of the assets given up on the date of acquisition. For each business combination the assets, liabilities and contingent liabilities identified as part of the business combination are measured at their fair values on the date of acquisition regardless of the extent of the non-controlling interest. The excess of acquisition costs over the Group's share in the fair value of the net assets is recognized as goodwill. If the Group's share in the fair value of the net assets exceeds the acquisition cost, the remaining excess from a bargain purchase is recognized in the statement of profit or loss. Costs directly attributable to the acquisition are recognized in the statement of profit or loss.

Revenue recognition from major business activities. We believe that revenue recognition is critical for our financial statements because consolidated net income is directly affected by the timing of revenue recognition. Revenue is measured at the fixed transaction price agreed under the contracts with our customers. The Group uses the practical expedient of IFRS 15 (Revenue from contracts with customers), therefore the transaction price is only adjusted for the effects of a significant financing component if the expected period between when we transfer goods or services to the customer and when the customer pays for those goods or services is more than one year. In the Group, this can be applicable for installment sales. Some contracts in the Group include multiple performance obligations. In this case, the transaction price is allocated to each performance obligation based on the relative stand-alone selling prices. If they are not directly observable, they are estimated based on the expected cost plus a margin approach.

For all major products, payment terms for goods or services may be in advance or in arrears. Revenue for reading and billing services is accrued, using an output-based method of measuring the progress towards complete satisfaction of this performance obligation, to an amount equivalent to the cost of services already rendered plus a profit margin. The revenue for energy deliveries (for example, heat or cooling) of the segment Energy Efficiency Solutions is recognized in an amount that corresponds directly with the value to the customer of our performance to date. The revenue, as well as the corresponding costs, are determined based on a calculation model. The calculation model determines the sales not yet invoiced (essentially sales volume and commodity price) on the basis of current price developments and weather conditions, as well as the costs on the basis of the consumption quantities transmitted by the energy supplier.

Revenue recognition is less critical regarding rental and maintenance as well as sales revenue. Revenue from rental and maintenance services is recognized using an output-based measure of progress towards complete satisfaction of our performance obligations on a straight-line basis over the contractual term. Revenue from the sale of goods is recognized at a point in time when control of the goods has been transferred to the customer, which is upon delivery.

Recoverability of non-current assets. Property, plant and equipment and other non-current assets, including intangible assets, are tested for impairment as soon as events highlight, or there are indicators, that the carrying amount exceeds the recoverable amount. An impairment loss is recognized equal to the amount by which the carrying amount of an asset exceeds its recoverable amount, the recoverable amount being the higher of fair value less costs of disposal or the value in use of the asset concerned. The value in use is defined as the present value of estimated future cash flows to be derived from an asset or a cash generating unit (CGU). In accordance with IFRS 13, the fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For the purposes of determining an impairment, assets are grouped together into the smallest group for which separate cash flows can be identified.

Goodwill, trademark Techem as well as software in progress, which is not yet available for use, are subject to an impairment test at least once a year and are not subject to straight-line amortization. The impairment test is carried out for groups of CGUs. Goodwill, the trademark Techem as well as software in development are measured at their original cost less any accumulated impairment. Impairment losses recognized for goodwill are not reversed.

Trade accounts receivable, contract assets, other assets and other financial assets. Current and non-current receivables (trade accounts receivable, other assets and other financial assets) are measured at fair value on the date of recognition and subsequently at amortized cost using the effective interest method (including receivables from installment-based business). The Group applies the Simplified Approach according to IFRS 9 for the calculation of expected credit losses. Therefore, billed trade accounts receivable, contract assets, finance lease receivables and unbilled receivables are subject to allowances for expected credit losses over their entire term. To determine the expected credit losses trade accounts receivable are arranged into groups based on their maturity and are appropriately impaired based on their age. Contractual assets are recognized in the amount of the right to consideration for services already rendered.

Provisions. Provisions for pensions and other post-employment benefits are determined in accordance with IAS 19 using the actuarial projected unit credit method. This method takes into account, in particular, the current long-term capital market interest rate and current assumptions regarding future salary and annuity increases in addition to biometric calculation bases. In accordance with IAS 19, the remeasurements of the provisions for pensions are recognized directly in other comprehensive income. The interest element in the pension expense is reported under finance costs.

With the exception of the other personnel-related provisions calculated in accordance with IAS 19, all other provisions are recognized on the basis of IAS 37, providing there is a present legal or constructive obligation as a result of a past event, an outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. The amount recognized is determined based on the full amount required to settle the probable obligation. Non-current provisions are discounted. The interest element is reported under finance costs.

Deferred taxes. Deferred taxes are calculated using the liabilities method. Deferred tax assets or deferred tax liabilities are recognized for temporary differences between the carrying amounts in the Consolidated Financial Statements and the corresponding tax accounts, the result of which will be a future tax refund or tax expense. Deferred tax assets on losses carried forward are recognized to the extent that it is probable that there will be an available taxable profit against which the temporary difference can be applied.

Deferred tax assets or liabilities are calculated using the tax rates expected to apply to the taxable income in the years in which these temporary differences are expected to reverse. If there is a change in the tax rates, the effect on the deferred tax assets and/or liabilities is recognized in the statement of profit or loss in the period in which the new tax rate is enacted.

Derivative financial instruments and hedging. In accordance with IFRS 9, all derivative financial instruments are recognized on the balance sheet at fair value in accordance with IFRS 13. On the trade date of a derivative, it is determined whether this derivative is an instrument to maintain fair value, to hedge a planned transaction or to hedge against future cash flow fluctuations relating to a recognized asset or a liability.

Changes in the fair value of the interest rate instruments and the foreign exchange hedging instruments of the Group are recognized as financial income and finance costs.

Share-based payment. Under the terms of a management participation program, which was set up by one of our main investors, employees of the Group (including most senior management) were given the opportunity to invest indirectly into the Group with their own cash. This participation program is deemed to be a share-based payment arrangement. It is classified as equity-settled and accounted for in accordance with IFRS 2.

Any expense arising from an equity-settled share-based payment scheme is recognized as personnel expense in profit or loss with a corresponding credit in equity. The distribution of the expense is based on the grant date fair value. This fair value will not change later, i.e., it will not be updated for changes in expectations underlying its determination.

The recognition of expense over time is determined by the vesting conditions of the participation program, particularly service and exit conditions. Exit conditions are classified as non-market vesting conditions.

INDUSTRY

Overview

We are a leading digitally driven energy services provider active in the European residential heat and water submetering market with a stronghold in Germany. We operate in 18 countries and maintain a competitive position as we hold top 1 or top 2 positions in most of these countries (*source: Commissioned Report*). In Germany, we have a longstanding presence since the 1950s and are the market leader in heat and water submetering services with 28.1 million installed heat and water metering devices resulting in a market share of approximately 27% as of 2022 (excluding revenue for smoke detectors, water testing and issuance of energy certificates) (*source: Commissioned Report*).

We believe that our business has a systemic relevance to the energy transition as we help our clients in their efforts to achieve regulatory targets in relation to decarbonization. Particularly the European Green Deal has set ambitious climate targets for the real estate sector, which has accelerated the need for energy efficiency solutions. Large real estate companies and other housing providers have made commitments to carbon neutrality, with publicly declared goals until 2030 and beyond. Vonovia, for example, has committed to reduce carbon intensity to less than 25 kg CO_2e per m^2 (in Germany) by 2030 and to operate a nearly climate-neutral housing stock by 2045, with a carbon intensity of less than 5kg of CO_2 equivalents per m^2 of rental area (*source: Vonovia*). Recent external factors, such as the rise in financing costs due to higher interest rates as well as the increase in energy prices have further enhanced the need for low investment, high impact decarbonization solutions. As a result, we believe that the real estate sector, i.e., tenants and landlords, has a strong interest in energy efficiency solutions and strategic partnerships to achieve climate targets.

Submetering is a highly cost-efficient solution to drive energy efficiency and lower carbon emissions in the real estate sector (*source: Commissioned Report*). The introduction of submetering can result in approximately 20% of energy savings in a dwelling (*source: Commissioned Report*). Submetering provides increased transparency, incentivizing tenants to save energy by closely monitoring their own consumption and submetering solutions represent less than 1% of average tenant spend on rent and utility (*source: Commissioned Report*). Further, submetering has the lowest cost requirements to achieve energy efficiency in the real estate sector, with annual cost per m^2 to save 1 kg to CO_2 of less than €1 compared to other methods such as cellar ceiling insulation with €13, facade insulation with €14, roof insulation with €16, and window exchanges with €118 (*source: Commissioned Report*).

The submetering industry is undergoing a fundamental transformation as its ongoing digitalization has significantly enhanced service levels and opened up new value propositions. Fully remote readings (nearly real time digital reading of energy consumption via radio-enabled devices and cloud-based data collectors), monthly consumption information (digital availability of consumption data) up to direct on-demand billing (fully digitalized on-demand billing service via online portal), a service currently only provided by us, contribute to resolving former concerns and provide high convenience for our customers (property managers or landlords).

At the same time, increasing regulation and accelerating digitalization as well as recent macroeconomic challenges drive complexity for the real estate sector. Housing providers often lack required in-house capabilities (expertise, talent, tools, and scale) and seek to partner with an integrated energy efficiency solutions provider as a strategic partner. We believe that this represents an opportunity for integrated, digitally enabled metering and submetering companies to expand across additional value pools in the real estate sector such as smoke detection and climate monitoring, water testing, contracting, MPO, DHC, and EV Charging.

Key Trends and Market Drivers

EU Regulation

In the EU, commercial and residential buildings account for approximately 40% of energy-related greenhouse gases (*source: European Commission*). Consequently, legislators have become active on a national and a supranational level. The EU Green Deal, approved in 2020, as well as the so-called "Fit for 55" legislation of the European Union and other legislative initiatives set ambitious decarbonization goals for industries including real estate asking for:

- Full climate neutrality by 2050 which means that all buildings are to be so-called "Zero-Emission Buildings "by that time. Zero-Emissions Buildings are defined by the EU Green Deal as a building with a very high energy performance and with a very low amount of energy still required to be fully covered by energy from renewable sources and without on-site carbon emissions from fossil fuels;

- Reduction of 55% of greenhouse gas emissions until 2030, compared to levels seen in 1990;

- All new buildings as of 2030 to be Zero-Emission Buildings (and for all new buildings occupied or owned by public authorities as of 2027); and

- Fossil fuels in heating and cooling will be phased out by 2040.

The European Union's initiative to reduce energy consumption did not commence with the Green Deal. As early as 2010, the EU embarked on formulating a legislative framework toward this goal, encompassing directives such as the Energy Efficiency Directive. The latter underwent amendments aimed at expediting decarbonization and diminishing the EU's reliance on fossil fuels. According to the updated directive, it is mandated that monthly information regarding tenants' energy consumption becomes obligatory by 2027, with the expectation of fostering behavioral change. To facilitate this shift, all submetering devices must be made remote-readable by the same year (*source: Bain Brief*).

German Regulation

In addition to the initiatives on European level, several Member States have also taken national measures. Germany is amongst the frontrunners in this field setting out sectorial greenhouse gas targets for 2030 and accelerating the net zero emission target from 2050 to 2045. For real estate companies, the Buildings Energy Act (*Gebäudeenergiegesetz,* "GEG"), enacted in 2020, is of special interest. The GEG regulates the energy requirements for new and existing buildings and the use of renewable energies in buildings with the aim to create uniform requirements. Its recent amendment in 2023 is expected to bring three major changes (*source: Bain Brief*):

- The reduction of the permissible annual primary energy needs in new buildings from previously 75% to 55% of the reference building;

- It requires that at least 65% of newly built heating systems to be powered by renewables; and

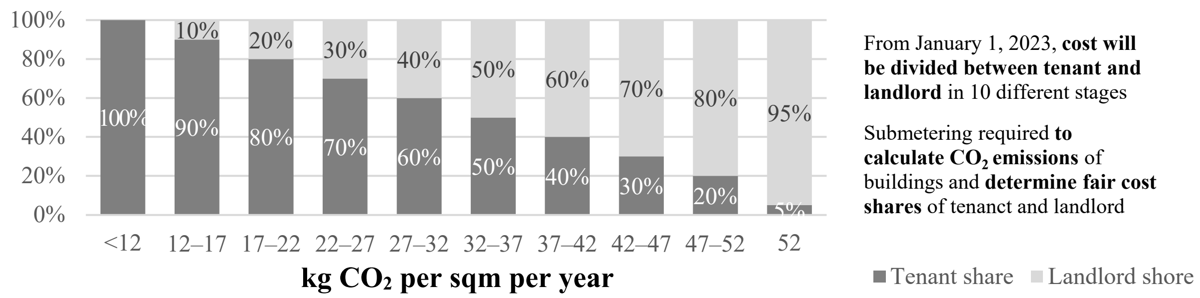
- It includes the requirement of submetering for heat pumps, which have previously been exempt from submetering.

In the upcoming years, the emphasis on securing a minimum of 65% from renewable energy sources, particularly, will lead to a technological transition favoring district heating and heat pumps. Simultaneously, there will be a pronounced movement towards holistic energy solutions designed for entire building districts, commonly known as "*Quartierslösungen*." The successful implementation of such district-wide solutions necessitates meticulous planning, including professional design, as well as streamlined operations and heating cost allocation strategies.

At the same time, real estate companies are also confronted with a rising CO_2 price. Germany has established a fixed price system per ton of CO_2 via the national emissions trading system in 2021 on fossil fuels used for primarily transport and heating. The price is currently (2024) fixed at €45 per ton of CO_2 and is anticipated to rise up to €65 per ton until 2026. In 2023, the price was maintained at 2022 levels, foregoing a scheduled tax increase owing to the Ukraine war and the ongoing energy crisis. Starting in 2026, prices will be determined through certificate trading on the EU Emissions Trading System which particularly covers on EU-level the area of transport and buildings (so-called "EU-ETS II"). Prices are expected to continue to rise in this case to € 55 to 65 per ton (*source: Bain Brief*).

In addition, a CO_2 distribution regulation was introduced for real estate by law (*Gesetz zur Aufteilung der Kohlendioxidkosten*) to split the carbon dioxide costs between landlord and tenant according to their areas of responsibility and possibilities for influencing a building's carbon dioxide emissions. Otherwise, landlord could pass on the costs related to a national emission trading system to the tenants. Thus, parts of the CO_2 price must be paid by the property owners. Regulation foresees the introduction of burden sharing across ten housing efficiency categories leading to a cost participation of the property owners depending on the CO_2 path and energy efficiency of the building. The less energy-efficient a building is, the higher is the share the landlord has to contribute take alongside together with an increased overall total of taxes to be paid. In practice, in residential real estate, the landlord determines the carbon dioxide emissions of the property as part of the annual heat cost allocation bill (*source: Commissioned Report*).

CO_2 cost split (in %)



(*source: Commissioned Report*)

Other Push Factors

We observe increasing decarbonization efforts from various stakeholders in order to provide sound environmental reporting. As such, large housing associations have already reacted and made clear decarbonization pledges (e.g., Vonovia states to reduce carbon intensity to less than 25 kg CO_2e/m² in Germany by 2030 (*source: Bain Brief*).

Tenants are becoming more aware and conscious of the energy price burden included in their rent and the overall rising cost of living. The heightened awareness is particularly influenced by the EU-wide surge in energy prices and the temporary energy shortage resulting from the Russia-Ukraine war.

The commercial sector encounters comparable decarbonization pressures, although the dynamics and success factors differ. Commercial buildings, characterized by intricate technical installations, are usually overseen – often manually – by facility management service providers. The intricacy of these systems makes it challenging for commercial building owners to deliver sufficient E-S-G reporting aligned with European regulation. As submetering in not implemented in the same rigor as in residential real estate, no comprehensive data set on commercial properties' CO_2 footprint exist, thus CO_2 tax is often equally shared between landlords and tenants for now. However, there is potential that the regulator might request the commercial real estate sector to adopt a similar practice, with enforcement slated for 2025, leading to additional metering requirements. Over the recent years, some companies in the commercial segment already started to invest into such digital metering infrastructure (*source: Bain Brief*).

Demand for Low Investment, High Impact Decarbonization Levers

We believe that a holistic approach of a broad set of levers is required to address the decarbonization challenge in the whole real estate sector. In general, property owners have a broad range of measures with different invasive character and different levels of investments. Examples of levers include thermal insulation, renewable energy installation like photovoltaic systems and geothermal energy, heating system replacement or upgrade by installing heat pumps, smaller heating systems or creating an access to district heating, data-based and monitored operational management of the existing technical infrastructure by for example boiler monitoring or energy contracting, consumption regulation by smart meters amongst others.

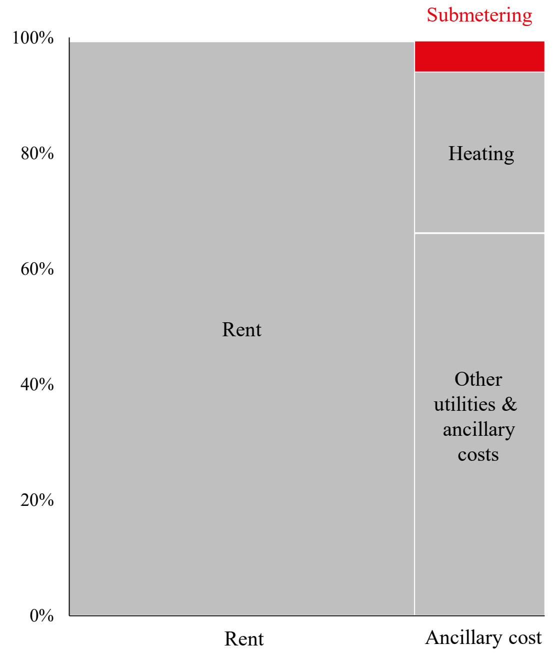
We see evidence that the combination of various low-investment levers will provide significant energy savings. Submetering constitutes a small portion of the monthly utility costs for tenants (less than 1% of average tenant rent spend), but can contribute to approximately 20% of energy reduction (*source: Bain Brief*). Energy contracting can lead to energy savings in a similar order of magnitude and, in addition, these solutions can reduce investments and maintenance costs for property owners because of outsourcing. For example, an optimized heat generator as well as a corresponding system operation management and the user assistance results in savings potentials of approximately 20% per property (*source: Bain Brief*).

Other low investment measures can also result in double-digit energy savings, for example:

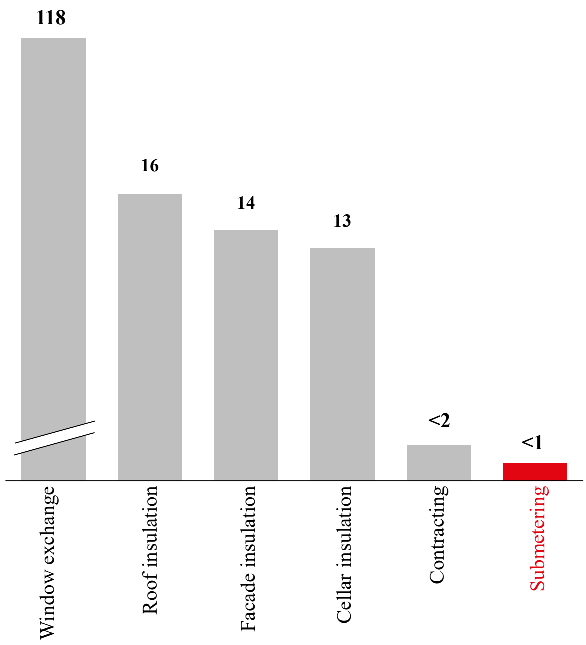
- typically, approximately 10% energy savings alone typically achievable through optimization of the operation management of existing heating systems;
- approximately 14% energy savings to be made through substitution of the boiler: around 86% of heating systems are oversized (historical practice, no adaption in the context of renovations);
- approximately 10% of energy can be conserved when consumers with unfavorable consumption patterns transition to becoming average consumers; and
- for approximately 79% of all boilers, a potential reduction of up to 10% in annual gas consumption can be achieved by turning them off during the summer months (*source: Bain Brief*).

Naturally, energy savings are also possible by better insulation or the installation of photovoltaic systems on rooftops. Nevertheless, in the near term, the primary emphasis should be on cost-effective measures to guarantee economic decarbonization and foster social acceptance, particularly amid rising rents and interest rates. Considering rent and the ancillary cost split in Germany for 2022 as well as the annual cost needed to save 1kg of CO_2 per m^2, a comparison of the potential savings with the investment ratios for measures demonstrates that smart metering (including submetering) and energy contracting can outperform alternative saving measures (*source: Bain Brief*).

Rent and ancillary cost split in Germany (2022; in %)



Annual cost needed to save 1kg of CO_2 per sqm (€)



(*source: Commissioned Report*)

Demand for integrated, digitally enabled service providers

Implementing new means of extended metering and decarbonize heat and energy supply does not fall within the primary focus on property owners' business operations. Presently, many property owners lack expertise, ranging from limited to none, in the realm of digitizing and automating the energy supply for their buildings. Furthermore, regulation is constantly pushing the need for digital and automated systems to ensure state-of-the-art technology supporting decarbonization goals. This rise in complexity has also reversed the former trend to insource some parts of submetering (*source: Bain Brief*). In fact, according to a survey conducted by Bain comprising 1,087 participants, the majority of respondents (55%) indicated no service at all are expected to be insourced in the next two years (*source: Commissioned Report*).

Due to these considerations, the majority of building owners will likely have to depend on third-party providers. These providers can offer a comprehensive array of services through a unified platform, consolidating the top individual solutions presently accessible in the market. Ideally, these packaged solutions will encompass the entire value chain, spanning from heat and energy generation to electric vehicle charging infrastructure and optimized consumption. Ultimately, pivotal partners will involve integrated energy services providers for heat, water, and electricity (e.g., for heat pumps), offering a completed spectrum of energy solutions for both residential and commercial housing. To successfully navigate such intricate undertaking, essential partners must contribute a specific set of assets and capabilities:

- Expertise in technology is essential for identifying optimal solutions in a broadening technology mix, encompassing elements such as heat pumps and green energy sources.

- Having scale in both the property base and digital infrastructure is also crucial, as it is vital to ensure effective leverage on fixed costs. This includes the hardware and IT platforms necessary for delivering decarbonization services to the industry.

- Digital capabilities can be sourced either in-house or through reputable partners. Essential skills include the processing and analysis of extensive datasets, a capability increasingly bolstered by generative AI, as well as prompt compliance with evolving regulations.

- Robust domain expertise and a deep understanding of a frequently changing regulatory landscape are additional essential capabilities (*source: Bain Brief*).

Providers possessing such capabilities at scale are ideally positioned to function as integrated partners, aiding the real estate sector in their journey toward digitalization and decarbonization. This is primarily because multiple factors must be addressed within a unified energy system, necessitating interoperable systems to effectively decarbonize buildings and districts. Moreover, managing the intricacies of various factors demands data sovereignty to address the numerous interdependencies along the decarbonization journey. Thereby, merely integrated partners will have the capacity to consolidate data stemming from different factors and to manage such a high degree of connectedness and the complex systems beyond (*source: Bain Brief*).

Our Addressable Markets and Competitive Landscape

The real estate sector can also pull several other decarbonization levers beyond submetering to deliver on the climate goals defined through the European Green Deal. Specifically, the three main levers comprise (1) smart energy services (e.g., renewable energy production, energy system management, MPO, and EV Charging), (2) sustainable building solutions (e.g., heating optimization via DHC, heat generation via contracting, district heating with recovered heat, window exchange, thermal solutions, and LED lighting) as well as (3) tenant safety and control solutions (e.g., safety and fire protection, water testing, indoor climate, and ventilation systems). Because of high overall solution complexity, we see strong demand from the real estate sector for strategic partners providing an integrated portfolio of solutions with one-stop-shop characteristics.

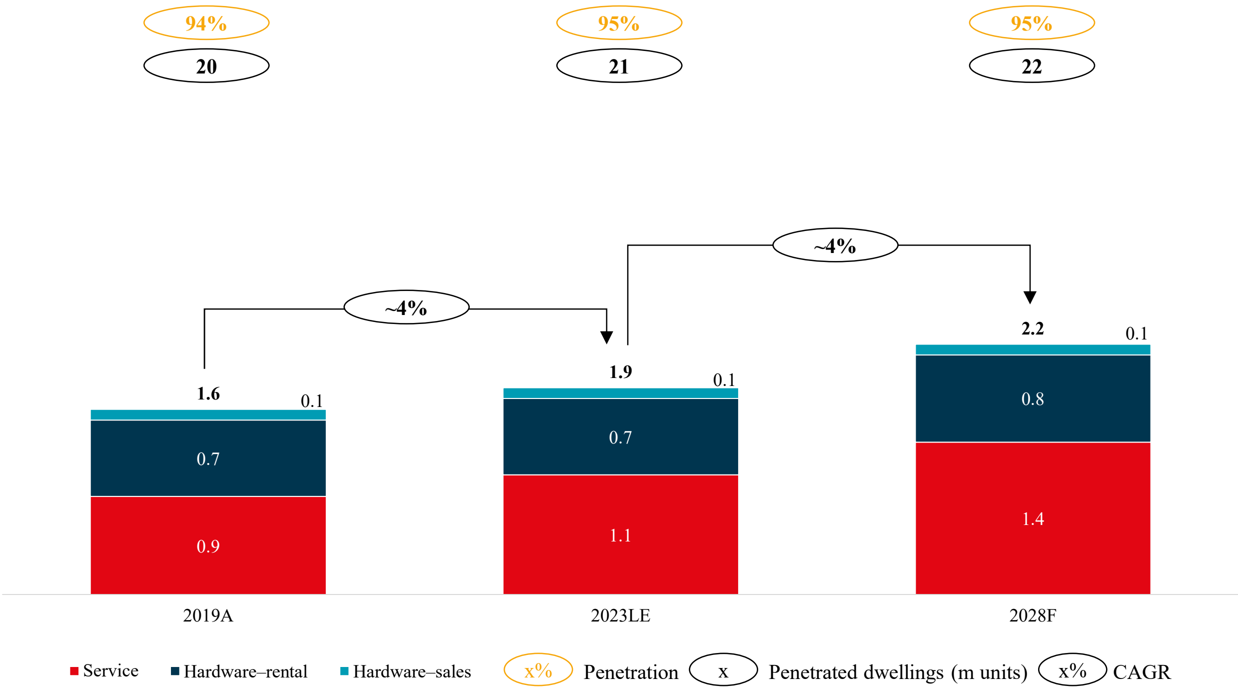
We believe to be able to effectively compete *vis-à-vis* competitors to act as the partner of choice and drive decarbonization. With our integrated energy efficiency service portfolio based on an the *One Digital Platform*, we offer a deep range of services to customers out of one hand already today (including smoke detection and climate monitoring, water testing, contracting, MPO, DHC, and EV Charging) and benefit from a high proximity to our submetering core business (including customer sharing, ability to manage complexity at scale, sharing of digital capabilities, and energy efficiency expertise). Additionally, we can offer high-value digital services to customers and tenants via our *One Digital Platform* allowing for data collection, processing, and data monitoring (*source: Commissioned Report*).

The following descriptions of our main markets focus on the European residential heat and water submetering markets as well as the markets for smoke detection and climate monitoring, water testing, and contracting in which we operate. In addition, we are also active in other energy services markets related to our core business (e.g., MPO, DHV, and EV Charging).

***German Residential Submetering Market* (*Heat and Water*)**

In 2023, the German residential heat and water submetering market amounted to approximately €1.8 billion, of which approximately 53% are attributed to corporate and approximately 47% to private customers (*source: Commissioned Report*). This market is expected to grow at a CAGR of approximately 4% between 2023 and 2028.

German residential submetering market (heat and water, €bn)



(*source: Commissioned Report*)

The market can be further broken down to services, hardware rental and hardware sales. The main growth drivers over time include:

- Megatrends such as the shift towards energy efficient technologies, decarbonization as well as digitalization. A further key pillar for future growth is expected to come through regulation, since regulatory-driven changes will positively influence market size going forward, for instance through the introduction of compulsory monthly consumption information provision (required to be fully implemented until 2027), as well as CO_2 tax allocation.

- Service revenue per dwelling is expected to increase at approximately 3% per annum between 2023 and 2028 based on a mix of key trends (*source: Commissioned Report*). The ongoing digitalization of existing services improves quality and thus customer experience allowing for an increase in prices on the back of higher value-add services. New mandatory services include monthly consumption information and other services such as CO_2 tax allocation. Moreover, a tech mix shift leading to a favorable trend from heat cost allocators to heat meters (providing approximately three times higher rental revenue per dwelling), as well as increased radio device penetration and cloudification will drive higher future hardware revenue per dwelling (*source: Commissioned Report*).

- As of the date of this Offering Memorandum, approximately 50% of the total German dwellings stock is considered as "addressable," that is if the dwellings are within an addressable building type and heating system. As of 2023, in Germany there are 21.9 million addressable dwellings, out of a pool of 43.3 million total dwellings (*source: Commissioned Report*). The German residential heat and water submetering market addressable penetrated dwellings stands at approximately 20.9 million dwellings indicating a highly penetrated rate of approximately 95% (*source: Commissioned Report*).

The German heat and water residential submetering market is fairly concentrated with top five companies constituting approximately 86% of the total market. We believe we are the market leader in heat and water submetering services in Germany with a market share of approximately 27% (excluding revenue for smoke detection, water testing, and issuance of energy certificates) with an installed base of 28.1 million heat and water meter devices as of 2022 (*source: Commissioned Report*). Having the largest installed base of heat and water meter devices, a leading share of radio devices and cloudification, superior service offering, distinctive customer approach we are convinced to be able to effectively compete with other providers (*source: Commissioned Report*). Further top players include Ista with an estimated market share of 24%, Brunata with an estimated market share of 15%, Minol with an estimated market share of 11% and Kalo with an estimated market share of 9% (*source: Commissioned Report*).

***International Residential Submetering Markets* (*Heat and Water*)**

In the European residential heat and water submetering market we are active in 17 countries and maintain strong competitive positions (leader or among top 3 in most markets) (*source: Commissioned Report*). With regard to the ten key markets for us, the addressable markets within Europe differ by maturity and can be divided into three categories: developed markets, developing markets, and other markets.

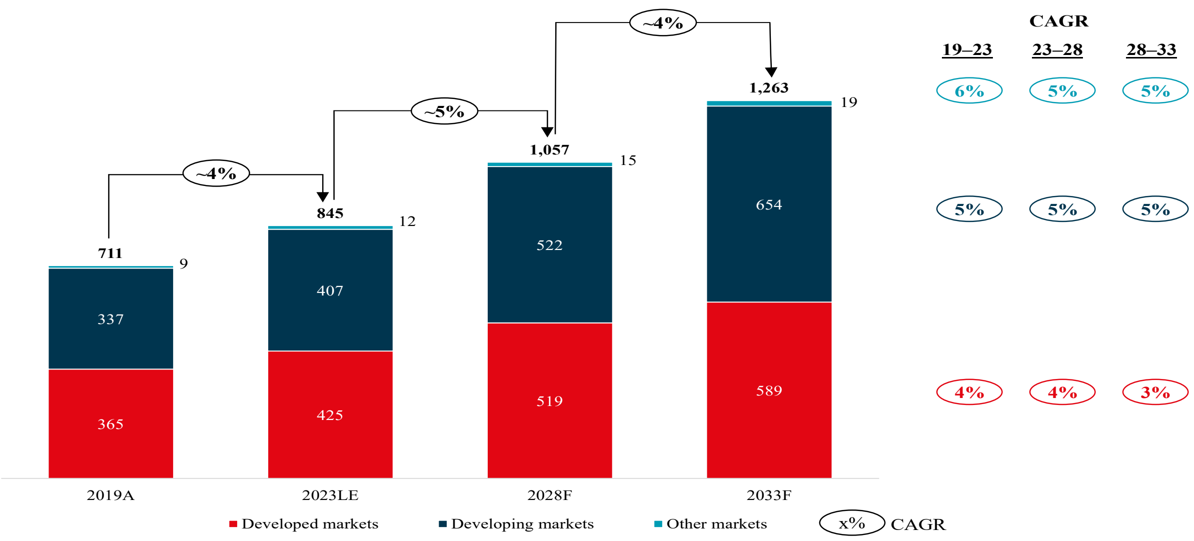
- Developed markets (Austria, Switzerland, Denmark, Belgium, Netherlands and Italy) have established heat cost allocation services and market growth is mainly driven by real estate growth and a technology mix towards heat meters and radio, as well as service upselling possibilities through consumption information and other digital services to selectively enhance value per dwelling.

- Developing markets (Poland, France and Spain) have semi-mature established cost allocation services and are expected to show growth through further enforcement of submetering due to national implementation of the EED.

- Other markets (Norway) are adopting submetering due to environmental considerations and certifications (e.g., BREEAM) as well as increasing energy prices driving the need for consumption-based cost allocation.

In 2023, the international residential heat and water submetering market amounted to approximately €845 million, of which approximately 50% is attributed to developed markets, approximately 48% to developing markets and approximately 2% to other markets (*source: Commissioned Report*). It is expected to grow at a CAGR of approximately 5% between 2023 and 2028.

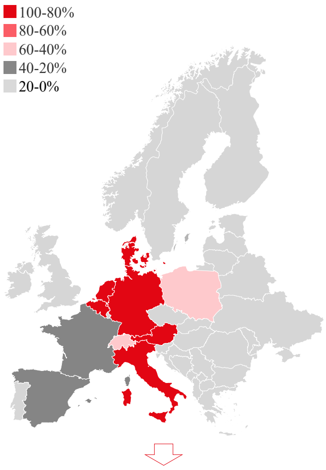
International residential submetering market (heat and water, €m)



(*source: Commissioned Report*)

Developed submetering markets continue to demonstrate stable growth on the back of higher value-added services similar to the German market, while developing markets are expected to grow strongly on the back of significant penetration potential.

Status of heat submetering penetration



EED implementation has made **submetering mandatory** for multi-family dwellings in European markets

Overview of regulation across key European markets

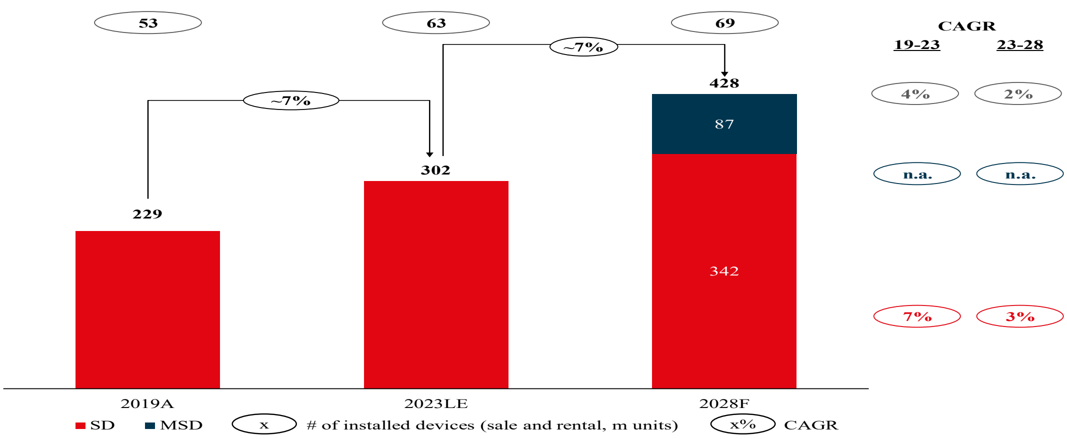
	Penetration Heat	Penetration Water	% radio devices	
	>95%	~90%	~82%	Effectively implemented through HKVO in 1991 (mandatory monthly billing by 2027)
	~95%	~31%	~58%	Effectively implemented by heat and cold cost law
	>95%	~70%	~83%	Effective EED implementation through federal level legislation throughout 2009-14
	>95%	~30%	~94%	National "Warmtewet" law (2014) and Heat Act (2020) ensure EED implementation
	>95%	~49%	~73%	Full EED implementation into local law as of Sep 21, 2020
	~24%	~90%	~99%	Legislation currently being implemented through Royal Decree
	~18%	~86%	~75%	Gradual implementation, with EED regulation in place since 2015
	~86%	<30%	~98%	Legislative Decree (July 4, 2014); submetering mandatory since 2017
	~55%	~95%	~55%	Potential penetration acceleration with tightened regulation
	~45%	~25%	~77%	No EED relevance as not part of EU – regulation on cantonal level
	~17%	~10%	~99%	No EED relevance as not part of EU – currently no equivalent national law

(*source: Commissioned Report*)

Smoke Detection and Climate Monitoring Market

The German smoke detection and climate monitoring market is defined by the number of installed smoke detection devices, which currently is at approximately €63 million, valued at €302 million and expected to growth with a CAGR of approximately 7% between 2023 and 2028 (*source: Commissioned Report*). Besides smoke detectors for basic services as in the past, new MSDs with enhanced functionality will serve landlords and tenants with respect to health and safety matters. For the latter, we expect that we will be at the center of the next replacement wave between 2023 and 2028 as we are in the second phase of the new product development.

German smoke detection and climate monitoring market (m€)



(*source: Commissioned Report*)

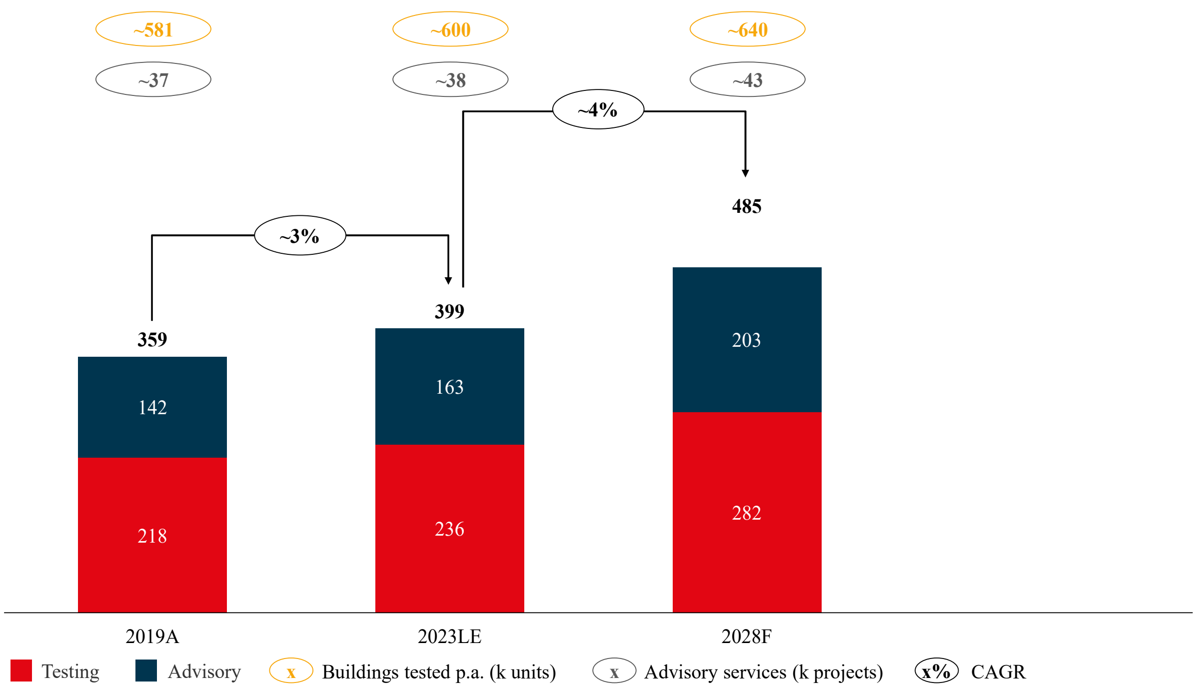
A major driver for the German smoke detection market is represented by the upcoming mandatory replacement cycle for detectors, since smoke detectors are mandatory in all existing multi-dwelling units with approximately 50 million devices expected to be installed between 2023 and 2028. The market will be further driven by the trend towards higher value-added (multi-functional) services, such as devices able to correlate multiple data (i.e., temperature, humidity and heat), which may be sold a 3-4 times higher prices compared to standard devices. Regulation allows for such an increase of prices to be passed onto tenants via modernization fee for functionally-enhanced devices.

We believe that we hold a strong position in the corporate market for smoke detectors driven by the high proximity to the submetering business, additionally benefitting from scale advantages and data integration through our *One Digital Platform*. We further believe to have a strong track record as technology leader in smoke detection which is hard to replicate by our competitors, such as proprietary products with leading functionality and full radio capabilities like next-generation MSDs.

Water Testing Market

The German water testing market, currently valued at approximately €380 million, comprises mainly of testing and advisory services. Testing services are related to water sample collection and analysis, legionella reporting and certification provision required by regulation. Advisory services include cause analyses and action recommendations in case of positive legionella tests. Additionally, prevention services, an emerging segment of the overall water testing market, comprises of digitally enabled monitoring of water systems to prevent, for instance, legionella.

German Legionella testing and advisory market (m€)



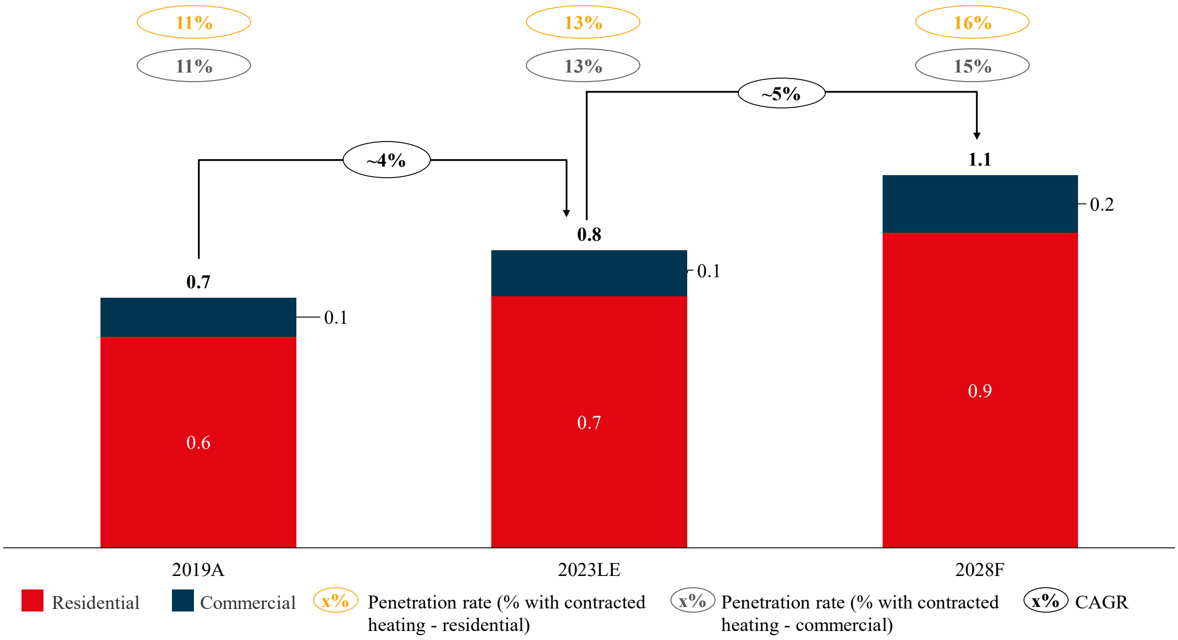
(*source: Commissioned Report*)

One of the main trends driving growth in the German water testing market is the need to professionalize services in a fragmented market due to tightening of regulation. Regulatory changes enhance health authorities means to intervene in case results reach or exceed legal thresholds, as well as increased mandatory testing frequency leading to recurring tests within multi-dwelling units at least every three years.

Contracting Market

The German contracting market is split between contracting services provided to residential and commercial customers, whereby the customer signs contracts with typical durations of 10-20 years with the general contractor (*source: Commissioned Report*). As of 2023, the market is estimated to serve approximately 0.8 million penetrated dwellings at a penetration rate of approximately 13% for both residential and commercial buildings, indicating significant white space in the market:

Penetrated dwellings in German contracting market (m)



(*source: Commissioned Report*)

Growth in the German contracting market is driven by the need for realizing the net zero CO_2 emission target of the real estate sector (by 2045 at the latest) as well as the new CO_2 tax allocation framework, which became effective in 2023. Furthermore, higher interest rates challenge landlords' investment decisions by increasing financing costs, thus making outsourcing of solutions more attractive as they can reduce the required capital expenditure. In parallel, rising energy prices (Germany natural gas prices are expected to be up by approximately 35% in 2025 compared to 2019 (*source: Commissioned Report*)) incentivize improvements in energy efficiency, thus increasing the need for external contracting partners with energy expertise.

Large players and municipal real estate companies need to follow a clear decarbonization plan and contemporarily, smaller players and private landlords see the chance to increase their net asset value by shifting towards "green contracting." The regulatory shift towards green contracting solutions is expected to drive new technologies, accelerate replacement cycles and encourage the trend to district solutions. A further positive impact on the market's penetration rate will come from the regulatory shift described above. Finally, housing providers lack the tools, scale and know-how to mitigate the challenges posed by a rapidly changing environment, making contracting service providers relevant partners going forward.

We are the second largest player in the contracting market after GETEC, with a market share of approximately 10% share and the largest submetering player with presence in the German contracting market (*source: Commissioned Report*). We believe to be able to effectively compete based on our capabilities in green contracting and an integrated view on properties through our *One Digital Platform*, further enhanced by DHC.

Metering Point Operations

The German MPO market comprises smart metering technologies such as radio meters (for electric, power, gas, and district heat) and smart meter gateways. Currently approximately 0.3 million buildings are penetrated with a penetration rate of approximately 7%, expected to significantly increase to 27% by 2028 (*source: Commissioned Report*). One of the key trends fostering the penetration increase is the requirement of mandatory smart metering by 2032 in Germany with MPO allowing for an integrated perspective on all commodity inflows thereby further serving as plug for energy efficiency solutions. We also see a further trend towards increasing the digitalization of properties, for example via the installation of heat pumps, solar PV and EV Charging, as well as the need of integrated CO_2 footprint of properties (e.g., sustainability reporting and CO_2 tax allocation).

Digital Heat Chain

The DHC market in Germany contains boiler room monitoring and analysis (smart monitors, heat cost allocator, heat meters, smart gas meters), digital infrastructure (cloud infrastructure, dashboard / user interface), boiler room remote control (analogue interface modules, digital interfaces, heating manufacturer cloud), a well as usage data capture. Currently approximately 2% of addressable e multi-dwelling units in Germany are penetrated amounting to approximately 14,000 buildings Currently, most of the heat generation units are oversized and not efficiently run, nor balanced within the heating system. Hence, the real estate sector requires ongoing energy efficiency improvements even before heating systems can be replaced by green contracting. A DHC service helps lowering CO_2 emissions and optimizing heat system design, thus aiding towards the fulfillment of decarbonization goals.

EV Charging

The German electric vehicle market comprises charging points, such as connectors, charging cables, power supply and control boards, as well as digital infrastructure, such as cloud infrastructure and dashboard / user interface. Currently, merely approximately 0.1 million multi-dwelling units are penetrated in Germany, at a penetration rate of approximately 2-4%. The ongoing electrification of transportation with increasing demand for electric vehicles coupled with a strong customer perception regarding charging times and fragmentation of the charging point network are expected to drive electric vehicle charging solutions penetration going forward. The trend towards convenient charging both at home (fueled by tenant demand as well as favorable regulation and financial incentives such as the *Gebäudeelektromobilitätsinfrastrukturgesetz*) and at work (triggered by employee demand and reflection of EV Charging points in sustainability agenda of employers) will further drive growth in the electric vehicle charging solutions market in Germany.

BUSINESS

Overview

We are a leading digitally driven energy services provider for the real estate sector in Europe with a strong track record of managing complexity for our customers. This stems from our historically strong business in submetering as well as significant offerings in energy contracting and other building and energy related services. We are active in 18 countries, all located in Europe except for Brazil, and hold top one or top two positions in most of these countries. We believe we are a leading provider in the European energy services market, in particular in the residential submetering market in Germany where we believe to have a relative market share of approximately 27% based on revenue for the financial year ended September 30, 2022, and the largest installed asset base of heat and water meter devices. While our business is not regulated, it is supported by the regulatory framework our customers face and we see ourselves as their service provider to help them fulfill growing regulatory requirements.

We organize our business into the two reportable segments: Energy Services, which offers submetering and cost allocation services, ancillary energy efficiency solutions and supplementary products and services, and Energy Efficiency Solutions, where we procure, convert and supply energy to our customers. Energy Services consists of the business operating lines Energy Services Germany and Energy Services International, which oversees the development and strategy across 17 countries. All of these countries are located in Europe, with the exception of Brazil. For the twelve months ended December 31, 2023, our Energy Services business segment generated external revenues of €863.8 million. Germany generated 61.0% of these revenues, with the remainder generated by our operations outside Germany. For the twelve months ended December 31, 2023, our Energy Efficiency Solutions business segment generated external revenues of €148.6 million.

For the twelve months ended December 31, 2023, we generated revenue of €1,012.5 million. In addition, for the twelve months ended December 31, 2023, we generated free cash flow of €130.0 million and Run-Rate Adjusted EBITDA of €534.6 million.

We leverage our scale, expertise, access to the real estate sector and the large amount of energy consumption information we compile through submetering to provide additional energy efficiency solutions and to respond to the shift towards an increasing emphasis on health within properties. Services include smoke detection, water testing, energy contracting, metering point operations ("MPO"), digital heat chain (control) ("DHC") services and electric vehicle charging ("EV Charging"). We plan to define a new market by introducing a new multi-sensor device ("MSD") as an alternative to the classical smoke detector with the replacement cycle in Germany in 2024, developed together with Vonovia, that comprises smoke detection and climate monitoring (including heat, carbon monoxide and mold detection) as well as humidity and temperature sensors. Our services are integrated as we bundle our cloud-based infrastructure, digital infrastructure in properties, and our deep and long-standing domain expertise in one technologically advanced platform – our *One Digital Platform*. This platform is a key enabler for the majority of our offerings.

We believe digitalization is key to achieving climate-neutrality in the real estate sector. Consequently, we have strategically digitalized our business processes in recent years, building a foundation for optimizing our increasingly digital service offerings and improving customer satisfaction. We believe that global digitalization trends will allow us to develop new and attractive value pools as we continue digitalizing our submetering offering, while continuing to expand our business offerings. Our digital operating model allows for speed and adaptability in fulfilling regulatory requirements and developing new digital services, while at the same time reducing human induced errors in the process.

To improve customer satisfaction, we redesigned our business model along customer journeys with a focus on providing value-added services based on our extensive amount of energy consumption information. Oftentimes customers turn to us when they face complex regulatory requirements, helping us to design our products and services in accordance with customer needs. Supported by strong research and development ("R&D") and information technology ("IT") capabilities we have created a digitalized asset base. It provides us with additional efficiency gains and growth opportunities while simultaneously yielding an improved customer experience. For example, we believe we have achieved efficiency gains through our devices (designed to fulfill open metering system ("OMS")) by providing significant cost advantages over third-party OMS devices. These cost advantages stem from using streamlined manufacturing services and bundling volumes for core components. We believe to have deep expertise, in developing low-power electronics (with a battery lifetime of up to twenty years) that have a high reliability over their lifetime.

Our track record is supported by the revenue growth at a CAGR of 11.2% over the period from the financial year ended September 30, 2021 to the financial year ended September 30, 2023. Our past financial performance has been supported by *ENERGIZE-T*, our value creation program introduced in 2018 focusing on quality and performance improvements, our *One Digital Platform*, accelerated growth, as well as our cultural transformation. Through *ENERGIZE-T*, we have introduced a systematic approach to further develop our business, create value for us and our customers and laid the foundation for further growth.

Demonstrating our sustainability commitment, in April 2023 we achieved an ESG score of 8.7 by Sustainalytics, rating our sustainability risks as in the lowest risk category "negligible." This rating ranks us within the top two percent of all ratings Sustainalytics has currently issued for business support services companies. See "*Business—Sustainability*."

Energy Services

Within Energy Services, we offer submetering and cost allocation services, smoke detection, water testing, MPO and, in 2024, we plan to introduce the new smoke detection and climate monitoring offering which comprises additional services such as climate monitoring as well as humidity and temperature sensors that allow for mold prevention recommendations. While many of our services are supported by the tightening regulatory frameworks which our customers face, we have positioned ourselves as a broad service provider for the real estate sector for further innovative technology-enabled services such as DHC and EV Charging Some of these products and services, such as the DHC or MPO, are currently only offered on the German market, partially due to regulatory frameworks (in the case of MPO) and partially due to our development processes. However, as we generally develop our products and services for group-wide deployment, we may expand our offering beyond markets in which we are currently active in.

Submetering / Cost Allocation Services

Submetering entails the metering of energy and water consumption of individual units within a multi-unit residential or commercial building as well as billing services. Our submetering business is supported by the EU regulatory framework which requires landlords to meter the consumption of individual tenants and bill these costs accordingly. At the same time, the readings we obtain through these services are the basis for some of our ancillary energy efficiency solutions. Submetering enables our customers to regularly monitor energy and water consumption data and associated costs. Hence, this offering raises consumption awareness among landlords and tenants who may adjust their consumption behaviors. We believe that the use of submetering and the related consumption adjustments can lead to a reduction of energy consumption in multi-dwelling buildings by approximately 20%.

Globally, we provide submetering services for approximately 13 million residential units and have installed more than 67 million metering devices (including smoke detectors) as of September 2023, with 5.8 million devices installed in the financial year ended September 30, 2023. As of September 30, 2023, 82% of our installed devices in Germany were radio enabled and approximately 60% of our devices were cloud connected.

We also offer the rental and sale of hardware for cost allocation. In particular, we often sell service contracts as we enter into sale or rental contracts of hardware, while our rental and sales arrangements are often complemented by service contracts relating to the respective hardware. Hence, our broad offering provides us with various key revenue streams.

Smoke detection & climate monitoring

We offer smoke detection and related services, such as intra-year function controls, with our devices being connected through our digital infrastructure in a given property (our *Techem Fixed Network*). This allows us to generate revenue synergies through cross-selling opportunities with our products and services in our submetering business. Furthermore, our smoke detection and related services help our customers comply with regulations related to smoke detection installation.

We plan to introduce our smoke detection and climate monitoring offering with the MSD as a functionally enhanced alternative, which will include smoke detection and advanced safety features, as well as value added services such as mold prevention recommendations, air quality measurement with airing recommendations and continuous monitoring. Due to its advanced features compared to a conventional smoke detector, we expect to be able to sell the MSD at a price approximately three to four times of that of a current generation smoke detector. With our plan to sell the MSD in 2024, we strive to make this device the new industry standard as older smoke detector devices are expected to be replaced due to regulatory obligations requiring a replacement after a service life of ten years. We believe that the roll-out of the MSD across our customer base will be supported by an arrangement with Vonovia pursuant to which we have secured the sale of a significant number of MSDs, and we aim to provide MSDs to Vonovia's entire portfolio. As of September 2023, there were approximately 10.3 million smoke detectors installed in individual units, all of which were remotely monitored and controlled. In the financial year ended September 30, 2023 we generated revenues of approximately €58.0 million from our smoke detection business.

Water Testing

We offer water testing services for legionella prevention from initial inspection to laboratory analysis in Germany and Austria, leveraging our existing customer base in our submetering business. Our services, which we provide in cooperation with SGS Fresenius as an independent laboratory, help customers in fulfilling regulatory standards, such as testing, certificate provision, service for legionella prevention, analysis and they also provide concrete action recommendations for renovation of the respective infrastructure. In addition, together with our laboratory partner we provide our customers with negative tests certifications and reports for health authorities to assist them in demonstrating compliance with regulations.

Metering Point Operations

Through our MPO activities, we are active in the smart metering business for electricity, gas and (district) heat as we record and transmit consumption data of multiple commodities in our customers' buildings. Smart metering systems are meters which are connected to a communication network through a smart meter gateway. Our MPO business allows us to offer integrated metering and submetering across major utilities ((district) heat, gas and electric power). Our business has been supported by regulatory changes geared towards a liberalization of the metering market in Germany which allows for metering systems to also be operated by third parties such as Techem. As a competitive third-party operator, we are not tied to the price caps for operating a metering point and believe to stand out from competitors because of our value proposition that goes beyond the legal requirements for installation and operating of a metering point.

While today our smart meter gateway is used in our MPO business, it could also be used in connection with our submetering business in the future. Hence, we believe our smart meter gateways address future regulatory requirements around cross-commodity measurement as they connect all metering devices in a dwelling and create transparency about all energy consumption as an important prerequisite for optimizing energy consumption and purchasing.

In Germany, smart metering systems for electricity are a regulatory requirement from 2025 onwards for end-users who have an annual electricity consumption over 6,000 kWh and a controllable consumption device (such as an electric heat pump). Furthermore, smart metering systems have to be installed for operators with an electricity generation capacity of more than 7 kW. Smart metering systems are to be installed throughout Germany from 2032.

In addition to enabling decarbonization strategies in our serviced buildings, we expect that MPO will form the basis for further integration of renewable, intermittent energy sources to the grid and will be a key tool for demand-side management. As of today, MPO provides energy consumption data. However, in the future we believe that energy demand control signals will also be transmitted through MPO to synchronize the generation of fluctuating renewable energy sources with the consumption of the building. We believe that MPO will enable us to offer diverse, digital, and flexible business models, such as landlord to tenant electricity supply models, for the energy transition in the real estate sector.

In combination with our digital submetering infrastructure, connecting all metering devices through smart readers (data collectors) and MPO energy consumption data and contract information, we can offer monthly, rather than annual, billing options. This allows us to offer a holistic view of a building's exact energy consumption on a high-frequency basis. This would result in increased transparency of energy and heat consumption which in turn enables transparency on energy costs and CO_2 emissions.

Digital Heat Chain

Our DHC service provides an innovative solution to make the operational status of heat generation systems for multi-dwelling buildings more transparent. See "*Business —Energy Efficiency Solutions*." We launched this service for customers in the second half of 2023. With DHC, temperature and meter data are collected from the central heat generation system and then transmitted into the cloud. In combination with other data, property-specific models can be trained and mapped to a digital twin of the respective heat generation system. This provides customers with an overview of the current status of their systems. Through DHC we can swiftly provide specific recommendations to reduce energy consumption and CO_2 emissions by optimizing the setting of the generation system as well as reliable notifications about malfunctions and failures in their systems. We developed our DHC service drawing on our many years of experience in submetering, energy efficiency analytics of buildings and the application of modern AI technologies. These analytics provide actionable recommendations for a more efficient and safer operation of heating systems. Furthermore, the DHC comprises machine-learning technology that further contributes to a continuous optimization of its analyses.

We believe that the DHC forms a relevant part of a building's decarbonization strategy. We offer DHC either standalone or bundled with energy contracting solutions. In addition to energy saving potentials driven by a mere adjustment of consumption behavior (such as through use of submetering services and the related consumption adjustments), the DHC enables for significant optimization of existing heating systems, energy consumption and CO_2 emissions. This results in an additional energy saving potential of approximately 15% at relatively low incremental cost for our customers. Our service works regardless of the type, manufacturer, or age of central heat generation system and it is functional across energy sources. This means that we can provide solutions for installation independently of the type of boiler and other hardware installed. DHC solutions use a similar digital infrastructure as our submetering services which provides us with efficiency gains and reliable technology.

EV Charging

Given our long-standing experience with data-handling, energy consumption and billing, we offer a comprehensive service for EV Charging stations in multi-dwelling and commercial buildings, with a focus on Germany. Through EV Charging, we aim to make an active contribution to the expansion and servicing of primarily privately owned EV Charging infrastructure. Our EV Charging service comprises sourcing, installation, commissioning and operation of the charging infrastructure (as a rental or sales model), with a particular focus on remote monitoring, user management and billing as well as maintenance services. We provide largely standardized billing services based on actual customer usage of the shared infrastructure and manage access and tariff configuration on behalf of our customers. EV Charging stations are digitally connected to a back-end platform and to our shared IT-infrastructure. Most of our services are based on a digital data connection and setup, allowing transparency in tracking connected charging points. Our main revenue streams for EV Charging are service fees for multi-user billing, and subscription and rental fees for the operation of charging stations.

Since 2022, we have been executing a project for the German Institute for Federal Real Estate (*Bundesanstalt für Immobilienaufgaben, BImA*) whereby we aim to install, operate, and bill up to 1,000 charging stations for electric vehicles in more than 250 properties on behalf of them. As of September 2023, we have installed approximately 700 EV Charging points.

Energy Efficiency Solutions

Through Energy Efficiency Solutions, we offer energy contracting and energy consulting services to customers in Germany. This business builds on our expertise in managing energy consumption and leverages the extensive market understanding and real estate sector expertise we have gained over the past decades. Energy Efficiency Solutions further benefits from our experience in heat curve behavior and optimization, which enables us to run heating systems at high efficiency without impacting the comfort of end-users.

The energy contracting services mainly include the planning and design, financing, energy provisioning and operation (management and billing) of heating and cooling solutions. We typically involve third parties for the commodity sourcing and the installation of these solutions. These projects are generally customer-specific and tailored to the needs of the individual building and customer.

In recent years, we have shifted to focus on providing customers with primarily green and sustainable technology (i.e., heat pumps) and addressing specific building requirements (e.g., less energy-efficient buildings) with bivalent solutions (heat pump combined with gas boilers for peak demand). Today, we offer renewable energy supply solutions with a usage of a minimum of 65% renewable energy as the average target. In alignment with our sustainability goals, we offer new contracting customers primarily renewable energy supply solutions, and we aim to renew existing contracts only with contracts that include a renewable energy component. The energy management systems we offer comply with ISO 50001 and are therefore a key instrument for the continuous and sustainable energy optimization and decarbonization of our customers' heating and supply systems.

We believe that the energy contracting market in Germany is much more fragmented than the submetering and cost-allocation market. As of the date of this Offering Memorandum, we operate approximately 3,000 heating systems for our customers. Our leading position in the submetering market in Germany enables us to benefit from synergies, for instance, with regard to our market access efforts. Furthermore, it allows for multiple cross-selling opportunities as we provide our customers with fully integrated solutions across both Energy Services and Energy Efficiency Solutions.

In addition, we provide energy consulting services. These include assisting landlords, property managers and other customers in their energy management with offerings such as energy monitoring solutions and services to enhance cost and energy efficiency in light of ongoing decarbonization efforts. We believe these consulting services are highly important to our customers in the real estate sector, as the regulatory landscape on energy provision becomes increasingly complex to navigate.

Consistent with rising energy costs and tighter regulations, we see a growing demand for cost effective, high-impact solutions. In connection with the cross-selling opportunities, we continue to leverage our submetering and cost allocation services with our contracting and energy consulting expertise to offer further solutions to buildings already serviced by us. For example, we have developed solutions that connect heating room optimization solutions with the demands of individual apartments and building units. In addition, we believe that the decarbonization of buildings can only be achieved with the help of its users and residents, thus, we aim to develop unobtrusive solutions with a high degree of acceptance and user convenience.

Our Strengths

We hold top one or top two positions in most of the 18 countries we are active in. In our home market Germany, we are market leader in heat and water submetering services. We aim to achieve a high level of social relevance through our services, such as enabling a usage-based allocation of energy costs (primarily in the provision of heat and water), thus inducing a monetary incentive for conscious consumption. This relevance became evident in the 1970s as oil prices spiked, leading to the first German Heating Cost Ordinance (*Heizkostenverordnung*) in 1981. This type of regulation has since been adopted and further developed by the EU and implemented in most of its Member States, such as the Directive 2012/27/EU on energy efficiency (EED), amended in 2018 to introduced requirements for providing monthly consumption information.

Increased awareness around sourcing of renewable energy considering the political and regulatory discussion on climate change, as well as efforts to decrease reliance on fossil fuels, recently particularly in the EU in light of the Russian invasion of Ukraine, which started in February 2022 (the "Russia-Ukraine War"), has driven an increased shift towards conscious consumption of energy.

We believe we play a vital role in supporting the real estate sector in achieving decarbonization goals and fulfilling regulatory obligations. Closely related to the submetering service, we have developed a number of energy efficiency services that all aim at facilitating the reduction of energy consumption in properties, such as our DHC that allows for digital monitoring of existing heat systems in properties, and EV Charging. Our contracting business also focuses on decarbonization strategies.

We also support our customers to comply with ever more demanding regulatory requirements. For example, in the context of the German Carbon Dioxide Cost Allocation Act (*Kohlendioxidkostenaufteilungsgesetz*) and the energy cost relief programs, according to which the proportion of heating and water costs borne by the landlord depends on the energy efficiency of the respective residential building, it has become mandatory to specify in a heating cost bill the share of costs to be borne by the tenant and the landlord respectively. Similarly, we are providing smoke detection services, since, for example, it is mandatory in Germany for landlords to provide smoke detectors and ensure their functionality within a rented residential property.

Expanding submetering into smart metering services, which can provide continuous and timely monitoring of energy generation and consumption, increases awareness for energy usage, during periods of high energy demand.

With our *One Digital Platform* we bundle our digital metering technology, digital infrastructure in properties (our *Techem Fixed Network*), cloud infrastructures and our core systems (such as our own developed billing engine *HZ/3*, our digital customer portal *my.techem* as well as data exchange systems) with our long-standing domain expertise in metering, energy consumption and the real estate sector. Overall, we believe to be well-positioned at the intersection of three of the global megatrends, i.e., digitalization, decarbonization and urbanization providing energy efficiency services on our outstanding *One Digital Platform*.

Pan-European market leader with stronghold in the German submetering market

We are one of the leading submetering providers in Europe where we hold top one or top two positions in most of the 18 countries in which we operate. We believe to be one of only two submetering providers with a strong international market presence. Our international business is tightly connected to our home market in Germany, leveraging economies of skill and scale developed and improved on in the German market. This position is enabled through our device development and our *One Digital Platform*, global purchasing, and production power, as well as cross-selling synergies.

We believe that our strong pan-European presence enables us to capture additional market share from the increasing regulatory-supported submetering roll-out in many EU markets, while having the technical, digital infrastructure to remotely service millions of existing devices.

Tech-enabled energy management pioneer delivering measurable customer benefit

We have transformed our business through digitalization and invested significantly into our core assets: people and technology. Our digital value proposition is transforming the customer journey, while increasing the efficiency and scalability of our business model. For example, a key capability and strength is our ability to dynamically adapt our services to rapidly changing regulatory requirements. We believe our proprietary billing engine HZ/3 to be the leading system in the industry. It is our cornerstone for transactional data processing in billing. Furthermore, we believe we have been amongst the leaders for radio-technology deployment in our sector. As of September 2023, approximately 82% of our devices in Germany were using radio-based transmission, and approximately 60% of our devices were cloud connected as of September 30, 2023. As of January 2024, properties in Germany with a reading date on December 31 amounted to 304,462 compared to 299,300 in January 2022. As of January 2024, 86% of devices connected to smart readers were ready for billing within approximately ten working days after the start of the peak winter service period on January 1st compared to 71% in January 2022, i.e., 63% of all properties (including with and without smart meters) in 2024 compared to 46% in 2022.

We believe that digitalization and open, interoperable systems go hand in hand. Thus, we have embraced the vendor independent communication OMS standards. With approximately 56.4 million OMS devices in use as of September 30, 2022, we believe we are one of the largest operators of OMS devices in submetering and we strongly promote the use of this open standard.

Our highly connected digitalized asset base of approximately 67 million devices as of September 2023, and the technological capabilities to manage complexity at scale are the starting point to expand into other adjacent areas by providing ancillary services, such as holistic energy management solutions as well as recently launched offerings, such as MPO, where in the German market we support customers preparing for future regulatory requirements as these systems are to be installed throughout Germany from 2032.

We believe our data and digital capabilities are leading in the submetering market and stand out in the European energy services industry. Our market position today is a result of our significant investments into the right expertise and the achievements of our digital teams, including *Techem X*, our digital strategy lab, which we founded to drive customer journey-led digital product and service design and development.

We believe that our refined digitalized operating model has led to measurable benefits for customers, such as improved service, a reduced error rate and an increase in delivery time all of which is reflected in reduced amounts of complaints and inquiries, resulting in low customer churn rates.

Highly resilient, infrastructure-like business with strong support by regulatory trends

The submetering market is non-cyclical, with inherent macroeconomic and political stability offering a solid base for a resilient financial performance, in particular as submetering is an essential service required by law in most of the jurisdictions in which we operate.

The general market resilience is supported by the EU and national regulatory frameworks, where many of our core services help our customers to comply with regulatory obligations. The megatrends of decarbonization and urbanization give us regulatory support and we believe that it provides us with a growing market opportunity in the future. Furthermore, we believe that laws are shifting to require greater transparency in the real estate sector around utility consumption (i.e., heat, water, and power), which our products and services are well suited to provide. The global temperature increase limit committed by the Paris Agreement drives this need for the building sector, as approximately 40% of greenhouse gas emissions in Germany stem from the building sector. This is expected to result in increasing regulation and the decarbonization of the heating systems as the real estate sector aims to become more environment friendly. Central boiler rooms in multi-family homes are today based on gas, oil, or fossil fuel district heat. These systems, over time, will need to be replaced by renewable, carbon-free energy sources. Today we see a clear path to use heat pumps powered by green solar energy from photovoltaic systems in most multi-family houses. We are able to provide users with this technology through our green contracting business.

Additionally, we believe that new opportunities will arise for us as individual heating solutions in multi-family homes, such as single-story gas heaters in apartments, will be replaced by central, green heating systems, such as heat pumps. This leads to additional necessity of cost and consumption allocation through submetering. In addition, increasing urbanization leads to a growing market of multi-dwelling buildings, further increasing the potential for submetering as these services are often required at the unit level, thus increasing the number of devices in use.

Our water testing business in Germany is supported by the Drinking Water Ordinance (*Trinkwasserverordnung*), which requires testing for legionella in multi-dwelling units with central hot water systems. Similarly, our smoke detection business in Germany is supported by the building codes of the German states.

General business resilience is driven by long-term customer loyalty and a low churn rate of approximately 2% as of September 2023. Some customer relationships have lasted for significantly more than 20 years, and we occasionally have customer relationships for more than 40 years. We have a low customer concentration, with the top 10 customers in Energy Services Germany representing approximately 6% of revenue, and our top 30 customers less than 10% of revenue, in each case for the financial year ended September 30, 2023.

These external factors align with our own operational resilience, based on our outstanding One Digital Platform, a lean operating model and strict steering based on our measurable key performance indicators, which we have defined. Given our focus on digitalization of our services, we believe that this will further strengthen the attractiveness of our services to our customers.

We have a resilient financial profile with predictable cash flows and consistent growth

Our financial strength is based on our attractive economic model, the strong resilience supported by a stable and robust market environment, our service offerings based on our redesigned operating model, high visibility of future financial performance already today, as well as our past financial success on the back of our investments in our *One Digital Platform*, which enables us to react quickly to our customers' evolving requirements and at the same time provides further opportunities to offer additional value-added services.

Our economic model is based on our customer portfolio, which we believe to be well-diversified leading to a low customer concentration, coupled with high customer loyalty based on long-term customer relationships, and decreasing customer churn. This is further supported by the recurring nature of our business due to the regulatory requirements our customers face and our services address. In addition, today we enjoy the benefits of a lean cost structure and ability to scale, which in turn both allows for a high operating leverage to capture economies of scale and to utilize the investments we made into our *One Digital Platform* across a large number of customers served and devices operated in Germany and abroad. In addition, we have a track record of high re-forecast accuracy. In each of the financial years ended September 30, 2023, 2022 and 2021, our actual EBITDA deviated less than 1% compared to our re-forecasted EBITDA.

For over 15 years, our financials have shown a combination of both revenue and EBITDA growth as we successfully withstood all major societal, political, and macroeconomic cycles and upheavals, including the financial crisis, the COVID-19 pandemic, the Russia-Ukraine War, and the subsequent energy cost crisis, and did not experience a single year in which our EBITDA declined. At the same time, we expanded our margin, which demonstrates our financial resilience. In addition, we have also recently demonstrated our ability to accelerate growth on the back of the regulatory tailwind and the successful implementation of our strategic and operational initiatives, by increasing revenue at a CAGR of 11.2% from the financial year ended September 30, 2021 to the financial year ended September 30, 2023 and achieving growth across our segments and across our German and international portfolio. During the same period our EBITDA accelerated and grew by a CAGR of 6.9% while Adjusted EBITDA grew at a CAGR of 5.8%.

Complementary management team with deep expertise and strategic vision

Our management team has a strategic vision, a proven track record and demonstrated expertise in digitalization, sustainability, transformation, and the real estate sector.

Matthias Hartmann joined in early 2020 as Chief Executive Officer to drive our digital and cultural transformation. Mr. Hartmann previously held CEO positions at IBM DACH (Germany, Austria, and Switzerland) and at GfK SE. Dr.-Ing. Carsten Sürig joined in March 2019 as Chief Financial Officer (and Chief Performance Officer until June 2023) to drive performance and financial management, as well as our holistic value creation program ENERGIZE-T. Dr. Sürig was previously a Managing Partner at McKinsey & Company, Inc. Nicolai Kuß joined in December 2016 as Chief Operating Officer. Since March 2019, he has been responsible for sales and customer service and has most recently taken over the holistic leadership for the operational business in Germany as Chief Sales Officer. Mr. Kuß previously held top management positions at large German real estate companies.

In recent years, we have looked to hire top talent with the skills and expertise required to help us succeed and grow in our sector and beyond. We have transformed our company culture towards a more agile organization, with an operating model focusing on customer centricity and invested heavily in our digital transformation and data capabilities.

Overall, we have managed to attract leadership for the second and third executive levels from a wide range of backgrounds, sectors and with diverse experiences. Our strong commitment to our vision of making buildings green, smart, and healthy and advancing our sustainability goals, has become part of our strategy. This commitment is a key driver for us while additionally serving as an attractor for top talent.

Our Strategy

To achieve our vision to make our customers' buildings green, smart, and healthy, we have set ourselves a strategy targeting sustainable growth and increasing value for our stakeholders. We aim at continuously increasing our efficiency and quality of services to reach an unrivalled customer experience and thus satisfaction. We offer digitally enabled, ancillary energy services from various growth opportunities in our core business and beyond.

Delivering outstanding customer experience through digital platform and streamlined processes

Our strategy is anchored around significantly increasing customer experience and to step-change the way our customers experience submetering and adjacent services. We believe that changing the way how submetering services were provided for a long period of time and focusing on customer satisfaction are important prerequisites to be successful in the future and to capture the significant potential arising from the digitalization of the industry.

We have therefore significantly invested in our digital platform and processes to offer an improved customer journey and to deliver superior service outcomes. We have put the customer at the center of our business and redesigned our operating model and processes along the customer journey to tangibly enhance our customers' experience. Offering higher quality service and clear convenience benefits has removed some former pain points customers had experienced and has allowed us to earn a positive net promoter score ("NPS"). In addition, we have managed to materially reduce our customer churn from 4% in the financial year 2019 to 2% by the financial year 2023, a strong testimony to our improved service offering.

Increasing the digital penetration of properties with digitalization and efficiency offerings

Our goal is to further increase the digital penetration of properties under service in the medium term. We believe to lead the market with a high digitalization rate of approximately 82% (share of our devices in Germany using radio-based transmission as of September 2023) and which grew from 76% as of September 30, 2019. We aim to increase this rate to almost 100% by 2027. An increased digitalization creates the opportunity to automate and change key processes and to provide our core services much faster and better, which are essential elements to increase the customer satisfaction through process efficiencies. We plan to further optimize our operating model along the customer journey, leading to further increased efficiency, as we aim to deliver even higher on-time delivery and reduced correction quotas.

We aim to continue leveraging the power of data analytics and AI to drive efficiency and at the same time create greater customer value, competitive differentiation, and growth opportunities. For instance, with our *One Digital Platform*, we expect to achieve high growth rates and a rapid development-to-market cycle of new services. Our goal is to help customers in real estate fulfil new regulatory requirements they face in a swift and efficient manner.

In the past years we have started our transformation journey of process standardization and automation, which we will continue to pursue in the future. We are convinced that this will lead to further cost-reducing economies of scale primarily through the continued extension and development of digital solutions, adaptable to all our current and future markets. Our approach to standardization and automation has also enabled us avoiding business performance bottlenecks we faced in peak times.

We plan to gradually reduce repetitive work in our offering and to increase the share of high-value, digital tasks. This shift is supported by our holistic digital learning platform *Techem Academy* with comprehensive training offerings, that has already won multiple external awards. This way, we aim to further increase our attractiveness on the labor markets and to be a sought-after employer for top employees and talents despite the shortage of skilled workers.

Seizing multiple growth opportunities across segments

We believe that the continued public and private focus to decarbonize heat production and optimize energy efficiency in the real estate sector will require additional services to achieve these goals. We aim to capture this potential and accelerate our growth by rolling out leading energy efficiency solutions across markets at scale, further positioning us as the partner of choice across solutions for our real estate customers. We believe that this trend of optimization of energy efficiency has already contributed to our past Energy Efficiency Solutions growth, contributing to revenue growth at a CAGR of 27.3% over the period of the financial year ended September 30, 2021 to the financial year ended September 30, 2023, among other factors. We expect to maintain continued high growth benefiting from our investments into digitalization, the operating model and our customer-centric approach.

In Energy Services, we expect our business in and outside Germany to benefit from various factors. We believe to be able to participate from the ongoing implementation and enforcement of the EED which will result in an expansion of opportunities in submetering across our European markets. To this end, we aim to utilize our *One Digital Platform* for our respective solutions and to scale direct billing and our digital sales channels. Furthermore, we expect to continuously drive service revenue per dwelling based on our digitally enabled value-added services. In Germany we expect extended opportunities in submetering in the commercial real estate sector, as digital measurements and recordings of the carbon footprint will allow addressing regulatory pressure more quickly. We have also developed a new multi-sensor device (MSD), with which we aim at creating a new market next to the smoke detection only devices. We believe to be well placed to create this opportunity and are planning to sell this device in the course of 2024, thereby also utilizing the upcoming replacement cycle. Furthermore, our existing submetering customer base in Germany provides us with additional upside to expand our water testing services. In addition to organic growth, we aim to continue our successful track record of dedicated accretive acquisitions of smaller submetering companies to consolidate the fragmented tail of markets in which we operate.

The digitalization of our core business also presents opportunities in our new business areas such as the field of multi-commodity and smart energy efficiency solutions. We see opportunities around the next development stages of our DHC, such as scaling our offering across further markets, including new functions and services, as well as metering service offerings for all types of consumption across all properties. We plan to tap into this potential through our MPO business strongly enforced by the digitalization and decarbonization goals of the German government. We also aim at growing the services for planning, installing, and operating EV Charging stations as e-mobility is expected to become more widespread. Lastly, we aim at expanding our white label offerings around our *One Digital Platform*, as we provide its billing functionalities to smaller submetering players, housing providers and municipal utilities who lack digital capabilities.

We expect Energy Efficiency Solutions to grow as we will continue focusing on green solutions based on sustainable, electricity-based technologies (e.g., heat pumps, photovoltaic systems) complemented by our digital metering capabilities. As we aim for a largely climate-neutral inventory of existing buildings in Germany, we plan to convert all our existing fossil fuel heating systems to decarbonized heat supply systems by 2045 and to win larger customer portfolios through strategic decarbonization.

History and Key Milestones

We were founded in 1952 by Friedrich Ott and Heinrich Luley in Frankfurt am Main, Germany, as a company for the evaluation of technical-chemical processes and patents. Techem was one of the first companies to contribute to distributing heating costs fairly according to tenants' energy consumption – and thus, to saving energy – by recording the individual heat consumption in dwellings. At the time, the metering of heat consumption by evaporator tubes was still the method of choice and metering was not yet obligatory by regulation.

The industry experienced development in the late 1970s, as the first and second oil crisis massively increased the public and political awareness for energy saving and energy efficiency matters. During this time, Techem started to grow internationally through acquisitions in Austria in 1978 and Luxembourg in 1980. High energy costs at that time led to the first regulations requiring landlords to meter consumption and allocate costs accordingly. We also experienced the first technology push as we introduced electronic heat cost allocators ("HCA") to the market in 1983.

We have been offering energy contracting services since 1992. In 1996, we introduced the radio system for recording consumption digitally. In addition, in the 1990s, we founded multiple subsidiaries in Poland (1992), Czechia, Hungary, Slovakia (each in 1993), Italy, the Netherlands, Switzerland (each in 1995), Belgium (1997) and Bulgaria (1999).

As part of our mergers and acquisitions ("M&A") approach, we continued our international expansion with an acquisition in France in 2001 and the incorporation of subsidiaries in Romania (2002), with further countries following, such as Brazil and Denmark in 2006, and Norway and Spain in 2014.

In 2005, we launched remote reading tools via mobile communications and in 2007 added wireless smoke detectors to the product portfolio. In 2009, we launched the Techem Smart System ("TSS") which today in its latest version forms the basis of the digital backbone of all related energy services (*Techem Fixed Network*).

As a service provider who knows the customers' buildings and has a regular presence on-site, our customers often proactively seek our assistance in responding to new regulatory obligations, such as obligations to provide smoke detection services in residential properties. Thus, over the past two decades, we expanded our range of services to include smoke detection services in 2007 and to include water testing in 2012. In 2020, we started to offer renewable energy generation and in 2021, we entered the MPO market. This was followed that same year by the launch of EV Charging. In 2023, we launched our DHC service, based on a solution we had developed for the internal use in our contracting business.

Since 2020, we further accelerated our digital transformation, founding *Techem X* as a digital strategy lab to accelerate the development of customer-centric digital services and additionally support the cultural transformation of our company. Since then, we have attracted significant talent from the areas of user experience, service design and development. In 2023, we added further top skills in the area of data science in order to extend our capabilities in data analytics and AI. Given the continuous growth of our data assets, these skills are essential to further expand our digital services for our customers.

In 2021, we launched two new digital developments that have been enabled by our digital transformation which we believe provide customers with a superior digital offering. A new digital billing service *Techem Billing Direct* significantly reduces the processing time for heat cost bills from weeks to minutes. We believe that the reduction of processing time is a groundbreaking development within the submetering industry. The digital transformation further enabled us to develop *Techem Direct*, a digital sales channel enabling customers to receive an offer from us within a few clicks and steps fully online.

In recent years, our transformation has been rapid to align with developments in the industry. Today, we experience an even stronger culmination of crises than in the 1970s. The real estate sector lags behind its decarbonization targets, energy prices increased significantly and general costs of living rose recently.

We are ready to contribute to solutions for many of these challenges. We believe that our capabilities as a digitally driven energy service provider to make buildings green, smart and healthy elevate us beyond a traditional submetering company.

Digitalization and One Digital Platform: Our Enabling Devices and Technologies

Our business combines our submetering business with various complementary products and services. Most of these solutions and services utilize our *One Digital Platform*, allowing customers to benefit from a single point of contact and integrated holistic experience. This platform is based on our digital metering devices, market-leading cloud-based technology, our proprietary billing system *HZ/3* and other application systems such as our digital customer portal *my.techem*. Our expert knowledge in the domain of R&D for device development, energy data and metering expertise complements the digital strength of our *One Digital Platform*.

Most of our devices operate using our *Techem Fixed Network* which allows us to interconnect these digital devices, monitor the stability of the heat system, reduce data inconsistencies, and decrease the time-to-market for our services. A significant advantage of using our *Techem Fixed Network* system is that it enables us to access and receive data from metering devices in configurable intervals, allowing us to create value by combining different data points. Based on this underlying cloud-based system, we add our knowledge in real estate and energy efficiency to build and enhance our products and services for our customers.

Furthermore, we leverage a large set of energy consumption data to help our customers with the energy transition of buildings. We regard our digital capabilities as the core and basis for a successful energy transition in the real estate sector and the heat transition.

We believe that digitalization enables a fundamentally different customer experience, leading to measurable increases in our operational efficiency and forming the basis for rapid adaptation to new regulations and entrance of adjacent markets, such as multi-commodity services.

Furthermore, digitalization enables us to rebalance resources and activities more effectively during the billing season, resulting in an improved productivity and a shift to issue-driven management. For example, continuous functionality monitoring of our infrastructure and devices allows us to detect issues directly instead of only at the time of reading the devices.

For our success in the market, the collaboration among our research (in particular TRIOS, see "—*Research & Product Development*"), development (device and firmware development) and IT departments is essential to extend our leadership position with our *One Digital Platform*.

Devices

We use advanced metering devices as the basis for our submetering and ancillary energy efficiency solutions, and we offer devices to meter heating consumption as well as devices to meter water and cooling consumption. We rely on third parties to develop, manufacture, and assemble these devices. Many devices that are relevant for our core business, or have proprietary specifications, are produced exclusively for us, according to our specifications, which draw on our R&D expertise. To be a reliable partner for our customers we have stable, long-term contractual relationships with our suppliers, development, and manufacturing partners. This approach also reduces production costs while ensuring a high technological standard and reliability, enabling us to apply our low-power-consumption embedded electronics expertise which is crucial as our metering devices are generally battery powered.

As a key driver for customer-centricity, we are making use of open systems based on open standards as the most beneficial technological path for customers and tenants on the one hand and as the basis for a mass market with broad supply in components and solutions on the other hand. This leads to a broad competitive component and device supplier basis. This is why we have been promoting the adoption of OMS across our industry. OMS are vendor-independent standards for communication, enabling interoperability between metering products. We believe we are currently operating the largest number of OMS compliant devices in the energy services industry in all of our operating countries. Hence, we see ourselves as leader in OMS technology and are capable of reading a large amount of third-party devices positioning us ideally to gain market share through our customer experience, service quality and digital offerings. As a founding member of the German industry association OMS-Group e.V., we believe to be well positioned to further contribute to this development.

Heating Consumption

We offer two types of submetering devices to meter heating consumption. HCA and heat meters are devices that meter heating consumption for buildings and their individual units. In addition, we have expanded our product portfolio with a smart reader device that collects and transmits the data of all installed devices in a property.

- HCAs allocate heat costs to enable a consumption-based billing process. HCAs are available as electronic devices (or in the past, as evaporators) which are directly installed onto radiators within our customers' buildings. Electronic HCAs meter the heat emitted by a radiator through electronic sensors and digitally display the consumption amount. Nearly all our electronic HCAs are equipped with radio transmitters which transfers consumption data from an individual radiator to a smart reader which collects data from all HCAs in a given property. In contrast, evaporators meter the heat emitted by a radiator based on the amount of liquid contained in the device that evaporates during the heating period. As evaporators are non-electronic devices, it requires onsite personnel to collect consumption data values. Our electronic HCAs have a usable lifespan of 15 to 18 years, depending on the content they transmit and transmission interval. Evaporator liquid, in contrast, needs to be replaced annually and evaporators, in general, are legally required to be phased out by the end of 2026 in Germany. In addition to using our submetering infrastructure, we also use HCAs as temperature sensors in DHC monitoring.

- Heat meters meter thermal energy provided by a given heat source and are available in various versions to suit the needs of our customers, as some use floor heating, central heating, radio-based systems, or heating systems that are not easily accessible. Typically, one device per individual unit or flat is used. In addition, heat meters are often also attached to the central water pipe that provides heating for dwellings. One device per heat exchanger is required for hot water supply, so one device per property is required. Standard heat meters distributed by us include an integrated radio module for the wireless transmission of data. In several of the countries we are active in, heat meters are subject to calibration requirements and must be replaced or recalibrated regularly. For example, in Germany, heat meters must be replaced or recalibrated every six years. Alongside our standard heat meters with integrated radio module, we also distribute meters with a wired connectivity module or pulse interface or a plug-in radio module.

Water Consumption

For metering cold and warm water consumption, we offer water meters in multiple variants depending on customer needs and installation requirements. All water meters are installed in the piping system of a building and consumption is displayed in cubic meters (with one device for warm and one for cold water). Water meters are installed in individual units within a building, enabling customers to track water usage for individual tenants and bill according to those tenants' respective consumption habits. Standard water meters distributed by us are equipped with a clip-on radio module.

In several countries, water meters are subject to mandatory calibration requirements and, therefore, must be replaced or recalibrated regularly. In Germany, for example, the recalibration period required by law is six years for both hot and cold-water meters.

Cooling Consumption

We deliver meters to customers specifically designed for installation in cooling circuits, with the purpose of recording cooling consumption. Standard cold meters have an integrated radio module, and certain cold meters are equipped with slots for a plug-in radio module and additional slots for wired connectivity modules like a wired meter-bus for increased remote reading and signal processing capabilities. Such wired interface allows the connection to a wired system and is often used for very large installations, offering the possibility for high frequency and on-demand data readings. In addition, combination devices offering both cold and heat meter function in one device are available, for example, to be used in heat pump systems that also provide cooling functions.

Smoke Detection & Climate Monitoring

We believe we are leading in the distribution and installation of smoke detectors for multi-dwelling buildings. In the German market, we were the first to offer smoke detectors that had the capability for self-surveillance, which can be remotely monitored over the entire ten-year battery life. Regulation in Germanys requires, among others, regular and automatic checks of a smoke sensor's functions and its surroundings. Smoke detectors without this self-surveillance functionality must be checked on site on an annual basis. Thus, remote monitoring provides us with a commercial advantage as it enables us to report critical data to customers and tenants quickly and more efficiently than traditional devices. Our semi-monthly function control metering capabilities are exceeding regulatory obligations and provide an additional layer of security for tenants.

Along with our remote-monitored smoke detectors, we are introducing our MSD in 2024 which has been designed together with one of our largest customers. This MSD combines traditional smoke detector features and remote monitoring with climate monitoring (including heat and carbon monoxide detection), as well as humidity and temperature sensors that allow for mold prevention and indoor climate features. Combining obligatory smoke detection with mold prevention recommendations for landlords enables us to offer a competitive value proposition for a high-end device and service in a mass market.

Smart Readers

As a collector and communication interface for all consumption related data, smart readers are required to provide fully digitalized cost allocation services. Acting as an interface to submeters and sensors, smart readers collect the metered consumption data from the radio enabled devices installed in that building and transmit this data to our cloud-based control center. Smart readers allow for flexible remote reading and can record and transmit readings at a higher frequency (i.e., on a monthly, semi-monthly, or even daily basis, as opposed to annually). In addition, smart readers can monitor the battery status and potential defects of connected individual submeters. Furthermore, through OMS interoperability, our smart readers can integrate data from third-party metering devices that use OMS-radio transmission. Using OMS interoperable devices enables quick time-to-market through easier integration into our *Techem Fixed Network* and device databases on a broad supplier basis.

With our *Techem Fixed Network*, the infrastructure of radio enabled devices, smart readers, and our cloud network, we securely collect and forward data from our devices through our smart readers (data collectors) in our customers' buildings. Our advanced data collectors, allow for a variety of use cases. The most relevant collector is the battery powered Techem Smart System 3 which is easy to install and has a battery lifespan of approximately eight years, depending on readout intervals and number of covered devices. Batteries are exchangeable in the field. Approximately 58% of our devices were cloud connected as of as of September 30, 2023 (compared to 11% as of September 30, 2019) allowing for fully remote reading and further rollout is ongoing. Fully remote readable buildings can have their submetering data read daily, allowing for further use cases to be developed. We also offer power-connected collectors that allow for high-frequency data transmission use cases, e.g., transmission in intervals of 15 minutes for heat generation monitoring.

Alternatives to remote data reading include walk-by data collection, where personnel equipped with a mobile reader can gather the data from street level or hallways without entering the individual units. If the metering devices are not equipped with a radio module, we use a readout by having instructed personnel entering individual units to record necessary data.

Information Technology

Many energy services providers face challenges associated with increasing regulation and the high speed of digitalization developments. We believe we are well positioned to meet these challenges. In recent years, we have made substantial investments into our digital capabilities, i.e., IT applications, infrastructure, and team expertise to benefit from opportunities arising from further digitalization at scale in our markets.

We focus on seamless connectivity of our devices in buildings supported by our *One Digital Platform* located in data centers or in the cloud. Our transactional software solution *HZ/3* is a key differentiator as it provides for a high degree of adaptability and automation. High volume, smart data processing is at the heart of all our IT efforts and key to data-driven services and process automation including AI.

Our IT relies on our in-house capabilities with agile, integrated IT and business teams as well as co-operations with technology partners. All our IT systems have been designed for robustness and to provide for high levels of information security resilience.

Enabling IT

We collect data for further management and analysis from the devices in our customers' buildings onto our cloud or data center through our fully automated *Techem Fixed Network* or through manual walk-by collection. Once collected, we combine this consumption data with additional internal and external data sources. For example, we combine master data from buildings with the collected reading data or use weather data to adjust our devices and gain further insights around heat generation and consumption. As we collect data with increasing frequency and with an increased set of devices, our database is growing in variety and size. We currently collect data through more than 4 billion readings per year. To achieve efficient processing and further develop our data and AI capabilities, we have established a cooperation with Microsoft's Azure as our cloud software and hardware provider that combines the required big data and AI technology with enhanced security and data privacy. We make our data available through a growing set of interfaces. This eases internal software development as well as data exchanges with customers and partners.

The growth in data and data-driven customer services is safeguarded with modern technology. All data from devices in a given building is checked for correctness with automated outlier detection of missing data or data for which its certainty and correctness is at doubt. The DHC is a strong demonstration of scaled-out data processing on Azure cloud with AI where machine learning algorithms automatically detect improvement potential or malfunctions of heat generation systems. We also use algorithms as we perform plausibility checks for our reading services and apply these algorithms also for our billing solutions. Specifically, we apply approximately 800 context sensitive validation rules to control the quality of the billing documents, and thereby manage more than two billion datapoints per year for billing and smoke detection services. This includes consistency checks with regard to the data entered by the customer and a comparison with the results from previous periods.

When it comes to turning data into billing services for our customers, our *HZ/3* software solution is a cornerstone of this transactional data processing. *HZ/3* is an industry-specific software solution providing a broad variety of capabilities for our submetering and other digital services. *HZ/3* covers the billing of heating and ancillary costs for submetering. The system has been set up specifically for most countries in which we are active to be able to comply with the varying regulations. It comprises a strong data model around buildings and relevant building infrastructure as a key pillar for our metering services.

Landlords and tenants access their consumption data through a growing number of online self-services. We are keen to further drive this shift from traditional delivery channels, and hence invest in developing web technologies to this end. For example, we deliver monthly consumption data to tenants through our app.

We plan to further leverage analytical and generative AI to increase automation efficiency and customer experience across our core and support value chains. We see the highest potential for AI in the transformation of our customer management where cognitive, omnichannel contact center capabilities can further improve our customer self-service experience. This may include advanced chat bots creating responses to customer requests and guiding customers to knowledge and service offerings.

IT Organization

Our IT teams are organized along business domains, with IT experts interlocking with the respective business departments as one team for best agility and cooperation. Additional IT core services teams and the IT governance team provide the necessary standardization and robustness to the Group. Senior IT managers supervise all information technology affairs. Over the last years we significantly grew our IT personnel base.

To further strengthen our digital offering, we expanded our expertise as we successfully attracted whole teams of data science and IT talents to join our organization. Our IT teams today have significant experience in custom software development as well as packed-software and system integration. They are mainly located in Germany with strategic additions from local-shore, near-shore, and off-shore IT suppliers. We believe we have positioned ourselves as an attractive employer for IT professionals based on purpose, technology, environment, and culture.

In 2020, we established our digital strategy lab, *Techem X*, and in 2023 launched *Data X*. While *Data X* focuses on data science to utilize the data value pools, the goal of *Techem X* is to invent, design and develop adjacent digital products and services for the real estate sector, based on our domain expertise within the real estate and energy sectors, our data sets and customer access. We aim to deliver further technological advancements to enhance our services and products in the future. To achieve this, *Techem X* has a dedicated data science team, which is tightly interconnected with our IT team. *Techem X* is further supported by selective strategic suppliers. Furthermore, *Techem X* promotes a new working environment with a focus on customer-centricity to further enhance our core capabilities and corporate culture.

With the support of *Techem X*, we have developed two digital products that improve customer experience on our digital channels. First, in February 2022 we launched our monthly consumption information service *EED Verbrauchsinfo*. This offering helps customers in implementing the requirements of the EU Energy Efficiency Directive which requires our customers and their tenants to produce monthly consumption information. Second, we introduced our digital service *Techem Billing Direct* with the aim of revolutionizing our industry as it enables a seamless billing process that only takes a few minutes from when customers request a bill. As of September 30, 2023, approximately 40,000 buildings with approximately 200,000 tenant units corresponding to approximately 35% of our private customers with online access have been processed with *Techem Billing Direct*.

Information Security & Cyber Resilience

We see information security and cyber resilience as essential and a differentiator in the marketplace. We have invested into comprehensive cyber security measures and have partnered with leading security service providers as we recognize the importance of IT robustness, information security and data privacy for our business and our reputation. Over the past years, we have increased the size of our dedicated cyber security team and strengthened our internal security policies, procedures, and management systems to safeguard our IT infrastructure and to protect sensitive data which we collect during operations. We have invested into technology-based defense solutions, such as firewalls, encryption, AI-based log analytics, and malware and phishing detection. In addition to technology-based security hardening, we are continuously investing in mandatory trainings and tests to raise awareness for security issues across the Group. We have multiple partners helping to safeguard our critical systems, data, and operations, including HCL Technologies Germany GmbH ("HCLTech"), Microsoft and IBM. We hold an ISO 27001 security certification for our business in Germany.

Our infrastructure operations have been outsourced to HCLTech with a data center in Gothenburg, Sweden. This cooperation is key for a strong, secure, and economical IT infrastructure. The interplay between cloud and data center also allows us to achieve an attractive balance between cost and innovation leadership.

Research & Product Development

The constant improvement of existing and the development of new products and solutions are essential to expand our market-leading position as a comprehensive energy services provider. To this end, our R&D activities are the foundation of our technical innovations, and we view our R&D efforts as a key driver to creating sustainable growth and long-term value for the Group. Our R&D expertise relies on our extensive and expanding knowledge of energy saving methodology and low-power electronics.

Our R&D activities focus on the development of new products and solutions as well as on the monitoring and improvement of existing products. Our device development teams concentrate on in-house development of high-volume devices such as HCAs or devices that play a key role in our digital infrastructure such as the smart reader device. However, we also develop some of our devices and supplementary equipment together with third parties or in cooperation with OEMs who then produce these devices exclusively for us according to our specifications. Besides, we also focus on the continuous adjustment of our product range to adapt to market trends and developments, particularly in the fields of digitalization and sustainability. In addition, our R&D team monitors and controls the quality of our producers of high-volume devices, to ensure a high reliability and to minimize the defect rate.

Our R&D efforts are driven by the three factors (i) evolving customer needs, (ii) general developments in the markets in which we operate and (iii) regulatory changes. We have increased our development speed in recent years, especially during the energy cost crisis as a result of the Russia-Ukraine War, and as regulatory changes became more and more rapid.

We utilize a variety of opportunities offered by increased digitalization and AI to develop new technologies with the aim to enable us to provide a superior customer experience. Our R&D efforts are driven by colleagues from different departments, such as device development, digital IT, *Techem X* and service delivery. These teams work jointly on R&D projects. We pursue an agile approach with iterative development processes across the Group.

Our R&D activities follow a customer-centric focus, and we oftentimes benefit from customers who turn to us with requests to specifically address challenges they face. Our R&D focus is furthermore implemented by way of continuous customer feedback loops within our processes and involves quantitative and qualitative research instruments as well as constant user testing across all phases, in particular before we launch a product or service. In addition, we use co-development approaches to develop and launch products and services together with lead customers. To this end, we provide customers with the opportunity to actively impact our R&D process. We believe this approach of co-development is beneficial as it provides us with insights of the needs and processes of our customers and demonstrates additional opportunities for our customers. We secure commercial commitments by our customers at a relatively early stage enabling us to benefit from economies of scale in the future.

As an industry thought leader, we established a distinct unit for fundamental research and applied research on energy efficiency and decarbonization in 2022, the Techem Research Institute on Sustainability ("TRIOS"). We believe it is fundamental to not only invest into product and service-oriented research, but also to foster the fundamental knowledge on energy efficiency and decarbonization with a focus on the real estate sector. As part of this pledge, TRIOS annually publishes our *Techem Consumption and Carbon Figures Study*, which conducts an analysis of energy and water usage and carbon emission data of more than 1.5 million households in Germany. In addition to advancing knowledge that will support our own products, these efforts aim to strengthen our credibility and demonstrate our commitment to our mission and vision of making buildings green, smart and healthy.

We have established multiple alliances and co-operations with industry participants, research institutes, universities, and start-ups, among others, with the Dresden University of Technology, Karlsruhe Institute of Technology, National Metrology Institute of Germany, HLK Stuttgart GmbH, Fraunhofer Institute for Integrated Circuits, Cetecom, Zeltwanger and the Ilmenau University of Technology. These alliances and co-operations help us to further our understanding and exchange of knowledge while further creating opportunities to conduct pilot studies, seek out investment opportunities and further develop innovative technologies.

Our Operating Model and Customer-Centric Approach

Guiding principles for customer-centricity

As a result of our recent transformation, we believe to stand out as a customer-centric company as we measure our own success strictly according to our customers' satisfaction. We have therefore established an operating model to constantly improve the fulfilment of our customers' expectations. This operating model is designed according to customer journeys and revolves around three guiding principles:

- Transparency: We aim to ensure full transparency along the entire customer journey. Our status-tracking of all customer inquiries, status reporting through our own service portal and performance management platform allow for internal and external information on process execution and support at any time.

- Performance: We have dedicated KPIs in place to measure our onboarding and delivery process with a view to meet our customers' expectations. Our focus lies on the timely fulfilment of service through on-time delivery as well as quality of service by achieving a low correction quota.

- Steering: We apply a comprehensive steering model that guides and controls our operations with end-to-end focus. We have set up quality gates and structured handover procedures at all key process and department interfaces to avoid disruptions that could negatively affect either transparency or performance.

These three principles take full advantage of our digitalization approach which aims to achieve both an optimal customer onboarding and service delivery. We therefore follow an advanced process for data handling in customer onboarding which also is a prerequisite for correct and timely service delivery. These services become even more reliable based on intra-year data on device infrastructure status and consumption. The collection of this data is further supported by our cloud-based reading infrastructure.

Sales and Customer Onboarding

As part of our target operating model, we continuously adapt our sales approach to meet customer needs and address attractive market opportunities.

In Germany, we have dedicated sales teams for each of the different customer groups: In the key account management and large customer segments, we utilize individual personal customer support. These customer groups are constantly analyzed through our account and opportunity management system. We reach regional customers and private customers through different channels, such as the digital sales channel, tele sales and our field sales team. We focus on a strong, complementary interconnection between all sales channels in order to create the best experience for our customers. We have established an advanced sales performance management process and we have shifted focus more and more to a value-oriented approach when setting sales targets. This performance management is carried out consistently across all sales employees and executives at regular intervals. To further improve the effectiveness of our sales process, we implemented standardized processes. These are overseen and controlled by the sales support team. A rigorous training approach for our sales force ensures that we are able to quickly respond to market demands as well as new products and services. In addition to our sales team, a specialized, cross-functional tender team focuses solely on efficient, timely responses to tenders.

With every newly won contract, we are focused on providing a smooth installation process for our customers. This is particularly important for the customer experience in times of material and resource shortages on the market. Allocating the relevant devices and disposition of technicians is a challenging process, as our supply chain management and installation processes require full transparency on the status of queries by external partners involved in the installation process. We take an integrated view on this process as we designed data sets, processes, and quality gates alongside the customer journey until the installation process is finalized and service readiness is ensured. To support this, we are currently implementing an algorithm-driven sales inventory and operations planning process. Since introduction of this process in early 2023, we managed to increase our installation time commitments. To increase efficiency in our customer onboarding process, we have split field-operations into internal customer service units for small or complex tasks, while external installation partners deal with larger mass-installations.

We have further developed an organizational set-up focused on customer-specific needs. After a successful customer acquisition, the aim of our customer onboarding is to ensure and reassure the service delivery ability through a well-functioning (digital) infrastructure. Therefore, we have structured the organization with an onboarding service, i.e., order and return management, as well as with an invoicing and field service, i.e., disposition, installation execution and control. Furthermore, we established an integrated production planning and control function. Further development of the customer onboarding will be covered by end-to-end responsible teams for design and change management.

With the 2021 launch of the fully digital sales channel of *Techem Direct*, private customers in particular are able to order our services with a few steps in a way we believe addresses the specific needs and expectations of private customers.

Service Delivery and Customer Service

Our service delivery operating model is geared towards fully cloud connected properties as these properties allow us to permanently supervise our infrastructure through the use of our digital devices and services. This enables us to deliver a superior experience for our customers and, simultaneously requires reduced manpower for tasks including device reading, billing, customer service, maintenance procedures and clarification of consumption data. Servicing cloud connected properties also allows us to offer our fully digitalized billing processes. Each of these services allow for enhanced customer experience that differentiates itself from the traditional offering in our market: data collection processes that formerly took several weeks and involved numerous queries can now be completed without interruptions. As a result, we have increased our delivery on time quota from approximately 71% the financial year ended September 30, 2019, to approximately 84% as of June 2023 and over the same period reduced the correction quota, i.e., the share of faulty billings produced by us which needed to be corrected, from 5.8% to 3.4%. For fully automated digital processing, we increased our delivery on time quota to 99% (as of August 2023).

We serve our customers under an operating model that is based on remote interactions through telephone and our digital customer portal *my.techem*, supported by a consolidated network of main offices and smaller service points. Our customer management is run by cross-functional teams of adequate size to improve performance management and efficiency with respect to costs and quality. Our team is supported by specialists focusing on urgent queries who work with our internal escalation processes to appropriately prioritize queries in accordance with customer needs. This allows for a reduced customer inquiry time through automated status tracking, thereby avoids lengthy investigations. We have increased the speed of our customer inquiry solutions which we monitor through our one-contact solution share tracking whether a customer receives a solution upon first contact with our customer service team.

As part of our service delivery, we are consequently organized in service design teams responsible for design and delivery of the respective services, i.e., ancillary energy efficiency solutions (MPO, DHC, data exchange), as well as digital processing (i.e., smart service monitoring, regulatory requirements, *Techem Billing Direct*). In customer service, the shift form physical customer interaction towards remote and digital handling of the whole customer journey will be further supported by consolidated hubs with selective physical presence, an integrated nearshore center for selected support functions in Poland, as well as a modern digital customer service center/portal.

ENERGIZE-T

All major strategic and operational transformative initiatives underpinning our management plan are organized under the umbrella of our comprehensive group wide transformative value creation program *ENERGIZE-T*, which we initiated in 2018 and focuses on various targeted improvements to further enhance our operational and financial performance. *ENERGIZE-T* aims to foster the digital transformation of the Company and business along four thrusts: quality and performance, digital business platform, accelerated growth, and cultural transformation.

The key strategic initiatives along our value creation program *ENERGIZE-T* are:

- Operational excellence;
- Commercial excellence;
- Digitalization of our business;
- Energy efficiency in the heating value chain;
- Growth in new products and services;
- International strategy;
- M&A strategy;
- Financial profile;
- Environment, social and governance; and
- Leadership and cultural transformation.

ENERGIZE-T projects are based on clearly pre-defined objectives and targeted key results and aim to achieve tangible outcomes, such as measurable internal or external effects and financial impacts. Internal and external resources are allocated respectively. We closely monitor the progress of each initiative through weekly meetings, regular steering committee meetings as well as content deep dives based on the individual need of each project. *ENERGIZE-T* is managed by our dedicated inhouse Transformation Office with direct reporting line to our CFO.

Customers

With approximately 13 million residential units served in the financial year ended September 30, 2023, we believe to have a well-diversified customer base across the real estate sector. We have a base of more than 425,000 customers overall with more than 300,000 customers within our Energy Services Germany business, where no single customer generated more than approximately 2% of our revenue in the financial year ended September 30, 2023 (largest 15 customers: approximately 7%). We benefit from long-term and established customer relationships with some customer relationships lasting for significantly more than 20 years, and we occasionally have customer relationships for more than 40 years.

The contractual framework of cost allocation services can be characterized as a triangular business-to-business-to-consumer relationship involving the cost allocation company (such as Techem), its customer (landlords or property managers) and the end-user (tenants). The landlord or property manager maintains a direct relationship with the cost allocation company and is responsible for contractual payments to the cost allocation company. Based on the individualized consumption-based billing provided by the cost allocation company, landlords or property managers can subsequently issue invoices to their tenants. Such invoices may include costs related to the provision of cost allocation which can be passed on to tenants.

Customer Groups

We have organized our customers in groups. With regard to our Energy Services Germany business, customers of submetering and cost allocation services are split as follows:

- Key accounts: This group comprises our top 15 customers, who contributed approximately 7% of our Energy Services Germany revenues in the financial year ended September 30, 2022. We provide for special coverage for these key accounts through specialized and dedicated teams.

- Corporate customers: These comprise customers who are residential buildings owners and property managers with more than 50 dwellings. Corporate customers contributed to the majority of our revenues in the financial year ended September 30, 2022. We have set up a dedicated sales team with a particular focus on driving digitalization for these customers.

- Private customers: These customers comprise smaller, typically private landlords with less than 50 dwellings. Private customers contributed approximately a quarter of our revenues in the financial year ended September 30, 2022. We target these customers through direct marketing and digital sales efforts.

- Other customers: This customer group comprises, among others, customers in our water testing and energy certification business.

Customer Satisfaction

We measure customer satisfaction using various tools and analyzing various metrics. In 2020, we conducted our first large, strategic customer satisfaction study, which we have since repeated 2022 and are planning to conduct every second year. In the 2022 study, we surveyed approximately 900 of our customers and approximately 300 customers from competitors. In nearly all categories, we were able to increase our NPS by double digits compared to the 2020 study. We use the findings of these surveys to challenge our internal processes and aim at further increasing our NPS across all customer groups.

Another metric we use to measure customer satisfaction is the customer churn rate. The customer churn rate measures the number of customers switching from our products and solutions to other providers or self-billing (i.e., not using any provider, but metering and billing themselves). We calculate the churn rate based on the number of cancellations of our devices that become effective within a financial year compared to the number of active devices at the beginning of the relevant financial year. A low customer churn rate implies high levels of customer satisfaction. We constantly monitor and seek to effectively address the factors affecting our customer churn rate to increase customer satisfaction and ultimately profitability.

We believe that our operating model has positively contributed to the improvement of our customer churn rate, as our digitalization efforts positively affect the main drivers of customer satisfaction (such as delivery on time and correction quota). As a result, we were able to significantly reduce our customer churn rate from 3.7% for the financial year ended September 30, 2019 to approximately 2% for the financial year ended September 30, 2023. One example of the impact of digitalization on customer satisfaction is *Techem Billing Direct*, our real-time online billing service, which reduces the waiting time for a full heating bill from several weeks to just several minutes. As of September 30, 2023, this digital service has a Trustpilot service rating of 4.4 out of 5 stars.

Mergers & Acquisitions

To accelerate our growth in Energy Services, we selectively acquire small submetering businesses. Our add-on M&A activities focus on Germany, but also extend to selective acquisitions in some of the international countries in which we already operate. We intend to continue to pursue the acquisition of these businesses to generate further accretive growth.

Our M&A approach benefits from consolidation opportunities in the fragmented market. These opportunities arise due to the increasing complexity of the submetering business supported by evolving regulatory standards and driven by technological advancements. The companies we typically acquire are still founder-led, and in many cases unable or unwilling to develop their businesses in a way that is necessary to keep up with the increasing competition in the market, in particular with respect to meet changing regulation and customer digitalization needs. In addition, many owners of companies we acquire seek an exit to solve succession challenges.

We believe we are one of the most dedicated consolidators in our market. We follow a strict approach defined by our evaluation criteria and a consistent due diligence process, yielding a repeatable acquisition model. Our integration approach aims at ensuring high customer retention through an ongoing independent market presence of the acquired businesses (for example by way of an unchanged interface of this business towards its customers) while leveraging our expertise and providing our structure for processes, IT, administration, and procurement.

Digital Marketing and Communications

As our customers are primarily landlords and property managers of multi-dwelling buildings, in most of our markets we do not market our products and services to tenants with whom we typically do not have contractual relationships. Our marketing and communications efforts are tailored to this approach.

We primarily attract larger customers through social advertising, e-mail campaigns or smaller digital events like the Techem business talks series. We further created a sales and information platform for larger customers on our website which serves as the consolidated touchpoint for all our target groups. We have merged our 32 websites across the Group into one centralized platform *techem.com* with a modern design and intuitive user guidance. Customers, investors, employees, suppliers, stakeholders, and partners gain access to this platform providing a unified experience with targeted content. By guiding potential customers to become actual customers, the *techem.com* platform helps expanding digital business in our markets worldwide. Our marketing technology stack allows local and global marketing teams to continuously improve our websites to enhance the customer experience and drive sales.

With regard to smaller private customers, we rely on direct and digital marketing activities. In particular, we are expanding digital commerce activities and marketing automation to market sales of our online billing services, smoke detection and in future climate monitoring, as well as water testing solutions. These methods enable us to analyze generated data and optimize our future marketing efforts to target potential customers more efficiently.

The key marketing measures we utilize online are performance-based advertising, social media marketing (such as through “Facebook” and “LinkedIn,” as well as newsletters) and search engine optimization. Our activities are based on our own set of customer data as well as external market research. In this context, we developed an advertising partnership with “Immoscout24” as a leading real estate sales and rental platform in Germany. Furthermore, we increasingly aim at strengthening our reputation, credibility and increasing awareness about our mission and portfolio by utilizing digital media platforms such as podcasts.

Alongside digital channels, we also regularly publish brochures and other publications highlighting our product portfolio, and we also present our offerings at trade shows and industry events.

We are a member of trade associations on national and international levels. In Germany, this includes memberships in Bundesverband Informationswirtschaft, Telekommunikation und neue Medien (Bitkom), Bundesverband Neue Energiewirtschaft (bne), Deutsche Unternehmensinitiative Energieeffizienz (DENEFF), Verband für Energiedienstleistungen, Effizienz und Contracting – Association for Energy Services, Efficiency and Contracting (vedec), Bundesverband für Energie- und Wasserdatenmanagement e.V., The Association for Energy Cost Allocation (E.V.V.E.), GdW

Bundesverband deutscher Wohnungs und Immobilienunternehmen e.V. and Zentraler Immobilien Ausschuss – German Property Federation (ZIA).

Sustainability – General

To create sustainable value in achieving our mission of climate neutrality in buildings, we have integrated ESG aspects in our business strategy. Our position of being a digitally driven energy services provider allows us to bundle our expertise from the submetering, ancillary services and contracting business with a view to reduce carbon dioxide emissions and contribute to the energy transition. Our sustainability strategy focusses on the three areas "*For the Climate & the Environment*," "*For the Individual & the Community*," and "*For Ethical Business Conduct*,"

As a result of our sustainability commitment, in April 2023 we have achieved an ESG score of 8.7 by Sustainalytics, rating our ESG risks as in the lowest risk category "negligible." This rating ranks us within the best two percent of all ratings Sustainalytics has currently issued for business support services companies.

On February 3, 2023 we engaged Sustainalytics to perform a broad-based Corporate ESG Assessment of Techem Verwaltungsgesellschaft 671 mbH, covering eight ESG categories, including Occupational Health & Safety, Human Capital, Carbon – Own Operations, Data Privacy & Security, Corporate Governance, Product Governance, Emissions, Effluents and Waste and Bribery and Corruption. Sustainalytics assessed us as having an overall indicative Corporate ESG Assessment score of 8.7, which places Techem Verwaltungsgesellschaft 671 mbH in the "Negligible Risk" category as of April 13, 2023. Our indicative score would place us in both the top 2nd percentile of Business Support Services companies assessed by Sustainalytics and in the top 2nd percentile of all companies assessed by Sustainalytics. This Corporate ESG Assessment is current as of April 13, 2023 and no information made available after this date has been reflected in this assessment. This information is provided for informational purposes only and for assessing Techem Verwaltungsgesellschaft 671 mbH's ESG performance as a private company. The score, risk category, industry/subindustry, percentile, and ranking may be subject to change. Sustainalytics is a leading ESG research provider, who provides research based on its independent methodology, and publicly available information from issuers. This Corporate ESG Assessment is not part of any offering, nor shall it be considered as an offer to buy a security, investment advice or an assurance letter as defined by the applicable legislation, and no information provided by Sustainalytics under this Corporate ESG Assessment shall be considered as being a statement, representation, warranty or argument either in favor or against the truthfulness, reliability or completeness of any facts or statements that Techem Verwaltungsgesellschaft 671 mbH has made available to Sustainalytics for the purpose of this Corporate ESG Assessment, in light of the circumstances under which such facts or statements have been presented. This assessment has not been submitted to, nor received approval from any relevant regulatory authorities or any regulatory body. While Sustainalytics exercised due care in compiling this assessment, it makes no warranty, express or implied, regarding the accuracy, completeness or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. In no event this Corporate ESG Assessment nor any portion thereof shall be considered as an offer to buy a security, solicitation of votes or proxies, investment advice, expert opinion or an assurance letter as defined by the applicable legislation.

We have developed seven specific fields of action for these areas, each with defined KPIs and improvement targets. We are committed to the United Nations' Sustainable Development Goals ("SDG**s**") and have further identified and follow six goals with ten sub-targets along these SDGs. To further formalize our sustainability strategy, we have implemented policies for our sustainability management. These policies aim to implement our sustainability strategy and related targets and KPIs as they address individual aspects for all three identified priority areas of sustainability activities.

Our sustainability strategy is further supported by TRIOS, our own think tank for sustainability research on energy efficiency and decarbonization. As part of our sustainability management, TRIOS calculates our carbon footprint, defines our own decarbonization roadmap and organizes our own energy audits and certifications according to ISO 50001.

Sustainability – Focus Areas

For the Climate & the Environment

This area focuses on our most material activities and operations, and it comprises two fields of action: climate neutral operations within the Group and climate-friendly buildings. The targets for the first field of action area are centered around promoting environmentally responsible behavior within our own business. This includes a focus on ecological device design and circularity as well as ensuring sustainable lifecycles for our devices and reducing greenhouse gas emissions. To achieve this, we have set a goal for the Group to reduce Scope 1, Scope 2 and Scope 3 emissions by 37% by 2030, and reduce it by 90% by 2045 (each compared to 2020). The second field of action, climate-friendly buildings, refers to further strengthening a purposeful business model that offers green contracting solutions, promotes energy efficiency in buildings based on digitalization, and establishes climate friendly mobility (for example through EV Charging stations) to help landlords decarbonizing their real estate assets.

In our contracting business, we are introducing renewable energy sources, digital solutions, and energy efficient operations. We furthermore have a decarbonization roadmap in place which serves as the basis for our active contribution to the energy transition: we mainly focus on using CO_2-emission-neutral heating solutions when equipping new construction projects and gradually replace existing fossil heating systems through lower-emission technologies. Today, we offer all our customers a renewable energy supply solution helping them to achieve the target set for Germany of a mandatory usage of a minimum of 65% renewable energy for newly installed heating systems such as solar thermal heating and heat pumps, on average.

In addition, we evaluate potential climate change-related impacts on our business. As recommended by the Task Force on Climate-Related Financial Disclosures (TCFD), we have assessed hypothetical scenarios and potential consequences for the Techem Group. We also report on these risks and opportunities related to climate change in our sustainability reporting. For example, for the so-called "2-degree scenario," which corresponds to the current climate neutrality commitments of the EU and Germany, we have identified impairment risks due to a potential displacement of fossil gas and oil heating in Germany, as well as opportunities in the field of green energy contracting as well as an increasing demand for products and services related to a reduction of individual ecological footprints. These scenario analyses further support our strategy of focusing on improving energy efficiency and green contracting solutions.

For the Individual & the Community

Our initiatives in this area aim at adding value for employees, customers, and society. This focus area addresses fields of action around creating and maintaining attractive working conditions worldwide and a diverse workforce, health and satisfaction of customers and tenants, as well as innovation, cooperation, and social commitment.

Our employees are the backbone of our operations. Hence, as a first field of action, we aim to create a working environment where individual needs are met, and diversity, equity and inclusion is valued. We are led by our guiding principles for fair working conditions (such as a bias-free recruiting process and equal opportunities for development and career advancement), awareness and inclusion (for example by promoting a strong level of diversity, equality and inclusion among our workforce), and actions against discrimination imposing clear consequences for any discriminating behavior. To foster diversity in our management, our goal is to achieve a share of 35% of women in our management positions (i.e., upper management, divisional management, department managers and team leaders) by the end of financial year 2025. As of September 30, 2023, our share of women in management positions was 30%. In this context we pursue a short-term goal of filling at least 40% of new appointments at management levels with female managers. We also have an ambition to maintain a safe and healthy working environment as we target a very low rate of working and commuting accidents. We aim at providing our employees with the best possible training by providing various learning opportunities and are expanding our offering to employees in this regard. To this end, we are expanding our improvement tracking of training quality, e.g., by using a learning NPS.

Healthy and satisfied customers and tenants are key for our business success. We therefore survey our customers' satisfaction regularly and take measures to improve it (for example through customer surveys). To improve their individual housing quality, we also aim to ensure that our customers and tenants benefit from fast, unbureaucratic service and solutions. We also focus on the needs of tenants. For example, we interact with tenants as we investigate their satisfaction with the coordination of appointments, meter reading and billing, and actively involve them and ask for suggestions for improvement.

Lastly, as our goal is to make our customers' buildings green, smart and healthy, we believe that our fundamental R&D in the field of energy efficiency, decarbonization, intelligent and climate-neutral living adds a contribution to society. We conduct research together with partners, and to this end we collaborated with TU Dresden and TU Karlsruhe on different projects. We also aim at raising tenants' awareness of consumption driven by our usage-based heating and water cost billing services, and as we provide them with suggestions regarding the use of heat and hot water.

For Ethical Business Conduct

We focus on attaining a modern, value-based corporate culture and responsible corporate governance geared to long-term value creation. This priority area comprises two fields of action: Ethical corporate governance and compliance as well as a sustainable supply chain.

As part of the ethical corporate governance field of action, we promote and practice a value-oriented corporate culture that reflects customer focus, team culture, personal growth, courage, networking, leadership, innovation and commitment. We have embedded our cultural elements in our guidelines for leadership and cooperation, as well as in our competence model.

Furthermore, we focus on fair competition, transparent pricing and ethical behavior that complies with the law and avoids corruption. Our corporate governance set-up ensures that business is conducted in accordance with regulations and integrity throughout the Group. For example, we focus on a high level of data protection and privacy, conduct compliance surveys, and introduced an ISO 27001 certified system for information security for critical systems in Germany. We also train our employees on ethical targets and measures every year, and approximately 99% of our employees received training on applicable compliance requirements in the financial year ended September 30, 2023. We also recognize that acting with integrity is of key importance to us. We have developed a code of conduct group-wide which demonstrates our commitment to convey our understanding of values throughout our organization. We supplement this code by guidelines and training courses.

We also focus on a sustainable and resilient supply chain. We consider environmental and social criteria when selecting our suppliers and require them to comply with our code of conduct applicable to suppliers. To ensure compliance with the Supply Chain Act we are actively monitoring both our supply chain and management regarding human rights and environmental issues.

We also follow a responsible remuneration policy, with all level 1 and 2 executives having a variable salary component, linked to individual, company and ESG targets.

Sustainability – Key Goals and KPIs

To track our sustainability performance, we have defined certain KPIs based on a double materiality assessment and aligned with our sustainability strategy as well as core values. This approach allows us to make our commitment transparent across all business units. Further, our activities contribute to the

SDGs. Overall, we have defined and track more than 70 KPIs, 66 of which are externally audited based on global reporting initiative (GRI) standards with limited assurance. Furthermore, using our sustainability dashboard we continuously track the steering of our most relevant sustainability KPIs on a quarterly basis to analyze developments regularly and, if necessary, correct negative trends early on.

Since our first sustainability report published in 2020, we have been able to achieve key sustainability goals. These include, among others, developing a roadmap to significantly reduce our Scope 1, 2 and 3 emissions by 2045, and we have also set ourselves the target to achieve 35% women in management positions by the end of the financial year 2025, conducting lifecycle assessments for selected devices and switching to green electricity for our own use at all our sites in Germany by the financial year ended September 30, 2022. In addition, we have switched to using 100% recycled paper and we further aim to reduce our paper consumption by 50% by the end of the financial year 2024 compared to the financial year ended September 30, 2020.

Sustainability is an integral part of all our activities in the Group. To continuously improve our sustainability performance, we monitor our success in achieving our sustainability targets, engage with our stakeholders, and involve our employees. We focus our attention on the key targets where we can exert considerable influence.

Employees and Human Resources

Our human resources ("HR") strategy is strongly aligned with our business strategy. By building a skill-based organization with effective and structured talent and performance management, we empower our employees to support future business models aligned to our vision.

Furthermore, we leverage technology and innovation as enablers to generate value through advanced analytics. This is supported by the implementation of *Workday* as our global HR tool which improves data quality and thereby management of our workforce. We aim at successfully competing in the labor market by using various channels to address and attract a skilled workforce in a target group-oriented approach which we systematically track within *Workday*.

Our efforts to focus on mental health and well-being at work as well as the creation of a sustainable and strong culture that is, among others, characterized by the dedication to our values and focusing on diversity, equity, and inclusion. Our commitments to this end are reflected by our improved employee NPS of 24 as of May 2023, representing a further improvement from the score of 13 we in May 2022, as well an employee fluctuation in the low double-digit percentages for the financial year ended September 30, 2022.

As we continuously pursue and support our transformation, we further strengthen our successfully implemented *Techem Academy* as our holistic learning platform with comprehensive training offers. The majority of our trainings are digital. Each of our employees attends on average more than 30 hours of training annually, and more than 35,000 voluntary training courses are available to this end.

Our employee relations and those with worker councils are generally positive, and we have not experienced any material labor-related work stoppages in recent years.

The following table shows the average employee headcount of the Group by geographic region for the periods indicated below.

	As of December 31,	Financial year ended September 30,		
	2023	2023	2022	2021
		(unaudited)		
Germany	2,576	2,714	2,544	2,426
Other countries	1,510	1,586	1,453	1,386
Employees	4,086	4,300	3,997	3,812
Employees of investments accounted for using the equity method	13	13	13	13
Total Employees	**4,099**	**4,313**	**4,010**	**3,825**

There has been no material change in the employee headcount of the Group between December 31, 2023 and the date of this Offering Memorandum.

Intellectual Property

Historically, we have patented several market innovations, including both products and processes. As of September 30, 2023, we held 81 national patents, mainly in Europe, with 23 additional patent applications pending in 51 patent families.

Patented key inventions are used in our metering devices with radio transmission, in the water meter radio module (e.g., leakage detection, manipulation detection, rotation detection), for manipulation protection (seal of HCA and securing local communication interface with authentication codes), and in systems and processes for reducing the energy consumption in buildings. Further patented technology may be used in remote reading systems (data collector network and mobile data transmission, optimization of transmission of large data volumes). Pending applications are mainly linked to the developments around the MSD and DHC. We currently hold more than 70 trademarks in Germany, the EU, and some non-EU countries. The most relevant trademarks are our company name *Techem*, *bautec* and *Techem Smart System*. In addition, our Group owns approximately 200 internet domain names. The most important of these domains are www.techem.com and www.techem.de.

Although our patents, utility models and trademarks as a whole are materially significant for our business, we believe that no single intellectual property right and no individual group of intellectual property rights are materially important to our business as a whole. We also rely on trade secrets, non-patented knowledge, innovative product updates and ongoing technological advances to maintain our competitiveness. We aim to protect our position by entering into non-disclosure and similar agreements.

In addition to our own patents, we have licensed third-party patents, and most of them were or are used in our systems and modules.

As of December 31, 2023, we were not subject to any material claim or legal action alleging infringement of third-party owned intellectual property.

Property, Plant and Equipment

In March 2021, Techem Energy Services GmbH, as tenant, and Eschborn Hauptstrasse S.à r.l. as landlord, entered into a leasing agreement (the "Leasing Agreement") with respect to our headquarter at Hauptstraße 89–91, 65760 Eschborn, Germany, with approximately 15,804.94 square meters of office space plus ancillary space. The Leasing Agreement has a fixed term that ends on February 29, 2036, with the option to prolong the fixed term two times, in each case, by five years. In 2024, we are reducing the rented office space in this property by approximately 25% (3,940 square meters).

Legal Proceedings

During the ordinary course of our business activities, we are regularly involved in legal proceedings. These proceedings include routine civil, labor, and other matters.

As of the date of this Offering Memorandum, we are not involved, and have not been involved during the past 12 months, in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) which may have or have had in the recent past significant effects on our financial position or profitability.

Insurance

We hold several international insurance policies partly centrally managed by our procurement department and adjusted on an ongoing basis according to current circumstances. We obtain our third-party liability insurance based on benchmark analyses in the form of a master policy and underlying local insurance policies to cover particular risks in some of the countries in which we operate. Group-wide and local insurance policies are subject to customary exclusions, limits, and deductibles. Our insurance coverage includes general liability and product liability insurance, environmental impairment liability insurance, commercial legal aid insurance, property damage insurance covering buildings, facilities and machinery, insurance for business interruptions resulting from fire, covering loss of profits, standing charges and claims surveyor-fees, and travel insurance.

Through our arrangements, the Group has insurance coverage in place in relation to a number of risks associated with its business activities, as well as a directors and officers liability ("D&O") insurance policy. The D&O insurance protects the directors from claims for damages by the Company. Such D&O insurance has a total coverage of up to €50 million per claim and for all claims per year.

We believe that our insurance coverage, including the maximum coverage amounts and terms and conditions of the insurance policies, are both standard for our industry and appropriate. We cannot, however, guarantee that we will not incur any losses or be the subject of claims that exceed the scope of the relevant insurance coverage.

REGULATION

Overview

Our two business segments, Energy Services and Energy Efficiency Solutions, are influenced by a wide range of regulatory requirements under European Union and national law dealing with the energy and water supply to buildings, in particular metering and billing. While, at least with regard to the Energy Services business segment, most of these requirements apply to our customers, our products and services need to comply with applicable rules in order to be suitable to our customers' needs. The following contains an overview of the key EU and German legislation that impacts our business.

The legal frameworks in the 18 countries in which we operate vary substantially and may differ from the key EU and German legislation described below.

Energy Services

Our Energy Services business segment offers submetering and cost allocation services, ancillary energy efficiency solutions and supplementary products and services to our customers, who are typically landlords, condominium owners' associations (*Wohnungseigentümergemeinschaften*) and property managers. In order to be able to provide such services, we rent or sell devices to our customers, offer the maintenance services required for such devices, read the submeters, aggregate the consumption data and allocate costs based on the collected consumption data to each individual end-user. See "*Business––Our Business Activities—Energy Services*." In Germany, we also offer radio-enabled smoke detectors, and related services, including installation, testing, maintenance, and replacement. We also offer legionella analysis of drinking water in Germany as well as the supply with water softening and dosing systems and the rendering of services connected with the protection against calcification or corrosion of the drinking water pipes in buildings (Techem Water Technology). In Germany, we are further operating electricity metering points since the end of 2020 which includes, *inter alia*, the installation, operation and maintenance of the metering devices.

The primary purposes of the legislation influencing cost allocation is to create an incentive for energy and water conservation through consumption-based metering and billing as well as ensuring a fair and transparent allocation of costs. For Techem, the laws and provisions mainly of interest are those that impose obligations on owners of buildings and residential units that favor growth in the market for cost allocation and billing services. This is the case especially with regard to the obligation to provide for consumption-based metering and billing of heating and water, the obligation to install and maintain submetering and data collection equipment that meets statutory requirements, and the rules allowing our customers to allocate the costs of submetering to their tenants.

Consumption-Based Metering and Billing of Heating and Water Consumption

Heating and Hot Water Consumption

Directive 2012/27/EU on energy efficiency which took effect on December 4, 2012, is part of the EU energy efficiency framework and requires all EU countries to increase energy usage efficiency at all stages of the energy chain, from production to final consumption, with the further aim to reduce dependency on energy imports from outside the EU and to achieve a "European Energy Union." The Directive was first recast 2018 and required Member States to take measures for the promotion of energy efficiency in order to ensure the achievement of the EU-wide energy savings target of 20% in 2020 and at least 32.5 % by 2030. The Directive was revised and recast in 2023 (Directive (EU) 2023/1791) making it binding for Member States to collectively ensure an additional 11.7% reduction of energy consumption by 2030, compared to the 2020 projections. The revised Directive entered into force on 10 October 2023 with a general transposition deadline ending October 11, 2025.

Directive 2012/27/EU replaced Directive 2006/32/EC, which already established an energy savings target of 9% by 2016. The achievement of this target can and should be promoted by a range of measures, including consumption based measuring and informative billing of energy consumption. Directive 2012/27/EU, also in its current recasted form as Directive (EU) 2023/1791, reinforces that Member States must ensure, to the extent technically feasible and cost-efficient, that individual consumption meters to measure the consumption of heat or cooling or hot water for each unit are installed in multi-unit residential or commercial buildings either with a central heating or cooling source or which are supplied from a district heating or district cooling network or from a central source serving multiple buildings. Since October 25, 2020, newly installed submetering and cost allocation devices for heating, cooling and domestic hot water are required to be readable remotely to ensure cost-effective, frequent provision of consumption information. Member States are free to decide whether walk-by or drive-by technologies are to be considered remotely readable or not. Remotely readable devices do not require access to individual apartments or units to be read. Further, the directives require accurate billing based on actual consumption. Final energy customers must receive detailed energy bills and information including consumption data free of charge to further ensure appropriate information of the end customer and trigger behavioral change. The directives furthermore provide that costs for third parties tasked with the metering, allocation and accounting for actual individual consumption in such buildings may be passed on to the final customers to the extent that such costs are reasonable.

In Germany, parts of the requirements of Directive 2012/27/EU and Directive (EU) 2023/1791 have been and will be implemented by the Heating Cost Ordinance (*Heizkostenverordnung*) which has been in force since 1981 and has been amended from time to time since then. Pursuant to the Heating Cost Ordinance, the owner of a multi-unit residential or commercial building with a central heating or hot water system or commercially supplied with heat and/or hot water is required to measure the individual consumption of heating and hot water of the individual end-users, and to bill the costs at least in part based on the individual consumption of the end-users. The Heating Cost Ordinance overrides all contractual agreements (except for buildings with only two apartments of which one is used by the landlord himself), meaning that the parties to a commercial or residential rent agreement cannot stipulate that the heating and hot water costs will be paid for by, for example, a lump-sum payment by the individual user. The Heating Cost Ordinance also applies to condominium units (*Wohnungseigentum*), requiring the consumption of heating and hot water of each condominium unit to be accounted on the basis of individual consumption.

The Heating Cost Ordinance provides for various exceptions from the obligation to provide consumption-based metering of heating and hot water. In particular, premises in which consumption-based metering of heating and hot water could only be achieved through an unreasonably large expenditure are exempted. Further exceptions apply to older buildings where individual heat consumption cannot be regulated or to, for example, nursing homes and student dorms.

A further exception exists in the case of buildings that are mostly supplied with heating or hot water from heating recovery systems or solar heating systems. Until recently, this exception also applied to buildings that are mostly supplied with heating or hot water from heating pumps. However, this exception has been removed by an amendment to the Heating Cost Ordinance in the context of an amendment to the German Buildings Energy Act (*Gebäudeenergiegesetz*) in October 2023. For buildings with heating pumps submetering will become mandatory and submetering devices have to be installed by September 30, 2025, at the latest.

Exceptions also apply for buildings supplied with heat or hot water from cogeneration systems or facilities that utilize waste heat if data on the heating consumption of the building is not collected. However, sec. 18 of the Ordinance on the General Conditions for the Supply of District Heating (*AVB FernwärmeVerordnung*) in connection with sec. 3 of the Ordinance on the metering and billing of district heating or district cooling (*Verordnung über die Verbrauchserfassung und Abrechnung bei der Versorgung mit Fernwärme oder Fernkälte - FFVAV*) require metering of individual consumption anyways. Therefore, existing exceptions are limited.

The 2018 amendment of Directive 2012/27/EU which is also reflected in the Directive (EU) 2023/1791 provided for a shift towards more advanced metering and billing solutions and phasing out of old metering devices in favor of remotely readable devices. Germany has implemented the respective requirements by amending the Heating Cost Ordinance in 2021. In this context, installed metering and cost allocation devices for heating, cooling and domestic hot water, if not readable remotely, will have to be upgraded or replaced with remotely readable devices until December 31, 2026. Furthermore, since January 1, 2022, end-users must be provided with monthly billing or individual consumption information if remotely readable metering devices have already been installed. Bills further have to entail various information such as comparisons of the final user's current energy consumption with consumption for the same period in the previous year and comparisons of the end-user's consumption with an average end-user's consumption.

The 2021 amendment of the Heating Cost Ordinance further introduced new requirements regarding remote readability, Smart Meter Gateway ("SMGW") – connectivity and interoperability of metering devices. Since December 1, 2022, newly installed metering devices for heat and hot water have to be able to be connected to an SMGW and be interoperable. An SMGW is the central communication unit of a smart metering system which enables communication between the gateway and one or more locally installed gateway-connected metering devices and the collecting, processing and transmitting of data. Interoperability means that metering devices are required to collect and transmit consumption data under an industry-wide, open, vendor independent technical communication standard. This allows metering companies to read out (and make sense of) the consumption data of any metering device, irrespective of their original manufacturer or current owner. Remotely readable metering devices installed by December 1, 2022, which are not yet interoperable and cannot be connected to an SMGW may however continue to remain in service until December 31, 2031.

Even though we do not expect that the Heating Cost Ordinance will change to our detriment in the future, there is no guarantee that this ordinance, or any other future legislation, will maintain the current requirements with respect to the submetering of heating and hot water consumption or that the number of exceptions to these requirements will not increase. Any changes to the Heating Cost Ordinance, or any other future legislation that would eliminate or reduce submetering requirements or increase the number of exceptions to these requirements, could have a negative impact on our business. See "*Risk Factors—Risks Related to Our Business—Our cost allocation business is influenced by regulation aimed at, among other things, promoting the efficient use of energy and water. Amendments to these regulations could have a negative impact on our business activities and significantly impair our prospects*."

Cold Water Consumption

The building codes (*Landesbauordnungen*) of most German federal states also provide for an obligation to install cold water submetering devices in residential units, at least with respect to new buildings.

Calibration Rules

The MID establishes the requirements that certain metering devices and systems, in particular water and heat meters as specified in the annexes to the MID, have to meet in order to be placed on the market or put into use, if the use is prescribed by a Member State for reasons of public interest, public health, public safety, public order, the protection of the environment, the protection of consumers, the levying of taxes and duties, and fair trading. The MID requires Member States to ensure that metering instruments are only placed on the market or put into use if they satisfy the MID requirements, particularly after their conformity with the requirements of the MID has been assessed in accordance with the procedural requirements stipulated in the MID. Germany implemented the MID into national law by the German Measures and Weights Act (*Mess- und Eichgesetz*) and the German Measures and Weights Ordinance (*Mess- und Eichverordnung*).

Pursuant to the Heating Cost Ordinance and most German state building codes, individual units must be furnished with equipment that allows for consumption-based metering and billing of heating and water consumption. In practical terms, this requires the installation of heat and water meters or heat cost allocators. In Germany, if used for commercial purposes, heat and water meters are generally subject to the German Measures and Weights Act as well as the German Measures and Weights Ordinance and have to be calibrated (*geeicht*) by the competent authority or to undergo a conformity assessment procedure. According to the German Measures and Weights Act, users of heat and water meters as well as relevant service providers have to notify the use of new or refurbished meters to the competent authority within six weeks.

The validity of a heat and water meter's calibration is limited to a certain period of time. Upon the expiration of such calibration period, the relevant metering instrument has to be replaced, if the period has not been extended after a recalibration. The calibration period for heat and warm water meters as well as for cold water meters is currently six years. Generally, for practical and cost reasons, the devices are replaced at the expiration of the calibration period instead of being recalibrated.

The heat and water meters rented or sold by us need to comply with the specifications of the MID as implemented into national laws as well as any other applicable national laws on weights and measures. Moreover, we offer our customers a timely replacement of the relevant metering instruments, thereby assisting our customers in maintaining compliance with applicable statutory provisions. See "*Business––Devices—Heating Consumption*" and "*Business—Devices—Water Consumption*."

Rules on the Allocation of Costs Related to Submetering

In Germany the rules on the allocation of costs govern whether and to what extent our customers are entitled to pass on the costs for energy and water consumption as well as for devices and services to end-users. A landlord's ability to allocate the costs of our devices and services to tenants is largely determined by German tenancy law, which, in general, distinguishes between residential and commercial rental agreements, the former being under more prescriptive regulations.

Renting of Submetering and Data Collection Devices

Under applicable German law, most of the costs related to submetering can be passed on to end-users. This particularly applies to the costs of renting devices required for the collection of consumption data, including maintenance costs as described below. Generally, the landlord is free to choose between purchasing or renting devices and is not required to select the cheaper of the two options, as long as the option chosen is not exorbitantly more expensive than the other one. Before renting metering devices for the first time for a property or–according to some scholars–if existing submetering devices are replaced and this leads to a significant cost increase or completely new devices are installed, the landlord has to inform the tenants about his intentions and associated costs. If a majority of tenants objects within a month, the passing-on of rental costs to tenants is not possible. In this case, landlords may still choose to purchase submetering devices (and pass on associated costs, see above) or decide to rent them without passing on the renting costs to the tenants.

However, costs passed on to tenants have to be "reasonable." Tenants may seek judicial review of costs they find "unreasonable," and courts may reduce costs to the level they consider to be reasonable. There is no determined threshold as for when costs become unreasonable. Individual courts have, for example, considered metering and billing costs unreasonable which amounted to 15% of the total operating costs in 5 consecutive years or which regularly exceeded 15% of the fuel costs. Generally, this is decided on a case-by-case basis under consideration of available alternatives, e.g., prices charged by competitors. Published case law indicates that courts grant landlords a certain amount of discretion in selecting a service provider, i.e., landlords are not required to always go with the cheapest alternative. Rather, other considerations (such as reliability) can justify elevated costs.

Purchase of Submetering and Data Collection Devices

If the landlord of a residential unit purchases submetering and data collection devices for heating or water and initially installs them in a residential unit, the landlord, under the BGB, can usually increase the annual rent payable by tenants of the residential unit by up to 8% of the costs incurred for the purchase of the submetering and data collection devices, but within the following six years the monthly rent may only be increased by two or three euro per square meter, depending on the monthly rent per square meter of the living area before the rent increase. This standard applies to the first installation of the devices. However, a later change of the devices must be objectively required and therefore necessary. The BGB prohibits any subsequent increase that would, in consideration of expected future operating costs, constitute an exceptional hardness for the tenant. However, based on our experience landlords almost always rent devices in Germany.

In commercial units, the landlord has to reach an individual agreement with the tenant in order to pass on the costs of installation, unless the rental agreement already provides for submeters to be installed.

Maintenance Costs for Submetering and Data Collection Devices

Irrespective of whether a landlord purchases or rents submetering and data collection devices for heating and water, maintenance costs for such devices are generally contractually allocable as operating costs, for example, with respect to heating and hot water pursuant to the Heating Cost Ordinance, and with respect to cold water pursuant to the Ordinance on Operating Costs (*Verordnung über die Aufstellung von Betriebskosten*).

Even though we do not expect that the ability to allocate costs will change to the landlord's—and thus our—detriment, there is no guarantee that the current or future statutory provisions enabling such allocation of costs will remain in place. Any changes to the statutory provisions or court decisions affecting the allocation of costs could have a negative impact on our business. See "*Risk Factors—Risks related to Our Business—Our cost allocation business is influenced by regulation aimed at, among other things, promoting the efficient use of energy and water. Amendments to these regulations could have a negative impact on our business activities and significantly impair our prospects*."

Billing of Operating Costs

With respect to our billing services relating to operating costs, (see "*Business—Our Business Activities––Energy Services*"), our customers—and therefore we—must comply with the applicable tenancy law provisions governing the billing of operating costs to tenants. These operating costs include the costs of heating and hot water. If not agreed otherwise between the parties and to the extent it is legally admissible, operating costs for residential premises are usually to be allocated in proportion to floor space. Operating costs depending on individually recorded or metered consumption or causation by tenants are to be allocated according to criteria that take into account differing consumption or causation. The Heating Cost Ordinance requires landlords and owners of buildings to generally distribute and bill 50-70% of the costs of heating and hot water based on the individual consumption of the end-user. Under German law, the landlord is regularly required to provide consumption-based billing of cold water if cold water submeters have been installed for all tenants of a building.

If a contract for the rent of a residential unit stipulates advance payments for operating costs, these advance payments are to be invoiced once a year and offset against the operating costs incurred. The overall operating costs account must be presented to the tenant of a residential unit within twelve months after the end of the accounting period. After twelve months, any additional claims by the landlord against the tenant of a residential unit regarding operating costs are excluded unless the landlord is not responsible for the delay. The costs account generally must indicate the accounting period, the total expenditure for operating costs, information about the distribution key, the calculation of the costs referring to the individual tenant, the deduction of the advance payments made by the tenant and the (debit or credit) result. The tenant has to raise any objections within twelve months after receipt of the operating costs account.

Data Protection

By providing submeter reading and billing services, as well as our energy monitoring services, in relation to heating and water consumption to our customers, we act as data processors within the meaning of Section 62 of the (new) German Data Protection Act (*Bundesdatenschutzgesetz*) and the GDPR, meaning that we process personal data on behalf of the data controller, our customer. As such, we need to comply with legal data protection requirements, the instructions of the data controller and in particular implement appropriate technical and organizational security measures to secure personal data. The GDPR, which came into force on May 25, 2018, imposes stringent operational requirements on both data controllers and data processors, and introduces significant penalties for non-compliance with fines of up to 4% of total annual worldwide turnover or € 20 million (whichever is higher), depending on the type and severity of the breach.

Access and Transfer of Data

Regulation (EU) 2023/2854 of the European Parliament and of the Council on harmonized rules on fair access to and use of data ("Data Act") entered into force on January 11, 2024, and shall apply from September 12, 2025. The Data Act sets out rules, on technical requirements for connected products and making available of data generated by connected products to its users. A connected product is an item that obtains, generates or collects data concerning its use or environment and that is able to communicate product data via an electronic communications service, physical connection or on-device access, and whose primary function is not the storing, processing or transmission of data on behalf of any party other than the user. It is likely that remotely readable meter and Smart Meters will qualify as connected devices. We will therefore have to comply with the requirement set out in the Data Act from September 12, 2025.

In particular, the Data Act sets out technical requirements and corresponding user rights. For example, the Data Act requires that connected products are designed and manufactured in such a manner that "product data" and "related service data" are easily and directly accessible to users of the product free of charge. Where data cannot be directly accessed by the users, data holders have to make the data available to users free of charge. Furthermore, upon request by a user, readily available data would also need to be made available to third parties. This shall be done free of charge for the user. However, if the third party and data recipient is a business, compensation for making available the data may be charged from the third party. This compensation may include a margin but must be non-discriminatory and reasonable. The European Commission is currently working on a guideline that will specify what is meant by "reasonable margin."

Smoke Detectors

With respect to our business in the smoke detector sector (see "*Business—Our Business Activities—Energy Services*"), there is no uniform legal environment. Building law in Germany is partly regulated by the German federal states (*Länder*). This applies particularly to safety-related issues. All federal states in Germany have now made the installation and maintenance of smoke detectors mandatory in residential buildings. The obligation generally applies not only to new buildings but also to existing buildings.

Under German law, a landlord may regularly pass on the costs incurred for the initial purchase of smoke detectors in a residential building to the tenant as modernization costs by increasing the annual rent payable by tenants of the residential unit by up to 8% of the costs incurred for the purchase. Costs for the maintenance of smoke detectors may be allocated to the tenant of a residential unit as operating costs. However, according to a recent decision by the Federal Court of Justice in 2023 the renewal of smoke detectors may not be passed on as modernization costs to tenants, unless there is a technical improvement, or the renewal otherwise increases the value of the property. The Federal Court of Justice has further ruled in 2022 that the costs of renting smoke detectors may not be passed on to the tenant. This is however not applicable to condominium owners' associations as long as none of the units are rented out to a tenant.

Legionella Analysis

The aim of the German Drinking Water Ordinance (*Trinkwasserverordnung*) is to protect human health from the possibility of drinking water contamination. Since legionella particularly constitute a health risk in misting and aerosols, the Drinking Water Ordinance provides for an obligatory legionella analysis of drinking water to be conducted by owners and operators of hot water facilities of a certain size that are connected with showers or other installations which result in a nebulization of drinking water, if drinking water is provided in the course of a public or commercial practice. The regulations therefore apply to owners or landlords and administrators of many multi-unit residential buildings with central heating systems.

According to the German Drinking Water Ordinance and the applicable DIN EN ISO 19458, drinking water generally has to be tested and analyzed every three years or in some cases once a year by a laboratory that is both accredited by and listed with the competent state authority. See "*Business—Our Business Activities—Energy Services*." The time period until the next required analysis may be prolonged by the responsible authority under certain circumstances, particularly if no legionella were identified in three consecutive annual tests. The results of the analysis have to be communicated both to the health authority and to the consumers of drinking water. Costs for the legionella analysis may be contractually allocated by the landlord to tenants as operating costs.

Operation of Smart Meters for Electricity Consumption

Germany (but also the European Union in general) is currently promoting the roll-out of "smart meters," i.e., electronic metering devices with added functionality such as hourly recording of energy consumption, wireless connection and two-way communication etc., for metering electricity consumption. In Germany, the Law on the Operation of Smart Meters, (*Messstellenbetriebsgesetz*, "MsbG"), enacted in 2016, creates the regulatory framework for an overall digital electricity infrastructure. Under the MsbG, smart metering systems, i.e., a modern meter which is connected to a communication network via an SMGW, have to be installed from 2025 on for end-users (i) with an annual electricity consumption over 6.000 kWh or (ii) with a controllable consumption device such as for example a wall box for charging electronic vehicles. Furthermore, smart metering systems have to be installed for operators of plants (such as photovoltaic systems) with an electricity generation capacity of more than 7 kW. This installation obligation sits with the metering point operator who, by default, is the local electricity network operator (so called "basic metering point operator"). However, this activity may also be conducted by any other third party (so-called "competitive metering point operator") meeting the statutory requirements. Below the 6.000 kWh threshold installation is optional. Furthermore, all end-users have to be equipped at least with modern meters until 2032 irrespective of the respective electricity consumption.

The MsbG currently primarily applies to the metering of electricity consumption and similarly detailed provisions do not exist for the mandatory smart metering of gas consumption. However, with regard to gas, the MsbG already provides that (notwithstanding limited transitional provisions for certain types of gas meters) new gas meters may only be installed if they are technically able to be safely connected to an SMGW.

The smart meter rollout has so far only made slow progress in Germany compared to other countries due to legal uncertainties and bureaucratic obstacles. Therefore, the German Act to Restart the Digitisation of the Energy Transition (*Gesetz zum Neustart der Digitalisierung der Energiewende*, so called "Smart Meter Act") which aims to allow for an unbureaucratic and speedy rollout of smart electricity meters by reforming the MsbG has entered into force in May 2023. This amendment of the MsbG provides for a rollout roadmap with binding targets by 2025, 2028, 2030 and 2032, requiring metering point operators to gradually equip metering points with smart metering systems. Under the amended MsbG, the installation of smart metering systems will no longer require the Federal Office for Information Security (*Bundesamt für Sicherheit in der Informationstechnik, BSI*) to first declare that the smart meter rollout is "technically possible," i.e., that three independent companies offer SMGWs fulfilling all requirements of the MsbG. Therefore, SMGWs that have been certified can already be rolled out. To create a financial incentive for the installation of smart metering systems to end-users, the Energy Industry Act (*Energiewirtschaftsgesetz*) requires all electricity suppliers from January 1, 2025, to offer dynamic electricity tariffs to all end-users with a smart metering system (since 2022 this obligation already applies to electricity suppliers which supply more than 100,000 end-users with electricity). Furthermore, the MsbG provides for price caps until which the installation of smart metering systems is considered to be economically feasible. The cost of smart metering systems for private households and small plant operators will be capped at €20 per year, meaning network operators will bear most of the costs. For consumers with a controllable consumption device (in accordance with Paragraph 14a of the Energy Industry Act), a price cap of €50 per year will apply. Tenants and landlords (if certain requirements are fulfilled) have the right to choose a different metering point operator, which allows for efficiencies for submetering companies. A landlord's right to choose takes precedence over that of the tenant, provided the metering point operator commits to (i) equip all metering points of a property with smart metering systems, (ii) provide metering services not only for electricity but also for at least one additional media (gas, district or local heating) and (iii) not charge more than the total costs for all individual metering services.

German Climate Action Program 2030 and Climate Emergency Program 2022

On October 9, 2019, the German government approved the Climate Action Program 2030, which represents a step towards implementing the Climate Action Plan 2050. A key outcome of the Climate Action Program 2030 was the adoption of the German Fuel Emissions Trading Act (*Brennstoffemissionshandelsgesetz*, BEHG) and the introduction of a national emission trading system for CO_2 emissions from certain fuel sources, which requires suppliers of fuel sources to pay a certain price for the CO_2 contained in their fuel source. This has generally led to higher costs for, e.g., heating and hot water supply to buildings as suppliers of fuel pass on the additional costs to their customers. Initially, tenants had to bear all of these costs. Under the more recently enacted German Carbon Dioxide Cost Allocation Act (*Kohlendioxidkostenaufteilungsgesetz*), as of January 1, 2023, landlords and tenants will both share in the costs. The share of costs covered by the landlord depends on the type of rent as well as the energy efficiency of the respective building. Cost allocation is part of the billing submetering services we offer to our customers. In addition, the fact that allocation of costs depends in part on the energy efficiency of the respective building, landlords have an incentive to invest in the energy efficiency of their properties, which may have a positive impact on the services we offer.

Energy Efficiency Solutions

On June 23, 2021, the Climate Emergency Program 2022 (*Klimaschutz-Sofortproramm 2022*) was adopted. It foresees complementary measures to achieve the continuously adjusted climate targets, partly affecting the building sector. For example, subsidies for energy-efficient buildings will be increased, whereas starting in 2023, there will be no more subsidies for heating systems solely reliant on fossil fuels. Most recently, on October 4, 2023, the German cabinet adopted the Climate Protection Program 2023 (*Klimaschutzprogramm 2023*). The program includes measures relating to the building sector, e.g., the amendment of the Building Energy Act. This primarily aims to advance the transformation away from fossil fuel-based heating systems, supported by modified subsidies, specifically for heating systems powered by renewable sources.

Energy Contracting

Our energy contracting business segment procures, converts and supplies usable energy to our customers, mostly residential real estate owners by planning, financing, constructing and operating boilers, heat stations and small CHP-units. See "*Business—Our Business Activities—Energy Efficiency Solutions*." These services are subject to a variety of regulatory requirements.

The Ordinance on the General Conditions for the Supply of District Heating (*Verordnung über Allgemeine Bedingungen für die Versorgung mit Fernwärme, AVBFernwärmeV*) mainly stipulates rules for agreements between providers of district heating and their customers if the provider uses standardized terms and conditions in its agreements that are not negotiated. This is typically but not always the case as agreements with some customers in the Energy Contracting business may be negotiated individually. According to the established case law of the German Federal Court of Justice (*Bundesgerichtshof*), district heating exists where a person independently and on the basis of commercial principles produces heat in a heating installation not owned by the respective property owner which is then supplied to third parties. The Federal Court of Justice further established that the AVBFernwärmeV is only applicable in case the supplier has made high investments in the heating installations which justify granting the supplier the option of agreeing on a term of up to ten years under the AVBFernwärmeV. Our agreements which are subject to the AVBFernwärmeV must comply with the requirements set out therein, in particular with regard to price adjustment clauses and clauses relating to the term of the agreement. Price adjustment clauses must include a cost and a market element and have to be sufficiently transparent. Due to changes in the law, the supplier can, in principle, no longer unilaterally change the price adjustment clause by public announcement. However, a unilateral amendment of the price adjustment clause may be possible–although this is controversial–if the price adjustment clause has become invalid for example due to changed market circumstances and particularly in case such invalidity was unavoidable for the seller. We have individual contracts with our customers and do not supply based on fixed price metrics (*Tarifgebiete*).

The KWKG aims to promote the generation of electricity produced in CHP-units. The KWKG requires network operators to connect highly efficient (within the meaning of Directive 2012/27/EU) CHP-units immediately and as a priority to their networks and to transmit and distribute the generated electricity. For CHP-units with less than 100 kW operators are entitled to request the grid operator to take the electricity produced by the cogeneration unit in return for a customary payment (which is then based on the average price of base load energy at the European Energy Exchange in the previous quarter). Regardless of the size of the CHP-unit, the network operator is obliged to pay a bonus (*Zuschlag*) for the electricity produced in CHP-units, provided that the electricity is marketed by the plant operator or purchased by the network operator. Depending on the characteristics of the specific CHP-unit (in particular its electrical capacity), the actual amount of the bonus payment is either determined in a competitive tender process or by statutory law, i.e., by the respective amounts set out in the KWKG. The bonus payment is in both cases limited in time. The maximum amount of all bonus payments under the KWKG may not exceed € 1.8 billion per calendar year. In addition, the portion of the network fee that is avoided by the decentralized electricity feed in of this CHP-unit as currently calculated according to the Ordinance on the Fee for Access to Electricity Power Networks (*Stromnetzentgeltverordnung*) is added to the bonus payment for the CHP-units not subject to tendering. Insofar as we feed the electricity generated by CHP-units into the grid systems, we are entitled to the payments under the KWKG if we fulfill the necessary requirements.

The EEG provides for funding schemes for operators of renewable power plants. The feed-in tariff model and the market premium model are the main funding schemes, with the market premium model being the standard scheme. Under the feed-in tariff model, operators sell electricity to the respective Transmission System Operator ("TSO") and obtain a long-term fixed price specific to the energy source used to generate electricity. In return, the TSOs sell the generated electricity on the market. By contrast, operators participating in the market premium model sell the generated electricity directly on the market (or employ a third-party direct marketer to do so on their behalf). They obtain a so-called market premium that represents the difference between the average electricity exchange market price of that particular energy source and a strike floor price determined specifically for this type of energy. Especially for plants receiving support for the first time from 2017 onwards, this value is in most cases determined in a tendering procedure. For electricity from plants that were commissioned before January 1, 2023, the amount of the market premium is calculated on the basis of the monthly market value specific to the energy source. For newer plants, this is calculated on the basis of the energy source-specific annual market value. Due to the recently agreed EU electricity market reform, EEG support for new installations will in the future only be granted on the basis of double-sided contracts-for-difference subject to a transition period. The Council and the Parliament agreed on the implementation of a double-sided contract-for-difference scheme in a trilogue procedure for a Regulation to improve the European Union's Electricity Market Design. It is expected that the respective European laws will be amended as stipulated in the compromise. As a result, Member States will have to change their funding schemes and national laws, including the EEG. Notably, two-sided contract-for-difference schemes will become mandatory only for investments in new power-generating facilities. However, existing facilities subject to the current funding schemes are grandfathered and will not be affected. This obligation is set to take effect (in principle) three years after the date of entry into force of the new Regulation with the exception of offshore hybrid asset projects connected to two or more bidding zones for which the transition period is five years.

We produce electricity with our approximately 300 CHP-units (including 20 units that we have leased to a third-party operator) under service from both renewable energy sources and natural gas. As a result, we are entitled to remuneration according to the KWKG and the EEG. However, we may not claim remuneration under the EEG and the KWKG simultaneously but must opt for remuneration either under the EEG or under the KWKG for the amounts of electricity produced by the individual CHP-units.

The conditions under which remuneration may be claimed under the KWKG and the EEG have been restricted by amendments to both acts, making remuneration payments for a large number of installations subject to an award in a competitive tender process. It is possible that the remuneration schemes for both CHP-units and installations generating electricity by using renewable sources may become more restrictive in the future. See "*Risk Factors—Risks Related to Our Business—Operators of combined heat and power units in Germany may benefit from price support schemes under the Act on Combined Heat and Power Generation and the Act on Renewable Energy Sources. Recent and future amendments to these regulations could have a negative impact on our business*."

Depending on the rated thermal input and the fuel used (for example, coal, gas or oil), conventional heat generating plants and/or CHP-units may require a license under the German Imissions Control Act (*Bundes-Immissionsschutzgesetz*). The licenses are tied to the obligation to avoid harmful effects to the environment or any other hazards, significant disadvantages and significant nuisances to the general public and the neighborhood, and to take precautions to prevent any harmful effects to the environment or any other hazards, significant disadvantages and significant nuisances, particularly by such measures as are appropriate according to the best available techniques. Depending on their size, energy plants may also be subject to environmental impact assessment requirements under the German Environmental Impact Assessment Act (*Gesetz über die Umweltverträglichkeitsprüfung*) during the licensing process. Even in case CHP-units do not require a license under imissions control laws, they must still comply with the general requirements of the German Emissions Control Act, which are always applicable even to installations not requiring a license.

In 2010, the EU adopted Directive 2010/31/EU on the energy performance of buildings (Energy Performance of Buildings Directive, "EPBD") which has been amended several times in the meantime. The principal objective of the EPBD is to improve energy performance of buildings through cost-efficient metering. EU member states have to implement a methodology for the calculation of the energy performance of buildings and set regulations of minimum energy requirements for new and existing buildings. Detailed calculations are determined by each EU member state on its own in a frame set by the EPBD. Additionally, EU member states are obliged to ensure that energy performance certificates are issued, in particular whenever a building is constructed, sold or rented out, and that inspections of boilers and heating systems are carried out. Currently, the Commission, the Parliament and the Council are in the process of amending the EPBD again and have achieved a provisional agreement on December 7, 2023. It is expected that the EPBD will be adopted in 2024. The agreed amendment sets out more ambitious goals for energy-efficient renovation of residential buildings and requires new publicly-owned buildings to be emission-free as from 2028 and all other new building as from 2030, with the possibility for specific exemptions. Furthermore, the amendment provides that where technically, economically and functionally feasible, new residential buildings and residential buildings undergoing major renovation are to be equipped with electronic monitoring and control functionalities. Other features that could lead to additional growth areas for us are the so-called "Smart Readiness Indicator," a common EU scheme for rating the smart readiness of buildings and the obligation for certain buildings to be equipped with devices for the monitoring and regulation of indoor air quality.

The EPBD was initially implemented into German law by the German Act on Energy Savings (*Energieeinsparungsgesetz*) and the German Energy Savings Ordinance (*Energieeinsparverordnung*) which have by now been consolidated into the German Buildings Energy Act (*Gebäudeenergiegesetz*). This law includes standards that energy installations in buildings need to comply with, for example the requirement that part of the energy used for heating and cooling must come from renewable sources. It aims at a largely climate-neutral inventory of existing buildings by 2045 and around 40% savings in final energy consumption through efficiency measures on the building envelope and construction technology compared with 2020. The German Buildings Energy Act sets out specific requirements for energy certificates for buildings.

The most recent amendment to the German Buildings Energy Act is that as of October 2023, newly installed heating systems must run on at least 65% of renewable energy. However, this requirement is linked to the German Act for Heat Planning and Decarbonization of Heat Networks (*Gesetz für die Wärmeplanung und zur Dekarbonisierung der Wärmenetze*), which entered into force on January 1, 2024. The German Act for Heat Planning and Decarbonization of Heat Networks requires the federal states (*Bundesländer*) to develop heat plans, with municipalities expected to take on this task. Heat plans must be developed in large cities (municipal areas with more than 100,000 inhabitants) by June 30, 2026, and in municipalities with fewer than 100,000 inhabitants by June 30, 2028. The obligation of 65% is not mandatory until a heat plan is in place. Therefore, this provision only applies as of 2024 and only to heating systems in new buildings in areas of new residential developments. New oil and gas heating systems can continue to be installed in existing buildings and new buildings outside of new development areas until the respective municipality has presented a plan for the transition to climate-neutral heating.

Under the German Electricity Tax Act (*Stromsteuergesetz*), tax relief for the electricity used to produce light, heat and other forms of secondary energy are granted to manufacturing companies (*Unternehmen des Produzierenden Gewerbes*) if the secondary energy is used by a manufacturing company. Furthermore, CHP operators are entitled to tax relief under the German Energy Tax Act (*Energiesteuergesetz*), especially if natural gas or heating oil is used in CHP plants. Manufacturing companies may also be granted partial tax reliefs in other cases, provided the secondary energy produced by the energy product is used by a manufacturing company.

Ability to Allocate Costs of Energy Contracting

Pursuant to Section 556c of the BGB, a landlord of residential and commercial units is expressly entitled to allocate the costs of energy contracting to tenants if (i) the tenants are contractually obligated to bear the costs of heating or hot water, (ii) heat is delivered in a more efficient way than before (either by new installation by the contractor or by a heat energy network) and (iii) the energy contracting solution is cost neutral for the tenant. If the annual efficiency rate of an existing installation is 80% or more, it is sufficient that the energy contractor improves the efficiency of the operation of the energy delivery (rather than complying with clause (ii) above). The cost neutrality is determined in a calculation formula set forth in the WärmeLV. According to Sections 8-10 WärmeLV, cost neutrality would be achieved if the expected annual costs of the energy contracting solution to the tenants would not have exceeded the average heating and hot water costs paid by the tenants in the last three years (calculated based on the volume utilized in those last three years and prices of the last year, taking into account price adjustments). The above rules are mandatory for residential rent agreements. The rules apply to all cases where a rent agreement is in place and the contracting system has been, or is, implemented at any time since July 1, 2013, during the lifetime of an existing rent agreement. For those rent agreements, the former case law of the Bundesgerichtshof that the landlord can introduce energy contracting without tenant's consent if the rent agreement referred to the Ordinance on Operative Costs (*Betriebskostenverordnung*) or the predecessor ordinance (Annex 3 to the Second Calculation Ordinance—*Anlage 3 zur IL Berechnungsverordnung*) or provided otherwise for the allocability of costs of close-range heating or energy contracting, has by now become obsolete.

By contrast, the requirements of Section 556c of the BGB do not apply to energy contracting arrangements lawfully implemented before the enactment of Section 556c of the BGB on July 1, 2013, or to new rent agreements where energy contracting has already been implemented. This legislation, especially the requirement of cost neutrality, may negatively affect the possibility for our customers to pass on costs for energy contracting. See "*Risk Factors—Risks Related to Our Business—Restrictions on our customers' ability to allocate the costs of our services to their tenants may discourage them from utilizing our services and thus adversely affect our results of operation. In addition, price adjustment provisions in our customer contracts may be held invalid by courts*." The requirement of cost neutrality also potentially limits our customer's ability to switch to energy contracting based on renewable energy sources, as they may not be cost competitive.

Techem Water Technology

Techem also provides services to its customers and supplies equipment to protect drinking water systems and building pipes against calcification or corrosion. In this context, special requirements from the Drinking Water Ordinance (*Trinkwasserverordnung*) must be observed. This includes the regulation in accordance with Section 13 Paragraph 5 of the Drinking Water Ordinance according to which only certain substances or objects may be used in the extraction, treatment and distribution of drinking water which are intended for the supply of drinking water. Already introduced substances or objects which do not serve the purpose of drinking water supply must be removed from the raw water or drinking water by January 9, 2025. This also applies to procedures already in use which are not intended to supply drinking water. Nevertheless, it is unclear to what extent the procedures used by Techem to protect against calcification and corrosion are also affected.

MANAGEMENT

The Senior Secured Notes Issuer

The Senior Secured Notes Issuer is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany, with its registered office at Hauptstraße 89, 65760 Eschborn Germany, and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main, Germany under registration number HRB 111564.

The following table sets forth the names, ages and positions of the directors of the Senior Secured Notes Issuer.

Name	Age	Position
Matthias Hartmann	58	Managing Director
Dr. Carsten Sürig	58	Managing Director
Nicolai Kuß	49	Managing Director

The biographies of Matthias Hartmann, who also serves as Chief Executive Officer, Dr. Carsten Sürig, who also serves as Chief Financial Officer, and Nicolai Kuß, who also serves as Chief Sales Officer, are presented below.

Techem's Executive Team

The current members of our executive team are as follows:

Name	Age	Title
Matthias Hartmann	58	Chief Executive Officer
Dr. Carsten Sürig	58	Chief Financial Officer
Nicolai Kuß	49	Chief Sales Officer

The following are brief biographies of the current members of the executive team.

Matthias Hartmann. Mr. Hartmann was appointed Chief Executive Officer on January 16, 2020. Mr. Hartmann also serves various other companies in an advisory capacity or as a managing director, including the Digital Expert Board at Postbank Gruppe, Honestly and Opeepl. From January 2018 to mid-January 2020, Mr. Hartmann served as Chairman of the Management Board for IBM Germany GmbH and as General Manager of IBM Germany, Austria and Switzerland (DACH). From 2011 to 2016, Mr. Hartmann served as Chief Executive Officer of GfK SE, a global market research company. Prior to joining GfK SE, Mr. Hartmann served for 23 years in several national and international roles at IBM, including as Global Leader and Partner of Strategy and Industries. Mr. Hartmann graduated from Baden-Württemberg Cooperative State University with a degree in Business Administration with a focus on Information Technology.

Dr.-Ing. Carsten Sürig. In March 2019, Dr. Sürig was appointed Chief Financial Officer (and Chief Performance Officer until June 2023). Dr. Sürig was also appointed as a member of the Senior Secured Notes Issuer's board of directors in March 2019. Since July 2023, Dr. Sürig has only served as the Chief Financial Officer of Techem. Prior to joining Techem, Dr. Sürig served as an advisor to Techem following the Acquisition, and played the leading role in designing and the execution of the *ENERGIZE-T* value creation program. Having served as a senior partner of the management consultancy team as well as a member of the management group of McKinsey & Company, Inc.'s European Electric Power and Natural Gas Practice, Dr. Sürig has more than 20 years of experience in the energy sector. Dr. Sürig earned his diploma and PhD degree in electrical engineering from RWTH Aachen University.

Nicolai Kuß. Mr. Kuß was appointed Chief Sales Officer in March 2019. Mr. Kuß previously served as Techem's Chief Operating Officer, a position to which he was appointed in December 2016. Mr. Kuß was also appointed as a member of the Senior Secured Notes Issuer's board of directors in November 2018. As Chief Sales Officer, he is responsible for driving the Group's goal of increasing its focus on its customers and improving operational efficiencies. Mr. Kuß began his professional career with the consulting firm Ernst & Young in 1999 and subsequently gained extensive experience in the real estate industry. Mr. Kuß served as a member of the German management of Fortress Investment Group and was responsible for the operational business of the GAGFAH Group (which later merged with Deutsche Annington and was renamed to Vonovia) as Chief Operating Officer, and he served as a member of the management team for six years. Mr. Kuß has also served as Chief Investment Officer and as a member of the Management Board of Deutsche Immobilien Chancen Group. Mr. Kuß graduated from EBS Universität für Wirtschaft und Recht with a Masters of Business Administration (*Diplom-Kaufmann*).

Employment Contracts

Mr. Hartmann, Dr. Sürig and Mr. Kuß each have a fixed-term service contract ending March 31, 2027. Remuneration mainly includes base salary, variable cash incentives and a company car. In addition, the contracts include a standard commitment not to compete during and after their employment.

Committees

The Senior Secured Notes Issuer's board of directors does not have formal committees.

Board Practices

Techem is committed to fulfilling corporate governance requirements. We maintain internal guidelines (such as purchasing directives) and a code of conduct which is to be countersigned and adhered to by our employees. In addition, an internal audit department regularly carries out examinations on different topics.

Compensation

The members of the Management Board receive remuneration that consists of the following main components:

- a fixed annual base salary, which is paid in monthly installments;
- a variable bonus that incentivizes the fulfillment of certain company targets and a joint discretionary component; and
- the management participation program ("MEP").

For the financial year ended September 30, 2023, the remuneration of the key management personnel amounted to €3.6 million, which only comprises short-term employee benefits. The remuneration mentioned above includes outstanding payments of €1.9 million, at the balance sheet date for which provisions were recognized. These outstanding payments solely relate to the variable remuneration.

PRINCIPAL SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Principal Shareholders

The Senior Secured Notes Issuer is a limited liability company incorporated under the laws of Germany (*Gesellschaft mit beschränkter Haftung*) and a wholly owned subsidiary of the Senior Notes Issuer, a limited liability company incorporated under the laws of Germany. The Senior Notes Issuer is a wholly owned subsidiary of German HoldCo, a limited liability company incorporated under the laws of Germany, which in turn is a wholly owned subsidiary of German MidCo, a limited liability company incorporated under the laws of Germany. German MidCo is a wholly owned subsidiary of German TopCo, a limited liability company incorporated under the laws of Germany, which in turn is a wholly owned subsidiary of Lux TopCo, a private limited liability company (*société à responsabilité limitée*) incorporated under Luxembourg law. The Sponsors indirectly hold all of the share capital of Lux TopCo.

As of December 31, 2023, entities managed or controlled by Partners Group held 59.63% of the share capital of Lux TopCo, by CDPQ held 24.50% and by OTPP held 15.87% of the share capital of Lux TopCo, respectively.

Related Party Transactions

In the course of our ordinary business activities, we regularly enter into agreements with companies within the Group. These agreements mainly relate to the supply of metering devices, to the granting of licenses and the rendering of intragroup services, such as the provision of software and IT, treasury, controlling and other services as well as marketing services. In addition, entities within our Group enter into financing and cash pooling agreements.

We believe that all transactions with subsidiaries are negotiated and executed on an arm's-length basis and that the terms of these transactions are comparable to those currently contracted with unrelated third-party suppliers and service providers.

We have also engaged in various financing transactions with our shareholders in connection with the Acquisition.

Management and Support Services Agreement

Following the Acquisition, we entered into a management and support services agreement with a related company of certain of our shareholders, pursuant to which the related company of certain of our shareholders provides financial oversight, monitoring services and other advisory services to the Group throughout the year for an annual fee. In the financial year ended September 30, 2023, we paid a service fee pursuant to this agreement to the related company of certain of our shareholders amounting to €8.5 million (the "Service Fee"). The Service Fee is not a related party transaction under IAS 24 (Related Party Disclosures).

Management Equity Participation Program and Long-Term Incentive Plan

In connection with the Acquisition, one of the Sponsors established a management equity participation ("MEP") program in March 2019. The subscribing managers entered into an equity participation agreement ("Equity Participation Agreement") governing their rights and obligations in connection with their investments in German TopCo. The Equity Participation Agreement contains customary provisions, including the opportunity to invest indirectly in the Group and to share in any increase in value through their own investment. The management participation program is accounted for as equity-settled share-based payment. In spring 2022, a long-term incentive plan ("LTIP") was launched as a further share-based program. This initially provides for an opportunity to certain of our employees to participate on the same terms as in the MEP above. In addition, both the MEP and the LTIP provide for an exit bonus, which will be paid out in the event of defined exit scenarios.

DESCRIPTION OF OTHER INDEBTEDNESS

The following summary of certain provisions of the documents listed below governing certain of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

Certain defined terms used in the following descriptions but not defined herein have the meanings assigned to them in the Senior Facilities Agreement. For purposes of this section, references to "Subsidiary Guarantors" are to Techem Solutions GmbH (formerly named Techem Energy Contracting GmbH), Techem Energy Services GmbH, Techem GmbH and Techem Metering GmbH, collectively, and references to the "Guarantors" are to the Senior Secured Notes Issuer and the Subsidiary Guarantors, together.

Senior Facilities Agreement

The Senior Secured Notes Issuer, entered into a senior facilities agreement on July 19, 2018 (the "Initial Senior Facilities Agreement") with, among others, Credit Suisse AG, London Branch as agent, the Security Agent, BNP Paribas Fortis SA/NV, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank Deutschland, Niederlassung einer Französischen Société Anonyme, Credit Suisse AG, London Branch, Deutsche Bank AG, London Branch, Natixis, NatWest Markets PLC, Sumitomo Mitsui Banking Corporation, Dusseldorf Branch, UniCredit Bank AG as mandated lead arrangers and the original lenders as set out therein. The Initial Senior Facilities Agreement provided for a revolving credit facility in a principal amount of €275.0 million (the "Revolving Credit Facility") and a senior term loan facility ("Facility B" and, together with the Revolving Credit Facility, the "Senior Credit Facilities"). On July 31, 2018 (such date being the "Effective Date"), the senior facilities agreement dated August 3, 2017 with, among others, Techem GmbH and the lenders named therein (the "Existing Senior Facilities Agreement") was amended, restated and merged with the Initial Senior Facilities Agreement. The resulting credit agreement had commitments under Facility B in an aggregate principal amount equal to €2,340.0 million. Facility B initially comprised two tranches, Facility B1 and Facility B2 which were each utilized in full on July 31, 2018. On July 25, 2019, pursuant to an additional facility notice dated July 24, 2019 from the Senior Secured Notes Issuer to Credit Suisse AG, London Branch as Agent (the "Facility B3 AFN"), the Senior Secured Notes Issuer refinanced the two Facility B tranches, Facility B1 and Facility B2, with a single €2,340.0 million additional term loan facility, Facility B3. Facility B3 was utilized in full on July 25, 2019. Pursuant to an additional facility notice dated January 27, 2020 from the Senior Secured Notes Issuer to Credit Suisse AG, London Branch as Agent (the "Facility B4 AFN"), the Senior Secured Notes Issuer established an additional term loan facility ("Facility B4") in an amount equal to €1,145.0 million which was drawn in full and the proceeds were used, together with the proceeds of the 2% Notes due 2025, to refinance Facility B3 in full. On October 25, 2023, the Senior Secured Notes Issuer entered into an amendment and restatement agreement to the Existing Senior Facilities Agreement, pursuant to which the final maturity date of the Revolving Credit Facility was extended from the date falling 78 Months after the initial utilization date of Facility B to the date falling 83 Months after the initial utilization date of Facility B (the "RCF Maturity Extension"). On March 14, 2024, the Senior Secured Notes Issuer entered into a further amendment and restatement agreement to the Existing Senior Facilities Agreement, pursuant to which, with effect from the "Effective Date" (as defined therein, the "Facility B5 Effective Date") (i) a new term facility will be established in an amount equal to €1,800.0 million ("Facility B5") with an extended maturity date of 15 July 2029 and (ii) a new revolving credit facility will be established in an amount equal to €375.0 million ("Revolving Credit Facility 2") with an extended maturity date of 15 January 2029 (or (x) if the First Maturity Reset Event occurs, 15 June 2025, or (y) if the Second Maturity Reset Event occurs, 30 March 2026) (the "Senior Facilities Extension and Upsize"). The Facility B5 Effective Date is expected to occur on or around the Issue Date and the proceeds of Facility B5 will be drawn on the Facility B5 Effective Date and used in part to refinance Facility B4 in full and in part to refinance a portion of the 2% Notes due 2025. Following the establishment of the Revolving Credit Facility 2 on the Facility B5 Effective Date, the Revolving Credit Facility will be permanently reduced to an amount equal to €23,375,000 with the remainder of the drawn amounts under the Revolving Credit

Facility being refinanced from the proceeds of Revolving Credit Facility 2. In this description: (i) the "Senior Facilities Agreement" refers to the credit agreement resulting from the amendment, restatement and merger of the Existing Senior Facilities Agreement and the Initial Senior Facilities Agreement, as amended by the Facility B3 AFN and the Facility B4 AFN, the RCF Maturity Extension and the Senior Facilities Extension and Upsize, (ii) any reference in this description to "the date of the Senior Facilities Agreement" (or any derivatives thereof) refers to the Effective Date, (iii) any reference to "the date of the first utilization of Facility B" (or any derivatives thereof) refers to the Effective Date; and (iv) unless the context otherwise requires, any reference to the Revolving Credit Facility is to the Revolving Credit Facility as extended by the RCF Maturity Extension, together with Revolving Credit Facility 2.

Facility B1 was utilized by the Senior Secured Notes Issuer on July 31, 2018 and was applied in or towards (i) financing or refinancing consideration paid or payable for the Acquisition, (ii) refinancing or otherwise discharging any of the existing debt of the Techem Metering and its subsidiaries and paying any related breakage costs, redemption premium, make-whole costs and other fees, costs and expenses payable in connection with such refinancing or discharge, (iii) financing or refinancing the payment of any costs incurred in connection with the Acquisition and all other fees, costs and expenses payable in connection with the Acquisition and the financing of thereof and (iv) any other purpose contemplated by the funds flow statement and/or the tax structure memorandum relating to the Acquisition. The amount of Facility B2 was equal to certain amounts which were outstanding under the Existing Senior Facilities Agreement and was deemed to have been historically utilized by Techem Metering GmbH and Techem GmbH.

Facility B3 was utilized by the Senior Secured Notes Issuer, Techem Metering GmbH and Techem GmbH on July 25, 2019 and was applied (directly or indirectly) towards (i) the refinancing (including on a cashless basis) of any outstanding indebtedness under Facility B1 and/or the Facility B2, (ii) paying any breakage costs, redemption premium, make-whole costs and other fees, costs and expenses payable in connection with such refinancing; and/or (iii) (to the extent not applied for a purpose set out in (i) to (ii) above) any other purpose to which the relevant borrower may apply amounts drawn under the Revolving Credit Facility.

Facility B4 was utilized by the Senior Secured Notes Issuer on January 29, 2020 and was applied (directly or indirectly) towards (i) the refinancing (including on a cashless basis) of any outstanding indebtedness under Facility B3 after giving effect to the issuance of the 2% Notes due 2025 and the application of proceeds thereof, (ii) paying any breakage costs, redemption premium, make-whole costs and other fees, costs and expenses payable in connection with such refinancing; and/or (iii) (to the extent not applied for a purpose set out in (i) to (ii) above) any other purpose to which the relevant borrower may apply amounts drawn under the Revolving Credit Facility.

Facility B5 will be utilized by the Senior Secured Notes Issuer on the Facility B5 Effective Date and will be applied (directly or indirectly) towards (i) the refinancing (including on a cashless basis) of any outstanding indebtedness under Facility B4; (ii) the refinancing of outstanding indebtedness under the 2% Notes due 2025; (iii) paying any breakage costs, redemption premium, make-whole costs and other fees, costs and expenses payable in connection with such refinancing; and/or (iv) (to the extent not applied for a purpose set out in (i) to (iii) above) any other purpose to which the relevant borrower may apply amounts drawn under the Revolving Credit Facility.

Revolving Credit Facility 2 will be utilized by the Senior Secured Notes Issuer on the Facility B5 Effective Date and will be applied (directly or indirectly) towards (i) the refinancing (including on a cashless basis) of certain outstanding indebtedness under the Revolving Credit Facility; (ii) paying any breakage costs, redemption premium, make-whole costs and other fees, costs and expenses payable in connection with such refinancing; and/or (iii) (to the extent not applied for a purpose set out in (i) to (iii) above) any other purpose to which the relevant borrower may apply amounts drawn under the Revolving Credit Facility.

The Revolving Credit Facility may be utilized on an ongoing basis by Techem Metering GmbH, Techem GmbH, the Senior Secured Notes Issuer and certain of its restricted subsidiaries who accede to the Senior Facilities Agreement as additional borrowers, in euros, US dollars and pounds-sterling, and certain other currencies readily available in the relevant interbank market (subject to obtaining the consent of all of the relevant Revolving Credit Facility lenders) by the drawing of cash advances, the issue of letters of credit and the making available of ancillary facilities (on a bilateral and/or fronted basis).

The Revolving Credit Facility may be used for (i) the financing or refinancing the general corporate purposes and/or working capital requirements of the Senior Secured Notes Issuer and its restricted subsidiaries (together the "Senior Secured Group") (including, without limitation, the financing or refinancing of capital expenditure, any permitted acquisitions, acquisition costs, investments and joint ventures, operational restructurings and reorganization requirements of the Senior Secured Group, financing or refinancing financial indebtedness of the Senior Secured Group or any acquisition target and paying any related breakage costs, redemption premium, make-whole costs and other fees, costs and expenses payable in connection with such refinancing or discharge, any required original issue discount fees or any additional original issue discount fees or funding any market flex or any ticking fees required to be paid in connection with and any interest accruing on indebtedness) and (ii) any other purpose contemplated by the funds flow statement and/or the tax structure memorandum relating to the Acquisition.

In addition to the Revolving Credit Facility and Facility B5, the Senior Facilities Agreement includes (in addition to the other permissions under the limitation on indebtedness covenant) the ability (without double counting against the limitation on indebtedness covenant) to incur additional indebtedness (including one or more uncommitted additional facilities within the Senior Facilities Agreement and/or any additional notes and/or other facilities or notes documented outside of the Senior Facilities Agreement up to an aggregate amount of the greater of €401 million and 75% of LTM EBITDA (as defined in the Senior Facilities Agreement and subject to certain customary additions including the amount of prepayments and buy-backs)), plus an unlimited amount, provided that, *pro forma* for the incurrence of such additional facilities or permitted alternative debt: (i) if such indebtedness is secured on the same collateral as the liabilities under the Senior Facilities Agreement, and subject to the Intercreditor Agreement such that such liabilities rank *pari passu* with the liabilities under the Senior Facilities Agreement, the Consolidated Senior Secured Net Leverage Ratio (as defined in the Senior Facilities Agreement) does not exceed 5.80:1; or (ii) if the indebtedness does not fall within sub-paragraph (i), the Consolidated Total Net Leverage Ratio (as defined in the Senior Facilities Agreement) does not exceed 7.20:1, and in each case, subject to certain adjustments and *pro forma* calculations and subject to certain other conditions being met.

Conditions Precedent

Utilizations of the Senior Credit Facilities are subject to customary conditions precedent.

Interest and Fees

Loans under the Senior Credit Facilities currently bear interest at rates per annum equal to EURIBOR (or in the case of Revolving Credit Facility loans drawn in pounds sterling or US dollars, SONIA or term SOFR (as applicable)) plus an applicable margin, which is subject to a decreasing margin ratchet based on the ratio of consolidated senior secured net debt to consolidated *pro forma* EBITDA (each as defined in the Senior Facilities Agreement) (the "Senior Secured Net Leverage Ratio").

The margin applicable to the Revolving Credit Facility is currently subject to adjustment by reference to the Senior Secured Net Leverage Ratio as shown in the then most recent compliance certificate, to equal the rate per annum set out in the following table:

	Revolving Credit Facility Margin
	(% p.a.)
Senior Secured Net Leverage Ratio:	
Greater than 5.55x	2.75
Greater than 5.30x but equal to or less than 5.55x	2.50
Greater than 5.05x but equal to or less than 5.30x	2.25
Greater than 4.80x but equal to or less than 5.05x	2.00
Equal to or less than 4.80x	1.75

From the first day following six months following the date of first utilization of Facility B5, the margin applicable to Facility B5 is subject to adjustment by reference to the Senior Secured Net Leverage Ratio as shown in the then most recent compliance certificate, to equal the rate per annum set out in the following table:

	Facility B5 Margin
	(% p.a.)
Senior Secured Net Leverage Ratio:	
Greater than 4.00x	3.75
Greater than 3.50x but equal to or less than 4.00x	3.50
Equal to or less than 3.50x	3.25

If EURIBOR is less than zero, EURIBOR shall be deemed to be zero in respect of loans made in euro under Facility B or the Revolving Credit Facility (as applicable). If term SOFR or SONIA is less than zero, term SOFR or SONIA (as applicable) shall be deemed to be zero in respect of loans made under the Revolving Credit Facility in US dollars or pounds-sterling, as applicable.

A commitment fee is payable on the aggregate undrawn and uncanceled amount of the Revolving Credit Facility (excluding Revolving Credit Facility 2) from the date of first utilization of Facility B1 to the end of the availability period applicable to the Revolving Credit Facility (excluding Revolving Credit Facility 2) at a rate of 30% of the applicable margin for the Revolving Credit Facility. A commitment fee will be payable on the aggregate undrawn and uncanceled amount of the Revolving Credit Facility 2 from the date of first utilization of Facility B5 to the end of the availability period applicable to the Revolving Credit Facility 2 at a rate of 30% of the applicable margin for the Revolving Credit Facility. Commitment fees are payable quarterly in arrears and on the date of the Revolving Credit Facility is canceled in full or on the date on which the relevant lender(s) cancels its commitment.

Default interest is calculated as an additional 1% on the defaulted amount.

Repayments

The loan(s) made under Facility B1, Facility B2 and Facility B3 are required to be repaid in full on the date which is seven years from the date of first utilization of Facility B1. The loan(s) made under Facility B4 are required to be repaid in full on 15 July 2025. The loan(s) made under Facility B5 will be required to be repaid in full on 15 July 2029. In respect of the Revolving Credit Facility, each advance is required to be repaid on the last day of the interest period relating thereto, subject to an ability to roll-over cash drawings. All outstanding amounts under the Revolving Credit Facility are required to be repaid on the date falling 83 months from the date of first utilization of Facility B1. All outstanding amounts under the Revolving Credit Facility 2 will be required to be repaid on 15 January 2029 (or (x) if the First Maturity Reset Event occurs, 15 June 2025, or (y) if the Second Maturity Reset Event occurs, 30 March 2026). “First Maturity Reset Event” means if as of 15 June 2025, the aggregate principal amount of 2% Notes due 2025 with a final maturity date on or prior to 15 July 2025 together with any outstanding amounts under Facility B4 is greater than €750.0 million. “Second Maturity Reset Event” means if as of 30 Mach 2026 the First Maturity Reset Event has not occurred and the aggregate principal amount of Senior Notes with a final maturity date of 30 July 2026 is greater than €363.9 million. Amounts repaid by the borrowers in respect of loans made under the Revolving Credit Facility may be reborrowed, subject to certain conditions.

Mandatory Prepayment

The Senior Facilities Agreement permits voluntary prepayments to be made (subject to certain *de minimis* amounts) and will require mandatory prepayment in full or in part in certain circumstances:

- on an initial public offering which does not constitute a change of control (with the percentage of proceeds to be prepaid being determined on the basis of Senior Secured Net Leverage Ratio) (a "Listing Prepayment");
- from certain net cash proceeds received by the Senior Secured Group from certain asset disposals, to the extent not otherwise applied for a permitted purpose and required to be applied in prepayment of the Senior Credit Facilities and subject to a *de minimis* amount; and
- unless otherwise agreed by the majority lenders under the Senior Facilities Agreement, for each financial year (commencing with the first full financial year following the date on which Facility B is first utilized), a percentage of excess cash flow in the event that excess cash flow exceeds a minimum threshold amount (subject to certain adjustments based on a variety of factors including anticipated debt service, distributions to be paid to minority shareholders and certain other expenses), which percentage decreases as the Senior Secured Net Leverage Ratio decreases (an "Excess Cash Flow Prepayment").

Upon the occurrence of a change of control (as defined in the Senior Facilities Agreement), each lender under the Senior Facilities Agreement shall be entitled to require prepayment of its commitments within a prescribed time period. A change of control includes, without limitation:

- any person becoming the beneficial owner of more than 50% of the voting power of the Senior Secured Notes Issuer, other than in connection with any transaction or series of transactions in which the Senior Secured Notes Issuer shall become the wholly owned subsidiary of a parent entity (as defined in the Senior Facilities Agreement) subject to certain conditions;
- the Senior Notes Issuer (together with any designee holding shares as a result of certain regulatory requirements binding on Canadian pension schemes (a "30% Rule Designee")) ceasing to own 100% of the share capital of the Senior Secured Notes Issuer (or any successor or merger entity thereof); and
- the sale (or certain similar transactions) of substantially all of the assets of the Senior Secured Group (taken as a whole) to any person (subject to certain exceptions).

At the election of the Senior Secured Notes Issuer, amounts required to be prepaid pursuant to a Listing Prepayment or an Excess Cash Flow Prepayment may instead be applied in repayment of any other indebtedness of the Senior Secured Group ranking *pari passu* with Facility B.

Guarantees and Security

The Senior Credit Facilities are, as at the date of this Offering Memorandum, guaranteed by the Senior Secured Notes Issuer and the Subsidiary Guarantors, and are secured by (i) first ranking pledges over the shares in the Senior Secured Notes Issuer and each Subsidiary Guarantor; (ii) first ranking pledges over the material bank accounts of the Senior Secured Notes Issuer and each Subsidiary Guarantor; and (iii) security assignment of structural intercompany receivables owed by the Senior Secured Notes Issuer to its immediate holding company.

Subject to certain adjustments and agreed security principles in the Senior Facilities Agreement (elements of which are described below), the Senior Secured Notes Issuer is required to ensure that members of the Senior Secured Group that generate at least 80% of the consolidated EBITDA of the Senior Secured Group (subject to certain adjustments as set out in the Senior Facilities Agreement) are guarantors under the Senior Facilities Agreement (i) on the date which is 90 days after the date on which Facility B is first utilized and (ii) thereafter on the date on which the annual financial statements of the Senior Secured Notes Issuer are required to be delivered to the agent under the Senior Facilities Agreement (provided that, if such guarantor coverage test is not met at the relevant date in (ii), no default will arise provided that the test is met within 90 days of such date). The Senior Secured Notes Issuer is also required to ensure that, subject to certain adjustments and agreed security principles, certain material subsidiaries are guarantors under the Senior Facilities Agreement.

The provisions and the terms of the security and guarantees set forth above will in all cases be subject to certain limitations (including certain agreed security principles and an ability for the Senior Secured Notes Issuer to request that documents are amended so as to reflect those agreed security principles).

Agreed Security Principles

The Senior Facilities Agreement contains certain "Agreed Security Principles" which regulate the terms of security granted in connection with the Transactions. The effect of these is that certain property, rights and assets may not be pledged, and any pledge over property, rights and assets may be limited (or liens not perfected), in accordance with the Agreed Security Principles (as defined and as set out in full in the Senior Facilities Agreement). The following is a non-exhaustive summary of certain terms of the Agreed Security Principles:

(a) general legal and statutory limitations, regulatory restrictions, financial assistance, anti-trust and other competition authority restrictions, corporate benefit, fraudulent preference, equitable subordination, "transfer pricing," "thin capitalization," "earnings stripping," "controlled foreign corporation" and other tax restrictions, "exchange control restrictions," "capital maintenance" rules and "liquidity impairment" rules, tax restrictions, retention of title claims, employee consultation or approval requirements and similar principles may limit the ability of an entity to provide a guarantee or security or may require that the guarantee or security be limited as to amount or otherwise and, if so, the guarantee or security will be limited accordingly, provided that, to the extent requested by the Security Agent before signing any applicable security or accession document, the relevant member of the Group shall use reasonable endeavors (for a period of not more than ten business days but without incurring material cost and without adverse impact on relationships with third parties) to overcome any such obstacle or otherwise such guarantee or security document shall be subject to such limit;

(b) a key factor in determining whether or not a guarantee or security will be taken (and in respect of the security, the extent of its perfection and/or registration) is the applicable time and cost (including adverse effects on taxes, interest deductibility, stamp duty, registration taxes, notarial costs guarantee fees payable to any person that is not a member of the Group and all applicable legal fees) which will not be disproportionate to the benefit accruing to the Secured Parties (as defined herein) of obtaining such guarantee or security;

(c) members of the Group will not be required to give guarantees or enter into security documents if they are not wholly owned by another member of the Group or if it is not within the legal capacity of the relevant members of the Group or if it would conflict with the fiduciary or statutory duties of their directors or contravene any applicable legal, regulatory or contractual prohibition or restriction or have the potential to result in a material risk of personal or criminal liability for any director or officer of or for any member of the Group, provided that, to the extent requested by the Security Agent before signing any applicable security document or accession document, the relevant member of the Group shall, in relation to a contractual prohibition or restriction only, use reasonable endeavors (for a period of not more than ten business days but without incurring material cost and without adverse impact on relationships with third parties) to overcome any such obstacle or otherwise such guarantee or security document shall be subject to such limit;

(d) guarantees and security will be limited so that the aggregate of notarial costs and all registration and like taxes and duties relating to the provision of security will not exceed an amount to be agreed between the Senior Secured Notes Issuer and the Security Agent;

(e) where a class of assets to be secured includes material and immaterial assets, if the cost of granting security over the immaterial assets is disproportionate to the benefit of such security, security will be granted over the material assets only;

(f) it is expressly acknowledged that it may be either impossible or impractical to create security over certain categories of assets in which event security will not be taken over such assets;

(g) any asset subject to a legal requirement, contract, lease, licence, instrument, regulatory constraint (including any agreement with any government or regulatory body) or other third party arrangement, which may prevent or condition the asset from being charged, secured or being subject to the applicable security document (including requiring a consent of any third party, supervisory board or works council (or equivalent)) and any asset which, if subject to the applicable security document, would give a third party the right to terminate or otherwise amend any rights, benefits and/or obligations with respect to any member of the group in respect of the asset or require the relevant chargor to take any action materially adverse to the interests of the group or any member thereof, in each case will be excluded from a guarantee or security document, provided that reasonable endeavors (for a period of not more than ten (10) business days but without incurring material cost) to obtain consent to charging any asset (where otherwise prohibited) shall be used by the group if the Security Agent specifies prior to the date of the security or accession document that the asset is material and the Senior Secured Notes Issuer is satisfied that such endeavors will not involve placing relationships with third parties in jeopardy;

(h) the giving of a guarantee, the granting of security and the registration and/or the perfection of the security granted will not be required if it would have a material adverse effect on the ability of the relevant entity to conduct its operations and business in the ordinary course as otherwise permitted (including dealing with the secured assets and all contractual counterparties or amending, waiving or terminating (or allowing to lapse) any rights, benefits or obligations, in each case prior to an acceleration event occurring under any relevant finance document which is continuing), and any requirement under the Agreed Security Principles to seek consent of any person or take or not take any other action shall be subject to this provision;

(i) any security document will only be required to be notarized if required by law in order for the relevant security to become effective or admissible in evidence;

(j) in each case if requested by the Senior Secured Notes Issuer, no guarantee or security will be required to be given by or over any Acquired Person or Asset (as defined herein) (and no consent shall be required to be sought with respect thereto) which are required to guarantee, secure or otherwise credit support certain indebtedness (including acquired indebtedness) (or in each case any refinancing indebtedness in respect of such indebtedness) to the extent such indebtedness is permitted by the relevant finance documents to remain outstanding after an acquisition. No member of a target group or other entity acquired pursuant to an acquisition not prohibited by the relevant finance documents (or member of the group making such acquisition) shall be required to become a guarantor or grant security with respect to any relevant finance document if prevented by the terms of the documentation governing the applicable debt or if becoming a guarantor or the granting of any security would give rise to an obligation (including any payment obligation) under or in relation thereto. No security or lien in favor of the other secured parties will be granted or continue to subsist over any asset of the Group secured for the benefit of any permitted indebtedness (including applicable debt) and to the extent constituting a Permitted Lien (as defined in the relevant finance document including any similar or equivalent definition);

(k) no title investigations or other diligence on assets will be required and no title insurance will be required;

(l) security will not be required over any assets subject to security in favor of a third party (other than in relation to security under general business conditions of account banks which do not prohibit or prevent the creation of such security over such accounts) or any cash constituting regulatory capital or customer cash (and such assets or cash shall be excluded from any relevant security document);

(m) to the extent legally effective, all security will be given in favor of the Security Agent and not the secured creditors individually (with the Security Agent to hold one set of security documents for all the relevant secured creditors); "parallel debt" provisions will be used where necessary (and included in the Intercreditor Agreement and not the individual security documents);

(n) no member of the Group will be required to take any action in relation to any guarantees or security as a result of any assignment, sub-participation or transfer by a secured creditor (and unless explicitly agreed to the contrary in the relevant finance documents no member of the Group shall bear or otherwise be liable for any taxes, any notarial registration or perfection fees or any other costs, fees or expenses that result from any assignment, sub-participation or transfer by a relevant secured creditor);

(o) each security document shall be deemed not to restrict or condition any transaction not prohibited under the relevant finance documents or the Intercreditor Agreement and the security granted under each security document entered into after the date on which the first utilization occurs under the Senior Facilities Agreement shall be deemed to be subject to these Agreed Security Principles, before and after the execution of the relevant security document and creation of the relevant security;

(p) no security may be provided on terms which are inconsistent with the turnover or sharing provisions in the Intercreditor Agreement;

(q) the secured creditors (or any agent or similar representative appointed by them at the relevant time) will not be able to exercise any power of attorney or set-off granted to them under the terms of the relevant finance documents prior to the occurrence of a relevant acceleration event which is continuing;

(r) no guarantee or security shall guarantee or secure any "Excluded Swap Obligations" defined in accordance with the LSTA Market Advisory Update dated February 15, 2013 entitled "Swap Regulations' Implications for Loan Documentation," and any update thereto by the LSTA;

(s) other than a general security agreement and related filing, no perfection, filing or other action will be required with respect to assets of a type not owned by members of the group;

(t) no security will be required to be granted over real estate, intellectual property, letter of credit rights, tort claims (or the equivalent in any jurisdiction), insurance policies, aircraft, ships and vessels, motor vehicles, governmental contracts or governmental or regulatory licences; and

(u) no translation of any document relating to any security or any asset subject to any security will be required to be prepared or provided to the Secured Parties (or any agent or similar representative appointed by them at the relevant time) unless (i) required for such documents to become effective or admissible in evidence and (ii) a relevant acceleration event is continuing.

Representations and Warranties

The Senior Facilities Agreement contains certain representations and warranties (subject to certain agreed qualifications and with only certain representations being repeated) including (i) status, (ii) binding obligations, (iii) non-conflict with other obligations, (iv) power and authority, (v) validity and admissibility in evidence, (vi) governing law and enforcement, (vii) filing and stamp taxes, (viii) no default, (ix), information memorandum, base case model and reports, (x) financial statements, (xi) no litigation, (xii) consents, filings and laws applicable to operations, (xiii) environmental laws, (xiv) taxation, (xv) no liens/guarantees/indebtedness, (xvi) *pari passu* ranking, (xvii) ownership, (xviii) acquisition documents, (xix) intellectual property, (xx) group structure, (xxi) pension schemes, (xxii) anti-corruption law/sanctions; (xxiii) insolvency and (xxiv) investment companies.

Certain representations are made on the date on which the Senior Facilities Agreement is signed, the date on which Facility B is first utilized, on the first day of an interest period and at certain other times.

Covenants

The Senior Facilities Agreement contains certain incurrence covenants, information undertakings and related definitions including (i) limitation on indebtedness, (ii) limitation on restriction payments, (iii) limitations on liens, (iv) limitation on restrictions on distributions from restricted subsidiaries, (v) limitations on sale of assets and subsidiary stock, (vi) limitations on affiliate transactions, (vii) merger and consolidation, (viii) additional guarantees and intercreditor agreements, (ix) no impairment of security interests and (x) designation of restricted and unrestricted subsidiaries. It also contains provisions for suspension of covenants on investment grade status.

In addition, the Senior Facilities Agreement also requires the Senior Secured Notes Issuer and certain of its restricted subsidiaries to observe certain other customary positive and negative covenants, subject to certain exceptions and grace periods, including covenants relating to (i) authorizations and consents, (ii) compliance with laws, (iii) *pari passu* ranking, (iv) insurances, (v) taxes, (vi) pension schemes, (vii) environmental undertakings, (viii) acquisition agreement, (ix) centre of main interests, (x) guarantees and security, (xi) further assurance, (xii) intercreditor agreement and (xiii) intercreditor agreement. It also contains provisions for modifications and suspensions in relation to those covenants upon qualifying listings and the meeting of certain ratings.

Solely for the benefit of the lenders participating in the Revolving Credit Facility, the Senior Facilities Agreement requires that, in the event that the aggregate amount of all cash loans drawn under the Revolving Credit Facility (excluding any utilizations by way of letters of credit (or bank guarantees) or ancillary facilities or any amounts utilized to fund any agreed fees in connection with the syndication of the Senior Facilities) exceeds 40% of the total commitments under the Revolving Credit Facility on the relevant testing date or, if higher, the total commitments under the Revolving Credit Facility on the date of the Senior Facilities Agreement (the "Revolving Test Condition"), the Senior Secured Net Leverage Ratio does not exceed 10:1. The Senior Secured Net Leverage Ratio is based on the definitions and adjustments set out in the Senior Facilities Agreement which may differ from similar definitions in the Senior Secured Notes Indenture and the equivalent definitions described in this Offering Memorandum. The Senior Facilities Agreement contains an equity cure provision enabling the shareholders of the Senior Secured Group to make shareholder injections by way of debt and/or equity to the Senior Secured Notes Issuer to (i) increase the consolidated EBITDA under the Senior Facilities Agreement, (ii) decrease consolidated senior secured net debt as defined in the Senior Facilities Agreement or (iii) prepay the Revolving Credit Facility so that the Revolving Test Condition is no longer satisfied, subject to certain limitations on use.

Events of Default

The Senior Facilities Agreement provides for substantially the same class of events of default under the Senior Secured Notes. In addition, the Senior Facilities Agreement provides for certain additional events of default (subject to certain materiality qualifications, grace periods and other exceptions (including in relation to the effect of the so called 30% rule)) including (i) breach of the financial covenant, provided that, in the event of such breach, only a majority of the lenders under the Revolving Credit Facility shall initially be entitled to take enforcement action, (ii) inaccuracy of a representation or statement when made, (iii) invalidity and unlawfulness of the Senior Facilities Agreement and the other Finance Documents (as defined therein) and (iv) material failure to comply with the Intercreditor Agreement.

Governing Law

The Senior Facilities Agreement and any non-contractual obligations arising out of or in connection with it, are governed by, construed in accordance with and will be enforced in accordance with English law although certain of the information undertakings, incurrence covenants, events of default and related definitions scheduled to the Senior Facilities Agreement will be interpreted in accordance with New York law (without prejudice to the fact that the Senior Facilities Agreement is governed by English law).

Senior Notes

On July 30, 2018, the Senior Notes Issuer issued €465.0 million in aggregate principal amount of 6% Senior Notes due 2026 (the "Senior Notes"). The Senior Notes are governed by the Senior Notes Indenture. The Senior Notes mature on July 30, 2026.

The Senior Notes are guaranteed by the Guarantors on a senior subordinated basis. The Senior Notes and the guarantees thereof are, pursuant to the terms of the Intercreditor Agreement, secured (i) on a first-priority basis by security interests over the shares in the Senior Notes Issuer and (ii) on a second-priority basis by security interests over the shares in the Senior Secured Notes Issuer. See "—*Intercreditor Agreement*."

The Senior Notes Issuer may redeem all or part of the Senior Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date.

In connection with any tender offer for the Senior Notes (including any Change of Control Offer or Asset Disposition Offer (each as defined in the Senior Notes Indenture)), if holders of not less than 90% in aggregate principal amount of the outstanding Senior Notes validly tender and do not withdraw such Senior Notes in such tender offer and the Senior Notes Issuer, or any third party making such a tender offer in lieu of the Senior Notes Issuer, purchases all of the Senior Notes validly tendered and not withdrawn by such holders, the Senior Notes Issuer or such third party will have the right to redeem the Senior Notes that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder of Senior Notes in such tender offer.

Upon the occurrence of certain defined events constituting a change of control, each holder of the Senor Notes may require the Senior Notes Issuer to repurchase all or a portion of its Senior Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of repurchase. However, a change of control will not be deemed to have occurred if a consolidated total net leverage ratio of 7.20 to 1.00 is not exceeded in connection with such event.

The Senior Notes Indenture provides for covenants and events of default that are consistent with the Senior Secured Notes Indenture, as adjusted for the ranking and structural position of the Senior Notes.

The Senior Notes and the Senior Notes Indenture are governed by the laws of the State of New York.

The Senior Notes are listed and admitted to dealing on the Official List of the Exchange.

As of the date of this Offering Memorandum, €363.9 million of the Senior Notes remain outstanding following.

Intercreditor Agreement

General

To establish the relative rights of certain of our creditors under our financing arrangements, the Senior Secured Notes Issuer entered into an intercreditor agreement on July 19, 2018 between, among others, the agent, arrangers and lenders under the Initial Senior Facilities Agreement, and the Security Agent. On the Effective Date, the intercreditor agreement dated September 20, 2017, by and among, inter alios, Techem Metering GmbH and Techem GmbH and the agent and security agent named therein, was amended and restated and the Senior Notes Issuer, the Senior Secured Notes Issuer, the Topco Notes Trustee (as defined therein) and the Security Agent, among others, acceded to such amended and restated intercreditor agreement in such respective capacities. The Trustee shall accede to the Intercreditor Agreement as a Senior Secured Notes Trustee (as defined in the Intercreditor Agreement) on or around the Issue Date. In this description, the "Intercreditor Agreement" refers to that amended and restated intercreditor agreement and any reference in this description to "the date of the Intercreditor Agreement" (or any derivatives thereof) refers to the Effective Date. By accepting a Note, holders of the Senior Secured Notes will be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement.

The Intercreditor Agreement is governed by English law and sets out various matters governing the relationship of the creditors to our group including the relative ranking of certain debt of the Senior Notes Issuer, the Senior Secured Notes Issuer, the Guarantors and any other person that becomes party to the Intercreditor Agreement as a Debtor (as defined below) or Third Party Security Provider, when payments can be made in respect of debt of the Debtors or Third Party Security Providers, when enforcement action can be taken in respect of that debt, the terms pursuant to which certain of that debt will be subordinated upon the occurrence of certain insolvency events and turnover provisions and provisions related to the enforcement of shared security.

The following description is a summary of certain provisions contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety and we urge you to read that document because it, and not the discussion that follows, defines certain rights of the holders of the Senior Secured Notes and of the Trustee. Capitalized terms used but not defined herein have the meanings given to them in the Intercreditor Agreement.

For the purposes of this description:

"Senior Secured Group" shall mean the Senior Secured Notes Issuer and its subsidiaries which are not designated as "Unrestricted Subsidiaries" under the terms of the Senior Facilities Agreement.

References to the "Topco Notes" shall include the Senior Notes and any other notes, securities or other debt instruments issued or to be issued by the Senior Notes Issuer or any member of the Senior Secured Group which are designated by the Senior Secured Notes Issuer as Topco Notes under the Intercreditor Agreement.

Ranking and Priority

Priority of Debts

The Intercreditor Agreement provides that the liabilities owed by the Senior Secured Notes Issuer and each other debtor under the Intercreditor Agreement (together, the "Debtors") (other than the Senior Notes Issuer and any member of the Group which is designated as a Topco Borrower under the Intercreditor Agreement (a "Topco Borrower")) shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows:

(i) first, liabilities owed to (i) the lenders, issuing banks and ancillary lenders in relation to the Senior Facilities Agreement or future senior secured facilities agreements (a "Permitted Senior Secured Facilities Agreement") (the "Senior Lender Liabilities"), (ii) the lenders, issuing banks, and ancillary lenders in relation to any future super senior facilities agreement (a "Permitted Super Senior Secured Facilities Agreement") and any hedge counterparty under a hedging agreement that is designated by the Senior Secured Notes Issuer as super senior (together the "Super Senior Liabilities" and creditors thereof being the "Super Senior Creditors"), (iii) the Trustee and any trustee in relation to future senior secured notes (each a "Senior Secured Notes Trustee") (other than certain amounts paid to it in its capacity as trustee), and the holders of the Senior Secured Notes and any future senior secured notes constituting a New Debt Financing (as defined below) and designated by the Senior Secured Notes Issuer as Senior Secured Notes (the "Senior Secured Notes") and the Security Agent in relation to the Senior Secured Notes (the "Senior Secured Notes Liabilities"), (iv) the lender under any future loan made by the issuer of any Senior Secured Notes (if so designated by the Senior Secured Notes Issuer in its discretion and not including, for the avoidance of doubt, the Senior Secured Notes Issuer) to a member of the Senior Secured Group for the purposes of on lending the proceeds of any Senior Secured Notes together with any additional or replacement loan made on substantially the same terms (the "Senior Secured Notes Proceeds Loan Liabilities"), (v) the arrangers, agents, issuing banks and lenders under any cash management facility (a "Cash Management Facility" and the liabilities under a Cash Management Facility being the "Cash Management Facility Liabilities"), (vi) the hedge counterparties in relation to any hedging agreements that are not Super Senior Liabilities (the "Pari passu Hedging Liabilities") (together with the hedging designated by the Senior Secured Notes Issuer as being Super Senior Liabilities, the "Hedging Liabilities"), (vii) the lenders in relation to any future second lien facility agreement (a "Second Lien Facility Agreement" and the liabilities to the lenders under a Second Lien Facility Agreement being the "Second Lien Lender Liabilities"), (viii) any second lien notes trustee (other than certain amounts paid to it in its capacity as trustee), the holders of any future second lien notes and the Security Agent in relation to any second lien notes (such second lien notes being "Second Lien Notes" and the liabilities in respect of such Second Lien Notes being the "Second Lien Notes Liabilities" and together with the Second Lien Lender Liabilities, the "Second Lien Liabilities"), (ix) any agent or trustee under any finance documents relating to any of the aforementioned liabilities, any agent or trustee under the Topco Liabilities (as defined below) and to any agent or trustee in relation to certain other unsecured liabilities (together the "Agent Liabilities"), (x) any arranger under any finance documents (the "Arranger Liabilities") relating to any of the aforementioned liabilities and (xi) the Security Agent, *pari passu* and without any preference between them; and

(ii) second, all liabilities owed (i) to the Senior Notes Trustee (other than certain amounts paid to it in its capacity as trustee), and the holders of the Senior Notes and any future notes issued by or in relation to which a New Debt Financing (as defined below) has been made available to or by a Topco Borrower and designated by the Senior Secured Notes Issuer as Topco Notes and the Security Agent in relation to such Topco Notes (the "Topco Notes Liabilities"), (ii) under any future loan facility made available to any Topco Borrower (a "Topco Facility") (the "Topco Facility Liabilities" and together with the Topco Notes Liabilities, the "Topco Liabilities"), (iii) any Arranger Liabilities relating to any of the aforementioned liabilities, and (iv) the liabilities owed under any future loan (a "Topco Proceeds Loan") made by (x) any Topco Borrower which is not a member of the Senior Secured Group or its affiliate which is not a member of the Group, in each case, to the Senior Secured Notes Issuer and (y) a Topco Borrower which is a member of the Group to another member of the Group, in each case for the purpose of on lending the proceeds of any Topco Notes or Topco Loans (the "Topco Proceeds Loan Liabilities"), *pari passu* and without any preference between them.

The Intercreditor Agreement provides that the liabilities owed by any Topco borrower to the Secured Parties (as defined below) shall rank *pari passu* in right and priority of payment and without any preference between them in respect of (i) the Senior Lender Liabilities, (ii) the Super Senior Liabilities,

(iii) the Senior Secured Notes Liabilities, (iv) the Cash Management Facility Liabilities, (v) the Hedging Liabilities, (vi) the Second Lien Lender Liabilities, (vii) the Second Lien Notes Liabilities, (viii) the Topco Liabilities, (ix) the Topco Proceeds Loan Liabilities and (x) the Agent Liabilities and Arranger Liabilities in respect of any of the aforementioned liabilities.

The Intercreditor Agreement provides that the intra-group liabilities owed by one member of the Senior Secured Group to another member of the Senior Secured Group (other than any Subordinated Liabilities (as defined below), Senior Secured Notes Proceeds Loan Liabilities or Topco Proceeds Loan Liabilities) (the "Intra-Group Liabilities") will be subordinated to the liabilities owed by the Debtors and Third Party Security Providers to the creditors under the Senior Lender Liabilities, Super Senior Liabilities, Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Hedging Liabilities, Second Lien Lender Liabilities, Second Lien Notes Liabilities, Topco Liabilities and Agent Liabilities and Arranger Liabilities relating to any of the aforementioned (such creditors, together with the Security Agent, any receiver or delegate, any creditor in respect of the Agent Liabilities or the Arranger Liabilities, the "Secured Parties").

The Intercreditor Agreement also provides that the liabilities owed by any member of the Group to any person who becomes a subordinated creditor (a "Subordinated Creditor") under the Intercreditor Agreement (other than any Topco Proceeds Loan Liabilities or any Topco Liabilities or any amounts owed to an affiliate of a Subordinated Creditor which is not itself a Subordinated Creditor or a member of the Topco Group (as defined below)) (the "Subordinated Liabilities") will be subordinated to the liabilities owed by the Debtors and Third Party Security Providers to the Secured Parties, the unsecured liabilities of any unsecured creditors who are party to the Intercreditor Agreement (the "Unsecured Creditors") and to the Intra-Group Liabilities.

Priority of Security

For the purposes of this description only:

"Debt Documents" means the Intercreditor Agreement and the documents evidencing the terms of the Senior Lender Liabilities, the Cash Management Facility Liabilities and the Pari passu Hedging Liabilities (together, the "Senior Liabilities"), the Senior Secured Notes Proceeds Loans Liabilities, the Super Senior Liabilities, the Senior Secured Notes Liabilities, the Second Lien Liabilities, the Topco Liabilities, the Topco Proceeds Loan Liabilities, the Subordinated Liabilities, the Intra-Group Liabilities and any liabilities owed to the Unsecured Creditors and any other document designated as such by the Security Agent and the Senior Secured Notes Issuer.

"Designation Date" means the first date that the Senior Secured Notes Issuer designates any Liabilities as Super Senior Liabilities in accordance with the terms of the Intercreditor Agreement.

"Finance Documents" means the Senior Facilities Agreement, any Permitted Super Senior Secured Facilities Agreement, any Permitted Senior Secured Facilities Agreement, the indenture in respect of any Senior Secured Notes, any Second Lien Facility Agreement, the indenture in respect of any Second Lien Notes, the facility agreement or other document or instrument documenting any Topco Facility Liabilities, the indenture in respect of any Topco Notes and any document designated by the Senior Secured Notes Issuer as an unsecured finance document under and in accordance with the Intercreditor Agreement.

"Secured Creditors" means the Super Senior Creditors, the creditors in respect of the Senior Lender Liabilities, Cash Management Facility Liabilities and Pari passu Hedging Liabilities (together the "Senior Creditors"), the creditors in respect of any Senior Secured Notes Liabilities, the creditors in respect of the Second Lien Liabilities (the "Second Lien Creditors") and the creditors in respect of the Topco Liabilities (the "Topco Creditors").

"Secured Debt Documents" means the documents relating to the Super Senior Liabilities, the Senior Secured Liabilities, the Second Lien Liabilities, the Topco Liabilities and the Hedging Liabilities.

"Third Party Security Provider" means the Senior Notes Issuer and any person that has provided Transaction Security (including Topco Shared Security) but is not a Debtor in respect of any direct borrowing or guarantee liabilities of the applicable secured obligations to which that Transaction Security relates (other than Topco Liabilities) and which is designated as such by the Senior Secured Notes Issuer (in its discretion).

"Topco Independent Transaction Security" means security (other than Transaction Security) which is created, or expressed to be created, by a Topco Borrower or any member of the Senior Secured Group that directly holds shares in a Topco Borrower or any such person that is not a member of the Senior Secured Group who is designated as such by the Senior Secured Notes Issuer (in its discretion) (together, the "Topco Independent Obligors") in favor of the Security Agent as agent or trustee for the other Topco Secured Parties (or if such trustee arrangements are not legally possible, in favor of all the Topco Secured Parties or in favor of the Security Agent under a parallel debt or similar structure) and which is not (unless otherwise designated by the Senior Secured Notes Issuer (in its discretion)) in favor of the other Secured Parties and which ranks in the order of priority contemplated below. In the case of a Topco Independent Obligor which is a member of the Senior Secured Group, such security shall be limited to shares in and receivables owed to it by the relevant Topco Borrower which are not to be subject to the Transaction Security pursuant to the provisions of any Finance Documents and provided further that any recourse to such member of the Senior Secured Group under such Topco Independent Transaction Security shall be limited only to the assets that are the subject to the Topco Independent Transaction Security. Topco Independent Transaction Security shall secure all liabilities and present and future obligations of each Topco Independent Obligor to the Topco Secured Parties under the Topco Finance Documents.

The Transaction Security shall rank and secure the following liabilities in the following order:

(i) first, the Super Senior Liabilities, the Senior Lender Liabilities, the Senior Secured Notes Liabilities, the Cash Management Facility Liabilities and the Hedging Liabilities (together, the "Senior Secured Creditor Liabilities") and any Agent Liabilities and Arranger Liabilities in respect thereof *pari passu* and without any preference between them;

(ii) second, the Second Lien Liabilities *pari passu* and without any preference between them; and

(iii) third, (to the extent of the Topco Shared Security), the Topco Liabilities *pari passu* and without any preference between them.

The Topco Independent Transaction Security shall rank and secure the Topco Liabilities *pari passu* and without any preference between them (but only to the extent that such security is expressed to secure the relevant liabilities).

The Senior Notes and the guarantees in respect of the Senior Notes will be Topco Notes Liabilities for the purposes of the Intercreditor Agreement. The Senior Secured Notes and the Guarantees will be Senior Secured Notes Liabilities for the purposes of the Intercreditor Agreement. The liabilities under the Senior Facilities Agreement will be Senior Lender Liabilities. On the Issue Date, no Second Lien Lender Liabilities, Second Lien Notes Liabilities or Topco Facility Liabilities will be outstanding and no liabilities will have been designated Super Senior Liabilities. Such liabilities and liabilities in respect of other new debt financings may only be incurred and/or designated if not prohibited under the terms of the Debt Documents, including, without limitation, the covenants applicable to the Senior Secured Notes described under "*Description of the Notes—Certain Covenants*."

"Topco Shared Security" means security which is created, or expressed to be created, over any of (i) the shares in the Senior Secured Notes Issuer held by any direct shareholder of the Senior Secured Notes Issuer, (ii) all receivables owed by the Senior Secured Notes Issuer to a Topco Investor (as defined below), Subordinated Creditor or other holding company or shareholder of the Senior Secured Notes Issuer (including any Topco Proceeds Loan and the Topco Proceeds Loan Liabilities as applicable), (iii) the shares in any Topco Borrower which is a member of the Senior Secured Group, (iv) all receivables owed by a member of the Senior Secured Group under any Topco Proceeds Loan (or, in the case of a Topco Borrower which is a member of the Senior Secured Group, any Senior Secured Notes Proceeds Loan), (v) any escrow account relating to the proceeds of any Topco Liabilities and (vi), any other assets not falling within (i), (ii), (iii), (iv) and (v) of a Topco Borrower, and (to the extent that the Senior Secured Notes Issuer has confirmed to the Security Agent that the granting of such Security in favor of the Topco Shared Security Secured Obligations is expressly permitted by any applicable prior ranking financing agreements) any other assets of any member of the Senior Secured Group, in each case to the extent designated as Topco Shared Security by the Senior Secured Notes Issuer (in its discretion) in favor of the Security Agent as agent or trustee for the other Secured Parties (or if such trustee arrangements are not legally possible, in favor of all the Secured Parties or in favor of the Security Agent under a parallel debt or similar structure). Topco Shared Security shall secure all liabilities and present and future obligations of each Topco Borrower each Topco Borrower that is not a member of the Senior Secured Group and each of its subsidiaries other than Unrestricted Subsidiaries from time to time (the "Topco Group") and by each Debtor and any Third Party Security Provider to any Secured Party under the Secured Debt Documents.

"Transaction Security" means any security from the Senior Secured Group, any Third Party Security Provider and Topco Shared Security (but excluding, for the avoidance of doubt, Topco Independent Transaction Security), each as defined below, which is created, or expressed to be created, in favor of the Security Agent as agent or trustee for the other Secured Parties (or if such trustee arrangements are not legally possible, in favor of all the Secured Parties or in favor of the Security Agent under a parallel debt or similar structure). Transaction Security which is not Topco Shared Security shall secure all liabilities and present and future obligations of the Debtors and Third Party Security Providers to the Secured Parties (other than the creditors under the Topco Liabilities (the "Topco Secured Parties")) under the Debt Documents (other than the finance documents relating to the Topco Liabilities (the "Topco Finance Documents")).

Guarantees and Security: Topco Creditors

The Topco Creditors have the right to take, accept or receive the benefit of:

(i) any Topco Shared Security from any member of the Senior Secured Group or from a Third Party Security Provider in respect of the Topco Liabilities if and to the extent legally possible and subject to any agreed security principles set out in the Senior Facilities Agreement or a Permitted Senior Secured Facility Agreement, Permitted Super Senior Secured Facilities Agreement or Second Lien Facility Agreement ("Agreed Security Principles"), at the same time it is also offered either to the Security Agent as agent or trustee for the other Secured Parties (or applicable class thereof) (or if such trustee arrangements are not legally possible, in favor of all the Secured Parties (or applicable class thereof) or in favor of the Security Agent under a parallel debt or similar structure) and ranks in the same order of priority as described under "—Priority of Security" above, provided that all amounts received or recovered by any Topco Creditor with respect to such Topco Shared Security are immediately paid to the Security Agent for application as set out under "—*Application of Proceeds*" below;

(ii) any guarantee, indemnity or other assurance from any member of the Senior Secured Group in respect of the Topco Liabilities in addition to those in the original form of any facility agreement in respect of any Topco Facility Liabilities, in the indenture in respect of any Topco Notes, in the Intercreditor Agreement or which is given to all the Secured Parties as security for the liabilities owed by any member of the Topco Group and by each Debtor and any Third Party Security Provider to the Secured Parties under the Secured Debt Documents if, subject to any Agreed Security Principles:

(A) (except for any guarantee, indemnity or other assurance permitted by the Finance Documents), the Secured Parties other than the Topco Creditors (the "Priority Secured Parties") already benefit from such a guarantee, indemnity or other assurance or at the same time it is also offered to the Priority Secured Parties and ranks in the same order of priority as described under "—*Priority of Debts*" above, as applicable; and

(B) all amounts received by any Topco Creditor with respect to such guarantee, indemnity or assurance are paid to the Security Agent for application as set out under "—*Application of Proceeds*" below; and

(iii) any security, guarantee indemnity or other assurance from (i) any person that is not a member of the Senior Secured Group and (ii) from any member of the Senior Secured Group:

(A) in connection with any escrow or similar arrangements relating to amounts held by a person which is not a member of the Topco Group prior to release of those amounts to a member of the Topco Group;

(B) in connection with any actual or proposed defeasance, redemption, prepayment, repayment, purchase or other discharge of any Secured Liabilities (as defined below) not prohibited by the Intercreditor Agreement; or

(C) as otherwise permitted by the Intercreditor Agreement.

No security (other than pursuant to the security documents relating to Topco Independent Transaction Security or Topco Shared Security or as described above) shall be granted by a member of the Senior Secured Group in respect of any Topco Liabilities.

New Debt Financing

The Intercreditor Agreement provides, subject to certain conditions, for the implementation of existing, additional, supplemental or new financing guarantee, debt arrangement or the assumption of any liabilities (or any designated loan, commitment, tranche or facility thereof) and related security arrangements that will constitute, for the purposes of the Intercreditor Agreement, Senior Lender Liabilities, Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Second Lien Liabilities, Topco Liabilities, Super Senior Liabilities, Hedging Liabilities or Unsecured Liabilities (each a "New Debt Financing"). The conditions include certification by the Senior Secured Notes Issuer that such New Debt Financing is not prohibited under the terms of the Finance Documents.

Such financing arrangements may be implemented by way of refinancing, replacement, exchange, set-off, discharge or increase of any such new, existing, additional, supplemental financing, guarantee or debt arrangement under the relevant finance documents. In connection with and in order to facilitate any New Debt Financing, each agent in respect of any Secured Liabilities and the Security Agent (and each other creditor party to a Transaction Security Document or a Topco Independent Transaction Security Document) is authorized and instructed to enter promptly into any new security document, promptly amend or waive any term of an existing security document and/or release any asset from the Transaction Security or Topco Independent Transaction Security (as the case may be) in order to effect the ranking, priority guarantees and security of the New Debt Financing subject to certain conditions, including as regards the terms of such new security (which shall be, unless otherwise required by the Senior Secured Notes Issuer and subject to the Agreed Security Principles) substantially the same as the terms of the existing Transaction Security or Topco Independent Transaction Security (as the case may be). Any release and re-grant of Transaction Security or Topco Independent Transaction Security may only be undertaken if (i) (1) required under the terms of the New Debt Financing; (2) necessary under applicable law to give effect to the ranking as described under "—*Priority of Security*" above; or (3) the Senior Secured Notes Issuer has determined in good faith that it is either not possible or not desirable to implement the New Debt Financing on terms satisfactory to the Senior Secured Notes Issuer by instead granting additional Transaction Security or amending the terms of the existing Transaction

Security, (ii) if any asset is to be released from Transaction Security or Topco Independent Transaction Security (as the case may be), promptly upon giving effect to that release, replacement Transaction Security or Topco Independent Transaction Security (as the case may be) is regranted, subject to applicable law, the Debt Documents, the Agreed Security Principles, guarantee limitation and the terms of the Intercreditor Agreement. Each Secured Party agrees (i) not to take any action to challenge the validity or enforceability of additional Transaction Security by reason of it being expressed to be second ranking (or any other lower ranking) and (ii) that additional Transaction Security may be granted by any Debtor to secure all or any part of any Hedging Liabilities and/or New Debt Financing.

Any security, guarantee, indemnity or other assurance against loss in respect of a New Debt Financing or in respect of any indebtedness ("Permitted Acquired Indebtedness") which is not prohibited by the terms of the Finance Documents and which is incurred in connection with the acquisition of (i) a person or any of its subsidiaries who becomes a Restricted Subsidiary after the Closing Date (as defined in the Intercreditor Agreement, the "Closing Date"), or (ii) a person that merges, consolidates or is otherwise combined with a Restricted Subsidiary after the Closing Date, or (iii) the assets of or shares in any person listed in paragraphs (i) or (ii) above or otherwise acquired after the Closing Date (together an "Acquired Person or Asset"), shall be permitted to subsist (or to be granted in accordance with the applicable terms) and there is no requirement to offer that security, guarantee, indemnity or other assurance in respect of any other liabilities under any Debt Document.

No security, guarantee, indemnity or other assurance against loss is required to be given by any member of the Topco Group in respect of any liabilities (including under any Debt Document) (i) over any Acquired Person or Asset if this would breach a contractual undertaking applicable to the Topco Group or is excluded or exempt from being given under the Agreed Security Principles, (ii) over any asset required (including subject to any condition) to provide credit support in relation to any Permitted Acquired Indebtedness (other than as a result of any obligation to extend any Transaction Security ratably for the benefit of such Permitted Acquired Indebtedness) or (iii) where the grant of such security, guarantee, indemnity or other assurance against loss is prevented by the documentation in relation to or constituting such Permitted Acquired Indebtedness or would give rise to an obligation (including any payment obligation but not including an obligation to extend any Transaction Security rateably for the benefit of such Permitted Acquired Indebtedness) under or in relation thereto.

Permitted Payments

Permitted Payments in Respect of the Senior and Super Senior Debt

The Debtors and Third Party Security Providers may make payment in respect of the Senior Secured Creditor Liabilities, (the creditors in respect thereof being the "Senior Secured Creditors") at any time, provided that following certain acceleration events under the Senior Facilities Agreement or any Permitted Senior Secured Facilities Agreement or Senior Secured Notes Indenture or Permitted Super Senior Secured Facilities Agreement or following certain insolvency events in relation to a member of the Senior Secured Group, payments may only be made by Debtors or Third Party Security Providers and received by creditors in accordance with the provisions described below under "—Application of Proceeds" provided that there shall be no obligation to turnover any such payments received, other than those related to an enforcement of Transaction Security or a Distressed Disposal (as defined below) of assets subject to the Transaction Security.

Any failure to make a payment in accordance with the Senior Secured Finance Documents following an acceleration event as required by the Intercreditor Agreement shall not prevent the occurrence of an event of default under the applicable Senior Secured Finance Documents.

Permitted Payments in Respect of the Second Lien Debt

Prior to the first date on which all of the Senior Liabilities, the Super Senior Liabilities and the Senior Secured Notes Liabilities (together, the "Senior Secured Liabilities" and together with the Second Lien Liabilities and Topco Liabilities being the "Secured Liabilities") have been discharged (the "Senior

Secured Discharge Date"), the Debtors may only make certain specified payments in respect of the Second Lien Liabilities, in accordance with the finance documents governing such Second Lien Liabilities, subject to compliance with certain conditions in the Intercreditor Agreement.

The principal conditions are that the relevant payment (if it is a payment of principal or capitalized interest) is not prohibited by any prior ranking financing agreement, including the Senior Facilities Agreement or any Permitted Super Senior Secured Facilities Agreement, Permitted Senior Secured Facilities Agreement and any Senior Secured Notes Indenture (or if it is so prohibited, that all necessary consents have been obtained to permit it), no payment stop notice has been issued to the agent or trustee for the relevant Second Lien Liabilities and no payment default (subject to a *de minimis* threshold in the case of amounts other than principal, interest or certain fees) is continuing under the Senior Facilities Agreement or any Permitted Senior Secured Facilities Agreement, Permitted Super Senior Secured Facilities Agreement, Cash Management Facility Document or Senior Secured Notes Document.

Certain specified payments in respect of Second Lien Liabilities are also permitted at all times, notwithstanding that a payment stop notice is outstanding or such a payment default is continuing. These payments and basket amounts are substantially similar to those referenced for Topco Liabilities in paragraph (ii) of "—*Permitted Payments in Respect of Topco Liabilities*" below.

Permitted Payments in Respect of Topco Liabilities

Prior to the date which is the later of the Senior Secured Discharge Date and the first date on which all Second Lien Liabilities have been discharged (the "Second Lien Discharge Date") (the "Priority Discharge Date"), the Senior Notes Issuer, Topco Borrowers, Third Party Security Providers and other members of the Senior Secured Group may only make payments (including any other direct or indirect step, matter, action or dealing in relation to any Topco Liabilities otherwise prohibited under the Intercreditor Agreement) under the Topco Liabilities or under any Topco Proceeds Loan (together the "Topco Group Liabilities") to the Topco Creditors or any holding company of the Senior Notes Issuer or other lender in respect of a Topco Proceeds Loan (in respect of the Topco Proceeds Loan Liabilities only) (such payments, collectively, "Permitted Topco Payments"):

(i) if:

  (A) no Topco Payment Stop Notice (as defined below) is outstanding;

  (B) no payment default (subject to a *de minimis* threshold in the case of amounts other than principal, interest or certain fees) has occurred and is continuing under any Permitted Senior Secured Facilities Agreement, Permitted Super Senior Secured Facilities Agreement, Cash Management Facility document or Senior Secured Notes document (a "Senior Secured Payment Default"), or under the Second Lien Facilities or Second Lien Notes (a "Second Lien Payment Default"); and

  (C) the payment is of (1) any amount of principal or capitalized interest in respect of the Topco Liabilities which is not prohibited by any prior ranking financing agreements (in respect of the Senior Secured Liabilities and the Second Lien Liabilities), or any required consents to permit such payment have been obtained, (2) any other amount which is not an amount of principal or capitalized interest, such other amounts including all scheduled interest payments (including, if applicable, special interest (or liquidated damages), cash interest accrued during a period when a Topco Payment Stop Notice (as defined below) is outstanding and default interest) accrued and payable in accordance with the terms of the relevant Topco Finance Document (as at the date of the issue of the same or as amended in accordance with the terms of the Intercreditor Agreement and the other Debt Documents), additional amounts payable as a result of the tax gross-up provisions relating to the Topco Liabilities and amounts in respect of currency indemnities in any Topco Finance Document, (3) made in pursuance of a debt buy-back program in relation to Topco Liabilities approved by the Majority Senior

Secured Creditors, Majority Super Senior Creditors and Majority Second Lien Creditors (each as defined below), or (4) amounts due under any syndication strategy letter relating to the Topco Finance Documents;

(ii) if, notwithstanding that a Topco Payment Stop Notice (as defined below) is outstanding and/or (other than in respect of paragraph (N) below) a Senior Secured Payment Default and/or a Second Lien Payment Default has occurred and is continuing and (if the Topco Borrower is a guarantor or borrower under any prior ranking debt facilities at such time, other than in respect of paragraph (L) below) irrespective of whether any creditors under prior ranking debt facilities have accelerated their debt, the payment is not prohibited to be made at such time by any prior ranking financing agreements (in respect of the Senior Secured Liabilities and the Second Lien Liabilities), or the payment is (without double counting any equivalent applicable basket in any Debt Document, but whether or not permitted by the Debt Documents): (A) of ongoing fees under the original form of any fee letter(s) relating to the Topco Finance Documents; (B) of commercially reasonable advisory and professional fees for restructuring advice and valuations (including legal advice and the advice of other appropriate financial and/or restructuring advisors) fees, costs and expenses of a Topco Agent (as defined below) not included in (A) above not exceeding €1,500,000, but excluding the costs of any current, threatened or pending litigation against a Senior Secured Creditor or Second Lien Creditor (or their affiliates); (C) of any amounts owed to a Topco Agent (as defined below); (D) of costs necessary to protect, preserve or enforce security; (E) of any costs, commissions, taxes, premiums, amendment fees (including any original issue discount and other consent and/or waiver fees) and any expenses incurred in respect of (or reasonably incidental to) the Topco Finance Documents (including in relation to any reporting or listing requirements under the Topco Finance Documents); (F) of any other amount not exceeding €5,000,000 in aggregate in any financial year of the Senior Secured Notes Issuer provided that any such amount not so applied may be carried forward and utilized in the subsequent financial year; (G) of any amount of the Topco Liabilities which would have been payable but for the issue of a Topco Payment Stop Notice (which has since expired and no new Topco Payment Stop Notice is outstanding) which has been capitalized and added to the principal amount of the Topco Liabilities or where that amount is outstanding as a result of the accrual of cash interest payable in respect of the Topco Liabilities during such period or any such amount described at (i)(C) above, provided that no such payment may be made if certain events of default have occurred in relation to the Senior Secured Liabilities or Second Lien Liabilities or would occur as a result of making such payment; (H) for as long as an event of default in relation to the Senior Secured Liabilities, Second Lien Liabilities or Topco Group Liabilities which is continuing, all or part of the Topco Liabilities being released or otherwise discharged solely in consideration for the issue of shares in any holding company of the Senior Notes Issuer (a "Debt for Equity Swap") provided that (x) no cash or cash equivalent payment is made in respect of the Topco Liabilities, (y) that it does not result in a Change of Control as defined in any prior ranking finance agreement or Topco Finance Document and (z) that any liabilities owed by a member of the Senior Secured Group to another member of the Senior Secured Group, to the Subordinated Creditors or to any other holding company of the Senior Notes Issuer that arise as a result of any such Debt for Equity Swap are subordinated to the Senior Secured Liabilities and Second Lien Liabilities pursuant to the Intercreditor Agreement and the Senior Secured Creditors and Second Lien Creditors are granted Transaction Security in respect of any of those Intra-Group Liabilities or Subordinated Liabilities owed by any member of the Senior Secured Group; (I) of non-cash interest made by way of capitalizing interest or issuing a non-cash-pay instrument which is subordinated to the liabilities owed to the Priority Secured Parties (the "Priority Secured Liabilities") on the same terms as the Topco Liabilities; (J) audit fees, directors' fees, taxes and other proper and incidental expenses required to maintain existence or any other reasonable and ordinary course administrative and maintenance costs and expenses of a Topco Borrower or a direct or indirect holding company thereof, the only material assets which are (directly or indirectly) shares in or receivables from a Topco Borrower; (K) funded directly or indirectly with the proceeds of Topco Liabilities incurred under or pursuant to any Topco Finance Documents; (L) made by the Topco Borrower in respect of its obligations under the Topco Finance Documents, and such payment is not directly or indirectly sourced from a member of the Senior Secured Group or such payment is funded from proceeds received by the Topco Borrower from the Senior Secured Group without breaching the terms of the Debt Documents; (M) a principal amount of the Topco Liabilities and made in accordance with a provision in a Topco Finance Document relating to prepayment upon illegality or in relation to any other provisions that permits the prepayment of a single lender without a related requirement to repay all other Topco Creditors; and (N) if no Senior Secured Payment Default or Second Lien Payment Default has occurred and is continuing and the payment is of principal, interest or any other amounts made on or after the final maturity date of the relevant Topco Liabilities (provided that such maturity date is no earlier than that contained in the original form of the relevant Topco Finance Document as of the date of first issuance or borrowing (as the case may be) of the applicable Topco Liabilities); or

(iii) if the Majority Senior Secured Creditors, the Majority Super Senior Creditors and the Majority Second Lien Creditors (each as defined below) give prior consent to that payment being made.

On or after the Priority Discharge Date, the Debtors, the Topco Borrowers and the Third Party Security Providers may make payments in respect of the Topco Group Liabilities in accordance with the Topco Finance Documents and the Topco Proceeds Loan Agreement (as applicable).

Topco Liabilities Payment Block Provisions

A Topco Payment Stop Notice (as defined below) is outstanding from the date falling one business day after the date on which, following the occurrence of an event of default under any Senior Secured Liabilities (a "Senior Secured Event of Default") or an event of default under the Second Lien Liabilities (a "Second Lien Event of Default"), the Security Agent (acting on the instructions of the Majority Super Senior Creditors, the Majority Senior Secured Creditors or the Majority Second Lien Creditors (each as defined below)) issues a notice (a "Topco Payment Stop Notice") to the agent under any Topco Facility (the "Topco Agent") and the trustee under any Topco Notes (the "Topco Notes Trustee") advising that the Senior Secured Event of Default or Second Lien Event of Default has occurred and is continuing and suspending payments by the Senior Secured Group of the Topco Liabilities, until the first to occur of:

(i) the date falling 179 days after delivery of that Topco Payment Stop Notice;

(ii) the date on which a default occurs for failure to pay principal at the original scheduled maturity of the relevant Topco Liabilities;

(iii) if a Topco Standstill Period (as defined below) commences after delivery of that Topco Payment Stop Notice, the date on which such standstill period expires;

(iv) the date on which the relevant Senior Secured Event of Default or Second Lien Event of Default has been remedied or waived;

(v) the date on which the Security Agent (acting on the instructions of whichever of the Majority Super Senior Creditors, Majority Senior Secured Creditors or Majority Second Lien Creditors (each as defined below) gave the instructions to deliver the relevant stop notice) delivers a notice to the Topco Borrower, the Topco Agent and the Topco Notes Trustee cancelling the payment stop notice;

(vi) the Priority Discharge Date; and

(vii) the date on which the Topco Creditors take any enforcement action that is permitted under the Intercreditor Agreement (see "—*Permitted Topco Enforcement*" below).

No Topco Payment Stop Notice may be delivered by the Security Agent in reliance on a particular Senior Secured Event of Default or a Second Lien Event of Default more than 45 days after the occurrence of the relevant event of default. No more than one Topco Payment Stop Notice may be served (i) with respect to the same event or set of circumstances or (ii) in any period of 360 days.

Any failure to make a payment due in respect of the Topco Group Liabilities as a result of the issue of a Topco Payment Stop Notice or the occurrence of a Senior Secured Payment Default or Second Lien Payment Default shall not prevent (i) the occurrence of an event of default as a consequence of that failure to make a payment in relation to the relevant Topco Group Liabilities or (ii) the issue of an enforcement notice in respect of an event of default under the finance documents documenting any Topco Group Liabilities (a "Topco Enforcement Notice") on behalf of the Topco Creditors.

Payment Obligations and Capitalization of Interest Continue

Nothing in the provisions summarized above in "Topco Liabilities Payment Block Provisions" and the equivalent provisions in respect of any Second Lien Liabilities will release any Debtor from the liability to make any payment (including of default interest, which shall continue to accrue) under the applicable Debt Documents even if its obligation to make such payment is restricted at any time. The accrual and capitalization of interest (if any) in accordance with the applicable Debt Documents shall continue notwithstanding the issue of a payment stop notice.

Cure of Payment Stop

If:

(i) at any time following the issue of a Topco Payment Stop Notice or the occurrence of a Senior Secured Payment Default or Second Lien Payment Default, that Topco Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Senior Secured Payment Default or Second Lien Payment Default ceases to be continuing; and

(ii) the relevant Debtor or Topco Borrower then promptly pays to the Topco Creditors or (in respect of the Topco Proceeds Loan Liabilities only) to Topco or any party that has acceded to the Intercreditor Agreement as a Topco Investor (as defined in the Intercreditor Agreement, the "Topco Investors") an amount equal to any payments which had accrued under the Topco Finance Documents or the Topco Proceeds Loan Agreement (as applicable) and which would have been Permitted Topco Payments but for that Topco Payment Stop Notice or Senior Secured Payment Default or Second Lien Payment Default (as the case may be), then any event of default which may have occurred under a Topco Finance Document or Topco Proceeds Loan Agreement and any Topco Enforcement Notice which may have been issued as a result of that suspension of payments shall be waived without any further action being required.

Turnover

Subject to certain exceptions, the Intercreditor Agreement will provide that if, at any time prior to the latest to occur of the Super Senior Discharge Date (as defined below), the Senior Secured Discharge Date, the Second Lien Discharge Date and the first date (the "Topco Discharge Date") on which all of the Topco Liabilities have been fully discharged (the "Final Discharge Date") any creditor (other than a Senior Secured Creditor on or after the Designation Date) receives or recovers from any Debtor, member of the Senior Secured Group or Third Party Security Provider:

(i) any payment or distribution of, or on account of or in relation to, any of the liabilities owed to the creditors under the Debt Documents other than any payment or distribution which is either (x) not prohibited under the Intercreditor Agreement or (y) made in accordance with the provisions set out below under "—*Application of Proceeds*";

(ii) any amount by way of set-off which does not give effect to a payment permitted under the Intercreditor Agreement;

(iii) any amount:

(A) on account of, or in relation to, any of the liabilities owed to the creditors under the Debt Documents;

(B) after the occurrence of an acceleration event or the enforcement of any Transaction Security as a result of such an acceleration event;

(C) as a result of any other litigation or proceedings against a Debtor, member of the Senior Secured Group or any Third Party Security Provider (other than after the occurrence of an Insolvency Event (as defined below)); or

(D) by way of set-off in respect of any of the liabilities owed to it after the occurrence of an acceleration event or the enforcement of any Transaction Security as a result of such an acceleration event, other than amounts received or recovered in accordance with the provisions set out below under "—*Application of Proceeds*" and in respect of Intra-Group Liabilities and amount permitted by the Intercreditor Agreement notwithstanding that an acceleration event is continuing.

(iv) the proceeds of any enforcement of any of the Transaction Security except in accordance with the provisions set out below under "—*Application of Proceeds*"; or

(v) any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by any Debtor, any member of the Senior Secured Group or Third Party Security Provider which is not in accordance with the provisions set out below under "—*Application of Proceeds*" and which is made as a result of, or after, the occurrence of an Insolvency Event (as defined below) in respect of that Debtor, member of the Senior Secured Group or Third Party Security Provider,

that creditor will:

(vi) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for (or otherwise on behalf and for the account of) the Security Agent and promptly pay or distribute that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement, and (y) promptly pay or distribute an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(vii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

A turnover mechanism on substantially the same terms applies in the event that, at any time on or after the Designation Date but prior to the Final Discharge Date, any Senior Secured Creditor receives or recovers from any Debtor, any member of the Senior Secured Group or Third Party Security Provider (x) any proceeds from the enforcement of security or from a Distressed Disposal (as defined below) or following an acceleration event or the enforcement of security, any proceeds arising from any of the charged property or (y) any other amounts which should otherwise be received or recovered by the Security Agent for application in accordance with the provisions set out below under "—*Application of Proceeds*" except in accordance with such provisions.

Effect of Insolvency Event

"Insolvency Event" is defined as, in relation to any Obligor, Material Subsidiary (each as defined in the Senior Facilities Agreement) or Third Party Security Provider, (a) the passing of any resolution or making of an order for its insolvency, bankruptcy, winding up, dissolution, administration or reorganization (excluding solvent reorganizations), (b) a moratorium is declared in relation to any of its indebtedness, (c) the appointment of any liquidator, receiver, examiner, administrative receiver, administrator, compulsory manager or other similar officer in respect of it or any of its assets, or (d) any analogous procedure or step is taken in any jurisdiction, other than (in each case), (i) frivolous or vexatious proceedings which, if capable of remedy, are discharged, stayed or dismissed within 20 business days of commencement or advertisement, (ii) in the case of an application to appoint an administrator or (commence proceedings) any proceedings or appointments which the Security Agent is satisfied will be withdrawn before it is heard or will be unsuccessful or as permitted under any Senior Facilities Agreement or in any Permitted Senior Secured Facilities Agreement, Permitted Super Senior Secured Facilities Agreement or a Second Lien Facility Agreement, or otherwise not constituting a default.

The Intercreditor Agreement provides that, after the occurrence of an Insolvency Event, any party entitled to receive a distribution out of the assets of an Obligor, Material Subsidiary (each as defined in the Senior Facilities Agreement) or Third Party Security Provider (in the case of a Senior Secured Creditor on or after the Designation Date, only to the extent such amounts constitute proceeds of enforcement) shall direct the person responsible for the distribution to pay that distribution to the Security Agent until the liabilities owing to the Secured Parties have been paid in full. The Security Agent shall apply all such distributions paid to it in accordance with the provisions set out under "—*Application of Proceeds*" below.

Subject to certain netting and set-off rights under ancillary or cash management facilities and set-offs which would give effect to a payment or distribution not prohibited by the terms of the Intercreditor Agreement the extent that any member of the Senior Secured Group or Third Party Security Provider's liabilities to creditors are, with certain exceptions, discharged by way of set-off (mandatory or otherwise and in the case of a Senior Secured Creditor, only to the extent such amounts constitute proceeds of enforcement) after the occurrence of an Insolvency Event, any creditor benefiting from such set-off shall (in the case of a Senior Secured Creditor on or after the Designation Date, only to the extent that such amounts constitute proceeds of enforcement) pay an amount equal to the amount of the liabilities owed to it which are discharged by that set-off to the Security Agent for application in accordance with the provisions set out under "—*Application of Proceeds*" below.

If the Security Agent or any other Secured Party receives a distribution in a form other than in cash in respect of any liabilities, the liabilities will not be reduced by that distribution until and except to the extent that the realization proceeds are actually applied towards such liabilities.

Subject to certain netting and set-off rights under ancillary or cash management facilities, each creditor irrevocably authorizes the Security Agent to take Enforcement Action (as defined below), make demands, collect and receive distributions, file claims and take other actions necessary to make recovery after the occurrence of an Insolvency Event in relation to an Obligor (as defined in the Senior Facilities Agreement), member of the Senior Secured Group or Third Party Security Provider. The creditors agree to do all things the Security Agent reasonably requests in order to give effect to these provisions.

Security Enforcement Regime

Enforcement of Security

The Intercreditor Agreement provides that the Security Agent may not take any action to enforce the Transaction Security or the Topco Independent Transaction Security without the prior written consent of an Instructing Group or otherwise as specified in the provisions described below.

An *"Instructing Group" me*ans:

(a) If the Designation Date has not occurred:

(i) prior to the Senior Secured Discharge Date, Senior Secured Creditors (other than Super Senior Creditors) representing more than 50% of the Senior Secured Liabilities (other than Super Senior Liabilities) (the "Majority Senior Secured Creditors");

(ii) on or after the Senior Secured Discharge Date but before the Priority Discharge Date, Second Lien Creditors representing more than 50% of the Second Lien Liabilities (the "Majority Second Lien Creditors"); and

(iii) on or after the Priority Discharge Date but before the Topco Discharge Date, Topco Creditors representing more than 50% of the Topco Liabilities (the "Majority Topco Creditors"); and

(b) at any time on or after the Designation Date:

(i) prior to the later of the Senior Secured Discharge Date and the first date on which the Super Senior Liabilities have been fully and finally discharged (the "Super Senior Discharge Date"), Majority Senior Secured Creditors, and Super Senior Creditors representing more than 50% of the Super Senior Liabilities (the "Majority Super Senior Creditors") save that, for instructions relating to enforcement, it shall mean the group of Secured Creditors entitled to give instructions in accordance with the enforcement regime described under "*—Enforcement of Transaction Security Prior to the Designation Date*" and "*—Enforcement of Transaction Security on or after the Designation Date*" below;

(ii) on or after the later of the Senior Secured Discharge Date and the Super Senior Discharge Date but before the Priority Discharge Date, Majority Second Lien Creditors; and

(iii) on or after the Priority Discharge Date but before the Topco Discharge Date, Topco Creditors representing more than 50% of the Topco Liabilities (the "Majority Topco Creditors").

Enforcement of Transaction Security Prior to the Designation Date

Prior to the Designation Date, the Security Agent may refrain from enforcing the Transaction Security unless instructed otherwise by (i) the Instructing Group, (ii) if, prior to the Senior Secured Discharge Date, the Instructing Group has (A) given no instructions or has instructed the Security Agent neither to enforce or cease enforcing and (B) not required any Debtor or Third Party Security Provider to make a Distressed Disposal (as defined below), an agent or trustee under the Second Lien Liabilities (acting on the instructions of the Majority Second Lien Creditors) where the rights of the Second Lien Creditors to enforce have arisen under the Intercreditor Agreement or (iii) if, prior to the Priority Discharge Date, the Instructing Group (or Majority Second Lien Creditors as applicable) have (A) given no instructions or have instructed the Security Agent neither to enforce or cease enforcing and (B) not required any Debtor or Third Party Security Provider to make a Distressed Disposal, a Topco Agent or the Topco Notes Trustee (acting on the instructions of the Majority Topco Creditors).

Subject to the Transaction Security having become enforceable in accordance with its terms, the Instructing Group or any other persons entitled to give instructions in accordance with the preceding paragraph may give or refrain from giving instructions to the Security Agent to enforce, or refrain from enforcing, the Transaction Security as they see fit. Notwithstanding the above paragraphs, if at any time the agents or representatives of the Second Lien Creditors or Topco Creditors then entitled to give the Security Agent instructions to enforce the Transaction Security either gives such instruction or indicates any intention to give such instruction, then the Instructing Group may give instructions to the Security

Agent to enforce the Transaction Security as the Instructing Group sees fit and the Security Agent shall act on such instructions received from the Instructing Group.

Unless (i) the Transaction Security has become enforceable as a result of an Insolvency Event or (ii) the Instructing Group or any agent of the creditors represented in the Instructing Group determines in good faith that to do so could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce the Transaction Security or the realization proceeds of any such enforcement, before giving any such instructions to enforce the Transaction Security or take any other enforcement action the creditors represented by an Instructing Group will be required to consult with each other agent (provided that any agent in respect of Topco Liabilities need only be consulted if such enforcement relates to Topco Shared Security) for a period of up to ten business days or take any Enforcement Action (the "Consultation Period") and the Instructing Group will only be entitled to give the enforcement instructions described above or take any Enforcement Action after the expiry of such Consultation Period.

Enforcement of Transaction Security on or after the Designation Date

The Security Agent may refrain from enforcing the Transaction Security unless instructed otherwise in accordance with the provisions described in this section. If the Transaction Security has become enforceable, if either the Majority Super Senior Creditors or the Majority Senior Secured Creditors wish to issue enforcement instructions they shall deliver a copy of those instructions (an "Initial Enforcement Notice") to the Security Agent and to the other agents, trustees and hedge counterparties and those instructions shall be consistent with the Enforcement Principles (as defined below).

The Security Agent will act in accordance with any instructions (provided they are consistent with the Enforcement Principles (as defined below) and the Security Agent shall be entitled to assume that such instructions are consistent with the Enforcement Principles) received from (i) the Majority Senior Secured Creditors, (ii) if the Majority Senior Secured Creditors have not made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue within three months of the Initial Enforcement Notice or if the Super Senior Discharge Date has not occurred within six months of the Initial Enforcement Notice, the Majority Super Senior Creditors, until the Super Senior Discharge Date has occurred, (iii) if an Insolvency Event (other than an Insolvency Event directly caused by enforcement action taken at the request of a Super Senior Creditor) is continuing, the Majority Super Senior Creditors, until the Super Senior Discharge Date has occurred, (iv) if the Majority Senior Secured Creditors have not made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue and the Majority Super Senior Creditors determine in good faith that a delay could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce the Transaction Security or on the expected realization proceeds and the Majority Super Senior Creditors deliver instructions before the Security Agent has received any instructions from the Majority Senior Secured Creditors, the Majority Super Senior Creditors, until the Super Senior Discharge Date has occurred, (v) if, prior to the later of the Senior Secured Discharge Date and the Super Senior Discharge Date, the Majority Senior Secured Creditors or the Majority Super Senior Creditors (as applicable) have not given instructions or they (A) have instructed the Security Agent not to enforce (or to cease enforcing) the Transaction Security, or (B) have not required any Debtor or Third Party Security Provider to make a Distressed Disposal, the Majority Second Lien Creditors (where the rights of the Majority Second Lien Creditors to enforce have arisen under the Intercreditor Agreement), or (vi) if, prior to the Priority Discharge Date, the Majority Senior Secured Creditors or the Majority Super Senior Creditors or the Majority Second Lien Creditors (as applicable) have not given instructions or they (A) have instructed the Security Agent not to enforce (or to cease enforcing) the Transaction Security, or (B) have not required any Debtor or Third Party Security Provider to make a Distressed Disposal, the Majority Topco Creditors (where the rights of the Majority Topco Creditors to enforce have arisen under the Intercreditor Agreement).

Notwithstanding the preceding paragraph, if at any time the agents or representatives of the Second Lien Creditors or Topco Creditors then entitled to give the Security Agent instructions do not give such instructions and do not indicate any intention to give such instruction, then the Majority Senior Secured Creditors or Majority Super Senior Creditors to the extent that such group is entitled to give enforcement instructions as described in the paragraph above may give instructions to the Security Agent to enforce the Transaction Security as they see fit and the Security Agent shall act on such instructions.

"Enforcement Principles" means certain requirements as to the manner of enforcement, including that (i) to the extent consistent with a prompt and expeditious realization of value, the method of enforcement chosen should maximize the value realized from such enforcement, (ii) certain proceeds must be received in cash and (iii) enforcement in relation to assets over €5,000,000 or shares if not carried out by way of a public auction or other competitive sales process, shall (if the Security Agent is request to do so by the Majority Super Senior Creditors or Majority Senior Secured Creditors) benefit from a fairness opinion from an investment bank, firm of accountants or third party professional firm.

Enforcement—Topco Independent Transaction Security

Subject to the Topco Independent Transaction Security having become enforceable in accordance with its terms, an agent or trustee under the Topco Finance Documents (acting on the instructions of the Majority Topco Creditors) may give or refrain giving, instructions to the Security Agent to enforce or refrain from enforcing the Topco Independent Transaction Security as they see fit.

Manner of Enforcement

If the Transaction Security or Topco Independent Transaction Security is being enforced in accordance with any of the above paragraphs, the Security Agent shall enforce the relevant Transaction Security or Topco Independent Transaction Security in such manner (including, without limitation, the selection of any administrator of any Debtor or Third Party Security Provider to be appointed by the Security Agent) as any persons entitled at any time under the above provisions shall instruct it or, in the absence of any such instructions, as the Security Agent sees fit (which may include taking no action).

No Secured Party shall have any independent power to enforce, or to have recourse to enforce, any Transaction Security or Topco Independent Transaction Security or to exercise any rights or powers arising under the security documents except through the Security Agent.

Security Held by Other Creditors

If any Transaction Security or Topco Independent Transaction Security is held by a creditor other than the Security Agent, then creditors may only enforce that Transaction Security or Topco Independent Transaction Security in accordance with instructions given by instructing creditors in accordance with the paragraphs above.

Enforcement Regime

Restrictions on Enforcement by Second Lien Creditors

Certain of the features set out below with respect to Topco Creditors may apply to the Second Lien Creditors, with appropriate modifications for their relative position in the capital structure.

Restrictions on Enforcement by Topco Creditors

Until the Priority Discharge Date, except with the prior consent of or as required by an Instructing Group, no Topco Creditor or other finance party (under and as defined in any Topco Finance Document) or Topco Investor (and in the case of (iii) below, no Topco Borrower) shall (i) direct the Security Agent to enforce, or otherwise require the enforcement of any Transaction Security (including the crystallization of any floating charge forming part of the Transaction Security), (ii) take or require the taking of any Enforcement Action (as defined below) against any member of the Senior Secured Group or Third Party Security Provider (other than in each case (and to the extent not restricted by (i) above and (iii) below) against a Topco Borrower) in relation to the Topco Group Liabilities, or (iii) take or require the taking of any Enforcement Action (as defined below) in relation to Topco Proceeds Loan Liabilities, except as set out under "—*Permitted Topco Enforcement*" below.

Other than as restricted pursuant to the paragraph above, any Topco Creditor may at any time take any Enforcement Action (as defined below) against any person which is not a member of the Senior Secured Group, in each case in accordance with the terms of the Topco Finance Documents.

"Enforcement Action" shall constitute:

(i) in relation to any liabilities (other than unsecured liabilities) the acceleration, putting on demand, making of a demand, requiring a member of the Topco Group or Third Party Security Provider to acquire such liabilities (subject to certain exceptions), exercising of rights of set-off (other than certain netting under hedging agreements or as otherwise permitted under the Debt Documents) or suing or commencing proceedings against any member of the Topco Group or a Third Party Security Provider to recover such liabilities;

(ii) premature termination or close-out of a hedging agreement, save to the extent permitted by the Intercreditor Agreement;

(iii) the taking of steps to enforce or require the enforcement of the Transaction Security or, as the case may be, Topco Independent Transaction Security (including the crystallization of any floating charge) as a result of an acceleration event;

(iv) entering into any composition, compromise, assignment or similar arrangement with any Third Party Security Provider or a member of the Topco Group which owes any liabilities or has given security or guarantees in respect of liabilities owed to a creditor under the Intercreditor Agreement (other than any action permitted under the Intercreditor Agreement or any debt buy-backs pursuant to open market debt repurchases, tender offers or exchange offers not undertaken as part of an announced restructuring or turnaround plan or while a default was outstanding under the relevant finance documents); or

(v) petitioning, applying, voting for or taking steps (including the appointment of any liquidator, receiver, administrator or similar officer) in relation to the winding up, dissolution, administration or reorganization of any Third Party Security Provider or a member of the Topco Group which owes any liabilities or has given security or guarantees in respect of liabilities owed to a creditor under the Intercreditor Agreement or any of such Third Party Security Provider or member of the Topco Group's assets or any suspension of payments or moratorium of any indebtedness of any such Third Party Security Provider or member of the Topco Group, or any analogous procedure or step in any jurisdiction (including any other analogous proceeding under the German Insolvency Code (Insolvenzordnung)), except that the following shall not constitute Enforcement Action, (A) suing, commencing proceedings or taking any action referred to in paragraph (v) above to the extent necessary to preserve a claim, (B) discussions between or proposals made by the Secured Parties with respect to enforcement of the Transaction Security in accordance with the Intercreditor Agreement, (C) bringing proceedings in connection with a securities violation, securities or listing regulations or common law fraud or to restrain any breach of the Debt Documents or for specific performance with no claims for damages, (D) proceedings brought by a Secured Party to obtain injunctive relief, specific performance (other than specific performance for an obligation to make a payment) with no claim for damages or to request judicial interpretation in relation to a Debt Document to which it is party with no claim for damages, (E) demands made by Intra-Group Creditors (as defined in the Intercreditor Agreement) or Subordinated Creditors to the extent they relate to payments permitted under the Intercreditor Agreement or the release of the liabilities owed to such creditors in return for the issue of shares in the relevant member of the Senior Secured Group provided that the ownership interest of the member of the Senior Secured Group is not diluted and any relevant shares remain subject to the same Transaction Security as existed prior to the issue, (F) proceedings brought by an ancillary lender, a lender of Cash Management Facility Liabilities (a "Cash Management Facility Lender"), hedge counterparty, issuing bank, or agent or trustee in respect of the Second Lien Liabilities or Topco Liabilities to obtain injunctive relief, specific performance (other than specific performance for an obligation to make a payment) with no claim for damages or to request judicial interpretation in relation to a Debt Document to which it is party with no claim for damages or in connection with any securities violation, securities or listing regulations or common law fraud; and (G) the taking of any action by a member of the Topco Group not prohibited by the Finance Documents.

Permitted Topco Enforcement

The restrictions set out above under "—*Restrictions on Enforcement by Topco Creditors*" will not apply in respect of the Topco Group Liabilities or the Transaction Security Documents (if any) securing the Topco Group Liabilities, if:

(i) an event of default under a Topco Finance Document or a Topco Proceeds Loan Agreement (the "Relevant Topco Default") is continuing;

(ii) all agents or trustees in respect of the Senior Lender Liabilities, Senior Secured Notes Liabilities, and Second Lien Liabilities have received a notice of the Relevant Topco Default specifying the event or circumstance in relation to the Relevant Topco Default from the Topco Agent, the Topco Notes Trustee or the Topco Borrower in relation to the relevant Topco Group Liabilities;

(iii) a Topco Standstill Period (as defined below) has elapsed; and

(iv) the Relevant Topco Default is continuing at the end of the relevant Topco Standstill Period.

Promptly upon becoming aware of an event of default under a Topco Finance Document, a Topco Notes Trustee, Topco Agent or Topco Investor (as the case may be) may give a Topco Enforcement Notice notifying any agent under a Permitted Senior Secured Facilities Agreement (the "Senior Agent"), senior secured notes trustee and any agent or trustee in respect of any Second Lien Liabilities of the existence of such event of default.

"*Topco Standstill Period*" means the period beginning on the date (the "Topco Standstill Start Date") a Topco Enforcement Notice is served in respect of such a Relevant Topco Default and ending on the earliest to occur of:

(i) the date falling 179 days after the Topco Standstill Start Date (the "Topco Standstill Period");

(ii) the date the Priority Secured Parties take any Enforcement Action in relation to a particular Debtor or Third Party Security Provider, provided that:

  (A) if a Topco Standstill Period ends pursuant to this paragraph (ii), the Topco Creditors or a Topco Investor (in respect of the Topco Proceeds Loan Liabilities only) may only take the same Enforcement Action in relation to a Topco Guarantor as the Enforcement Action taken by the Priority Secured Parties against such Topco Guarantor and not against any other member of the Senior Secured Group or Third Party Security Provider; and

  (B) Enforcement Action for the purpose of this paragraph (ii) shall not include action taken to preserve or protect any security as opposed to realize it;

(iii) the date of an Insolvency Event (as defined above) in relation to a particular Topco Guarantor against whom Enforcement Action is to be taken;

(iv) the expiry of any other Topco Standstill Period outstanding at the date such first mentioned Topco Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy); and

(v) the first date on which each of the Majority Super Senior Creditors, the Majority Senior Secured Creditors and the Majority Second Lien Creditors (as applicable) have given their consent to the relevant Enforcement Action.

The Topco Creditors or Topco Investor (in respect of the Topco Proceeds Loan Liabilities only) may take Enforcement Action under the provisions described in this section (Permitted Topco Enforcement) in relation to a Relevant Topco Default even if, at the end of any relevant Topco Standstill Period or at any later time, a further Topco Standstill Period has begun as a result of any other event of default in respect of the Topco Liabilities.

Option to Purchase: Topco Creditors

Following acceleration, or the enforcement of Transaction Security upon acceleration under any Senior Secured Creditor Liabilities, Second Lien Liabilities or Topco Liabilities, Topco Creditors may elect to purchase the Senior Lender Liabilities, Super Senior Lender Liabilities (as defined in the Intercreditor Agreement), Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Second Lien Lender Liabilities and Second Lien Notes Liabilities for the amount that would have been required to prepay or redeem such liabilities on such date plus certain costs and expenses. Topco Creditors must also elect for the counterparties to hedging obligations to transfer their hedging obligations to holders in exchange (subject to specified conditions) for the amount that would have been payable under such hedging obligations had they been terminated on such date plus certain costs and expenses in connection with any such purchase.

Non-Distressed Disposals

The Security Agent (on behalf of itself and the other Secured Parties) and each other person party to any creating Transaction Security Document or Topco Independent Transaction Security Document agrees that it shall (and is irrevocably authorized, instructed and obliged to do so without further consent, agreement, instruction, direction confirmation payment, certification or other document, request or information from any creditor Secured Party or Debtor from any creditor, other Secured Party or Debtor) promptly following receipt of a written request from the Senior Secured Notes Issuer:

(i) release (or procure that any other relevant person releases) from the Transaction Security or Topco Independent Transaction Security and the Secured Debt Documents:

   (A) any security (and/or other claim relating to a Debt Document) over any asset which the Senior Secured Notes Issuer has confirmed is the subject of (1) a disposal not prohibited under any Finance Document (or where any applicable release and/or consent has been obtained) including a disposal to a member of the Senior Secured Group but without prejudice to any obligation of any member of the Senior Secured Group in a Finance Document to provide replacement security, and (2) any other transaction not prohibited by any Finance Document (or where any applicable release and/or consent has been obtained) pursuant to which that asset will cease to be held or owned by a member of the Senior Secured Group and, in each case, where such disposal is not a Distressed Disposal (as defined below) (in each case, a "Non-Distressed Disposal");

   (B) any security (and/or other claim relating to a Debt Document) over any document or other agreement requested in order for any member of the Senior Secured Group to effect any amendment or waiver in respect of that document or agreement or otherwise exercise any rights, comply with any obligation or take any action in relation to such document or agreement, in each case to the extent the Senior Secured Notes Issuer has confirmed that such action is not prohibited by any Finance Document;

(C) any security (and/or other claim relating to a Debt Document) over any asset of any member of the Senior Secured Group which has ceased to be a Debtor or guarantor (or will cease to be simultaneously with such release) to the extent that the Senior Secured Notes Issuer has confirmed that such cessation is otherwise in accordance with the terms of each Finance Document or the Agreed Security Principles; and

(D) any security (and/or other claim relating to a Debt Document) over any other asset to the extent that the Senior Secured Notes Issuer has confirmed that such security is not required to be given or such release is otherwise in accordance with the terms of any Finance Document or the Agreed Security Principles;

(ii) in the case of a disposal of shares or ownership interests in a Debtor or other member of the Senior Secured Group (or a holding company of any Debtor) or any other transaction pursuant to which a Debtor or other member of the Senior Secured Group (or a holding company of any Debtor) will cease to be a member of the Topco Group or a Debtor (including by way of resignation or being designated an Unrestricted Subsidiary), release (or procure that any other relevant person releases) that Debtor or other member of the Senior Secured Group and its subsidiaries from all present and future liabilities under the Secured Debt Documents and the respective assets of such Debtor and its subsidiaries (and the shares in any such Debtor and/or subsidiary) from the Transaction Security or Topco Independent Transaction Security and the Secured Debt Documents (including any claim relating to a Debt Document); and

(iii) to effect a transfer of the rights and obligations of the borrower or issuer of Super Senior Liabilities, Senior Liabilities or Second Lien Liabilities under certain circumstances regulated by the Intercreditor Agreement.

When making any request for a release pursuant to paragraphs (i)(A) or (i)(B) above, the Senior Secured Notes Issuer must confirm in writing to the Security Agent, that the relevant disposal or other action is not prohibited as at the date of completion of such release or, at the option of the Senior Secured Notes Issuer, on the date that the definitive agreement for such disposal or similar transaction is entered into.

When making any request for a release pursuant to paragraph (i)(C) or (i)(D) above, the Senior Secured Notes Issuer shall confirm in writing to the Security Agent, that such security is not required to be given or the relevant release or cessation is otherwise in accordance with the terms of the Finance Documents or the Agreed Security Principles.

In the case of a disposal of shares or other ownership interests in a Debtor or member of the Senior Secured Group (or a holding company of any Debtor) or any other transaction pursuant to which a Debtor or member of the Senior Secured Group (or a holding company of any Debtor) will cease to be a member of Topco Group or a Debtor (including by way of resignation or being designated an Unrestricted Subsidiary), to the extent the Senior Secured Notes Issuer has confirmed to the Security Agent that such disposal, transaction or designation is not prohibited by the Finance Documents, if such member of the Topco Group or a Debtor is a borrower, issuer or primary debtor under any Debt Document, such person shall have the right to voluntarily prepay all liabilities outstanding under any Debt Document and any right to decline, delay or prevent any such prepayment in any Debt Document shall be disapplied (but without prejudice to any prepayment fees, make-whole payment, break costs or other payment required by the relevant Finance Documents).

Distressed Disposals

"Distressed Disposal" means a disposal of an asset or shares of, or other financial securities issued by a member of the Senior Secured Group or, in the case of a Third Party Security Provider, any assets or shares or financial securities which are subject to the Transaction Security which is being effected (a) at the request of an Instructing Group in circumstances where the Transaction Security has become enforceable as a result of an acceleration event, (b) by enforcement of the Transaction Security as a result of an acceleration event, or (c) after the occurrence of an acceleration event or the enforcement of security as a result of an acceleration event, by a Debtor or Third Party Security Provider to a person or persons which is not a member of the Senior Secured Group.

If a Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorized (subject to acting in accordance with certain conditions set out below and at the cost of the relevant Debtor, Third Party Security Provider and the Senior Secured Notes Issuer and without any consent, sanction, authority or further confirmation from any creditor under the Intercreditor Agreement, Third Party Security Provider or Debtor):

(i) to release the Transaction Security or any other claim over that asset, enter into any release of that Transaction Security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be necessary or desirable;

(ii) if the asset which is disposed of consists of shares in the capital of a Debtor to release (A) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing, guarantee or other liabilities, (B) any Transaction Security granted by that Debtor or any subsidiary of that Debtor over any of its assets and (C) any other claim of an intra-group lender, a Topco Investor, Subordinated Creditor or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor, on behalf of the relevant creditors and Debtors;

(iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor to release (A) that holding company and any subsidiary of that holding company from all or any part of its borrowing, guarantee or other liabilities, (B) any Transaction Security granted by that holding company or any subsidiary of that holding company over any of its assets and (C) any other claim of an intra- group lender, a Topco Investor, Subordinated Creditor or a Debtor over that holding company's assets or over the assets of any subsidiary of that Debtor, on behalf of the relevant creditors and Debtors;

(iv) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the liabilities owed by such Debtor or holding company or any of their subsidiaries to creditors under the Debt Documents or to any Debtors:

  (A) if the Security Agent (acting in accordance with the Intercreditor Agreement) does not intend that any transferee of those liabilities (the "Transferee") will be treated as a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of all or part of those liabilities, provided that, notwithstanding any other provision of any Debt Document, the Transferee shall not be treated as a Secured Creditor or Secured Party for the purposes of the Intercreditor Agreement; and

  (B) if the Security Agent (acting in accordance with the Intercreditor Agreement) does intend that any Transferee will be treated as a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of all (and not part only) of the liabilities owed to the Secured Parties and all or part of any other liabilities, on behalf of, in each case, the relevant creditors, Third Party Security Providers and Debtors;

(v) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor (the "Disposed Entity") and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to transfer to another Debtor (the "Receiving Entity") all or any part of the Disposed Entity's obligations or any obligations of a subsidiary of that Disposed Entity in respect of the intra-group liabilities or liabilities owed to any Debtor, to execute and deliver or enter into any agreement to:

(A) transfer all or part of the obligations in respect of those intra-group liabilities or liabilities to any Debtor on behalf of the relevant intra-group lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and

(B) (provided the Receiving Entity is a holding company of the Disposed Entity which is also a guarantor of the Senior Secured Liabilities) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities or liabilities owed to Debtors on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or liabilities owed to Debtors are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities as described in paragraph (iv) above) shall be paid to the Security Agent for application in accordance with the provisions set out under "—*Application of Proceeds*" below as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of liabilities as described in paragraph (iv) above has occurred, as if that disposal of liabilities had not occurred.

In the case of a Distressed Disposal (or a disposal of liabilities as described in paragraphs (iv) or (v) above) effected by, or at the request of, the Security Agent, the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (although the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of liabilities in order to achieve a higher price).

If a Distressed Disposal is being effected at a time when the Majority Second Lien Creditors are entitled to give and have given instructions in accordance with the Intercreditor Agreement, the Security Agent is not authorized to release any Debtor, subsidiary or holding company from any borrowing liabilities or guarantee liabilities owed to any Senior Secured Creditor unless those borrowing liabilities or guarantee liabilities and any other Senior Secured Liabilities will be paid (or repaid) in full (or, in the case of any contingent liability relating to a letter of credit, cash management facility or an ancillary facility, made the subject of cash collateral arrangements acceptable to the relevant Senior Creditor) following that release.

If a Distressed Disposal is being effected at a time when the Majority Topco Creditors are entitled to give, and have given instructions in accordance with the Intercreditor Agreement, the Security Agent is not authorized to release any Debtor, subsidiary or holding company from any borrowing liabilities or guarantee liabilities owed to any Senior Secured Creditor or any Second Lien Creditor unless those borrowing liabilities or guarantee liabilities and any other Senior Secured Liabilities or Second Lien Liabilities will be paid (or repaid) in full (or, in the case of any contingent liability relating to a letter of credit, cash management facility or an ancillary facility, made the subject of cash collateral arrangements acceptable to the relevant Senior Creditor) following that release.

Where borrowing, guarantee or other liabilities in respect of any Senior Secured Liabilities, Second Lien Liabilities, Senior Secured Notes Proceeds Loan Liabilities, Topco Liabilities or unsecured liabilities would otherwise be released pursuant to the Intercreditor Agreement, the creditor concerned may elect to have those borrowing, guarantee or other liabilities transferred to a holding company of the Senior Secured Notes Issuer, in which case the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or the Senior Secured Notes Issuer and without any consent, sanction, authority or further confirmation from any creditor or Debtor) to execute such documents as are required to so transfer those borrowing, guarantee or other liabilities.

Subject to the provisions described below, if a Distressed Disposal (or a disposal of liabilities pursuant to paragraphs (iv) and (v) above) is being effected by or at the request of the Security Agent, unless the consent of each Senior Agent and each Senior Secured Notes Trustee (as applicable) has been obtained, it is a further condition to any release, transfer or disposal that:

(i) the consideration for such sale or disposal is in cash (or substantially all in cash); and

(ii) such sale or disposal is made (A) pursuant to a public auction or other competitive sale process conducted with the advice of a reputable, independent or financially recognized investment bank or firm of accountants (or (if all such banks or firms are conflicted), a reputable, independent and internationally recognized third party professional firm which is regularly engaged in providing valuations of businesses or assets similar or comparable to those subject to the relevant Transaction Security) and, in each, case not being an auditor or administrator of the applicable company (a "Financial Adviser") as selected by the Security Agent, in respect of which the Secured Creditors are entitled to participate (a "Competitive Sales Process"); or (B) where a Financial Adviser selected by the Security Agent has delivered an opinion to the Security Agent (including an enterprise valuation of the Group) that the proceeds received or recovered in connection with such sale or disposal are fair from a financial point of view taking into account all relevant circumstances including the method of enforcement (it being acknowledged that the Security Agent has no obligation to select or engage any Financial Adviser unless it has been indemnified and/or secured and/or prefunded to its satisfaction).

If before the Second Lien Discharge Date, a Distressed Disposal (or a disposal of liabilities pursuant to paragraphs (iv) and (v) above) is being effected such that any Second Lien Liabilities or Transaction Security securing Second Lien Liabilities will be released, transferred or disposed of pursuant to the Intercreditor Agreement, it is a further condition to any release, transfer or disposal that either:

(i) each agent and trustee in respect of any Second Lien Liabilities has approved the release, transfer or disposal; or

(ii) where shares or assets of a borrower, issuer or guarantor in respect of Second Lien Liabilities are sold:

    (A) the consideration for such sale or disposal is in cash (or substantially all in cash); and

    (B) at completion of the sale or disposal the borrowing, guarantee and (to the extent permitted by the Intercreditor Agreement) other liabilities owing to each of the Secured Creditors and Unsecured Creditors by the Debtors being sold and disposed of and their subsidiaries (a "Relevant Claim") are (to the same extent) unconditionally released and discharged or sold or disposed of (and not assumed by the purchaser or its affiliates), and all security under documents creating security in respect of the secured obligations in respect of the assets of such members of the Senior Secured Group is unconditionally released and discharged, provided that, if each Senior Agent and Senior Secured Notes Trustee (acting reasonably and in good faith) determines that the Senior Secured Creditors will recover a greater amount if the Relevant Claim is sold or otherwise transferred to the purchaser or its affiliates and provided such amount is nevertheless less than the aggregate amount of outstanding Senior Secured Liabilities (which shall be deemed to be the case if there are no bidders or if each Senior Agent and Senior Secured Notes Trustee (acting reasonably and in good faith) determines that there are no bona fide and fully committed bids in cash or substantially all in cash in excess of the outstanding amount of Senior Secured Liabilities), then the Security Agent shall be entitled immediately to sell and transfer such Relevant Claim to the purchaser or its affiliate; and

    (C) such sale or disposal (including any sale or disposal of any claim) is made pursuant to a Competitive Sales Process or where a Financial Adviser selected by the Security Agent has delivered an opinion to the Security Agent (including an enterprise valuation of the Group) that the proceeds received or recovered in connection with such sale or disposal are fair from a financial point of view taking into account all relevant circumstances including the method of enforcement (it being acknowledged that the

Security Agent has no obligation to select or engage any Financial Adviser unless it has been indemnified and/or secured and/or prefunded to its satisfaction).

If before the Topco Discharge Date, a Distressed Disposal (or a disposal of liabilities pursuant to paragraphs (iv) and (v) above) is being effected such that any Topco Liabilities or Transaction Security securing Topco Liabilities will be released, transferred or disposed of pursuant to the Intercreditor Agreement, it is a further condition to any release, transfer or disposal that either:

(i) each agent and trustee in respect of any Topco Liabilities has approved the release, transfer or disposal; or

(ii) where shares or assets of a borrower, issuer or guarantor in respect of Topco Liabilities are sold:

(A) the consideration for such sale or disposal is in cash (or substantially all in cash); and

(B) at completion of the sale or disposal the borrowing, guarantee and (to the extent permitted by the Intercreditor Agreement) other liabilities owing to each of the Secured Creditors and Unsecured Creditors by the Debtors being sold and disposed of and their subsidiaries (a "Relevant Claim") are (to the same extent) unconditionally released and discharged or sold or disposed of (and not assumed by the purchaser or its affiliates), and all security under documents creating security in respect of the Secured Obligations in respect of the assets of such members of the Senior Secured Group is unconditionally released and discharged, provided that, if each Senior Agent and Senior Secured Notes Trustee and each agent and trustee in respect of any Second Lien Liabilities (acting reasonably and in good faith) determines that the Priority Secured Parties will recover a greater amount if the Relevant Claim is sold or otherwise transferred to the purchaser or its affiliates and provided such amount is nevertheless less than the aggregate amount of outstanding Priority Secured Liabilities (which shall be deemed to be the case if there are no bidders or if each Senior Agent, Senior Secured Notes Trustee and each agent and trustee in respect of any Second Lien Liabilities (acting reasonably and in good faith) determines that there are no bona fide and fully committed bids in cash or substantially all in cash in excess of the outstanding amount of the Priority Secured Liabilities), then the Security Agent shall be entitled immediately to sell and transfer such Relevant Claim to the purchaser or its affiliate; and

(C) such sale or disposal (including any sale or disposal of any claim) is made pursuant to a Competitive Sales Process or where a Financial Adviser selected by the Security Agent has delivered an opinion to the Security Agent (including an enterprise valuation of the Group) that the proceeds received or recovered in connection with such sale or disposal are fair from a financial point of view taking into account all relevant circumstances including the method of enforcement (it being acknowledged that the Security Agent has no obligation to select or engage any Financial Adviser unless it has been indemnified and/or secured and/or prefunded to its satisfaction).

When acting for the purposes of the above paragraphs, the Security Agent shall always act (i) if the relevant Distressed Disposal is being effected by way of enforcement of the Transaction Security in accordance with the provisions set out under "*—Manner of Enforcement*" above and (ii) in any other case on the instructions of the Instructing Group or, in the absence of such instructions, as the Security Agent sees fit (which may include taking no action).

Application of Proceeds

Order of Application—Transaction Security

Subject to certain provisions set out in the Intercreditor Agreement and to the proviso described below, all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any

Debt Document (other than amounts in respect of Topco Independent Transaction Security or any other security which is not Transaction Security or any guarantees provided by any holding company of Topco or any subsidiary of any holding company of the Senior Notes Issuer (other than a member of the Senior Secured Group) in respect of any Topco Liabilities or Topco Proceeds Loan Liabilities) or in connection with the realization or enforcement of all or any part of the Transaction Security shall be applied at any time as the Security Agent sees fit, in the following order of priority:

(i) in discharging any Agent Liabilities relating to the Senior Secured Liabilities, the Second Lien Liabilities or the Topco Liabilities and any sums owed to the Security Agent and any receiver or delegate on a *pari passu* basis;

(ii) in payment of all costs and expenses incurred by any agent or Secured Creditor in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

(iii) if the Designation Date has occurred, for application towards the discharge of:

(A) the Super Senior Lender Liabilities and any Arranger Liabilities in connection therewith; and

(B) Hedging Liabilities that have been designated by the Senior Secured Notes Issuer as ranking alongside the Super Senior Lender Liabilities (the "Super Senior Hedging Liabilities") (on a pro rata basis between the Super Senior Hedging Liabilities of each hedge counterparty),

on a pro rata basis and ranking *pari passu* between paragraphs (A) and (B) above, or, if or after the Super Senior Discharge Date has occurred, then for application towards the discharge of:

(A) the Senior Lender Liabilities and any Arranger Liabilities in connection therewith;

(B) the Senior Secured Notes Liabilities;

(C) the Cash Management Facility Liabilities; and

(D) the *Pari passu* Hedging Liabilities, on a pro rata basis and ranking *pari passu* between paragraphs (A), (B), (C) and (D) above;

(iv) if the Designation Date has not occurred, for application towards the discharge of:

(A) the Senior Lender Liabilities and any Arranger Liabilities in connection therewith;

(B) the Senior Secured Notes Liabilities;

(C) the Cash Management Facility Liabilities; and

(D) the Hedging Liabilities, on a pro rata basis and *pari passu* between paragraph (A), (B), (C) and (D) above;

(v) for application towards the discharge of (x) the Second Lien Lender Liabilities and any Arranger Liabilities in connection therewith, and (y) the Second Lien Notes Liabilities, on a pro rata basis and ranking *pari passu* between themselves;

(vi) solely to the extent such proceeds are from the realization or enforcement of the Topco Shared Security and any guarantees provided by a Topco Guarantor that is a member of the Senior Secured Group or Third Party Security Provider in respect of the Topco Liabilities, for application towards the discharge of (A) the Topco Facility Liabilities and any Arranger

Liabilities in connection therewith, and (B) the Topco Notes Liabilities, on a pro rata basis and ranking *pari passu* between themselves;

(vii) if none of the Debtors or Third Party Security Providers is under any further actual or contingent liability under any Debt Document relating to the Senior Secured Liabilities, the Second Lien Liabilities or the Topco Liabilities, in payment to any other person whom the Security Agent is obliged to pay in priority to any Debtor or Third Party Security Provider; and

(viii) the balance, if any, in payment to the relevant Debtor,

provided that, all amounts from time to time received or recovered by the Security Agent from or in respect of a Topco Borrower pursuant to the terms of any Debt Document (other than in connection with the realization or enforcement of the Transaction Security or Topco Independent Transaction Security) shall be held by the Security Agent on trust to apply at any time as the Security Agent sees fit, in the following order of priority:

(A) in accordance with paragraph (i) above;

(B) in accordance with paragraph (ii) above;

(C) in accordance with paragraphs (iii) (or as the case may be (iv)), (v), and (vi) above (in each case only to the extent there are liabilities due from the relevant Topco Borrower to such creditors);

(D) if none of the Debtors is under any further actual or contingent liability under any Secured Debt Document, in payment to any other person whom the Security Agent is obliged to pay in priority to any Debtor or Third Party Security Provider; and

(E) the balance, if any, in payment to the relevant Debtor.

Order of Application—Topco Independent Transaction Security

Subject to certain provisions set out in the Intercreditor Agreement, all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Topco Document in connection with the realization or enforcement of Topco Independent Transaction Security or any guarantees provided by a Topco Guarantor (other than a member of the Senior Secured Group) (the "Topco Recoveries") shall be applied at any time as the Security Agent sees fit, in the following order of priority:

(i) in discharging any Agent Liabilities in respect of the Topco Liabilities (to the extent related to such Topco Recoveries), the Security Agent and any receiver or delegate, on a *pari passu* basis;

(ii) in payment of all costs and expenses incurred by any agent or Topco Creditor in connection with any realization or enforcement of the Topco Independent Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

(iii) for application towards the discharge of:

(A) the Topco Facility Liabilities; and

(B) the Topco Notes Liabilities, on a pro rata basis and ranking *pari passu* between paragraphs (A) and (B) above;

(iv) if none of the Debtors, Third Party Security Providers or Topco Independent Obligors are under any further actual or contingent liability in respect of the Secured Liabilities, in payment to any other person whom the Security Agent is obliged to pay in priority to any Debtor, Third Party Security Provider or Topco Independent Obligor; and

(v) the balance, if any, in payment to the relevant Debtor.

Equalization

The Intercreditor Agreement will provide that if, for any reason, any liabilities relating to Super Senior Liabilities, Senior Secured Liabilities, Second Lien Liabilities or Topco Liabilities remain unpaid after the first date on which certain types of Enforcement Action are taken (the "Enforcement Date") and the resulting losses are not borne by the creditors in any given specified class in the proportions which their respective exposures at the Enforcement Date bore to the aggregate exposures of all the creditors in that specified class at the Enforcement Date, the relevant class of creditors will make such payments amongst themselves as the Security Agent shall require to put the relevant creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

Required Consents

The Intercreditor Agreement will provide that, subject to certain exceptions, its terms may be amended or waived only with the consent of the Senior Secured Notes Issuer, the agents and trustees for the Secured Parties, and the Security Agent, provided that, to the extent that an amendment, waiver or consent only affects one class of creditors, and such amendment, waiver or consent could not reasonably be expected materially or adversely to affect the interests of the other classes of creditors, only written agreement from the agent or trustee acting on behalf of the affected class shall be required.

An amendment or waiver of the Intercreditor Agreement that has the effect of changing or which relates to, among other matters, the provisions set out under "—*Application of Proceeds*" above, the order of priority or subordination under the Intercreditor Agreement or the provisions set out under "—*Turnover*" above (other than an amendment or waiver which is consequential to or required to implement a Permitted Structural Adjustment (as defined in the Revolving Credit Facility Agreement)) shall not be made without the consent of (i) each of the agents or trustees (acting in accordance with the relevant finance documents) under the Senior Liabilities, the Super Senior Liabilities, the Second Lien Liabilities and the Topco Liabilities, (ii) each Cash Management Facility Lender (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Cash Management Facility Lender under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors), (iii) each Hedge Counterparty (as defined in the Intercreditor Agreement) (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Hedge Counterparty under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors) and (iv) the Senior Secured Notes Issuer.

Each agent or trustee shall, to the extent instructed to consent by the requisite percentage of creditors it represents or as otherwise authorized by the Debt Documents to which it is party, act on such instructions or authorizations in accordance therewith (save to the extent any amendments so consented or authorized relate to any provision affecting the personal rights and obligations of that agent or trustee in its capacity as such).

Amendments and Waivers: Transaction Security Documents

Subject to certain exceptions under the Intercreditor Agreement (as described below), the Security Agent may, if the Senior Secured Notes Issuer consents, amend the terms of, release or waive any of the requirements of or grant consents under, any Transaction Security Document or Topco Independent Transaction Security Document which shall be binding on each party. The Security Agent may also and is deemed to be irrevocably authorized and instructed by the Secured Creditors to (with the consent of the Senior Secured Notes Issuer or at the Senior Secured Notes Issuer's request) amend, release and/or retake any Transaction Security Document or Topco Independent Transaction Security Document where such amendment, release and/or retake is required in order to ensure the validity, protection or priority of the Transaction Security or Topco Independent Transaction Security purported to be created under such Transaction Security Document or Topco Independent Transaction Security Document, together with any related or consequential waiver, as certified to the Security Agent (including by reason of a failure to register such Transaction Security Document or Topco Independent Transaction Security Document with Companies House within the prescribed time limit set out in section 859 of the Companies Act 2006, in which case the Security Agent shall also irrevocably waive any payment or other obligation or default arising out of such failure to register) and any such amendment, release, waiver and retake shall be binding on each party. Where any such amendment, release or waiver of, or consent under any Transaction Security Document or Topco Independent Transaction Security Document would adversely affect the nature or scope of the assets subject to Transaction Security or, as the case may be, Topco Independent Transaction Security or the manner in which the proceeds of enforcement of the Transaction Security or Topco Independent Transaction Security are distributed, the prior consent of (i) each of the agents or trustees (acting in accordance with the relevant finance documents) under the Senior Liabilities, the Super Senior Liabilities, the Second Lien Liabilities and the Topco Liabilities, (ii) each Cash Management Facility Lender (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Cash Management Facility Lender under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors), (iii) each Hedge Counterparty (as defined in the Intercreditor Agreement) (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Hedge Counterparty under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors) and (iv) the Senior Secured Notes Issuer will be required.

Exceptions

Subject to the paragraph below, an amendment, waiver or consent which relates to the rights or obligations which are personal to an agent, an arranger or the Security Agent in its capacity as such (including, without limitation, any ability of that Security Agent to act in its discretion under the Intercreditor Agreement) may not be effected without the consent of that agent, arranger or, as the case may be, Security Agent.

The preceding paragraph and the paragraphs above under "*—Required Consents*" and under "*—Amendments and Waivers: Transaction Security Documents*" are subject to certain exceptions under the Intercreditor Agreement, relating in particular to (i) any release of Transaction Security or Topco Independent Transaction Security claims or liabilities, or (ii) to any amendment waiver or consent, which, in each case, the Security Agent gives in accordance with the provisions of the Intercreditor Agreement relating to the incurrence of additional or refinancing debt or the provisions set out under "*—New Debt Financing*," "*—Non-Distressed Disposals*" and "*—Distressed Disposals*" above. Any release, amendment, waiver or consent effected in accordance with the relevant provisions of the Debt Documents relating to such matters can be effected solely by the Senior Secured Notes Issuer and the Security Agent.

Provisions Following an IPO

Following an initial public offering of a member of the Senior Secured Group (or a holding company thereof) (an "IPO"), the Senior Secured Notes Issuer is entitled to give notice that the terms of the Debt Documents will automatically operate so that, amongst other things, (i) the Senior Secured Group (and all related provisions) will now refer to the member of the Senior Secured Group or holding company of the Senior Secured Notes Issuer who will issue shares or whose shares are to be sold pursuant to such IPO (the "IPO Pushdown Entity," and if any Topco Notes are not refinanced in full on or before the date of such IPO, the IPO Pushdown Entity shall be any holding company of the Senior Secured Notes Issuer which is the issuer or borrower of any Topco Liabilities) and its Restricted Subsidiaries (as defined in the Senior Facilities Agreement), (ii) all financial ratio calculations shall be made excluding any holding company of the IPO Pushdown Entity and (iii) certain provisions of the Debt Documents (including representations, undertakings and events of default) will cease to apply to any holding company of the IPO Pushdown Entity (such changes, taken together, an "IPO Debt Pushdown").

Each holding company of the IPO Pushdown Entity shall be released from all obligations under the Debt Documents (including any Transaction Security or Topco Independent Transaction Security) and each Subordinated Creditor, Third Party Security Provider, Investor (as defined in the Revolving Credit Facility Agreement) or Topco Independent Obligor (excluding a Topco Independent Obligor that is a member of the Senior Secured Group) will be released from its obligations and restrictions under the Intercreditor Agreement in the appropriate capacity.

Subject to the consent of the majority lenders under and as defined in the Senior Lender Liabilities, noteholders representing more than 50% of any Senior Secured Notes Liabilities, the majority lenders under and as defined in any Second Lien Facility Agreement, noteholders representing more than 50% of any Second Lien Notes Liabilities, the majority lenders under and as defined in any Topco Facility and noteholders representing more than 50% of any Topco Notes Liabilities (in each case following the relevant IPO), the Senior Secured Notes Issuer and each subsidiary of the Senior Secured Notes Issuer shall also be released from all obligations as Debtor and guarantor under the Debt Documents and from the Transaction Security (other than, in each case, borrowing liabilities).

Each party to the Intercreditor Agreement shall be required to enter into any amendment, release or replacement of any Debt Document required to facilitate the matters described in each of the above paragraphs under the heading "*—Provisions Following an IPO*."

Agreement to Override

Unless expressly stated otherwise therein, the Intercreditor Agreement overrides anything in any other Debt Documents to the contrary (other than any Transaction Security Documents or, as the case may be, Topco Independent Transaction Security Documents, which are governed by German Law and need to be notarized (*beurkundet*)).

Leases

Certain of our subsidiaries are party to leases totaling €112.6 million as of December 31, 2023 (with a nominal amount of €155.7 million). The leases are not subject to the terms of the Intercreditor Agreement.

Hedging Obligations

We enter into interest rate swaps from time to time in order to hedge against interest rate risk associated with our borrowings that are subject to floating rates of interest, including the Senior Facility. As the Senior Secured Notes and the Senior Notes have a fixed rate of interest, we do not anticipate entering into any interest rate hedges in connection therewith.

DESCRIPTION OF THE NOTES

The following is a description of the €500.0 million in aggregate principal amount of % senior secured notes due 2029 (the "Notes"). The Notes will be issued by Techem Verwaltungsgesellschaft 675 mbH (formerly Blitz F18-675 GmbH), a limited liability company incorporated under the laws of Germany (the "Company"). You will find definitions of certain capitalized terms used in this "*Description of the Notes*" under the heading "*—Certain Definitions*" below. For purposes of this "*Description of the Notes*," references to the "Company," "we," "our," and "us" refer only to Techem Verwaltungsgesellschaft 675 mbH and not to any of its Subsidiaries.

The Company will issue the Notes under an indenture to be dated on or about , 2024 (the "Indenture"), between, *inter alios*, the Company, the Guarantors (as defined below), U.S. Bank Trustees Limited, as trustee (in such capacity, the "Trustee") and as security agent (in such capacity, the "Security Agent"), and Elavon Financial Services DAC, as paying agent, in a private transaction that is not subject to the registration requirements of the Securities Act. The Indenture will not be qualified under, incorporate by reference or include, or be subject to, any of the provisions of the Trust Indenture Act, including Section 316(b) thereof. Consequently, the Holders will not be entitled to the protections provided under the Trust Indenture Act to holders of debt securities issued under a qualified indenture, including among other things, those requiring the Trustee to resign in the event of certain conflicts of interest and to inform Holders of certain relationships between it and us.

The Company intends to use the proceeds from the offering of the Notes sold on the Issue Date, together with a portion of the proceeds from the Facility B, to (i) pay the purchase price for the Tendered 2% Notes due 2025 (as defined below) pursuant to a tender offer (the "Tender Offer"), together with accrued and unpaid interest thereon, up to but excluding the Tender Settlement Date (as defined below), (ii) satisfy and discharge the Company's and the Guarantors' obligations in respect of the Remaining 2% Notes due 2025 (as defined below) on or about the Issue Date by depositing an amount in cash sufficient to redeem the entire outstanding principal amount of the Remaining 2% Notes due 2025 at par, together with accrued and unpaid interest thereon, up to but excluding April 17, 2025 (the "Remaining 2% Notes due 2025 Redemption Date") with the trustee in respect of such Remaining 2% Notes due 2025 and (iii) pay fees, costs and expenses incurred in connection with the foregoing. Whether the Company will accept for purchase any 2% Notes due 2025 validly tendered in the Tender Offer is subject, without limitation, to the successful completion of the Offering in an aggregate principal amount and on terms that are satisfactory to the Company in its sole discretion on or prior to the settlement date of the Tender Offer, currently expected to be April 18, 2024, subject to the right of the Company, in its absolute and sole discretion, to extend, re-open, withdraw and/or terminate the Tender Offer, as applicable (the "Tender Settlement Date"). The closing of the Offering is not conditioned on the consummation of the Tender Offer. See "*Use of Proceeds*."

The Indenture will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements (as defined below) and in the case of certain conflicts between the terms of the Indenture and the Intercreditor Agreement, the terms of the Intercreditor Agreement will prevail. The terms of the Intercreditor Agreement are important to understanding the relative ranking of indebtedness and security, the ability to make payments in respect of the indebtedness, the procedures for undertaking enforcement action, the subordination of certain indebtedness, turnover obligations, release of security and guarantees, and the payment waterfall for amounts received by the Security Agent. See "*Description of Other Indebtedness—Intercreditor Agreement*" for a description of certain terms of the Intercreditor Agreement.

This "*Description of the Notes*" is intended to be an overview of the material provisions of the Notes and the Indenture and refers to the Intercreditor Agreement and the Security Documents. Since this description of the terms of the Notes is only a summary, you should refer to the Notes, the Indenture, the Intercreditor Agreement and the Security Documents for complete descriptions of the obligations of the Company and your rights. Copies of such documents will be available from us upon request on and after the Issue Date.

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Notes have not been, and will not be, registered under the Securities Act and will be subject to certain transfer restrictions.

General

The Notes

The Notes will:

- be general senior obligations of the Company, secured as set forth under "—*Security*";
- rank *pari passu* in right of payment with any existing or future obligation of the Company that is not subordinated in right of payment to the Notes, including the obligations of the Company under the Senior Facilities and certain Hedging Obligations;
- rank senior in right of payment to any existing and future indebtedness of the Company that is expressly subordinated in right of payment to the Notes (including the Company's obligations under its guarantee of the Senior Notes);
- be effectively subordinated to any existing or future indebtedness or obligation of the Company and its Subsidiaries that is secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such obligation or indebtedness;
- be Guaranteed on a senior secured basis by the Guarantors;
- be structurally subordinated to any existing or future indebtedness of the Subsidiaries of the Company that are not Guarantors, including obligations to their trade creditors;
- mature on   , 2029; and
- be represented by one or more registered Notes in global form, but in certain circumstances may be represented by Definitive Registered Notes (as defined below). See "*Book-Entry; Delivery and Form*."

Under the terms of the Intercreditor Agreement, the Holders will receive proceeds from the enforcement of the Collateral (as defined below) on a *pari passu* basis with all indebtedness of the Company that is secured on the Collateral and that is not subordinated in right of payment to the Notes and the Guarantees, including obligations under the Senior Facilities Agreement and certain Hedging Obligations, *provided* that, subject to certain conditions, including compliance with the covenant described under "—*Certain Covenants—Limitation on Liens*," certain credit facility Indebtedness and certain Hedging Obligations may be designated as having super senior priority pursuant to the operation of the Intercreditor Agreement, in which case, such super senior priority Indebtedness will receive proceeds from the enforcement of the Security Interests in the Collateral and certain distressed disposals in priority to Holders of the Notes pursuant to the Intercreditor Agreement. See "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Risk Factors—Risks Relating to the Senior Secured Notes—If the Revolving Credit Facility is designated as a super senior liability in accordance with the terms of the Intercreditor Agreement and the Senior Secured Notes Indenture, creditors under the Revolving Credit Facility and counterparties to certain hedging obligations and future indebtedness permitted to be incurred under the terms of the Senior Secured Notes Indenture and the Intercreditor Agreement ranking pari passu with the Revolving Credit Facility will be entitled to be repaid with proceeds from the enforcement of the Senior Secured Notes Collateral in priority over the Senior Secured Notes.*"

The Company is a holding company with no revenue-generating activities of its own and no business operations, material assets or liabilities other than its shares in Techem Metering GmbH and those liabilities incurred in connection with its incorporation, the Acquisition and the Transactions and its operations are conducted through its Subsidiaries. Therefore, the Company depends on the receipt of funds from its Subsidiaries (whether in the form of dividends, other distributions, return on capital or payments with respect to intercompany obligations) to meet its obligations, including its obligations under the Notes. The Notes will be structurally subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Company's Subsidiaries that are not Guarantors.

As of the Issue Date, all of our Subsidiaries will be "Restricted Subsidiaries" for the purposes of the Indenture. However, under the circumstances described below under "*—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*," we will be permitted to designate certain of our Subsidiaries as "Unrestricted Subsidiaries." Any Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture and will not guarantee the Notes.

As of December 31, 2023, on an unaudited as adjusted basis to give effect to the Transactions, we would have had €2,864.8 million of outstanding total indebtedness (excluding shareholder indebtedness), including €500.0 million in aggregate principal amount of Senior Secured Notes offered hereby, €1,800.0 million in aggregate principal amount of borrowings under Facility B, €42.8 million of drawings under the Revolving Credit Facility, €363.9 million of Senior Notes, €155.7 million of lease liabilities and €2.4 million of other third-party borrowings.

The Notes Guarantees

On the Issue Date, the Notes will be guaranteed, jointly and severally, by Techem Metering GmbH, Techem GmbH, Techem Energy Services GmbH and Techem Solutions GmbH (formerly Techem Energy Contracting GmbH) (together, the "Guarantors") on a senior secured basis. In addition, if required by the covenant described under "*—Certain Covenants—Additional Guarantees*," certain other Restricted Subsidiaries may provide a Notes Guarantee (as defined below) in the future.

Once granted, the Notes Guarantee of each of the Guarantors will:

- be a general senior obligation of that Guarantor, secured as set forth under "*—Security*";
- rank *pari passu* in right of payment with any existing and future indebtedness of that Guarantor that is not subordinated in right of payment to such Notes Guarantee (including such Guarantor's obligations under the Senior Facilities and certain Hedging Obligations);
- rank senior in right of payment to all existing and future indebtedness of that Guarantor that is subordinated in right of payment to its Notes Guarantee, including such Guarantor's obligations under its guarantee of the Senior Notes;
- be effectively subordinated to any existing or future indebtedness or obligation of that Guarantor and its subsidiaries that is secured by property or assets that do not secure the Notes or the Notes Guarantees, to the extent of the value of the property and assets securing such indebtedness; and
- be structurally subordinated to any existing or future indebtedness of the Subsidiaries of that Guarantor that do not guarantee the Notes, including their obligations to trade creditors.

The obligations of a Guarantor under its Notes Guarantee will be limited as necessary to prevent the relevant Notes Guarantee from constituting a fraudulent conveyance or unlawful financial assistance under applicable law, or otherwise to reflect limitations under applicable law. In addition, the Notes Guarantees will be further limited as required under the Agreed Security Principles as described below under "*—Notes Guarantees—General*." By virtue of these limitations, a Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See "*Risk Factors—Risks Relating to the Senior Secured Notes—The insolvency and restructuring laws of Germany may not be as favorable to you as the insolvency and restructuring laws of the United States or those of another jurisdiction with which you are familiar; other limitations on the Guarantees and the Security Interests in the Collateral, including fraudulent conveyance statutes, may adversely affect their validity and enforceability*." The validity and enforceability of the Notes Guarantees and the liability of each Guarantor will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations*."

Principal, Maturity and Interest

On the Issue Date, the Company will issue €500.0 million in aggregate principal amount of Notes. The Notes will mature on , 2029. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Notes (together with any Additional Notes) will be treated as a single class for all purposes under the Indenture, including in respect of any amendment, waiver or other modification of the Indenture or any other action by the Holders hereunder, except as otherwise provided in the Indenture.

Interest on the Notes

Interest on the Notes will accrue at the rate of % per annum. Interest on the Notes will be payable semi-annually in arrears on and , commencing on , 2024. Interest on the Notes will be payable to the holder of record of such Notes on the Business Day immediately preceding the related interest payment date.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

The rights of Holders to receive the payments of interest on the Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

If the Company redeems any Global Notes on a date that is on or after the record date and on or before the corresponding interest payment date, the accrued and unpaid interest up to, but excluding, the redemption date will be paid on the redemption date to the Holder in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Company.

The right of holders of beneficial interests in the Notes to receive the payment on such Notes will be subject to the applicable procedures of Euroclear and Clearstream, as applicable.

Methods of Receiving Payments on the Notes

Principal, interest and premium and Additional Amounts, if any, on the Notes (as defined below) will be made by one or more Paying Agents by wire transfer of immediately available funds to the account specified by the registered Holder thereof (initially being the common depositary or its nominee for Euroclear and Clearstream).

Principal, interest and premium, and Additional Amounts, if any, on any certificated securities ("Definitive Registered Notes") will be payable at the specified office or agency of one or more Paying Agents maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid, at the option of the Company, by check mailed to the address of the Holder entitled thereto as shown on the register of Holders for the Definitive Registered Notes. See "*—Paying Agent and Registrar for the Notes*" below.

Paying Agent and Registrar for the Notes

The Company will maintain one or more Paying Agents for the Notes (including the initial Paying Agent). The initial Paying Agent will be Elavon Financial Services DAC (the "Paying Agent").

The Company will also maintain a registrar (the "Registrar") and a transfer agent (the "Transfer Agent"). The initial Registrar will be Elavon Financial Services DAC and the initial Transfer Agent will be Elavon Financial Services DAC. The Registrar will maintain a register reflecting ownership of the Notes outstanding from time to time, if any, and together with the Transfer Agent, will facilitate transfers of the Notes on behalf of the Company.

Upon written notice to the Trustee, the Company may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders of such Notes. The Company or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Additional Notes

The Indenture is unlimited in aggregate principal amount, of which €500.0 million aggregate principal amount of Notes will be issued in this offering. The Company may issue Notes (the "Additional Notes") from time to time under the Indenture, subject to compliance with the covenants contained in the Indenture. Any series of Additional Notes 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 (defined below) supplied to the Trustee (copying the Paying Agent):

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes;

(3) the date or dates on which such Additional Notes will be issued and will mature;

(4) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such 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 minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, the denominations in which such Additional Notes shall be issued and redeemed;

(8) the ISIN, Common Code or other securities identification numbers with respect to such Additional Notes;

(9) to reflect a change in tax law since the date of the Indenture in a Relevant Taxing Jurisdiction (as defined below); and

(10) any relevant limitation language with respect to Note Guarantees and Security Documents.

It is intended, to the maximum extent possible, that such Additional Notes will be treated, along with all other Notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for such series in such Officer's Certificate; provided, however, that if any Additional Notes are not part of the same issue as the Notes offered hereby under the Indenture for U.S. federal income tax purposes or if the Company otherwise determines that any Additional Notes should be differentiated from any other Notes, such Additional Notes may have a separate ISIN, Common Code or other securities identification number from such Notes. 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.

Notes Guarantees

General

On the Issue Date, the obligations of the Company pursuant to the Notes, including any payment obligation resulting from a Change of Control Triggering Event, will be guaranteed, jointly and severally, on a senior secured basis by the Guarantors (each, a "Notes Guarantee" and together, the "Notes Guarantees").

The Guarantors accounted for 74.4% of our EBITDA (excluding intercompany transactions) for the twelve months ended December 31, 2023, accounted for 69.9% of our total revenue (excluding intercompany revenue) for the twelve months ended December 31, 2023, and held 61.0% of our total assets (excluding goodwill, equity investments in subsidiaries and intercompany transactions) as of December 31, 2023. As of December 31, 2023, on a *pro forma* basis to give effect to the Transactions, our subsidiaries not guaranteeing the Notes had outstanding indebtedness of €2.4 million (excluding intercompany loans) comprised of bank loans of various recently acquired small submetering companies in Germany, as well as a local bank loan of Techem Brazil. Although the Indenture will limit the Incurrence of Indebtedness and the issuance of Disqualified Stock of the Company and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the Incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Definitions—Indebtedness*."

In addition, as described under "*—Certain Covenants—Additional Guarantees*" and subject to the Intercreditor Agreement and the Agreed Security Principles, certain Subsidiaries of the Company that guarantee the Senior Facilities in the future or any Credit Facility or Public Debt, in each case, of the Company or a Guarantor, will also enter into a supplemental indenture as a Guarantor and accede to the Intercreditor Agreement.

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Senior Facilities and the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance rules, corporate benefit rules, fraudulent preference rules, "thin capitalization" rules, capital maintenance rules, retention of title claims and similar matters, or where the time and cost of granting the guarantee would be disproportionate to the benefit accruing to the Holders.

Each Notes Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the U.S. Bankruptcy Code or any comparable provision of foreign or state law, or as otherwise required under the Agreed Security Principles, to comply with corporate benefit, financial assistance and other laws.

By virtue of this limitation, a Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See "*Risk Factors—Risks Relating to the Senior Secured Notes—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral*" and "*—The insolvency and restructuring laws of Germany may not be as favorable to you as the insolvency and restructuring laws of the United States or those of another jurisdiction with which you are familiar; other limitations on the Guarantees and the Security Interests in the Collateral, including fraudulent conveyance statutes, may adversely affect their validity and enforceability*."

A portion of the operations of the Company are conducted through Subsidiaries that are not expected to become Guarantors. Claims of creditors of non-Guarantor Restricted Subsidiaries, including trade creditors and creditors holding debt and guarantees issued by those Restricted Subsidiaries, and claims of preferred stockholders (if any) of those Restricted Subsidiaries and minority stockholders of Subsidiaries of non-Guarantor Restricted Subsidiaries (if any) generally will have priority with respect to the assets and earnings of those Restricted Subsidiaries over the claims of creditors of the Company and the Guarantors, including Holders. The Notes and each Notes Guarantee therefore will be structurally subordinated to creditors (including trade creditors) and preferred stockholders (if any) of the Company's Restricted Subsidiaries (other than the Guarantors) and minority stockholders of Subsidiaries of non-Guarantor Restricted Subsidiaries (if any).

Notes Guarantee Release

The Notes Guarantee of a Guarantor will terminate and be released:

(1) upon a sale, exchange, transfer or other disposition (including by way of consolidation, merger, or amalgamation) of any Capital Stock of the relevant Guarantor (whether by direct sale or sale of a holding company of such Guarantor) as a result of which such Guarantor would no longer be a Restricted Subsidiary, or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Company or a Restricted Subsidiary), in each case if such sale, exchange, transfer or other disposition does not violate the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(2) upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;

(3) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Notes in accordance with the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*," respectively;

(4) upon the release of the Guarantor's Guarantee of any Indebtedness that triggered such Guarantor's obligation to guarantee the Notes under the covenant described in "*—Certain Covenants—Additional Guarantees*"; *provided* that no other Indebtedness is at that time Guaranteed by the Guarantor that would result in the requirement that the Guarantor provide a Notes Guarantee pursuant to the covenant described under "*—Certain Covenants—Additional Guarantees*";

(5) pursuant to the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement, including, for the avoidance of doubt, in connection with an IPO Debt Pushdown;

(6) as described under "*—Amendments and Waivers*";

(7) as described in the second paragraph of the covenant described below under "*—Certain Covenants—Additional Guarantees*";

(8) in connection with a Permitted Reorganization; *provided* that the resulting, surviving or transferee Person is or becomes a Guarantor substantially concurrently with such Permitted Reorganization;

(9) upon payment in full of principal and interest and all other obligations on the Notes;

(10) as a result of a transaction permitted by "*—Merger and Consolidation*"; or

(11) upon the achievement of Investment Grade Status by the Notes.

The Trustee shall, subject to receipt of certain documentation requested pursuant to the Indenture, take all necessary actions at the reasonable request and cost of the Company, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Notes Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Trustee without the consent of the Holders and will not require any other action or consent on the part of the Trustee. Neither the Trustee nor the Company will be required to make a notation on the Notes to reflect any such release, termination or discharge.

Security

General

Within 120 days from the Issue Date, the Notes and the Notes Guarantees will be secured on a first-priority basis by Security Interests over:

(1) the shares in the Company;

(2) the shares in each of the Guarantors; and

(3) the material bank accounts of the Company and the Guarantors.

The Security Interests in the Collateral will be granted to the Security Agent on behalf of and for the benefit of the Holders pursuant to the Security Documents. The Collateral will also secure on a first-priority basis the liabilities under the Senior Facilities and certain Hedging Obligations, and may also secure certain future Indebtedness. The proceeds from the enforcement of the Security Interests in the Collateral may not be sufficient to satisfy the obligations owed to the Holders.

Subject to certain conditions, including compliance with the covenants described under "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Covenants—Limitation on Liens*," the Company and the Restricted Subsidiaries will be permitted to grant security over the Collateral in connection with future issuances of Indebtedness or Indebtedness of the Restricted Subsidiaries, including, subject to certain requirements described herein, Additional Notes, as permitted under the Indenture and the Intercreditor Agreement.

The Collateral will be pledged pursuant to the Security Documents to the Security Agent on behalf of the Holders and holders of the other secured obligations that are secured by the Collateral. Any other assets subject to Security Interests that may in the future be granted to secure obligations under the Notes, any Notes Guarantees and the Indenture would also constitute "Collateral." All Security Interests in the Collateral will be subject to the limitations that are applicable to Notes Guarantees granted by the same entity, the operation of the Agreed Security Principles and any Permitted Collateral Liens.

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 Security Interests and Guarantees and Certain Insolvency Law Considerations*."

Notwithstanding the foregoing and the provisions of the covenant described below under "*—Certain Covenants—Limitation on Liens*," the Indenture will provide that certain property, rights and assets may not be pledged, and any pledge over property, rights and assets may be limited (or the Liens not perfected), in accordance with the Agreed Security Principles. For a non-exhaustive summary of certain terms of the Agreed Security Principles as they apply to the Senior Facilities, and which will apply to the Notes, *mutatis mutandis*, see "*Description of Other Indebtedness—Senior Facilities Agreement*."

No appraisals of the Collateral have been made in connection with the offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors—Risks Relating to the Senior Secured Notes—The value of the Collateral securing the Senior Secured Notes may not be sufficient to satisfy our obligations under the Senior Secured Notes and such Collateral may be reduced or diluted or difficult to enforce under certain circumstances*."

Priority

The relative priority with regard to the security interests in the Collateral that are created by the Security Documents (such security interests, the "Security Interests" and each, a "Security Interest") as between (a) the lenders under the Senior Facilities, (b) the counterparties under certain Hedging Obligations, (c) the Trustee, the Security Agent and the Holders under the Indenture, (d) the trustee, the security agent and the holders of the Senior Notes, and (e) the creditors of certain other Indebtedness (including Indebtedness that may be Incurred in the future) permitted to be secured by such Collateral, respectively, are established by the terms of the Intercreditor Agreement, which provides, among other things, that the obligations under the Senior Facilities Agreement, certain Hedging Obligations and the Notes are secured equally and ratably by first-priority Security Interests in the Collateral, *provided*, *however*, subject to certain conditions, including compliance with the covenant described under "*—Certain Covenants—Limitation on Liens*," certain credit facility Indebtedness and certain Hedging Obligations may be designated as having super senior priority pursuant to the operation of the Intercreditor Agreement, in which case, such super senior priority Indebtedness will receive proceeds from the enforcement of the Security Interests in the Collateral and certain distressed disposals in priority to Holders of the Notes pursuant to the Intercreditor Agreement. See "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Risk Factors—Risks Relating to the Senior Secured Notes—If the Revolving Credit Facility is designated as a super senior liability in accordance with the terms of the Intercreditor Agreement and the Senior Secured Notes Indenture, creditors under the Revolving Credit Facility and counterparties to certain hedging obligations and future indebtedness permitted to be incurred under the terms of the Senior Secured Notes Indenture and the Intercreditor Agreement ranking pari passu with the Revolving Credit Facility will be entitled to be repaid with proceeds from the enforcement of the Senior Secured Notes Collateral in priority over the Senior Secured Notes*."

Security Documents

Under the Security Documents, Topco, the Company and the Guarantors will grant security over the Collateral to secure the payment when due of the Company's and the Guarantors' payment obligations under the Notes, the Notes Guarantees and the Indenture. The Security Documents will be entered into by the relevant security provider and the Security Agent as agent for the secured parties. When entering into such Security Documents, the Security Agent will act in its own name, but for the benefit of the secured parties (including itself, the Trustee and the Holders from time to time). Under the Intercreditor Agreement, the Security Agent also acts as an agent of the lenders under the Senior Facilities and the counterparties under certain Hedging Obligations in relation to the Security Interests created in favor of such parties.

In Germany, due to the laws and the jurisprudence governing the creation and perfection of Security Interests, the Security Documents governed by German law will secure "parallel debt" obligations created under the Intercreditor Agreement in favor of the Security Agent (and not the obligations under the Notes and the Notes Guarantees). The parallel debt construct has not been fully tested under German law. See "*Risk Factors—Risks Relating to the Senior Secured Notes—The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Senior Secured Notes. The ability of the Security Agent to enforce the Collateral may be restricted by local law*."

The Indenture and the Intercreditor Agreement will provide that, to the extent permitted by applicable law, only the Security Agent (or, if the collateral represented by the Security Documents is held by a creditor other than the Security Agent, that creditor) will have the right to enforce the Security Documents on behalf of the Trustee and the Holders. As a consequence of such contractual provisions, Holders will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent (or such creditor) for the Collateral (as applicable). See "*Description of Other Indebtedness—Intercreditor Agreement*."

The Indenture will provide that, subject to the terms thereof and of the Security Documents and the Intercreditor Agreement, the Notes and the Indenture, as applicable, will be secured by Security Interests in the Collateral until all obligations under the Notes and the Indenture have been discharged. However, the Security Interests with respect to the Notes and the Indenture may be released under certain circumstances as provided under "*—Security—Release of Liens*."

In the event that the Company or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interests created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests or the terms of the Intercreditor Agreement was successful, the Holders may not be able to recover any amounts under the Security Documents. See "*Risk Factors—Risks Relating to the Senior Secured Notes—The granting of the Guarantees and security interests in connection with the issuance of the Senior Secured Notes, or the incurrence of permitted debt in the future, may create or restart hardening or voidance periods for such security interests in accordance with the laws applicable in certain jurisdictions*."

Enforcement of Security Interest

The Indenture and the Intercreditor Agreement will restrict the ability of the Holders or the Trustee to enforce the Security Interests and provide for the release of the Security Interests created by the Security Documents in certain circumstances upon enforcement by the Security Agent in accordance with the terms of the Intercreditor Agreement. These limitations are described under "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations*." The ability to enforce may also be restricted by similar arrangements in relation to future Indebtedness that is secured on the Collateral in compliance with the Indenture and the Intercreditor Agreement.

In addition, in case the 30% Rule is triggered and certain shares of the Company or the Guarantors are transferred or issued to, and pledged by, a 30% Rule Designee, the Security Agent will be required, in the case of an enforcement of the Collateral in respect of the Notes, to enforce such pledges separately from the pledges provided by Topco or the relevant pledgor, over the shares of the Company and/or the Guarantors, in order to obtain control of 100% of the share capital of the Company. See "*Risk Factors—Risks Relating to the Senior Secured Notes—The value of the Collateral securing the Senior Secured Notes may not be sufficient to satisfy our obligations under the Senior Secured Notes and such Collateral may be reduced or diluted or difficult to enforce under certain circumstances*."

The creditors under the Senior Facilities, the counterparties to Hedging Obligations secured by the Collateral and the trustee of the Senior Notes 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.

Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound

The Indenture will provide that each Holder, by accepting such Note, will be deemed (without any further consent of the Holders) to have:

(1) appointed and authorized the Security Agent and the Trustee to give effect to the provisions in the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents and perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the Security Documents securing such Indebtedness, together with any other incidental rights, power and discretions;

(2) agreed to be bound by the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents; and

(3) irrevocably appointed the Security Agent and the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents (including the execution of, and compliance with, any waiver, modification, amendment, renewal or replacement expressed to be executed by the Trustee or the Security Agent on its behalf).

See the section entitled "*Risk Factors—Risks Relating to the Senior Secured Notes—The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Senior Secured Notes. The ability of the Security Agent to enforce the Collateral may be restricted by local law*."

Similar provisions to those described above may be included in any Additional Intercreditor Agreement (as defined below) entered into in compliance with the covenant described under "—Certain Covenants—Additional Intercreditor Agreements."

Release of Liens

Release of the Security Interests in respect of the Collateral will be permitted under any one or more of the following circumstances:

(1) in connection with any sale or other disposition of Collateral to (a) a Person that is not the Company or a Restricted Subsidiary (but excluding any transaction subject to "*—Merger and Consolidation*"), if such sale or other disposition does not violate the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" and is otherwise not prohibited by the Indenture or (b) the Company or any Restricted Subsidiary; *provided* that this clause (1)(b) shall not be relied upon in the case of a transfer of Capital Stock or of accounts receivable (including intercompany loan receivables and hedging receivables) to a Restricted Subsidiary (except to a Securitization Subsidiary) unless the relevant property and assets remain subject to, or otherwise become subject to, a Lien in favor of the Notes following such sale or disposal;

(2) in the case of a Guarantor that is released from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets of, and Capital Stock issued by such Guarantor;

(3) as described under "*—Amendments and Waivers*";

(4) upon payment in full of principal, interest and all other obligations on the Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*," respectively;

(5) automatically without any action by the Trustee, if the Lien granted in favor of the Indebtedness that gave rise to the obligation to grant the Lien over such Collateral is released;

(6) in a transaction that complies with the provisions described in "—*Merger and Consolidation*"; *provided* that in such a transaction where the Company or any Guarantor ceases to exist, the Lien on the Capital Stock of the Company or such Guarantor will be released and, subject to the Agreed Security Principles, will reattach (or a new Lien will be created) over the Capital Stock of the successor entity pursuant to a new share pledge (on terms substantially equivalent to the existing Lien on the Capital Stock of the Company or such Guarantor, as applicable) granted by the holder of such Capital Stock;

(7) in connection with a Permitted Reorganization;

(8) if the Company designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets of, and Capital Stock issued by, such Unrestricted Subsidiary, and the release of any assets designated by the Company as Receivables Assets in connection with a Receivables Facility; or

(9) as otherwise permitted in accordance with the Indenture.

In addition, the Security Interests created by the Security Documents will be released (a) in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement, including, for the avoidance of doubt, in connection with an IPO Debt Pushdown, and (b) as may be permitted by the covenant described under "—*Certain Covenants—Impairment of Security Interest.*"

The Security Agent and the Trustee (but only if required) will take all necessary action reasonably requested by, and at the cost of, the Company to effectuate any release of Collateral securing the Notes and the Notes Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee (unless action is required by it to effect such release). The Security Agent and the Trustee shall be entitled to request and rely solely upon an Officer's Certificate and Opinion of Counsel, each certifying which circumstance, as described above, giving rise to a release of the Security Interests has occurred, and that such release complies with the Indenture.

Transfer and Exchange

The Notes will be issued in the form of several registered notes in global form without interest coupons attached, as follows:

- each series of Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "144A Global Notes"). The 144A Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream; and

- each series of Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "Regulation S Global Notes" and, together with the 144A Global Notes, the "Global Notes"). The Regulation S Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("Book-Entry Interests") will be limited to persons that have accounts with Euroclear and Clearstream or persons that may hold interests through such participants.

Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Transfer Restrictions*." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes 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 Notes in 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.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000, and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Company in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 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 and the Transfer Agent are not required to register the transfer or exchange of any definitive registered Notes:

(1) For a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) For a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) For a period of 15 days prior to the record date with respect to any interest payment date; or

(4) Which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer of an Asset Disposition Offer.

The Company, the Trustee, the Security Agent, the Paying Agent, the Transfer Agent and the Registrar will be entitled to treat the registered Holder of a Note as the owner thereof for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

On the Issue Date, all of the Company's Subsidiaries will be Restricted Subsidiaries. However, in the circumstances described below under "—*Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*," the Company will be permitted to designate Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Optional Redemption

Except as set forth below, and except as described under "—*Redemption for Taxation Reasons*," the Notes are not redeemable at the option of the Company.

At any time prior to , 2026, the Company may redeem the Notes, in whole or in part, at its option, upon notice as described under "—*Selection and Notice*," at a redemption price equal to 100% of the principal amount of such Notes *plus* the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date.

At any time on or prior to , 2026, following the occurrence of any Initial Public Offering, the Company may redeem the Notes, in whole or in part, at its option, upon notice as described under "—*Selection and Notice*," with funds in an aggregate amount not exceeding the Net Cash Proceeds of such Initial Public Offering received by the Company, including without limitation, in the case of an Initial Public Offering by a Parent Entity, through the issuance or sale of Subordinated Shareholder Funding of the Company, as a contribution to the common equity capital of the Company, or a purchase of Capital Stock (other than Disqualified Stock) of the Company through an issuance of Capital Stock by the Company, at a redemption price equal to 102% of the principal amount of the Notes so redeemed, *plus* accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the applicable redemption date (the "Special Redemption").

At any time and from time to time prior to , 2026, the Company may redeem Notes, in whole or in part, at its option, upon notice as described under "—*Selection and Notice*," with the Net Cash Proceeds received by the Company from any Equity Offering at a redemption price equal to % of the principal amount of the Notes so redeemed, *plus* accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date, in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Notes (including any Additional Notes); *provided* that:

(1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 50% of the original aggregate principal amount of the Notes (including Additional Notes) issued under the Indenture remains outstanding immediately thereafter (unless all Notes are redeemed substantially concurrently).

At any time and from time to time prior to , 2026, the Company may on any one or more occasions redeem during each calendar year up to 10% of the original principal amount of the Notes (including the original principal amount of any Additional Notes), upon notice as described under "—*Selection and Notice*," at a redemption price of 103% of the principal amount of the Notes so redeemed, *plus* accrued and unpaid interest on the Notes redeemed and Additional Amounts, if any, to, but excluding, the redemption date.

At any time and from time to time on or after , 2026, the Company may redeem the Notes, in whole or in part, upon notice as described under "—*Selection and Notice*," at a redemption price equal to the percentage of principal amount of the Notes so redeemed set forth below *plus* accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to, but excluding, the applicable redemption date if redeemed during the period beginning on , of the year indicated below:

Year	Redemption Price
2026	%
2027	%
2028 and thereafter	100.000%

Other Redemption Terms

Notwithstanding the foregoing, in connection with any tender offer for any series of the Notes, including a Change of Control Offer (as defined below) or Asset Disposition Offer (as defined below), if Holders of not less than 90% in aggregate principal amount of the applicable outstanding Notes of such series validly tender and do not withdraw such Notes in such tender offer and the Company, or any third party making such a tender offer in lieu of the Company, purchases, all of the Notes validly tendered and not withdrawn by such Holders, the Company or such third party will have the right upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such tender offer expiration date, to redeem the Notes of such series that remain outstanding in whole, but not in part following such purchase at a price equal to the price offered to each other Holder of such series (excluding any early tender or incentive fee) in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but excluding, such redemption date. Without prejudice to any provision of the Indenture regarding Notes deemed not to be outstanding for voting purposes if held by the Company or its Affiliates, in determining whether the Holders of at least 90% of the aggregate principal amount of the then outstanding Notes of a series have validly tendered and not validly withdrawn Notes in a tender offer, including a Change of Control Offer or Asset Disposition Offer, Notes owned by the Company or its Affiliates or by funds controlled or managed by any Affiliate of the Company, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer and such determination.

Subject to the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement, we may repurchase the Notes at any time and from time to time in the open market or otherwise.

Notice of redemption will be provided as set forth under "*—Selection and Notice*" below.

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Mandatory Redemption or Sinking Fund

The Company is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes. However, under certain circumstances, the Company may be required to offer to purchase Notes as described under "*—Change of Control*" and "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

Selection and Notice

If fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate (including the pool factor); *provided*, *however*, that no Book-Entry Interest of less than €100,000 principal amount may be redeemed in part. If the Notes are not held through Euroclear and Clearstream or Euroclear and Clearstream prescribe no method of selection the Notes will be selected, on a pro rata basis, subject to adjustments so that no Note in an unauthorized denomination remains outstanding after such redemption; *provided, however*, that no Note of €100,000 in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of €1,000 shall be redeemed. The Trustee, the Paying Agent and the Registrar shall not be liable for selections made under this paragraph.

Notices of redemption will be delivered electronically or mailed by first-class mail at least 10 days but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of Euroclear and Clearstream, except that redemption notices may be delivered electronically or mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

Notice of any redemption of the Notes may, at the Company's discretion, be given prior to the completion of a transaction (including, but not limited to, an Equity Offering, an Incurrence of Indebtedness, a Change of Control or other transaction) and any redemption may, at the Company's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of a related transaction. If such redemption or purchase is so subject to satisfaction of one or more conditions precedent, such notice of redemption shall describe each such condition, and if applicable, shall state that, in the Company's discretion, the redemption date may be delayed until such time (but not more than 60 days after the date the notice of redemption was sent) as any or all such conditions shall be satisfied (or waived by the Company in its sole discretion), or such redemption or purchase may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date (or waived by the Company in its sole discretion), or by the redemption date as so delayed, or that such notice may be rescinded at any time in the Company's sole discretion if the Company determines that any or all of such conditions will not be satisfied or waived. In addition, the Company may provide in such notice that payment of the redemption price and performance of the Company's obligations with respect to such redemption may be performed by another Person.

The Company may redeem Notes pursuant to one or more of the relevant provisions in the Indenture, and a single notice of redemption may be delivered with respect to redemptions made pursuant to different provisions. Any such notice may provide that redemptions made pursuant to different provisions will have different redemption dates.

If the optional redemption date is on or after a record date and on or before the corresponding interest payment date, the accrued and unpaid interest up to, but excluding, the redemption date will be paid on the redemption date to the Holder in whose name the Note is registered at the close of business on such record date in accordance with the applicable procedures of Euroclear and Clearstream, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Company.

If and for so long as any Notes are listed on the Official List of the Exchange and if and to the extent the rules of the Authority so require, the Company will notify the Authority of any such notice to the Holders of the Notes and, in connection with any redemption, the Company will notify the Authority of any change in the principal amount of Notes outstanding.

If any Definitive Registered Note is to be redeemed in part only, the notice of redemption that relates to that Definitive Registered Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Definitive Registered Note will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, unless the Company defaults in the payment of the redemption price, interest ceases to accrue on Notes or portions of them called for redemption.

Redemption for Taxation Reasons

The Company may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior written notice to the Holders (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to but excluding the date fixed for redemption (a "Tax Redemption Date") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts, as defined below under "Withholding Taxes," if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if the Company determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation; or

(2) any amendment to, or change in an official application, administration or written interpretation of such laws, treaties, regulations or rulings (including by reason of a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) (each of the foregoing in clauses (1) and (2), a "Change in Tax Law"),

a Payor (as defined below) is, or on the next interest payment date in respect of the Notes would be, required to pay Additional Amounts with respect to the Notes (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Company or another Guarantor who can make such payment without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to the Payor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). Such Change in Tax Law must be publicly announced and become effective on or after the Issue Date (or if the applicable Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, such later date). The foregoing provisions shall apply (a) to a Guarantor only after such time as such Guarantor is obliged to make at least one payment on the Notes and (b) *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a Change in Tax Law occurring after the time such successor Person becomes a party to the Indenture.

Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*—Selection and Notice*." Notwithstanding the foregoing, no such notice of redemption will be given earlier than 60 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts. Prior to the publication or mailing of any notice of redemption of Notes pursuant to the foregoing, the Company will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right to so redeem have been satisfied and that the obligation to pay Additional Amounts cannot be avoided by the relevant Payor taking reasonable measures available to it and (b) a written opinion of an independent tax counsel of recognized standing qualified under the laws of the relevant taxing jurisdiction and satisfactory to the Trustee (such approval not to be unreasonably withheld) to the effect that the Payor has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without liability or further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding Taxes

All payments made by or on behalf of the Company or any Guarantor (including any successor entity) (each, a "Payor") in respect of the Notes or with respect to any Notes Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law or by the relevant taxing authority`s interpretation or administration thereof. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) any jurisdiction from or through which payment on any such Note or Notes Guarantee is made or any political subdivision or governmental authority thereof or therein having the power to tax (including the jurisdiction of the Paying Agent); or

(2) any other jurisdiction in which a Payor is incorporated or organized, engaged in business for tax purposes, or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1) and (2), a "Relevant Taxing Jurisdiction"),

will at any time be required by law to be made from any payments made by or on behalf of the Payor with respect to any Note or any Notes Guarantee, including payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received by each Holder in respect of such payments, after such withholding or deduction (including any such withholding or deduction from such Additional Amounts), will not be less than the amounts which would have been received by each Holder in respect of such payments on any such Note or Notes Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes, to the extent such Taxes would not have been so imposed but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, member, partner or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, being resident for tax purposes, or being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in or place of management present in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment or the exercise or enforcement of rights under such Note, the Indenture or a Notes Guarantee;

(2) any Taxes, to the extent such Taxes are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a reasonable written request of the Payor addressed to the Holder or beneficial owner, after reasonable notice (at least 30 days before any such withholding or deduction would be payable), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a law, statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Tax, but, in each case, only to the extent the Holder or beneficial owner is legally entitled to do so;

(3) any Taxes, to the extent such Taxes are imposed as a result of the presentation of the Note for payment (where Notes are in the form of Definitive Registered Notes and presentation is required) more than 30 days after the later of the applicable payment date or the date the relevant payment is first made available for payment to the Holder;

(4) any Taxes that are payable otherwise than by deduction or withholding from a payment with respect to the Notes or with respect to any Notes Guarantee;

(5) any estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment or other governmental charge;

(6) any Taxes imposed, deducted or withheld pursuant to Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, in each case, as of the Issue Date (and any amended or successor version that is substantively comparable), any regulations or agreements thereunder, official interpretations thereof or similar law or regulation implementing an intergovernmental agreement relating thereto;

(7) any U.S. federal back-up withholding tax under Section 3406 of the Code;

(8) any Taxes imposed in Germany due to the relevant Holder being resident for tax purposes in a non-cooperative tax jurisdiction (*nicht kooperatives Steuerhoheitsgebiet*) as set out in the German Act Combating Tax Avoidance and Unfair Tax Competition (*Gesetz zur Abwehr von Steuervermeidung und unfairem Steuerwettbewerb*) and the respective legislative decree (*Rechtsverordnung*) as amended or replaced from time to time; or

(9) any combination of the items (1) through (8) above.

In addition, no Additional Amounts shall be paid with respect to a Holder who is a fiduciary or a partnership or any Person other than the beneficial owner of the Notes, to the extent that the beneficiary or settler with respect to such fiduciary, the member of such partnership or the beneficial owner would not have been entitled to Additional Amounts had such beneficiary, settler, member or beneficial owner held such Notes directly.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant tax authority in accordance with applicable law. The Payor will provide certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, or if such tax receipts are not available, certified copies of other reasonable evidence of such payments as soon as reasonably practicable to the Trustee (with a copy to the Paying Agent). Such copies shall be made available to the Holders upon reasonable request and will be made available at the offices of the Paying Agent.

If any Payor is obligated to pay Additional Amounts with respect to any payment made on any Note or any Notes Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and the Paying Agent an Officer’s Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer’s Certificate as promptly as practicable thereafter). The Trustee and the Paying Agent shall be entitled to rely solely on such Officer’s Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Notes or this “*Description of the Notes*” there is mentioned, in any context:

(1) the payment of principal;

(2) redemption prices or purchase prices in connection with a redemption or purchase of the Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes or any Notes Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay and reimburse each applicable Holder for any present or future stamp, issue, registration, court or documentary taxes, or similar charges or levies (including any related interest or penalties with respect thereto) or any other excise, property or similar taxes or similar charges or levies (including any related interest or penalties with respect thereto) that arise in a Relevant Taxing Jurisdiction from the execution, issuance, delivery, registration, enforcement of, or receipt of payments with respect to any Notes, any Notes Guarantee, the Indenture, or any other document or instrument in relation thereto (other than in each case, in connection with a transfer of the Notes after this offering).

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a Holder or beneficial owner, and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is incorporated or organized, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to the Notes (or any Notes Guarantee) is made by or on behalf of such Payor, or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

The Indenture will provide that if a Change of Control Triggering Event occurs, unless (i) a third party makes a change of control offer as described herein or (ii) the Company has previously or substantially concurrently therewith delivered a redemption notice with respect to all the outstanding Notes as described under "*—Optional Redemption*," the Company will make an offer to purchase all of the Notes (equal to €100,000 in principal amount or in integral multiples of €1,000 in excess thereof; *provided* that Notes of €100,000 or less in principal amount may only be redeemed in whole and not in part) pursuant to the offer described below (the "Change of Control Offer") at a price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any, to but excluding the date of repurchase. Within 60 days following any Change of Control Triggering Event, the Company will deliver or cause to be delivered a notice of such Change of Control Offer electronically in accordance with the applicable procedures of Euroclear and Clearstream or by first-class mail, with a copy to the Trustee, to each Holder at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of Euroclear and Clearstream, describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the Notes for the specified purchase price on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is delivered, pursuant to the procedures required by the Indenture and described in such notice, except in the case of a conditional Change of Control Offer made in advance of a Change of Control Triggering Event as described below.

To the extent that the provisions of any securities laws, rules or regulations, including Rule 14e-1 under the Exchange Act, conflict with the provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof. The Company may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The occurrence of events which would constitute a Change of Control or a Change of Control Triggering Event may constitute a default under the Senior Facilities Agreement that permits the Senior Facilities lenders to accelerate the maturity of borrowings thereunder. Future Indebtedness of the Company or the Restricted Subsidiaries may contain prohibitions on certain events which would constitute a Change of Control or a Change of Control Triggering Event or require such Indebtedness to be repurchased upon a Change of Control or a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control or the Change of Control Triggering Event itself does not, due to the financial effect of such repurchase on the Company.

The Company's ability to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by its then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases. The Change of Control Triggering Event purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. The Change of

Control Triggering Event purchase feature is a result of negotiations between the initial purchasers of the Notes and us.

Subject to the limitations discussed below, the Company could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control Triggering Event under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to Incur additional Indebtedness are contained in the covenants described under "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Limitation on Liens*." Such restrictions in the Indenture can be waived only with the consent of the Holders of a majority in principal amount of the Notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford Holders protection in the event of a highly leveraged transaction.

The Company will not be required to make a Change of Control Offer following a Change of Control Triggering Event if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (ii) a notice of redemption of all outstanding Notes has been given pursuant to the Indenture as described under "*—Optional Redemption*," unless and until there is a default in the payment of the redemption price on the applicable redemption date or the redemption is not consummated due to the failure of a condition precedent contained in the applicable redemption notice to be satisfied. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control Triggering Event. For the avoidance of doubt, a Special Redemption following a Change of Control, with respect to a portion of the aggregate principal amount of the Notes will not relieve the Company from the obligation to make a Change of Control Offer for the remaining outstanding aggregate principal amount of Notes.

The definition of "Change of Control" includes a disposition of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to certain Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of such phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Company and its Subsidiaries, taken as a whole. As a result, it may be unclear as to whether a Change of Control Triggering Event has occurred and whether a Holder may require the Company to make an offer to repurchase the Notes as described above.

The provisions under the Indenture relating to the Company's obligation to make an offer to repurchase the Notes as a result of a Change of Control Triggering Event may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

If and for so long as the Notes are listed on the Official List of the Exchange and if and to the extent that the rules of the Authority so require, the Company will notify the Exchange of any Change of Control Offer.

Certain Covenants

Set forth below are summaries of certain covenants that will be contained in the Indenture. For the avoidance of doubt, the consummation of the Transactions shall not be prohibited by the covenants below.

Suspension of Covenants on Achievement of Investment Grade Status

Following the first day that:

(a) the Notes have achieved Investment Grade Status; and

(b) no Default or Event of Default has occurred and is continuing under the Indenture,

then, beginning on that day and continuing until the Reversion Date (as defined below), the Company and the Restricted Subsidiaries will not be subject to the provisions of the Indenture summarized under the following headings (collectively, the "Suspended Covenants"):

- "*—Limitation on Indebtedness*";
- "*—Limitation on Restricted Payments*";
- "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*";
- "*—Limitation on Affiliate Transactions*";
- "*—Limitation on Sales of Assets and Subsidiary Stock*";
- "*—Additional Guarantees*"; and
- the provisions of clause (3)(a) of the first paragraph of "*—Merger and Consolidation—The Company*."

If at any time the Notes cease to have such Investment Grade Status, then the Suspended Covenants will thereafter be reinstated as if such covenants had never been suspended (the "Reversion Date") and will be applicable pursuant to the terms of the Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of the Indenture), unless and until the Notes subsequently attain Investment Grade Status (in which event the Suspended Covenants shall no longer be in effect for such time that the Notes maintain an Investment Grade Status); *provided, however*, that no Default, Event of Default or breach of any kind shall be deemed to exist under the Notes Documents with respect to the Suspended Covenants based on, and none of the Company or any of the Restricted Subsidiaries shall bear any liability with respect to such Suspended Covenants for, any actions taken or events occurring during the Suspension Period, or any actions taken at any time pursuant to any contractual obligation arising prior to the Reversion Date, regardless of whether such actions or events would have been permitted if the applicable Suspended Covenants remained in effect during such period. The period of time between the date of suspension of the covenants and the Reversion Date is referred to as the "Suspension Period."

On the Reversion Date, all Indebtedness Incurred during the Suspension Period (other than any Indebtedness Incurred under the Senior Term Loan or the Revolving Credit Facility) will be deemed to have been outstanding on the Issue Date so that it is classified as permitted under clause (4)(a) of the second paragraph of "*—Limitation on Indebtedness*." On and after the Reversion Date, all Liens created during the Suspension Period will be considered Permitted Liens pursuant to clause (11) of such definition. Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under "*—Limitation on Restricted Payments*" will be made as though the covenants described under "*—Limitation on Restricted Payments*" had been in effect since the Issue Date and 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 "*—Limitation on Restricted Payments*." On the Reversion Date, the amount of Excess Proceeds shall be reset at zero. Any Affiliate Transaction entered into after the Reversion Date pursuant to an agreement entered into during any Suspension Period will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (6) of the second paragraph under "*—Limitation on Affiliate Transactions*." Any encumbrance or restriction on the ability of any Restricted Subsidiary to take any action described in the first paragraph of "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*" that becomes effective during the Suspension Period will be deemed to have existed on the Issue Date, so that it is classified as permitted under clause (1) of the second paragraph under "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*." On and after each Reversion Date, the Company and the Restricted Subsidiaries will be permitted to consummate the transactions contemplated by any contract entered into during the Suspension Period, so long as such contract and such consummation would have been permitted during such Suspension Period.

In addition, any future obligation to grant further Notes Guarantees shall be released. All such further obligation to grant Notes Guarantees shall be reinstated upon the Reversion Date.

There can be no assurance that the Notes will ever achieve or maintain Investment Grade Status.

The Trustee shall have no duty to monitor the ratings of the Notes, shall not be deemed to have any knowledge of the ratings of the Notes and shall have no duty to notify Holders if the Notes achieve Investment Grade Status or upon the occurrence of the Reversion Date. The Company shall notify the Trustee that the conditions under this covenant have been satisfied, although such notification shall not be a condition for suspension of the applicable covenants to be effective.

Limitation on Indebtedness

The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness) and the Company will not issue Disqualified Stock and will not permit any of the Restricted Subsidiaries to issue Preferred Stock; *provided*, *however*, that the Company and any of the Restricted Subsidiaries may Incur Indebtedness (including Acquired Indebtedness) and the Company may issue Disqualified Stock and any of the Restricted Subsidiaries may issue Preferred Stock, if on such date of determination and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof), the Fixed Charge Coverage Ratio of the Company and the Restricted Subsidiaries is at least 2.00 to 1.00.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness (collectively, "Permitted Debt"):

(1) the Incurrence by the Company or any of the Restricted Subsidiaries of Indebtedness under any Credit Facility (and the issuance and creation of letters of credit, guarantees and bankers' acceptances thereunder) in an aggregate principal amount at any time outstanding not to exceed the sum of:

  (a) the aggregate of (i) €1,800 million; *plus* (ii) the greater of (x) €374.2 million and (y) 70.0% of LTM EBITDA; plus

  (b) an amount equal to the greater of (i) €401.0 million and (ii) 75.0% of LTM EBITDA; *plus*

  (c) the maximum amount of Senior Secured Indebtedness such that, on the date of determination, after giving *pro forma* effect to such Incurrence, the Consolidated Senior Secured Net Leverage Ratio of the Company and the Restricted Subsidiaries does not exceed 5.80 to 1.00 (with any Indebtedness Incurred under paragraph (b) above on the date of determination of the Consolidated Senior Secured Net Leverage Ratio not being included in the calculation of Consolidated Senior Secured Net Leverage Ratio under this paragraph (c) on such date of determination but not, for the avoidance of doubt, excluded from any such calculation made on any such subsequent date); *plus*

  (d) the maximum amount of Indebtedness that is secured by a Permitted Collateral Lien but is not Senior Secured Indebtedness such that, on the date of determination, after giving *pro forma* effect to such Incurrence (and assuming for the purpose of such calculation that the Consolidated Senior Secured Net Leverage Ratio of the Company and the Restricted Subsidiaries is no less than an amount equal to the greater of the Consolidated Senior Secured Net Leverage Ratio as of such date of determination and 5.80 to 1.00), the Consolidated Total Secured Net Leverage Ratio of the Company and the Restricted Subsidiaries does not exceed 7.20 to 1.00 (with any Indebtedness Incurred under clause (b) above on the date of determination of the Consolidated Total Secured Net Leverage Ratio not being included in the calculation of Consolidated Total Secured Net Leverage Ratio under this clause (d) on such date of determination but not, for the avoidance of doubt, excluded from any such calculation made on any subsequent date),

provided that any Indebtedness Incurred pursuant to this clause (1) 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 (1) on the date of determination for 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 any fees and expenses, including any premium and defeasance costs, indemnity fees, discounts, premiums and other costs and expenses Incurred in connection with such refinancing);

(2) Guarantees by the Company or any Restricted Subsidiary of Indebtedness or other obligations of the Company or any Restricted Subsidiary so long as the Incurrence of such Indebtedness or other obligations is not prohibited by the terms of the Indenture;

(3) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary;

(4) (a)(x) Indebtedness of the Company or a Restricted Subsidiary (other than Indebtedness Incurred under the Senior Facilities or Indebtedness described in clause (3) of this paragraph) outstanding on the Issue Date (or Incurred under a facility committed and as in effect as of the Issue Date), after giving effect to the Transactions (as described under "*Use of Proceeds*" in this Offering Memorandum) and (y) any Guarantees of the Senior Notes outstanding on the Issue Date, (b) Indebtedness represented by the Notes (other than any Additional Notes), including any Notes Guarantee thereof, (c) Indebtedness represented by any loans pursuant to which proceeds of any Indebtedness of a Parent Entity are lent to the Company, to the extent that such Indebtedness is Guaranteed by the Company or any Restricted Subsidiary or is otherwise considered Indebtedness of the Company or any Restricted Subsidiary, and such Guarantees or the Incurrence of such Indebtedness, as the case may be, are not prohibited by the Indenture, (d) Refinancing Indebtedness (including with respect to the Notes and any Guarantee thereof) Incurred in respect of any Indebtedness described in this clause (4) and clause (5)(b) of this paragraph or Incurred pursuant to the first paragraph of this covenant, and (e) other Indebtedness Incurred to finance Management Advances;

(5) Indebtedness (x) of the Company or any Restricted Subsidiary Incurred or issued to finance an acquisition (including an acquisition of any assets) or other transaction or (y) of Persons that are, or secured by any assets that are, acquired by the Company or any Restricted Subsidiary or merged into, amalgamated or consolidated with the Company or a Restricted Subsidiary in accordance with the terms of the Indenture in an aggregate amount not to exceed (a) the greater of (i) €53.5 million and (ii) 10.0% of LTM EBITDA at the time of Incurrence, plus (b) unlimited additional Indebtedness to the extent that after giving effect to such acquisition, transaction, merger, amalgamation or consolidation and without giving effect to any Indebtedness Incurred or issued pursuant to subclause (5)(a) above on the date of determination, either: (i) the Company would be permitted to Incur at least €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant or if such Indebtedness is secured by a Permitted Collateral Lien but is not Senior Secured Indebtedness, the Company would be permitted to Incur at least €1.00 of additional Indebtedness pursuant to clause (1)(d) above or, if such Indebtedness is Senior Secured Indebtedness, the Company would be permitted to Incur at least €1.00 of additional Senior Secured Indebtedness pursuant to subclause (1)(c) of the second paragraph of this covenant, or (ii) solely in the case of Indebtedness Incurred, issued or assumed to finance

an acquisition, either (I) the Fixed Charge Coverage Ratio of the Company and its Restricted Subsidiaries would not be lower, or (II) if such Indebtedness is secured by a Permitted Collateral Lien but is not Senior Secured Indebtedness, the Consolidated Total Secured Net Leverage Ratio of the Company and the Restricted Subsidiaries would not be higher, or (III) if such Indebtedness is Senior Secured Indebtedness, the Consolidated Senior Secured Net Leverage Ratio of the Company and the Restricted Subsidiaries would not be higher, in each case, than it was immediately prior to such acquisition, merger, amalgamation or consolidation;

(6) Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes as determined in good faith by the Company);

(7) Indebtedness (a) represented by Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Similar Business or Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7)(a) and then outstanding, does not exceed the greater of (x) €213.8 million and (y) 40.0% of LTM EBITDA at the time of Incurrence, and any Refinancing Indebtedness in respect thereof (*provided* that, in each case, the Indebtedness exists on the date of such purchase, lease, rental, construction, design, installation or improvement or is created within 180 days thereafter) or (b) arising out of Sale and Leaseback Transactions;

(8) Indebtedness in respect of (a) workers' compensation claims, old-age-part-time arrangements, self-insurance obligations, unemployment insurance (including premiums related thereto), other types of social security, pension obligations, vacation pay, health, disability or other employee benefits, customer guarantees performance, indemnity, surety, judgment, appeal, advance payment (including progress premiums), customs, value added or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or consistent with past practice; (b) the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business or consistent with past practice; *provided* that such Indebtedness is extinguished within five Business Days of Incurrence; (c) customer deposits and advance payments (including progress premiums) received in the ordinary course of business or consistent with past practice from customers for goods or services purchased in the ordinary course of business or consistent with past practice; (d) letters of credit, bankers' acceptances, warehouse receipts, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or consistent with past practice; (e) the financing of insurance premiums, take-or-pay obligations contained in supply arrangements, any customary treasury, depositary, cash management, automatic clearinghouse arrangements, overdraft protections, credit or debit card, purchase card, electronic funds transfer, cash pooling or netting or setting off arrangements or similar arrangements in the ordinary course of business or consistent with past practice; (f) Indebtedness representing (i) deferred compensation to current or former directors, officers, employees, members of management, managers and consultants of any Parent Entity, the Company or any of its Subsidiaries in the ordinary course of business or consistent with past practice or (ii) deferred compensation or other similar arrangements in connection with any Investment or acquisition permitted hereby; and (g) Settlement Indebtedness;

(9) Indebtedness arising from agreements providing for guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations,

in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Company and the Restricted Subsidiaries in respect of all such Indebtedness in connection with a disposition shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and the Restricted Subsidiaries in connection with such disposition;

(10) Indebtedness in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (10) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock or otherwise contributed to the equity (in each case, other than through the issuance of Disqualified Stock, Designated Preferred Stock or an Excluded Contribution or Excluded Amounts (as defined below)) of the Company, in each case, subsequent to the Issue Date, and any Refinancing Indebtedness in respect thereof; *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall not increase the amount available for making Restricted Payments to the extent the Company and the Restricted Subsidiaries Incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause to the extent such Net Cash Proceeds or cash have been applied to make Restricted Payments;

(11) Indebtedness of Restricted Subsidiaries that are not Guarantors and Guarantees by the Company or any Restricted Subsidiary of Indebtedness of joint ventures, in each case, which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this paragraph (11) and then outstanding, will not exceed the greater of (x) €106.9 million and (y) 20.0% of LTM EBITDA at any time outstanding, and any Refinancing Indebtedness in respect thereof;

(12) Indebtedness consisting of promissory notes issued by the Company or any of the Restricted Subsidiaries to any future, present or former employee, director, contractor or consultant of the Company, any of its Subsidiaries or any Parent Entity (or permitted transferees, assigns, estates, or heirs of such employee, director, contractor or consultant), to finance the purchase or redemption of Capital Stock of the Company or any Parent Entity that is permitted by the covenant described below under "*—Limitation on Restricted Payments*";

(13) Indebtedness in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed the greater of (x) €213.8 million and (y) 40.0% of LTM EBITDA;

(14) Indebtedness Incurred pursuant to factoring financings, securitizations, receivables financings or similar arrangements, in each case, that are either: (a) not recourse to the Company and the Restricted Subsidiaries other than a Securitization Subsidiary (except to the extent customary in the good faith determination of the Company for such type of arrangement and except for Standard Securitization Undertakings); or (b) not in excess of the greater of (x) €160.4 million and (y) 30.0% of LTM EBITDA at any time outstanding;

(15) any obligation, or guaranty of any obligation, of the Company or any Restricted Subsidiary to reimburse or indemnify a Person extending credit to customers of the Company or a Restricted Subsidiary Incurred in the ordinary course of business or consistent with past practice for all or any portion of the amounts payable by such customers to the Person extending such credit;

(16) Indebtedness to a customer to finance the acquisition of any equipment necessary to perform services for such customer; *provided* that the terms of such Indebtedness are consistent with

those entered into with respect to similar Indebtedness prior to the Issue Date, including that (a) the repayment of such Indebtedness is conditional upon such customer ordering a specific volume of goods and (b) such Indebtedness does not bear interest or provide for scheduled amortization or maturity;

(17) obligations in respect of Disqualified Stock of the Company in an amount not to exceed the greater of (x) €106.9 million and (y) 20.0% of LTM EBITDA outstanding at the time of Incurrence;

(18) Indebtedness of the Company or any of the Restricted Subsidiaries arising pursuant to any Permitted Tax Restructuring;

(19) Indebtedness consisting of local lines of credit, overdraft facilities or local working capital facilities in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (19) and then outstanding, will not exceed the greater of (x) €133.7 million and (y) 25.0% of LTM EBITDA; and

(20) Subordinated Liabilities (as defined in the Intercreditor Agreement) in respect of amounts under intercompany loans arising pursuant to clause (b) to the proviso to clause (23) under the second paragraph of the covenant described under "*—Limitation on Restricted Payments*."

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) subject to clause (3) below, in the event that all or any portion of any item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of Permitted Debt or is entitled to be Incurred pursuant to the first paragraph of this covenant, the Company, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include, in any manner that complies with this covenant, the amount and type of such Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) in the first paragraph above or one of the clauses of the second paragraph of this covenant, and Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(2) with respect to clauses (5)(a), (7), (11), (13) or (19) of the second paragraph of this covenant, if at any time that the Company would be entitled to have Incurred any then outstanding item of Indebtedness pursuant to the first paragraph of this covenant or pursuant to clauses (1)(c) or (1)(d) of the second paragraph of this covenant, such item of Indebtedness shall (unless otherwise elected by the Company) be automatically reclassified into an item of Indebtedness Incurred pursuant to the first paragraph of this covenant or pursuant to clauses (1)(c) or (1)(d) of the second paragraph of this covenant, as applicable;

(3) all Indebtedness under the Senior Term Loan Incurred or outstanding as of the Issue Date shall be deemed to have been Incurred pursuant to clause (1)(a)(i) of the second paragraph of this covenant, and the Company shall not be permitted to reclassify all or a portion of such Indebtedness;

(4) for purposes of determining compliance with this covenant, with respect to Indebtedness Incurred under a Credit Facility, re-borrowings of amounts previously repaid pursuant to "cash sweep" or "clean down" provisions or any similar provisions under a Credit Facility that provide that Indebtedness is deemed to be repaid periodically shall only be deemed for the

purposes of this covenant to have been Incurred on the date such Indebtedness was first Incurred and not on the date of any subsequent re-borrowing thereof;

(5) in the case of any Refinancing Indebtedness, when measuring the outstanding amount of such Indebtedness, such amount shall not include any amounts necessary to pay accrued and unpaid interest and any fees and expenses, including any premium and defeasance costs, indemnity fees, discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(6) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(7) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to any clause of the first paragraph above or the second paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(8) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(9) in the event that the Company or a Restricted Subsidiary enters into or increases commitments under a revolving credit facility, enters into any commitment to Incur or issue Indebtedness or commits to Incur any Lien pursuant to clause (29) of the definition of "*Permitted Liens*," the Incurrence or issuance thereof for all purposes under the Indenture, including for purposes of calculating the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Total Secured Net Leverage Ratio, as applicable, or usage of clauses (1) through (20) of the preceding paragraph (if any) for borrowings and re-borrowings thereunder (and including issuance and creation of letters of credit and bankers' acceptances thereunder) will, at the Company's option, either (a) be determined (i) on the date of such revolving credit facility or such entry into or increase in commitments (assuming that the full amount thereof (or, at the option of the Company, a portion thereof) has been borrowed as of such date) or other Indebtedness, Disqualified Stock or Preferred Stock (in each case, pursuant to any letter, agreement or instrument, which may be conditional, including as to documentation) and/or (ii) on the date on which such facility or commitments become available, and, if such Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Total Secured Net Leverage Ratio, as applicable, test or other provision of the Indenture is satisfied with respect thereto at such time, any borrowing or re-borrowing thereunder (and the issuance and creation of letters of credit and bankers' acceptances thereunder) will be permitted under this covenant irrespective of the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Total Secured Net Leverage Ratio, as applicable, or other provision of the Indenture at the time of any borrowing or re-borrowing (or issuance or creation of letters of credit or bankers' acceptances thereunder) (the committed amount permitted to be borrowed or reborrowed (and the issuance and creation of letters of credit and bankers' acceptances) on a date pursuant to the operation of this clause (a) shall be the "Reserved Indebtedness Amount" as of such date for purposes of the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Total Secured Net Leverage Ratio, as applicable, and, to the extent of the usage of clauses (1) through (20) of the preceding paragraph (if any), shall be deemed to be Incurred and outstanding under such clauses) or (b) be determined on the date such amount is borrowed pursuant to any such facility or increased commitment, and in each case, the Company may revoke such determination at any time and from time to time;

(10) in the event that the Company or a Restricted Subsidiary (w) Incurs Indebtedness to finance an acquisition (including an acquisition of assets) or other transaction or (x) assumes Indebtedness of Persons that are, or secured by assets that are, acquired by the Company or any Restricted Subsidiary or merged into, amalgamated or consolidated with, the Company or a Restricted Subsidiary in accordance with the terms of the Indenture or (y) commits to an acquisition or transaction pursuant to which it may Incur Acquired Indebtedness or (z) is subject to a Change of Control, the date of determination of LTM EBITDA, the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Total Secured Net Leverage Ratio, as applicable, shall, at the option of the Company, be (a) the date that a definitive agreement, put option or similar arrangement for such acquisition, transaction, merger, amalgamation, consolidation or Change of Control is entered into and the LTM EBITDA, Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Total Secured Net Leverage Ratio, as applicable, shall be calculated giving *pro forma* effect to such acquisition, Change of Control and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) consistent with the definition of the LTM EBITDA, the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Total Secured Net Leverage Ratio, as applicable, and, for the avoidance of doubt, (A) if any such ratios are exceeded as a result of fluctuations in such ratio (including due to fluctuations in the Consolidated EBITDA of the Company or the target company) at or prior to the consummation of the relevant acquisition or Change of Control, such ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether such acquisition and any related transactions are permitted hereunder and (B) such ratios shall not be tested at the time of consummation of such acquisition, transaction, merger, amalgamation or consolidation; *provided* that if the Company elects to have such determinations occur at the time of entry into such definitive agreement, put option or similar arrangement, (i) any such transaction shall be deemed to have occurred on the date the definitive agreement, put option or similar arrangement is entered into and to be outstanding thereafter for purposes of calculating any ratios under the Indenture after the date of such agreement and before the earlier of the date of consummation of such acquisition or the date such agreement is terminated or expires without consummation of such acquisition and (ii) to the extent any covenant baskets were utilized in satisfying any covenants, such baskets shall be deemed utilized until the earlier of the date of consummation of such acquisition or the date such agreement is terminated or expires without consummation of such acquisition, but any calculation of LTM EBITDA or Consolidated EBITDA for purposes of other Incurrences of Indebtedness or Liens or making of Restricted Payments (not related to such acquisition) shall not reflect such acquisition until it has been consummated, unless such other Incurrence of Indebtedness or Liens is conditional or contingent on the occurrence of such acquisition or Change of Control or (b) the date such Indebtedness is borrowed or assumed or such Change of Control occurs;

(11) notwithstanding anything in this covenant to the contrary, in the case of any Indebtedness Incurred to refinance Indebtedness initially Incurred in reliance on a clause of the second paragraph of this covenant measured by reference to a percentage of LTM EBITDA at the time of Incurrence, if such refinancing would cause the percentage of LTM EBITDA restriction to be exceeded if calculated based on the percentage of LTM EBITDA on the date of such refinancing, such percentage of LTM EBITDA restriction shall not be deemed to be exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, plus premiums (including tender premiums), defeasance, costs and fees in connection with such refinancing; and

(12) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

Accrual and/or capitalization of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional

Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS, will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under the heading "*—Limitation on Indebtedness*"; *provided* that the amount of any Refinancing Indebtedness in respect of any outstanding Indebtedness may (in the Company's sole discretion) be increased by the amount of all such accrued and/or capitalized interest, accreted value, original issue discount and/or additional Indebtedness in respect of such Indebtedness and such increased amount will not be deemed to be Indebtedness for the purpose of calculating any basket, permission or threshold under which such Refinancing Indebtedness is permitted to be Incurred.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under the heading "*—Limitation on Indebtedness*," the Company shall be in default of this covenant).

For purposes of determining compliance with any Euro-denominated restriction on the Incurrence of Indebtedness, the Euro equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was first committed or first Incurred (whichever yields the lower Euro equivalent); *provided* that for the purpose of the Incurrence of any other Indebtedness, the Company may elect to account for any such Indebtedness denominated in a foreign currency at the relevant currency exchange rate in effect on the determination date for the Incurrence of such other Indebtedness; further provided that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable Euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed (x) the principal amount of such Indebtedness being refinanced plus (y) the aggregate amount of fees, underwriting discounts, accrued and unpaid interest, premiums (including tender premiums) and other costs and expenses (including original issue discount, upfront fees or similar fees) Incurred in connection with such refinancing.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Company will not, and will not permit any of the Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any such payment in connection with any merger or consolidation involving the Company or any of the Restricted Subsidiaries) except:

    (a) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company or in Subordinated Shareholder Funding;

    (b) dividends or distributions payable to the Company or a Restricted Subsidiary (and, in the case of the Company or any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Company or another Restricted Subsidiary on no more than a pro rata basis); and

(c) dividends or distributions payable to any Parent Entity to fund interest payments in respect of Indebtedness of such Parent Entity which is Guaranteed by the Company or any Restricted Subsidiary or is otherwise considered Indebtedness of the Company or any Restricted Subsidiary (*provided* that (x) any net proceeds from such Indebtedness are contributed to the equity of the Company or any Restricted Subsidiary in any form or otherwise received by the Company or any Restricted Subsidiary; (y) any net proceeds described in subclause (x) above shall be excluded for purposes of increasing the amount available for distribution pursuant to clause (c) of this paragraph and shall not be Excluded Contributions or Excluded Amounts; and (z) in the case that any net proceeds described in subclause (x) above are contributed to or received by the Company or the Restricted Subsidiaries in the form of Indebtedness, there shall be no double-counting of interest paid on such Indebtedness and any dividends or distributions payable to the relevant Parent Entity to fund interest payments in respect of Indebtedness of such Parent Entity);

(2) purchase, repurchase, redeem, retire or otherwise acquire or retire for value any Capital Stock of the Company or any Parent Entity held by Persons other than the Company or a Restricted Subsidiary;

(3) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such purchase, repurchase, redemption, defeasance or other acquisition or retirement in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "—*Limitation on Indebtedness*");

(4) make any payment (whether of principal, interest or other amounts) on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding (other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding); or

(5) make any Restricted Investment,

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a "Restricted Payment"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would immediately thereafter result therefrom);

(b) the Company is not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "—*Limitation on Indebtedness*" immediately after giving effect, on a *pro forma* basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Techem Acquisition Completion Date (and not returned or rescinded) (including Permitted Payments (as defined below) made pursuant to clauses (1) and (10) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from July 1, 2018, to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Company are available (if positive); *plus*

(ii) 100% of the aggregate amount of cash, and the fair market value of property or assets or marketable securities, received by the Company from the issue or sale of its Subordinated Shareholder Funding or Capital Stock or as the result of a merger or consolidation with another Person subsequent to the Techem Acquisition Completion Date or otherwise contributed to the equity (in each case other than through the issuance of Disqualified Stock or Designated Preferred Stock) of the Company subsequent to the Techem Acquisition Completion Date (other than (v) Subordinated Shareholder Funding or Capital Stock sold to a Subsidiary of the Company, (w) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of their employees to the extent funded by the Company or any Restricted Subsidiary, (x) cash or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the next succeeding paragraph, (y) Excluded Contributions and (z) Excluded Amounts); *plus*

(iii) 100% of the aggregate amount of cash, and the fair market value of property or assets or marketable securities, received by the Company or any Restricted Subsidiary from the issuance or sale (other than (y) Subordinated Shareholder Funding or (z) Capital Stock sold to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of their employees to the extent funded by the Company or any Restricted Subsidiary) by the Company or any Restricted Subsidiary subsequent to the Techem Acquisition Completion Date of any Indebtedness, Disqualified Stock or Designated Preferred Stock that has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock or Designated Preferred Stock) plus, without duplication, the amount of any cash, and the fair market value of property or assets or marketable securities, received by the Company or any Restricted Subsidiary upon such conversion or exchange; *plus*

(iv) 100% of the aggregate amount received in cash and the fair market value, as determined in good faith by the Company, of marketable securities or other property received by the Company or any Restricted Subsidiary by means of: (i) the sale or other disposition (other than to the Company or a Restricted Subsidiary) of Restricted Investments made by the Company or the Restricted Subsidiaries and repurchases and redemptions of such Restricted Investments from the Company or the Restricted Subsidiaries and repayments of loans or advances, and releases of guarantees, which constitute Restricted Investments by the Company or the Restricted Subsidiaries, in each case after the Techem Acquisition Completion Date; or (ii) the sale (other than to the Company or a Restricted Subsidiary) of the stock of an Unrestricted Subsidiary or a distribution from an Unrestricted Subsidiary or a dividend from a Person that is not a Restricted Subsidiary after the Techem Acquisition Completion Date (in each case, other than to the extent of the amount of the Investment that constituted a Permitted Investment or was made under clause (17) of the next succeeding paragraph and will increase the amount available under the applicable clause of the definition of "Permitted Investment" or clause (17) of the next succeeding paragraph, as the case may be); *plus*

(v) in the case of the re-designation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger, amalgamation or consolidation of an Unrestricted Subsidiary into the Company or a Restricted Subsidiary or the transfer of all or substantially all of the assets of an Unrestricted Subsidiary to the Company or a Restricted Subsidiary after the Techem Acquisition Completion Date, the fair market value of the Investment in such Unrestricted Subsidiary (or the assets transferred), as determined in good faith by the Company at the time of the re-designation of such Unrestricted Subsidiary as a Restricted Subsidiary or at the time of such merger, amalgamation or consolidation or transfer of assets (after taking into consideration any Indebtedness associated with the Unrestricted Subsidiary so designated or merged, amalgamated or consolidated or Indebtedness associated with the assets so transferred), other than to the extent of the amount of the Investment that constituted a Permitted Investment or was made under clause (17) of the next succeeding paragraph and will increase the amount available under the applicable clause of the definition of "Permitted Investment" or clause (17) of the next succeeding paragraph, as the case may be; *plus*

(vi) the greater of (x) €53.5 million and (y) 10.0% of LTM EBITDA,

provided that notwithstanding the foregoing, any amounts (such amounts, "Excluded Amounts") that would otherwise be included in the calculation of the amount available for Restricted Payments pursuant to sub-clauses (ii) or (iii) of the preceding clause (c) will be excluded to the extent the purpose of the receipt of such cash, property or assets or marketable securities was used to reduce the Consolidated Total Net Leverage Ratio of the Company and as a result thereof a Change of Control Triggering Event that would otherwise have occurred without the receipt of such cash, property or assets or marketable securities did not occur.

The foregoing provisions will not prohibit any of the following (collectively, "Permitted Payments"):

(1) the payment of any dividend or distribution within 60 days after the date of declaration thereof, if at the date of declaration such payment would have complied with the provisions of the Indenture, or the redemption, repurchase or retirement of Indebtedness if, at the date of any redemption notice, such payment would have complied with the provisions of the Indenture as if it were and is deemed at such time to be a Restricted Payment at the time of such notice;

(2) (a)any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock ("Treasury Capital Stock") or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Subordinated Shareholder Funding or Capital Stock of the Company (other than Disqualified Stock or Designated Preferred Stock or Excluded Amounts) ("Refunding Capital Stock") or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preferred Stock or through an Excluded Contribution or Excluded Amounts) of the Company; *provided* that to the extent so applied, the Net Cash Proceeds, or fair market value of property or assets or of marketable securities, from such sale of Subordinated Shareholder Funding or Capital Stock or such contribution will be excluded from clause (c) of the preceding paragraph and (b) if immediately prior to the retirement of Treasury Capital Stock, the declaration and payment of dividends thereon was permitted under clause (13) of this paragraph, the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the proceeds of which were used to redeem, repurchase, retire or otherwise acquire any Capital Stock of a Parent Entity) in an aggregate amount per year no greater than the aggregate amount of dividends per annum that were declarable and payable on such Treasury Capital Stock immediately prior to such retirement;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "—*Limitation on Indebtedness*" above;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Company or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Company or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "—*Limitation on Indebtedness*" above;

(5) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness (other than Subordinated Shareholder Funding) or Disqualified Stock or Preferred Stock of a Restricted Subsidiary:

(a) from Net Available Cash to the extent permitted under the covenant described under "—*Limitation on Sales of Assets and Subsidiary Stock*" below, but only if (and to the extent required) the Company shall have first complied with the terms described under "—*Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness, Disqualified Stock or Preferred Stock;

(b) to the extent required by the agreement governing such Subordinated Indebtedness, Disqualified Stock or Preferred Stock, following the occurrence of (i) a Change of Control (or other similar event described therein as a "change of control") or (ii) an Asset Disposition (or other similar event described therein as an "asset disposition" or "asset sale"), but only if (and to the extent required) the Company shall have first complied with the terms described under "*Change of Control*" or "—*Limitation on Sales of Assets and Subsidiary Stock*," as applicable, and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness, Disqualified Stock or Preferred Stock; or

(c) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition);

(6) a Restricted Payment to pay for the repurchase, retirement or other acquisition or retirement for value of Capital Stock (including any options, warrants or other rights in respect thereof) (other than Disqualified Stock) of the Company or any Parent Entity held by any future, present or former employee, director or consultant of the Company, any of its Subsidiaries or any Parent Entity (or permitted transferees, assigns, estates, trusts or heirs of such employee, director, contractor or consultant) either pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or upon the termination of such employee, director, contractor or consultant's employment or directorship; *provided*, *however*, that the aggregate Restricted Payments made under this clause (6) do not exceed (x) the greater of (i) €40.1 million and (ii) 7.5% of LTM EBITDA in any fiscal year (with unused amounts in any fiscal year being carried forward to the next succeeding fiscal year and amounts that will not be used in the subsequent fiscal year being carried back to the immediately preceding fiscal year) or (y) subsequent to the consummation of an underwritten public Equity Offering of common stock of the Company or any Parent Entity, the greater of (i) €80.2 million and (ii) 15.0% of LTM EBITDA in any fiscal year (with unused amounts in any fiscal year

being carried forward to the next succeeding fiscal year and amounts that will not be used in the subsequent fiscal year being carried back to the immediately preceding fiscal year); *provided* further that such amount in any fiscal year may be increased by an amount not to exceed:

(a) the cash proceeds from the issuance or sale of Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock or Designated Preferred Stock or Excluded Contributions or Excluded Amounts) of the Company and, to the extent contributed to the capital of the Company (other than through the issuance of Disqualified Stock or Designated Preferred Stock or an Excluded Contribution or Excluded Amounts), Subordinated Shareholder Funding or Capital Stock of any Parent Entity, in each case to members of management, directors or consultants of the Company, any of its Subsidiaries or any Parent Entity that occurred after the Issue Date, to the extent the cash proceeds from the sale of such Capital Stock or Subordinated Shareholder Funding have not otherwise been applied to the payment of Restricted Payments by virtue of clause (c) of the preceding paragraph; plus

(b) the cash proceeds of key man life insurance policies received by the Company and the Restricted Subsidiaries after the Issue Date,

and *provided yet further* that cancellation of Indebtedness owing to the Company or any Restricted Subsidiary from any future, present or former members of management, directors, employees, contractors or consultants of the Company or Restricted Subsidiaries or any Parent Entity in connection with a repurchase of Capital Stock of the Company or any Parent Entity will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

(7) the declaration and payment of dividends on Disqualified Stock or Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "—*Limitation on Indebtedness*" above;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise, conversion or exchange of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof or withholding or similar taxes in respect thereof and payments in respect of withholding or similar taxes payable upon exercise or vesting thereof;

(9) dividends, loans, advances or distributions to any Parent Entity or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent Entity to pay any Parent Entity Expenses or any Related Taxes;

(b) amounts constituting or to be used for purposes of making payments to the extent specified in clauses (2), (3), (5), (11), (12) and (17)(a) (but only in respect of the parenthetical thereto) of the second paragraph of the covenant described under "—*Limitation on Affiliate Transactions*," *provided* that any such dividends, loans, advances or distributions to make payments in respect of annual management fees specified in paragraph (11)(a) of the second paragraph of the covenant described under "—*Limitation on Affiliate Transactions*" below and made pursuant to this clause (9)(b) shall not exceed an aggregate amount equal to the greater of (x) €32.1 million and (y) 6.0% of LTM EBITDA per fiscal year (with unused amounts in any fiscal year being carried forward to the next succeeding fiscal year and amounts that will not be used in the subsequent fiscal year being carried back to the immediately preceding fiscal year) and shall not be made as long as any Default has occurred and is continuing unless it is funded with the proceeds of an Equity Contribution; and

(c) up to the greater of (x) €10.7 million and (y) 2.0% of LTM EBITDA per fiscal year (with unused amounts in any fiscal year being carried forward to the next succeeding fiscal year and amounts that will not be used in the subsequent fiscal year being carried back to the immediately preceding fiscal year);

(10) so long as no Default has occurred and is continuing, the declaration or payment of dividends or distributions, or the making of any cash payments, advances, loans or expense reimbursements on the Capital Stock, common stock or common equity interests of the Company, any Parent Entity or any IPO Entity following a Public Offering of such Capital Stock, common stock or common equity interests; *provided* that the aggregate amount of all such dividends or distributions shall not exceed in any fiscal year the greater of: (a) 6.0% of the Net Cash Proceeds received from such Public Offering or subsequent Equity Offering by the Company or contributed to the capital of the Company by any Parent Entity in any form other than Indebtedness or Excluded Contributions or Excluded Amounts; and (b) following an Initial Public Offering, an amount equal to (i) where, after giving *pro forma* effect to such dividends, distributions, cash payments, loans or expense reimbursements, the Consolidated Total Net Leverage Ratio shall be equal to or less than 7.00 to 1.00, the greater of (x) 7.0% of the Market Capitalization and (y) 7.0% of the IPO Market Capitalization; and (ii) where, after giving *pro forma* effect to such dividends, distributions, cash payments, loans or expense reimbursements, the Consolidated Total Net Leverage Ratio shall be greater than 7.00 to 1.00, but equal to or less than 7.20:1.00, the greater of (x) 5.0% of the Market Capitalization and (y) 5.0% of the IPO Market Capitalization;

(11) payments by the Company, or loans, advances, dividends or distributions to any Parent Entity to make payments, to holders of Capital Stock of the Company or any Parent Entity in lieu of the issuance of fractional shares of such Capital Stock, *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Company);

(12) Restricted Payments that are made with Excluded Contributions;

(13) the declaration and payment of dividends (i) on Designated Preferred Stock of the Company issued after the Issue Date; (ii) to a Parent Entity in an amount sufficient to allow the Parent Entity to pay dividends to holders of its Designated Preferred Stock issued after the Issue Date; and (iii) on Refunding Capital Stock that is Preferred Stock; *provided*, *however*, that, in the case of clauses (i) and (ii) of this clause (13), the amount of all dividends declared or paid to a Person pursuant to such clauses shall not exceed the cash proceeds received by the Company or the aggregate amount contributed as Subordinated Shareholder Funding or in cash to the equity of the Company (other than through the issuance of Disqualified Stock or an Excluded Contribution or Excluded Amounts), from the issuance or sale of such Designated Preferred Stock; *provided further*, in the case of clauses (i), (ii) and (iii) of this clause (13), that for the Relevant Testing Period immediately preceding the date of issuance of such Designated Preferred Stock or declaration of such dividends on such Refunding Capital Stock, after giving effect to such payment on a *pro forma* basis the Company would be permitted to Incur at least €1.00 of additional Indebtedness pursuant to the test set forth in the first paragraph of the covenant described under "—*Limitation on Indebtedness*";

(14) distributions, by dividend or otherwise, or other transfer or disposition of shares of Capital Stock, of equity interests in, or Indebtedness owed to the Company or a Restricted Subsidiary by, Unrestricted Subsidiaries (other than Unrestricted Subsidiaries, substantially all the assets of which are cash and Cash Equivalents) or proceeds thereof;

(15) distributions or payments of Securitization Fees, sales contributions and other transfers of Securitization Assets or Receivables Assets and purchases of Securitization Assets or

Receivables Assets pursuant to a Securitization Repurchase Obligation, in each case in connection with a Qualified Securitization Financing or Receivables Facility;

(16) [Reserved];

(17) so long as no Default has occurred and is continuing (i) any Restricted Payments (including loans or advances) in an aggregate amount outstanding at the time made not to exceed the greater of (x) €160.4 million and (y) 30.0% of LTM EBITDA at such time, or (ii) any Restricted Payments, so long as, immediately after giving *pro forma* effect to the payment of any such Restricted Payment and the Incurrence of any Indebtedness the net proceeds of which are used to make such Restricted Payment, the Consolidated Total Net Leverage Ratio shall be no greater than 6.20 to 1.00;

(18) mandatory redemptions of Disqualified Stock issued as a Restricted Payment or as consideration for a Permitted Investment;

(19) (i) the redemption, defeasance, repurchase, exchange or other acquisition or retirement of Subordinated Indebtedness of or guaranteed by the Company or any Guarantor, or the making of a Restricted Payment to fund any such redemption, defeasance, repurchase, exchange or any other acquisition or retirement, in an aggregate amount outstanding at the time made, taken together with all other redemptions, defeasances, repurchases, exchanges or other acquisitions or retirements of Subordinated Indebtedness made pursuant to this clause (19), not to exceed the greater of (x) €53.5 million and (y) 10.0% of LTM EBITDA at such time or (ii) the making of a Restricted Payment to fund the partial or total redemption, defeasance, repurchase, exchange or other acquisition or retirement of the Senior Notes, in an amount not exceeding the aggregate principal amount of such notes as of the day prior to the Issue Date, plus any accrued interest, redemption premium and other amount due in respect of such notes as of the date of their redemption, defeasance, repurchase, exchange or other acquisition or retirement;

(20) payments or distributions to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Company and the Restricted Subsidiaries, taken as a whole, that complies with the covenants described under "—*Merger and Consolidation*";

(21) Restricted Payments to a Parent Entity to finance Investments that would otherwise be permitted to be made pursuant to this covenant if made by the Company; *provided* that (a) such Restricted Payment shall be made substantially concurrently with the closing of such Investment, (b) such Parent Entity shall, promptly following the closing thereof, cause (i) all property acquired (whether assets or Capital Stock) to be contributed to the capital of the Company or one of the Restricted Subsidiaries or (ii) the merger or amalgamation of the Person formed or acquired into the Company or one of the Restricted Subsidiaries (to the extent not prohibited by the covenant described under "—*Merger and Consolidation*") to consummate such Investment, (c) such Parent Entity and its Affiliates (other than the Company or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Company or a Restricted Subsidiary could have given such consideration or made such payment in compliance with the Indenture, (d) any property received by the Company shall not increase amounts available for Restricted Payments pursuant to clause (c) of the preceding paragraph, clauses (2) or (6) above or be deemed to be an Excluded Contribution or an Excluded Amount and (e) such Investment shall be deemed to be made by the Company or such Restricted Subsidiary pursuant to another provision of this covenant (other than pursuant to clause (12) hereof) or pursuant to the definition of "Permitted Investments" (other than pursuant to clause (12) thereof);

(22) any Restricted Payment made with Net Available Cash from any Asset Disposition and permitted pursuant to clause (3) of the first paragraph under "*—Limitation on Sales of Assets and Subsidiary Stock*"; and

(23) any dividends, repayments of equity, reductions of capital, loans or any other distribution (a "Tax Distribution") by the Company or any Restricted Subsidiary to any Parent Entity that is a member of the same fiscal unity for corporate income tax, trade tax, value added tax or similar purposes; *provided* that (a) where payments under a fiscal unity are required to be made by any Parent Entity to cover Taxes on a consolidated basis on behalf of the Company and the Restricted Subsidiaries, a Tax Distribution shall be made in cash to Topco or any such Parent Entity in accordance with the definition of Permitted Tax Distribution; and (b) the remainder of such Tax Distribution in excess of the amount permitted pursuant to clause (a) above shall not be paid to Topco or any such Parent Entity in cash, but instead will be converted into an intercompany loan made by Topco or any such Parent Entity to the Company which constitutes Subordinated Liabilities (as defined in the Intercreditor Agreement).

For purposes of determining compliance with this covenant, in the event that a Restricted Payment (or portion thereof) (i) meets the criteria of more than one of the categories of Permitted Payments described in clauses (1) through (23) above, and/or (ii) is permitted pursuant to the first paragraph of this covenant and/or (iii) constitutes a Permitted Investment, the Company will be entitled to classify such Restricted Payment or Investment (or portion thereof) on the date of its payment or later reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment or Investment (or portion thereof) in any manner that complies with this covenant, including as a Permitted Investment.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment, property or assets other than cash shall be determined conclusively by the Company acting in good faith.

Unrestricted Subsidiaries may use value transferred from the Company and the Restricted Subsidiaries in a Permitted Investment or a Restricted Investment not prohibited under this covenant to purchase or otherwise acquire Indebtedness or Capital Stock of the Company, any Parent Entity or any of the Company's Restricted Subsidiaries, and to transfer value to the holders of the Capital Stock or any Parent Entity and to Affiliates thereof, and such purchase, acquisition, or transfer will not be deemed to be a "direct or indirect" action by the Company or the Restricted Subsidiaries.

Limitation on Liens

The Company will not, and the Company will procure that no Restricted Subsidiary or Topco will, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary and, in the case of Topco, only to the extent that such property or assets constitute Collateral), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "Initial Lien"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes, the Notes Guarantees and the Indenture are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes, the Notes Guarantees and the Indenture under (a)(2) in the preceding paragraph will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under the

Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and/or under the relevant Security Document.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "Increased Amount" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Company will not, and will not permit any Restricted Subsidiary to create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Company or any Restricted Subsidiary;

(2) make any loans or advances to the Company or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its property or assets to the Company or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Senior Facilities), (b) the Intercreditor Agreement and any Additional Intercreditor Agreement and (c) any other agreement or instrument; in each case, in effect at or entered into on the Issue Date;

(2) any encumbrance or restriction pursuant to the Indenture, the Notes, the Notes Guarantees, the Security Documents or the Senior Notes;

(3) any encumbrance or restriction pursuant to applicable law, rule, regulation or order;

(4) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Company or was merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary or entered into in contemplation of or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause, if another Person is the Successor Company (as defined below), any Subsidiary thereof or agreement or instrument of such Person or any such

Subsidiary shall be deemed acquired or assumed by the Company or any Restricted Subsidiary when such Person becomes the Successor Company;

(5) any encumbrance, restriction or condition:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract or agreement, or the assignment or transfer of any lease, license or other contract or agreement;

(b) contained in mortgages, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer or encumbrance of the property or assets subject to such mortgages, pledges, charges or other security agreements;

(c) contained in any trading, netting, operating, construction, service, supply, purchase, sale or other agreement to which the Company or any of the Restricted Subsidiaries is a party entered into in the ordinary course of business or consistent with past practice; *provided* that such agreement prohibits the encumbrance of solely the property or assets of the Company or such Restricted Subsidiary that are the subject to such agreement, the payment rights arising thereunder or the proceeds thereof and does not extend to any other asset or property of the Company or such Restricted Subsidiary or the assets or property of another Restricted Subsidiary; or

(d) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(6) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired;

(7) any encumbrance or restriction imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of the Company or any Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(8) customary provisions in leases, licenses, shareholder agreements, joint venture agreements and other similar agreements, organizational documents and instruments;

(9) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation, licensing requirement or order, or required by any regulatory authority;

(10) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business or consistent with past practice;

(11) any encumbrance or restriction pursuant to Hedging Obligations;

(12) restrictions created in connection with any Qualified Securitization Financing or Receivables Facility that, in the good faith determination of the Company, are necessary or advisable to effect such Securitization Facility or Receivables Facility;

(13) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if the encumbrances

and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders (taken as a whole) than (i) the encumbrances and restrictions contained in (A) the Senior Facilities Agreement, (B) the Security Documents, and (C) the Intercreditor Agreement, in each case, as in effect on the Issue Date or (ii) as is customary in comparable financings (as determined in good faith by the Company) and where, in the case of this sub-clause (ii), either (x) the Company determines at the time of entry into such agreement or instrument that such encumbrances or restrictions will not adversely affect, in any material respect, the Company's ability to make principal or interest payments on the Notes or (y) such encumbrance or restriction applies only during the continuance of a default relating to such agreement or instrument, or (b) constituting an Additional Intercreditor Agreement;

(14) any encumbrance or restriction existing by reason of any lien permitted under "—*Limitation on Liens*"; or

(15) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clauses (1) to (14) of this paragraph or this clause (15) (an "Initial Agreement") or contained in any amendment, supplement or other modification to an agreement referred to in clauses (1) to (14) of this paragraph or this clause (15); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders (taken as a whole) than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Company).

Limitation on Sales of Assets and Subsidiary Stock

The Company will not, and will not permit any of the Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Company or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Company, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap or relates to Non-Core Assets), with a purchase price in excess of the greater of (x) €53.5 million and (y) 10.0% of LTM EBITDA, at least 75% of the consideration from such Asset Disposition (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) received by the Company or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments; *provided* that this clause (2) shall not apply to the first amount of consideration from such Asset Dispositions per fiscal year not to exceed the greater of (x) €80.2 million and (y) 15.0% of LTM EBITDA; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied:

(a) to the extent the Company or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness), (i) to prepay, repay or purchase any Indebtedness of a Restricted Subsidiary that is not a Guarantor (in each case, other than Indebtedness owed to the Company or any Restricted Subsidiary) or any Senior Secured Indebtedness or any Indebtedness secured by a Lien on property or assets of the Company or any Restricted Subsidiary (other than Permitted Collateral Liens) within 450 days from the later of (1) the date of such Asset Disposition and (2) receipt of such Net Available Cash; *provided*, *however*, that, in connection with any prepayment, repayment or repurchase of Indebtedness pursuant to this clause (a), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be reduced in an amount equal to the principal amount so prepaid, repaid or purchased, *provided, further* that to the extent the Company or any Restricted Subsidiary has elected to prepay, repay or purchase any amount of Senior Secured Indebtedness at a price not less than par and has extended such offer to the Holders on at least a pro rata basis, to the extent the creditors in respect of such Senior Secured Indebtedness (including any Holders) elect not to tender their Senior Secured Indebtedness for such prepayment, repayment or purchase, the Company will be deemed to have applied an amount of Net Available Cash equal to such amount not tendered under this paragraph (a), and such amount shall not increase the amount of Excess Proceeds; or (ii) to redeem or purchase Notes;

(b) to the extent the Company or any Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary equal to the amount of Net Available Cash received by the Company or another Restricted Subsidiary) within 450 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided, however*, that a binding agreement shall be treated as a permitted application of Net Available Cash from the date of such commitment with the good faith expectation that an amount equal to Net Available Cash will be applied to satisfy such commitment within 180 days of such commitment (an "Acceptable Commitment") and, in the event any Acceptable Commitment is later cancelled or terminated for any reason before such amount is applied, then such Net Available Cash shall constitute Excess Proceeds,

provided further that, pending the final application of the amount of any such Net Available Cash in accordance with clause (a) or (b) above, the Company and the Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise use such Net Available Cash in any manner not prohibited by the Indenture.

Notwithstanding the foregoing, to the extent that (x) a distribution of any or all of the Net Available Cash of any Asset Disposition by a Subsidiary to the Company or another Restricted Subsidiary (to the extent necessary to comply with this covenant) is prohibited or delayed by applicable local law (including financial assistance and corporate benefit restrictions and fiduciary and statutory duties of the relevant directors) or (y) a distribution of any or all of the Net Available Cash of any Asset Disposition by a Subsidiary to the Company or another Restricted Subsidiary (to the extent necessary to comply with this covenant) could result in material adverse Tax consequences, as determined by the Company in its sole discretion, the portion of such Net Available Cash so affected will not be required to be applied in compliance with this covenant.

The amount of any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the first paragraph of this covenant will be deemed to constitute "Excess Proceeds" under the Indenture; *provided* that, if at the time of any definitive agreement, put option or similar arrangement in respect of any Asset Disposition or (at the option of the Company) the date on which Net Available Cash from an Asset Disposition is received, the Consolidated Senior Secured Net Leverage Ratio of the Company and the Restricted Subsidiaries is no greater than 4.55 to 1.00, 50% of the Net Available Cash from such Asset Disposition shall be deemed not to constitute Excess Proceeds and may be used by the Company or any of its Restricted Subsidiaries for any purpose not prohibited by the Indenture. On the 451st day (or such longer period permitted by clause (3)(b) of the first paragraph of this covenant) after the later of an Asset Disposition or the receipt of such Net Available Cash, if the aggregate amount of Excess Proceeds under the Indenture exceeds the greater of €133.7 million and 25.0% of LTM EBITDA, the Company will within 10 Business Days be required to make an offer ("Asset Disposition Offer") to all Holders under the Indenture and, to the extent the Company elects, to all holders of other outstanding Pari passu Indebtedness, to repay, prepay or purchase the maximum aggregate principal amount of Notes and any such Pari passu Indebtedness to which the Asset Disposition Offer applies that may be repaid, prepaid or purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to 100% of the principal amount of the Notes (and, in the case of any Pari passu Indebtedness, an offer price of no more than 100% of the principal amount of such Pari passu Indebtedness), in each case, plus accrued and unpaid interest, if any, to, but not including, the date of repayment, prepayment or purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari passu Indebtedness, as applicable, and with respect to the Notes, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Company will deliver notice of such Asset Disposition Offer electronically or by first-class mail, with a copy to the Trustee, the Paying Agent and each Holder at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of Euroclear and Clearstream, describing the transaction or transactions that constitute the Asset Disposition and offering to repurchase the Notes for the specified purchase price on the date specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is delivered, pursuant to the procedures required by the Indenture and described in such notice. The Company may satisfy the foregoing obligations with respect to any Net Available Cash from an Asset Disposition by making an Asset Disposition Offer with respect to all Net Available Cash prior to the expiration of the relevant 450 days (or such longer period as provided above) or with respect to any unapplied Excess Proceeds.

To the extent that the aggregate amount of Notes and Pari passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Company and the Restricted Subsidiaries may use any remaining Excess Proceeds for any purpose not prohibited by the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Company shall allocate the Excess Proceeds among the Notes and Pari passu Indebtedness to be repaid, prepaid or purchased on a pro rata basis on the basis of the aggregate principal amount of tendered Notes and Pari passu Indebtedness provided that the Company shall not be required to select and purchase Notes or other Pari passu Indebtedness in an unauthorized denomination. Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than Euro, the amount thereof payable in respect of the Notes shall not exceed the net amount of funds in Euro that is actually received by the Company upon converting such portion into Euros.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness or other liabilities, contingent or otherwise, of the Company or a Restricted Subsidiary (other than Subordinated Indebtedness of the Company or a Guarantor) and the release of the Company or such Restricted Subsidiary from all liability on such Indebtedness or other liability in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Company or any Restricted Subsidiary from the transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Company and each other Restricted Subsidiary

are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

(4) consideration consisting of Indebtedness of the Company (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Company or any Restricted Subsidiary; and

(5) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant during the same fiscal year, not to exceed the greater of (a) €133.7 million and (b) 25.0% of LTM EBITDA (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

To the extent that the provisions of any securities laws or regulations, including Rule 14e-1 under the Exchange Act, conflict with the provisions of the Indenture, the Company will comply with the applicable securities laws, rules and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof.

Notwithstanding any other provision in the Indenture to the contrary, the provisions of the Indenture relative to the Company's obligation to make an offer to repurchase the Notes as a result of an Asset Disposition may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

The Senior Facilities may prohibit or limit, and future credit agreements or other agreements to which the Company becomes a party may prohibit or limit, the Company from purchasing any Notes pursuant to this covenant. In the event the Company is prohibited from purchasing the Notes, the Company could seek the consent of its lenders to the purchase of the Notes or could attempt to refinance the borrowings that contain such prohibition. If the Company does not obtain such consent or repay such borrowings, it will remain prohibited from purchasing the Notes under such instruments.

Limitation on Affiliate Transactions

The Company will not, and will not permit any Restricted Subsidiary to enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (any such transaction or series of related transactions being an "Affiliate Transaction") involving aggregate value in excess of the greater of (i) €53.5 million and (ii) 10.0% of LTM EBITDA unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of the greater of (a) €80.2 million and (b) 15.0% of LTM EBITDA, the terms of such Affiliate Transaction have been approved by a majority of the members of the Board of Directors of the Company.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) above if such Affiliate Transaction is approved by a majority of the Disinterested Directors of the Company, if any.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "—*Limitation on Restricted Payments*," or any Permitted Investment;

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Company, any Restricted Subsidiary or any Parent Entity, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Company, in each case in the ordinary course of business or consistent with past practice;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any (a) transaction between or among the Company and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries and (b) merger, amalgamation or consolidation with any Parent Entity, *provided* that such Parent Entity shall have no material liabilities and no material assets other than cash, Cash Equivalents and the Capital Stock of the Company and such merger, amalgamation or consolidation is otherwise permitted under the Indenture;

(5) the payment of compensation, fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, contractors, consultants, distributors or employees of the Company, any Parent Entity or any Restricted Subsidiary (whether directly or indirectly and including through any Controlled Investment Affiliate of such directors, officers, contractors, consultants, distributors or employees);

(6) the entry into and performance of obligations of the Company or any of the Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders (taken as a whole) in any material respect;

(7) any transaction with a Securitization Subsidiary effected as part of a Qualified Securitization Financing or Receivables Facility, any disposition or repurchase of Securitization Assets, Receivables Assets or related assets in connection with any Qualified Securitization Financing or Receivables Facility;

(8) transactions with customers, clients, joint venture partners, suppliers, contractors, distributors or purchasers or sellers of goods or services, in each case in the ordinary course of business or consistent with past practice, which are fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors of the Company or the senior management of the Company or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company or an Associate or similar entity which would constitute an Affiliate Transaction solely (i) because the Company or a Restricted

Subsidiary or any Affiliate of the Company or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity or (ii) due to the fact that a director of such Person is also a director of the Company or any direct or indirect Parent Entity of the Company (*provided*, *however*, that such director abstains from voting as a director of the Company or such direct or indirect Parent Entity of the Company, as the case may be, on any matter involving such other Person);

(10) any (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preferred Stock) of the Company or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding and the granting of registration and other customary rights (and the performance of the related obligations) in connection therewith or any contribution to capital of the Company or any Restricted Subsidiary and (b) amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable; *provided* that such Subordinated Shareholder Funding, as amended or otherwise modified, will continue to satisfy the requirements described in the definition of "Subordinated Shareholder Funding";

(11) (a) any payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly), including to its affiliates or its designees, of annual management, consulting, monitoring, refinancing, transaction, subsequent transaction exit fees, advisory fees and related costs and reasonable expenses and indemnities in connection therewith and any termination fees (including any such cash lump sum or present value fee upon the consummation of a corporate event, including an Initial Public Offering) and (b) any customary payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent Entity) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which are in the case of each of clauses (a) and (b) approved by a majority of the Board of Directors of the Company in good faith;

(12) payment to any Permitted Holder of all out of pocket expenses incurred by such Permitted Holder in connection with its direct or indirect investment in the Company and its Subsidiaries;

(13) the Transactions and the payment of all costs and expenses (including all legal, accounting and other professional fees and expenses) related to the Transactions;

(14) transactions in which the Company or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (1) of the preceding paragraph;

(15) the existence of, or the performance by the Company or any Restricted Subsidiary of its obligations under the terms of, any equityholders agreement (including any registration rights agreement or purchase agreements related thereto) to which it is party as of the Issue Date, and any similar agreement that it may enter into thereafter; *provided*, *however*, that the existence of, or the performance by the Company or any Restricted Subsidiary of its obligations under any future amendment to the equityholders' agreement or under any similar agreement entered into after the Issue Date will only be permitted under this clause to the extent that the terms of any such amendment or new agreement are not otherwise disadvantageous to the Holders (taken as a whole) in any material respect as determined in good faith by the Company;

(16) any purchases by the Company's Affiliates of Indebtedness or Disqualified Stock of the Company or any of the Restricted Subsidiaries the majority of which Indebtedness or Disqualified Stock is purchased by Persons who are not the Company's Affiliates; *provided*

that such purchases by the Company's Affiliates are on the same terms as such purchases by such Persons who are not the Company's Affiliates;

(17) any (a) Investments by Affiliates in securities of the Company or any of the Restricted Subsidiaries (and payment of reasonable out-of-pocket expenses Incurred by such Affiliates in connection therewith) so long as the Investment is being offered by the Company or such Restricted Subsidiary generally to other non-affiliated third party investors on the same or more favorable terms; (b) payments to Affiliates in respect of securities of the Company or any of the Restricted Subsidiaries contemplated in the foregoing clause (17)(a) or that were acquired from Persons other than the Company and the Restricted Subsidiaries, in each case, in accordance with the terms of such securities; and (c) payments by any Parent Entity, the Company and/or the Restricted Subsidiaries pursuant to any tax sharing agreements or other equity agreements in respect of Related Taxes among any such Parent Entity, the Company and/or the Restricted Subsidiaries on customary terms to the extent attributable to the ownership or operation of the Company and its Subsidiaries;

(18) payments, Indebtedness and Disqualified Stock (and cancellation of any thereof) of the Company and the Restricted Subsidiaries and Preferred Stock (and cancellation of any thereof) of any Restricted Subsidiary to any future, current or former employee, director, officer, contractor or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Company, any of its Subsidiaries or any of its Parent Entities pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement; and any employment agreements, stock option plans and other compensatory arrangements (and any successor plans thereto) and any supplemental executive retirement benefit plans or arrangements with any such employees, directors, officers, contractors or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) that are, in each case, approved by the Company in good faith;

(19) employment and severance arrangements between the Company or the Restricted Subsidiaries and their respective officers, directors, contractors, consultants, distributors and employees in the ordinary course of business or entered into in connection with or as a result of the Acquisition;

(20) any transition services arrangement, supply arrangement or similar arrangement entered into in connection with or in contemplation of the disposition of assets or Capital Stock in any Restricted Subsidiary permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*" or entered into with any Business Successor, in each case, that the Company determines in good faith is either fair to the Company or otherwise on customary terms for such type of arrangements in connection with similar transactions;

(21) transactions entered into by an Unrestricted Subsidiary with an Affiliate prior to the day such Unrestricted Subsidiary is re-designated as a Restricted Subsidiary as described under "*—Designation of Restricted and Unrestricted Subsidiaries*" and pledges of Capital Stock of Unrestricted Subsidiaries;

(22) any lease entered into between the Company or any Restricted Subsidiary, as lessee, and any Affiliate of the Company that is not a Restricted Subsidiary, as lessor, which is approved by a majority of the members of the Board of Directors of the Company;

(23) intellectual property licenses in the ordinary course of business or consistent with past practice;

(24) payments to or from, and transactions with, any joint venture in the ordinary course of business or consistent with past practice (including any cash management activities related thereto);

(25) the payment of costs and expenses related to registration rights and customary indemnities provided to shareholders under any shareholder agreement; and

(26) any Permitted Tax Restructuring.

Designation of Restricted and Unrestricted Subsidiaries

The Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary and any Unrestricted Subsidiary to be a Restricted Subsidiary, in each case, if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Company and the Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments pursuant to the covenant described under "—*Limitation on Restricted Payments*" or under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be Incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under "—*Limitation on Indebtedness*," the Company will be in default of such covenant.

If an Unrestricted Subsidiary is designated as a Restricted Subsidiary, that designation will be deemed to be an Incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under "—*Limitation on Indebtedness*" (including pursuant to clause (5) of the second paragraph thereof, treating such designation as an acquisition for the purpose of such clause), calculated on a *pro forma* basis as if such designation had occurred at the beginning of the Relevant Testing Period; and (2) no Default or Event of Default would be in existence immediately following such designation. Any such designation by the Company or the re-designation of an Unrestricted Subsidiary to a Restricted Subsidiary as contemplated hereby shall be evidenced to the Trustee on the date of such designation or re-designation by filing with the Trustee an Officer's Certificate certifying that such designation or re-designation complies with the preceding conditions.

Reports

So long as any Notes are outstanding, the Company will furnish to the Trustee the following reports following the Issue Date:

(1) within 120 days after the end of each fiscal year of the Company ending after the Issue Date, annual reports (the "Annual Financial Statements"), containing: (i) the audited consolidated balance sheet of the Company as at the end of the most recent two fiscal years and audited consolidated income statements and statements of cash flow of the Company for the most recent two fiscal years, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years and the report of the independent auditors on the financial statements; (ii) an operating and financial review of the audited financial statements, including a discussion of the consolidated financial condition, results of operations, EBITDA and material changes in liquidity and capital resources of the Company; (iii) unaudited *pro forma* income statement and balance sheet information of the Company, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3)

below); *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense or burden, in which case the Company will provide, in the case of a material acquisition, acquired company financials; and (iv) a brief description of the business, management and shareholders of the Company, all material affiliate transactions and a description of all material debt instruments; *provided* that the information described in clause (iv) may be provided in the footnotes to the audited financial statements;

(2) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of the Company, beginning with the first quarter ending March 31, 2024, quarterly year-to-date financial statements (the "Quarterly Financial Statements") containing the following information: (i) the Company's unaudited condensed consolidated balance sheet as at the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year to date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (ii) unaudited *pro forma* income statement and balance sheet information of the Company, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates; *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense or burden, in which case the Company will provide, in the case of a material acquisition, acquired company financials; and (iii) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition, results of operations, EBITDA and material changes in liquidity and capital resources of the Company; and

(3) promptly after the occurrence of a material event that the Company announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Company and the Restricted Subsidiaries, taken as a whole, or a change in a senior executive officer of the Company or a change in auditors of the Company, a report containing a description of such event.

In addition, the Company shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Notes are not freely transferable under the Exchange Act by persons who are not "affiliates" under the Securities Act.

All financial statement information (excluding, for the avoidance of doubt, the calculations made under any incurrence covenant, which shall be prepared in accordance with the terms of the Indenture) shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided, however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. No report need include separate financial statements for any Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum. In addition, the reports set forth above will not be required to contain any reconciliation to GAAP.

For purposes of this covenant, an acquisition or disposition shall be deemed to be material if the entity or business acquired or disposed of represents greater than 20% of the Company's LTM EBITDA (calculated (i) in the case of an acquisition, including any *pro forma* adjustments in respect of such acquisition and (ii) in the case of a disposal, excluding any *pro forma* adjustments in respect of such disposal) for the most recent four quarters for which annual or quarterly financial reports have been delivered to the Trustee.

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant

Subsidiary of the Company, then the Annual Financial Statements and Quarterly Financial Statements will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and the Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

In the event that (i) the Company becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Company elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Company) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Company will make available to the Trustee such annual reports, information, documents and other reports that the Company is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d).

All reports provided pursuant to this "—*Reports*" covenant shall be in English, or with a certified English translation.

Subject to compliance with the next succeeding paragraph, in the event that, and for so long as, the equity securities of the Company or any Parent Entity or IPO Entity are listed on the Main Market of the London Stock Exchange (or one or more of the equivalent regulated markets of Euronext, the Frankfurt Stock Exchange, the Stockholm Stock Exchange, the Irish Stock Exchange, the Luxembourg Stock Exchange, the Swiss Stock Exchange or the New York Stock Exchange) (each a "Regulated Market") and the Company or such Parent Entity or IPO Entity is subject to the admission and disclosure standards applicable to issuers of equity securities admitted to trading on a Regulated Market, for so long as it elects, the Company will make available to the Trustee such annual reports, information, documents and other reports that the Company, such Parent Entity or such IPO Entity is, or would be, required to file with the applicable Regulated Market pursuant to such admission and disclosure standards. Upon complying with the foregoing requirements, and provided that such requirements require the Company, any Parent Entity or IPO Entity to prepare and file annual reports, information, documents and other reports with the applicable Regulated Market, the Company will be deemed to have complied with the provisions contained in the preceding paragraphs.

The Company may comply with any requirement to provide reports or financial statements under this covenant by providing any report or financial statements of a direct or indirect Parent Entity of the Company so long as such reports (if an annual, half yearly or quarterly report) (a) meet the requirements (including as to content and time of delivery) of this covenant as if references to the Company therein were references to such Parent Entity and (b) are accompanied by condensed consolidated financial information together with separate columns for: (i) such Parent Entity; (ii) the Company and the Restricted Subsidiaries on a combined basis; (iii) any other Subsidiaries of any applicable Parent Entity that are not the Company or Subsidiaries of the Company on a combined basis; (iv) consolidating adjustments; and (v) the total consolidated amounts, none of which shall be required to be audited. Upon complying with the foregoing requirement, the Company will be deemed to have complied with the provisions contained in the preceding paragraphs. For the avoidance of doubt, only Indebtedness of the Company and the Restricted Subsidiaries shall be taken into account when making any calculations required under the Indenture.

Delivery of any information, documents and reports to the Trustee pursuant to this section is for information purposes and the Trustee's receipt shall not constitute constructive notice of any information contained therein, including the Company's compliance with any of its covenants under Indenture.

Impairment of Security Interest

The Company will not, and will procure that no Restricted Subsidiary or Topco will, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the proviso below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral) for the benefit of the Trustee, the Security Agent and the Holders, and the Company shall not, and shall not permit any Restricted Subsidiary or Topco to, grant to any Person other than the Security Agent, for the benefit of the Trustee, the Security Agent and the Holders and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that (i) the Company, the Restricted Subsidiaries and Topco may amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents for the purposes of Incurring Permitted Collateral Liens, (ii) the Company, its Restricted Subsidiaries and Topco may amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents for the purposes of undertaking a Permitted Reorganization, (iii) the Collateral may be discharged and released in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement, (iv) the applicable Security Documents may be amended from time to time to cure any ambiguity, mistake, omission, defect, error or inconsistency therein and (v) the Company, the Restricted Subsidiaries and Topco may amend the Security Interests in any manner that does not adversely affect Holders in any material respect; *provided, however*, that in the case of clause (i), (ii) and (v) above, the Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced, unless contemporaneously with any such action, the Company delivers to the Trustee, either (1) a solvency opinion, in a form reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the Company and its Subsidiaries, taken as a whole (or, in the case of any relevant action with respect to Security Documents to which Topco is party as a security grantor, confirming the solvency of Topco), after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (2) a certificate from the Board of Directors of the relevant Person, which confirms the solvency of the Person granting such Security Interest, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, or (3) an Opinion of Counsel, in a form reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, released, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, release, modification or replacement. In the event that the Company, any Restricted Subsidiary or Topco complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to any amendment, extension, renewal, restatement, supplement, release or other modification or replacement requested in accordance with this covenant without the need for instructions from any Holder.

Additional Guarantees

No Restricted Subsidiary shall Guarantee the Indebtedness outstanding under the Senior Facilities, any Credit Facility or any Public Debt, in each case of the Company or a Guarantor, unless such Restricted Subsidiary is or becomes a Guarantor on the date on which the Guarantee of such other Indebtedness is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture substantially in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee, which Notes Guarantee will be senior to or *pari passu* with, as applicable, such Restricted Subsidiary's Guarantee of such other Indebtedness; *provided, however*, that such Restricted Subsidiary shall not be obligated to become a Guarantor to the extent and for so long as the Incurrence of such Notes Guarantee is contrary to the Agreed Security Principles or could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws, rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses. At the option of the Company, any Notes Guarantee may contain limitations on Guarantor liability to the extent reasonably necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future Notes Guarantees granted pursuant to this provision shall be released as set forth under "*—Notes Guarantees—Notes Guarantee Release*." The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, reasonably requested by, and at the cost of, the Company to effectuate any release of a Notes Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

The validity and enforceability of the Notes Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations as described and set out in "*Risk Factors—Risks Relating to the Senior Secured Notes—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral*" and "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations*."

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Company, in connection with the Incurrence by the Company or any of its Restricted Subsidiaries of (x) any Indebtedness secured on Collateral or as otherwise required herein and (y) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (x), the Company, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized representatives) an intercreditor agreement (an "Additional Intercreditor Agreement") or a restatement, amendment or other modification of the existing Intercreditor Agreement on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders (taken as a whole)), including substantially the same terms with respect to release of Notes Guarantees and priority and release of the Security Interests; *provided* that (1) such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, as applicable, adversely affect the rights, duties, liabilities, indemnities or immunities of the Trustee or Security Agent under the Indenture, any Additional Intercreditor Agreement or the Intercreditor Agreement and (2) if more than one such intercreditor agreement is outstanding at any time, the correlative terms of such intercreditor agreements must not conflict.

The Indenture also will provide that, at the direction of the Company and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to the Intercreditor Agreement or any Additional Intercreditor Agreement to: (1) cure any ambiguity, omission, defect, manifest error or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Company or any Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof, (8) make any other change to any such agreement that does not adversely affect the Holders (taken as a whole) in any material respect or (9) make all necessary provisions to ensure that the Notes are secured by the relevant Liens over the Collateral. The Company shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement or Additional Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*—Amendments and Waivers*," and the Company may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the reasonable opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities, indemnities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and Security Agent, if applicable) shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided*, *however*, that such transaction would comply with the covenant described under "*—Limitation on Restricted Payments*."

The Indenture also will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement and 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 and 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.

Financial Calculations

Any amounts incurred on the basis of any basket, test or permission where an element is set by reference to a percentage of LTM EBITDA ("EBITDA based basket") shall (provided that such amounts are, at the time of incurrence, duly and properly incurred in accordance with the relevant basket, test or permission) be treated as having been duly and properly incurred without the occurrence of an Event of Default even in the event that such LTM EBITDA basket subsequently decreases by virtue of operation of that calculation.

Subject to clause (3) under the third paragraph of the covenant described under "*—Limitation on Indebtedness,*" in the event that any amount or transaction meets the criteria of more than one of the baskets or exceptions set out in the Indenture, the Company, in its sole discretion, will classify and may from time to time reclassify that amount or transaction to a particular basket or exception and will only be required to include that amount or transaction in one of those baskets or exceptions (and, for the avoidance of doubt, an amount or transaction may at the option of the Company be split between different baskets or exceptions).

Any reference in the Indenture to an Applicable Metric shall be deemed to be a reference to such Applicable Metric as determined at the Applicable Test Date.

For any relevant basket set by reference to a financial year, fiscal year or calendar year (each an "Annual Period"): (i) at the option of the Company, the maximum amount so permitted under such basket during such Annual Period may be increased by: (A) an amount equal to 100% of the difference (if positive) between the permitted amount in the immediately preceding Annual Period and the amount thereof actually used or applied by the Group during such preceding Annual Period (the "Carry Forward Amount"); and/or (B) an amount equal to 100% of the permitted amount in the immediately following Annual Period and the permitted amount in such immediately following Annual Period shall be reduced by such corresponding amount (the "Carry Back Amount"); and (ii) to the extent that the maximum amount so permitted under such basket during such Annual Period is increased in accordance with paragraph (i), any usage of such basket during such Annual Period shall be deemed to be applied in the following order: (A) firstly against the Carry Forward Amount; (B) secondly against the maximum amount so permitted during such Annual Period prior to any increase in accordance with paragraph (i) above; and (C) thirdly against the Carry Back Amount.

To the extent that any Indebtedness not prohibited by the terms of the Indenture satisfies any Applicable Metric or other condition (pro forma for its incurrence) on the Applicable Test Date, such condition is deemed to have been satisfied, including on the date of its incurrence and irrespective of any facts or circumstances (including financial condition) thereafter.

For the purpose of calculating any Applicable Metric (including the financial definitions or components thereof):

(1) when determining (or, as applicable, forecasting) Consolidated EBITDA for any Relevant Testing Period (including the portion thereof occurring prior to any relevant Purchase (as defined below)), the Company may: (A) if during such period any member of the Group (by merger or otherwise) has made or committed to make an Investment in any person that thereby becomes a Restricted Subsidiary or otherwise has acquired or committed to acquire any entity, business, property or material fixed asset (including the acquisition, opening and/or development of any new site or operation) (any such Investment, acquisition or commitment therefor, a "Purchase"), including any such Purchase occurring in connection with a transaction causing a calculation to be made under the Indenture, calculate Consolidated EBITDA for such period on the basis that the earnings before interest, tax, depreciation and amortization (calculated on the same basis as Consolidated EBITDA, mutatis mutandis) attributable to the assets which are the subject of such Purchase during such Relevant Testing Period as if the Purchase occurred on the first day of such Relevant Testing Period; and/or (B) include an adjustment in respect of any Purchase up to the amount of the pro forma increase in Consolidated EBITDA projected by the Company (in good faith) after taking into account the full run rate effect of all synergies, cost savings, operating expense reductions, operating improvements or other similar initiatives which the Company believes can be achieved from the date of the Purchase to the date falling 24 months following the date of completion of the Purchase (or if later, the last day of the applicable Relevant Testing Period) directly or indirectly as a result of the Purchase or the related steps, provided that so long as such synergies, cost savings, operating expense reductions, operating improvements or other similar initiatives will be realizable at any time during such period, it may be assumed they will be realizable during the entire such period without prejudice to the synergies, cost savings, operating expense reductions, operating improvements or other similar initiatives actually realized during the Relevant Testing Period and already included in Consolidated EBITDA (the "Pro Forma Acquisition Cost Savings") (provided that when calculating such Pro Forma Acquisition Cost Savings in respect of a Purchase which any member of the Group has committed or expects to make, such Pro Forma Acquisition Costs Savings shall not be taken into account for the purposes of calculating any ratio or related usage or permission for the purposes of making a dividend or distribution to the Initial Investors until such Purchase has been consummated by the relevant member of the Group); and/or (C) exclude any non-recurring fees, costs and expenses directly or indirectly related to the Purchase; and/or

(2) when determining (or, as applicable, forecasting) Consolidated EBITDA for any Relevant Testing Period (including the portion thereof occurring prior to any relevant Sale (as defined below)), the Company may: (A) if during such period any member of the Group has disposed or committed to make a disposal of any Sold Entity or Business (any such sale, transfer, disposition or commitment therefor, a "Sale") or if the transaction giving rise to the need to calculate Consolidated EBITDA relates to such a Sale, calculate Consolidated EBITDA for such period on the basis that Consolidated EBITDA will be reduced by an amount equal to the

earnings before interest, tax, depreciation, amortization and impairment (calculated on the same basis as Consolidated EBITDA, *mutatis mutandis*) (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the earnings before interest, tax, depreciation, amortization and impairment (calculated on the same basis as Consolidated EBITDA, *mutatis mutandis*) (if negative) attributable thereto for such period as if the Sale occurred on the first day of such Relevant Testing Period, *provided that* if the Company elects to make such an adjustment and the relevant sale constitutes "discontinued operations" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period; and/or (B) include an adjustment in respect of any Sale up to the amount of the pro forma increase in Consolidated EBITDA projected by the Company (in good faith) after taking into account the full run rate effect of all synergies, cost savings, operating expense reductions, operating improvements or other similar initiatives which Company believes can be achieved from the date of the Sale to the date falling 24 months following the date of completion of the Sale (or if later, the last day of the applicable Relevant Testing Period) directly or indirectly as a consequence of the Sale, or the related steps, provided that so long as such synergies, cost savings, operating expense reductions, operating improvements or other similar initiatives will be realizable at any time during such period, it may be assumed they will be realizable during the entire such period without prejudice to the synergies, cost savings, operating expense reductions, operating improvements or other similar initiatives actually realized during the Relevant Testing Period and already included in Consolidated EBITDA (the "Pro Forma Disposal Cost Savings"); and/or (C) exclude any non-recurring fees, costs and expenses directly or indirectly related to the Sale; and/or

(3) when determining (or, as applicable, forecasting) Consolidated EBITDA for any Relevant Testing Period (including the portion thereof occurring prior to implementing or committing to implement such Group Initiative (as defined below)), the Company may: (A) include an adjustment in respect of any action or step (including any restructuring, reorganization, new or revised contract or other similar initiative) taken or committed to be taken by the Group during such Relevant Testing Period (each a "Group Initiative") up to the amount of the pro forma increase in Consolidated EBITDA projected by the Company (in good faith) after taking into account the full run rate effect of all synergies, cost savings, revenues, operating expense reductions, operating improvements or other adjustments or similar initiatives which the Company believes can be achieved from the date of the Group Initiative to the date falling 24 months following the date of completion of the Group Initiative (or if later, the last day of the applicable Relevant Testing Period) directly or indirectly as a result of implementing or committing to implement such Group Initiative, provided that so long as such synergies, cost savings, revenues, operating expense reductions, operating improvements or other similar initiatives will be realizable at any time during such period, it may be assumed they will be realizable during the entire period without prejudice to the synergies, cost savings, revenues, operating expense reductions, operating improvements or other similar initiatives actually realized during the Relevant Testing Period and already included in Consolidated EBITDA (the "Pro Forma Group Initiative Cost Savings"); and/or (B) exclude any non-recurring fees, costs and expenses directly or indirectly related to the implementation of, or commitment to, implement such Group Initiative,

provided that where Pro Forma Cost Savings are included in any calculation in respect of any Purchase, Sale or Group Initiative, the aggregate amount of projected (but not realized) Pro Forma Cost Savings that may be included in any Relevant Testing Period may not exceed 25% of Consolidated EBITDA for such period (calculated after fully taking into account any adjustments to be made by the Company pursuant to this paragraph).

Unless a contrary indication appears, a reference in the Indenture to Consolidated EBITDA or Consolidated Net Income is to be construed as a reference to the Consolidated EBITDA or Consolidated Net Income of the Group on a consolidated basis.

Notwithstanding anything to the contrary (including anything in the financial definitions set out in the Indenture), when calculating any Applicable Metric, the financial definitions or component thereof) the Company shall be permitted to: (i) exclude all or any part of any expenditure or other negative item (and/or the impact thereof) directly or indirectly relating to or resulting from: (A) the Acquisition; (B) any acquisition, Investment or other joint venture not prohibited by the terms of the Indenture or the impact from purchase price accounting; (C) start-up costs for new businesses and branding or re-branding of existing businesses; (D) Restructuring Costs; and/or (E) the implementation of IFRS 15 (*Revenue from Contracts with Customers*) and any successor standard thereto (or any equivalent measure); and/or (ii) include any addbacks for adjustments (including anticipated synergies) or costs or expenses taken into account in determining the "Run-Rate Adjusted EBITDA" included in this Offering Memorandum.

Merger and Consolidation

The Company

The Company will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose of all or substantially all of its assets, in one transaction or a series of related transactions, to any Person, unless:

(1) the resulting, surviving or transferee Person (the "Successor Company") will be a Person organized and existing under the laws of England and Wales. Germany, any member state of the European Union, or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Company (if not the Company) will expressly assume, by supplemental indenture, executed and delivered to the Trustee, all the obligations of the Company under the Notes and the Indenture and all obligations of the Company under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the applicable Successor Company or any Subsidiary of the applicable Successor Company as a result of such transaction as having been Incurred by the applicable Successor Company or such Subsidiary at the time of such transaction), no Default has occurred and is continuing;

(3) immediately after giving effect to such transaction, either (a) the Company or the applicable Successor Company would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio of the Company and the Restricted Subsidiaries would not be lower than it was immediately prior to giving effect to such transaction;

(4) the Company or the Successor Company, as the case may be, shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (in the case of a Successor Company) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (in the case of a Successor Company) is a legal and binding agreement enforceable against the Successor Company, *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (1), (2) and (3) above; and

(5) the Holders (or the Security Agent on their behalf) will continue to have the same or substantially equivalent (ignoring for the purposes of assessing such equivalency any limitations required in accordance with the Agreed Security Principles or hardening periods) guarantees and security over the same or substantially equivalent assets and over the shares (or other interests) in the Company or the Successor Company, save to the extent such assets or shares (or other interests) cease to exist (*provided* that if the shares (or other interests) in the Company cease to exist, security will be granted (subject to the Agreed Security Principles) over the shares (or other interests) in the Successor Company).

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Notes and the Indenture.

Guarantors

No Guarantor may:

(1) consolidate with or merge with or into any Person; or

(2) sell, assign, convey, transfer, lease or dispose of, all or substantially all its assets, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into such Guarantor, unless:

  (a) the other Person is the Company or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor substantially concurrently with such transaction;

  (b) (1) either (x) the Company or a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Notes Guarantee and the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable; and (2) immediately after giving effect to such transaction, no Default has occurred and is continuing; or

  (c) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (in each case other than to the Company or a Restricted Subsidiary) otherwise not prohibited by the Indenture.

The provisions set forth in this "—*Merger and Consolidation*" covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Company, a Guarantor or any other Restricted Subsidiary that is not a Guarantor; (ii) any Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Company or another Guarantor; (iii) any consolidation or merger of the Company into any Guarantor; *provided* that (A) if the Company is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Company under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents and clauses (1), (4) and (5) under the heading "—*The Company*" shall apply to such transaction; or (iv) the Company or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; *provided*, *however*, that clauses (1), (2), (4) and (5) under the heading "—*The Company*" or clause (3) under this heading "—*Guarantors*," as the case may be, shall apply to any such transaction.

The foregoing provisions shall not apply to the creation of a new Subsidiary as a Restricted Subsidiary.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Events of Default

Each of the following is an Event of Default under the Indenture:

(1) default in any payment of interest on any Note when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Company or any Guarantor to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of at least 30% in aggregate principal amount of the outstanding Notes with any agreement or obligation contained in the Indenture, other than those set out in clauses (1) or (2) above;

(4) the occurrence of any default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed which is Incurred or Guaranteed by the Company or any Significant Subsidiary, other than Indebtedness owed to the Company or a Restricted Subsidiary, which:

(a) is caused by a failure to pay principal of such Indebtedness, at its stated final maturity (after giving effect to any applicable grace periods) provided in such Indebtedness (a "payment default"); or

(b) results in the acceleration of such Indebtedness prior to its stated final maturity (the "cross acceleration provision"),

and, in each case, the aggregate principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default of principal at its stated final maturity (after giving effect to any applicable grace periods) or the maturity of which has been accelerated, is in excess of the greater of (x) €160.4 million and (y) 30.0% of LTM EBITDA;

(5) certain events of bankruptcy, insolvency or court protection of the Company, Topco or a Significant Subsidiary (the "bankruptcy provisions");

(6) failure by the Company or a Significant Subsidiary to pay final judgments aggregating in excess of the greater of (x) €160.4 million and (y) 30.0% of LTM EBITDA, other than any judgments covered by indemnities provided by, or insurance policies issued by, reputable and creditworthy companies, which final judgments remain unpaid, undischarged and unstayed for a period of more than 60 days (after receipt of notice as described in the next succeeding paragraph) after such judgment becomes final, and in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed (the "judgment default provision");

(7) any Security Interest under the Security Documents having a fair market value in excess of the greater of (x) €80.2 million and (y) 15.0% of LTM EBITDA shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture) for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such Security Interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any such

Security Interest created thereunder shall be declared invalid or unenforceable or the Company or any Restricted Subsidiary shall assert in writing that any such Security Interest is invalid or unenforceable and any such Default continues for 30 days (the "security default provisions"); and

(8) except as permitted under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement (including with respect to any limitations), any Notes Guarantee of one or more Guarantors that together constitute a Significant Subsidiary (a "Significant Guarantor") is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or is denied or disaffirmed by such Significant Guarantor or any Person acting on behalf of it (the "guarantee default provisions").

If any Event of Default (other than of a type specified in clause (5) above) occurs and is continuing under the Indenture, the Trustee by written notice to the Company, or the Holders of not less than 30% in aggregate principal amount of all the then outstanding Notes by written notice to the Company and the Trustee, may, and the Trustee (subject to certain conditions) at the request of such Holders shall, declare the principal, accrued and unpaid interest, if any, on all the then outstanding Notes to be due and payable immediately, and upon such declaration, such principal, accrued and unpaid interest, if any, will be due and payable immediately; *provided*, *however*, that a Default under clauses (3), (4), (6), (7) or (8) of the first paragraph of this section will not constitute an Event of Default until the Trustee or the Holders of 30% in principal amount of the then outstanding Notes notify the Company of the Default and the Company does not cure such Default within the time specified in such clauses after receipt of such notice. Any notice of Default under clauses (3), (4), (6), (7) or (8) of the first paragraph of this section, notice of acceleration with respect to an Event of Default under clauses (3), (4), (6), (7) or (8) of the first paragraph of this section or instruction to the Trustee to provide a notice of Default under clauses (3), (4), (6), (7) or (8) of the first paragraph of this section, notice of acceleration with respect to an Event of Default under clauses (3), (4), (6), (7) or (8) of the first paragraph of this section or take any other action under paragraphs two to five of this section with respect to an alleged Default or Event of Default under clauses (3), (4), (6), (7) or (8) of the first paragraph of this section (a "Noteholder Direction"), in each case, provided by any one or more Holders (each, a "Directing Holder") must be accompanied by a written representation from each such Holder to the Company and the Trustee that such Holder is not, or, in the case such Holder is Euroclear or Clearstream (as applicable, the "Relevant Clearing System") or the Relevant Clearing System's nominee, that such Holder is being instructed solely by beneficial owners that are not, Net Short (a "Position Representation"), which representation, in the case of a Noteholder Direction relating to a notice of Default shall be deemed repeated at all times until the resulting Event of Default is cured or otherwise ceases to exist or the Notes are accelerated. In any case in which the Holder is the Relevant Clearing System or the Relevant Clearing System's nominee or any Position Representation required hereunder shall be provided by the beneficial owner of the Notes in lieu of the Relevant Clearing System or the Relevant Clearing System's nominee.

If, following the delivery of a Noteholder Direction, but prior to acceleration of the Notes, the Company determines in good faith that there is a reasonable basis to believe a Directing Holder was, at any relevant time, in breach of its Position Representation and the Company provides to the Trustee an Officer's Certificate certifying that the Company (i) believes in good faith that there is a reasonable basis to believe a Directing Holder was at any relevant time in breach of its Position Representation and that, without the participation of such Directing Holder, the percentage of Notes held by the remaining Holders that provided such Noteholder Direction would have been insufficient to validly provide such Noteholder Direction (assuming, for this purpose only, that such Notes of such Directing Holder would be deemed not to be outstanding), and (ii) has filed papers with a court of competent jurisdiction seeking a determination that such Directing Holder was, at such time, in breach of its Position Representation, and seeking to invalidate any Event of Default that resulted from the applicable Noteholder Direction based on such alleged breach, the cure period with respect to such Event of Default shall be automatically stayed pending a final and non-appealable determination of a court of competent jurisdiction on such matter. Any breach of the Position Representation shall result in the Notes held or beneficially owned by such Directing Holder being deemed not to be outstanding for purposes of such

Noteholder Direction; and, if, without the participation of such Directing Holder, the percentage of Notes held by the remaining Holders that provided such Noteholder Direction would have been insufficient to validly provide such Noteholder Direction, such Noteholder Direction shall be void ab initio, with the effect that such Event of Default shall be deemed never to have occurred and any acceleration based solely on such voided Noteholder Direction rescinded, and the Trustee shall be deemed not to have received such Noteholder Direction or any notice of such alleged Default or Event of Default based solely on such voided Noteholder Direction, shall not be permitted to act thereon and shall be restricted from accepting and acting on any future Noteholder Direction provided by the same Directing Holder in relation to such Event of Default. No such rescission shall affect any other or subsequent Default or impair any right consequent thereto. Notwithstanding the above, if such Directing Holder's participation is not required to achieve the requisite level of consent of Holders required under the Indenture to give such Noteholder Direction, the Trustee shall be permitted to act in accordance with such Noteholder Direction notwithstanding any action taken or to be taken by the Company (as described above). The Trustee shall be entitled to conclusively rely on any Noteholder Direction or Officer's Certificate delivered to it in accordance with the Indenture without verification, investigation or otherwise as to the statements made therein.

Each Holder by accepting a Note acknowledges and agrees that the Trustee (and any agent) shall not be liable to any party for acting or refraining to act in accordance with (i) the foregoing provisions, (ii) any Noteholder Direction, (iii) any Officer's Certificate or (iv) its duties under the Indenture, as the Trustee (or any agent) may determine in its sole discretion. The Trustee shall have no obligation (i) to monitor, investigate, verify or otherwise determine if a Holder (or beneficial owner, as the case may be) has Net Short position, (ii) investigate the accuracy or authenticity of any Position Representation, (iii) inquire if the Company will seek action to determine if a Directing Holder has breached its Position Representation, (iv) monitor any court proceedings undertaken in connection therewith, (v) monitor or investigate whether any Default or Event of Default has been publicly reported or (vi) otherwise make any calculations, investigations or determinations with respect to any Derivative Instruments, Net Short position, Long Derivative Instrument, Short Derivative Instrument or otherwise.

Upon the effectiveness of such declaration, or in the case of clauses (3), (4), (6), (7) or (8) of the first paragraph of this covenant, upon a valid Noteholder Direction to accelerate the Notes, such principal and accrued and unpaid interest, if any, will be due and payable immediately. Notwithstanding any of the foregoing, in the case of an Event of Default arising under clause (5) of the first paragraph of this section, all outstanding Notes (including the accrued and unpaid interest thereof) will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. A notice of Default, notice of acceleration or instruction to the Trustee to provide a notice of Default, notice of acceleration or take any other action with respect to an alleged Default or Event of Default set forth in clauses (3), (4), (6), (7) or (8) of the first paragraph of this covenant may not be given with respect to any action taken, and reported publicly or to Holders, more than two years prior to such notice or instruction. The Indenture will provide that the Trustee may withhold from the Holders notice of any continuing Default, except a Default relating to the payment of principal, premium, if any, or interest, if it determines that withholding notice is in their interest.

In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under "*Events of Default*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, in each case, within 30 days after the declaration of acceleration with respect thereto and the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium, interest or Additional Amounts, if any, on any Note held by a non-consenting Holder, which may only be waived with the consent of Holders of not less than 90% of the aggregate principal amount of the outstanding Notes) and rescind any such acceleration with respect to such Notes and its consequences (including the payment default that resulted from such acceleration) if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

The Indenture will provide that (i) if a Default for a failure to report or failure to deliver a required certificate in connection with another default (the "Initial Default") occurs, then at the time such Initial Default is cured, such Default for a failure to report or failure to deliver a required certificate in connection with another default that resulted solely because of that Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant described under "*—Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or such notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security (including by way of pre-funding) satisfactory to the Trustee in its sole discretion against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 30% in principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered in writing and, if requested, provided to the Trustee security and/or indemnity satisfactory to the Trustee in its sole discretion against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the security and/or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Indenture will provide that, in the event an Event of Default has occurred and is continuing, of which a responsible officer of the Trustee has received written notice, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security satisfactory to the Trustee in its sole discretion against all fees, losses, liabilities and expenses caused by taking or not taking such action. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of security or indemnification to it, and it will be for Holders to take action directly.

The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed in writing of such occurrence by the Company, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Company. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as the Trustee in good faith determines that withholding notice is in the interests of the Holders.

The Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Company is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Company is taking or proposes to take in respect thereof.

Amendments and Waivers

Subject to certain exceptions, the Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes; *provided* that, if any amendment, waiver or other modification will only affect one series of the Notes, only the consent of a majority in principal amount of the then outstanding Notes of such series shall be required). However, without the consent of Holders holding not less than 90% (or, in the case of clause (9) below, 75%) of the then outstanding principal amount of Notes affected, an amendment or waiver may not, with respect to any such series of Notes held by a non-consenting Holder:

(1) reduce the stated rate of or extend the stated time for payment of interest on any such Note (other than provisions relating to Change of Control and Asset Dispositions);

(2) reduce the principal of or extend the Stated Maturity of any such Note (other than provisions relating to Change of Control and Asset Dispositions);

(3) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under "*—Optional Redemption*" or "*—Redemption for Taxation Reasons*";

(4) make any such Note payable in currency other than that stated in such Note;

(5) impair the right of any Holder to institute suit for the enforcement of any payment of principal of, or interest or Additional Amounts, if any, on such Holder's Notes on or after the due dates therefor;

(6) make any change in the provision of the Indenture described under "*—Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the applicable Payor agrees to pay Additional Amounts, if any, in respect thereof;

(7) release all or substantially all Security Interests granted for the benefit of the Holders in the Collateral (taken as a whole) other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement and the Indenture; *provided* that, for the avoidance of doubt and without prejudice to the covenant described under the heading "*—Certain Covenants—Impairment of Security*

Interest,” the release of less than all or substantially all Security Interests granted for the benefit of the Holders in the Collateral (taken as a whole) shall only require the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes);

(8) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);

(9) release any Guarantor from any of its obligations under its Notes Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement; or

(10) reduce the principal amount of Notes whose holders must consent to any amendment, waiver or modification or make any other change in the amendment or waiver provisions which require the Holders’ consent described in this sentence.

For the avoidance of doubt, no amendment to, or deletion of, or actions taken in compliance with, the covenants described under “*—Certain Covenants*” shall be deemed to impair or affect any rights of Holders to receive payment of principal of, or interest or premium, if any, on the Notes.

Notwithstanding the foregoing, without the consent of any Holder, the Company, the Trustee and the other parties thereto, as applicable, may amend or supplement any Notes Documents to:

(1) cure any ambiguity, omission, mistake, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Company or a Guarantor under any Notes Document;

(3) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Company or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee or the Holders or make any change (including changing the ISIN or other identifying number on any Notes) that does not adversely affect the rights of the Trustee or any Holder in any material respect;

(5) make such provisions as necessary (as determined in good faith by the Board of Directors or a member of senior management of the Company) for the issuance of Additional Notes that may be issued in compliance with the Indenture;

(6) provide for any Restricted Subsidiary to provide a Guarantee in accordance with the covenant described under “*—Certain Covenants—Limitation on Indebtedness*” or “*—Certain Covenants—Additional Guarantees*,” to add Notes Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Notes Guarantee or Lien with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) to conform the text of the Indenture, the Security Documents or the Notes to any provision of this “*Description of the Notes*” to the extent that such provision in this “*Description of the*

Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Security Documents or the Notes;

(8) evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee pursuant to the requirements thereof or to provide for the accession by the Trustee to any Notes Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a Security Interest in favor of the Security Agent for the benefit of the Holders or parties to the Senior Facilities, in any property which is required by the Security Documents or the Senior Facilities (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a Security Interest is required to be granted to the Security Agent, or to the extent necessary to grant a Security Interest in the Collateral for the benefit of any Person; *provided* that the granting of such Security Interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the covenant described under "*—Certain Covenants—Impairment of Security Interest*" is complied with;

(10) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including to facilitate the issuance and administration of Notes; *provided*, however, that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any other applicable securities law and (ii) such amendment does not adversely affect the rights of Holders to transfer Notes in any material respect;

(11) facilitate any transaction that complies with (a) the definition of "Permitted Reorganization" or (b) the covenants described under the headings "*—Merger and Consolidation*" and "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" relating to mergers, consolidations and sales of assets; or

(12) as provided in "*—Certain Covenants—Additional Intercreditor Agreements.*"

In formulating its decisions on such matters, the Trustee (and the Security Agent, as applicable) shall be entitled to require and rely absolutely on such evidence as it deems appropriate, including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender. The Indenture will not contain a covenant regulating the offer and/or payment of a consent fee to Holders.

Defeasance

The Company at any time may terminate all obligations of the Company and the Guarantors under the Notes Documents ("legal defeasance") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Company 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 Company exercises its legal defeasance option, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Company at any time may terminate the obligations of it and the Restricted Subsidiaries under the covenants described under "—*Certain Covenants*" (other than clauses (1), (2) and (4) of "—*Merger and Consolidation—The Company*") and "—*Change of Control*" and the default provisions relating to such covenants described under "—*Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions (other than with respect to the Company), the judgment default provision, the guarantee default provisions and the security default provisions described under "—*Events of Default*" above ("covenant defeasance").

The Company at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Company exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Company exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than clauses (1), (2) and (4) of "—*Merger and Consolidation—The Company*"), (4), (5) (with respect only to the Company and Significant Subsidiaries (or a group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and the Restricted Subsidiaries) would constitute a Significant Subsidiary) of the Company), (6), (7) or (8) under "—*Events of Default*" above.

In order to exercise either defeasance option, the Company must irrevocably deposit in trust (the "defeasance trust") with the Trustee cash in Euros or European Government Obligations or a combination thereof for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel, subject to customary assumptions and exclusions, to the effect that Holders, in their capacity as Holders, will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the U.S. Internal Revenue Service or change in applicable U.S. federal income tax law since the issuance of the Notes);

(2) an Officer's Certificate stating that the deposit was not made by the Company with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Company; and

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of transfer or exchange of the Notes and rights of the Trustee, as expressly provided for in the Indenture) as to all Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Company) have been delivered to the Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company; (2) the Company has deposited or caused to be deposited with the Trustee, money in Euros or European Government Obligations, or a combination thereof, as applicable, in an amount that will be sufficient to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Company has paid or caused to be paid all other sums payable under the Indenture; (4) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be; and (5) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each stating that all conditions precedent under the "—*Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)). If requested in writing by the Company, the Trustee may distribute any amounts deposited to the Holders prior to Stated Maturity or the redemption date, as the case may be; *provided, however*, that the Holders shall have received at least three Business Days' notice from the Company of such earlier repayment date (which may be included in the notice of redemption). For the avoidance of doubt, the distribution and payment to Holders prior to the maturity or redemption date as set forth above will not include any negative interest, present value adjustment, break costs or any other premium on such amounts. To the extent that the Notes are represented by Global Notes deposited with a depositary for a clearing system, any payment to the beneficial holders holding interests as a participant of such clearing system shall be subject to the then applicable procedures of the clearing system.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Company or any of its respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Company or any Guarantor under the Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee

U.S. Bank Trustees Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Company and its Affiliates and Subsidiaries.

The Indenture sets out the terms under which the Trustee may retire or be removed and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the outstanding Notes, or may resign at any time by giving written notice to the Company and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Company may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, taxes and expenses Incurred without gross negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

If and for so long as the Notes are listed on the Official List of the Exchange and if and to the extent that the rules of the Authority so require, notices of the Company with respect to the Notes will be sent to the Authority.

All notices to Holders will be validly given if electronically delivered or mailed to them at their respective addresses in the register of the Holders, if any, maintained by the Registrar. For so long as any Notes are represented by Global Notes, all notices to Holders will be delivered to Euroclear and Clearstream, which will give such notices to the Holders of Book-Entry Interests in accordance with the applicable procedures of Euroclear and Clearstream, delivery of which shall be deemed to satisfy the requirements of this paragraph.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it. If a notice or communication is given in via Euroclear or Clearstream, it is duly given on the day the notice is given to Euroclear or Clearstream.

Prescription

Claims against the Company or any Guarantor for the payment of principal, premium, if any, or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Company or any Guarantor for the payment of interest on the Notes will be prescribed six years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

Euro is the sole currency of account and payment for all sums payable by the Company and the Guarantors under or in connection with the Notes and the Notes Guarantees, 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 Company, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Company or a Guarantor will only constitute a discharge to the Company 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 Company and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Company and the Guarantors will indemnify the recipient or the Trustee on a joint and several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Company (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Company's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any Notes Guarantee, or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any Euro-denominated restriction herein, the Euro equivalent amount for purposes hereof that is denominated in a non-Euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-Euro amount is Incurred or made, as the case may be.

Listing

Application will be made to list the Notes on the Official List of the Exchange and for permission to be granted to deal in the Notes on the Exchange. There can be no assurance that the application to list the Notes on the Official List of the Exchange will be approved or that permission to deal in the Notes thereon will be granted, and settlement of the Notes is not conditioned on obtaining this listing or permission.

Enforceability of Judgments

Since substantially all the assets of the Company and the Guarantors are located outside the United States, any judgment obtained in the United States against the Company or the Guarantors, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes, the Company and the Guarantors will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City, County and State of New York, in the United States of America. The Indenture will provide that the Company and each Guarantor will appoint an agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Notes Guarantees brought in any U.S. federal or New York state court located in the City of New York.

Governing Law

The Indenture and the Notes, and the rights and duties of the parties thereunder, and the Notes Guarantees thereunder, shall be governed by and construed in accordance with the laws of the State of New York. For the avoidance of doubt, the governing law of the Indenture and the Notes may be amended with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). The Intercreditor Agreement and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England. The Security Documents will be governed by the laws of Germany.

Certain Definitions

"*2% Notes due 2025*" means the €1,145.0 million in aggregate principal amount of 2% Senior Secured Notes due 2025 issued by the Company on January 29, 2020, pursuant to the 2020 Indenture.

"*2020 Indenture*" means the indenture governing the 2% Notes due 2025, dated January 29, 2020, by and among, *inter alios*, the Company and U.S. Bank Trustees Limited.

"*30% Rule*" means:

(a) in the case of Ontario Teachers' Pension Plan Board, Section 79 of regulation 909 under Section 62 of the Pension Benefits Act (Ontario) which prohibits Ontario Teachers' Plan Investment Board and its Affiliates from, directly or indirectly, investing the moneys of the plan in the securities of a corporation to which are attached more than 30% of the votes that may be cast to elect or remove the directors of a corporation; and

(b) in the case of Caisse de dépôt et placement du Québec, Section 32 of an Act respecting the Caisse de dépôt et placement du Québec, which restricts, *inter alia*, Caisse de dépôt et placement du Québec and its Affiliates from, directly or indirectly, owning more than 30% of any class of ordinary securities in the Company.

"*30% Rule Designee*" means any person or entity which holds share capital in the Company, any of its Parent Entities and/or any of its Subsidiaries for the purposes of compliance with the 30% Rule and over which (i) Ontario Teachers' Pension Plan Board or an Affiliate thereof or (ii) Caisse de dépôt et placement du Québec or an Affiliate thereof, as applicable, has a contractual right to direct the voting or transfer or such share capital.

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary; (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition; or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Company or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Acquisition*" means the acquisition of all of the issued and outstanding share capital of Techem Metering GmbH and its subsidiaries by the Company.

"*Additional Assets*" means:

(1) any property or assets (other than Capital Stock) used or to be used by the Company, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in a Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or a Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the agreed security principles appended to the Senior Facilities Agreement, as of the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Company.

"*Applicable Metric*" means any financial covenant, ratio, permission, test, basket or threshold in the Indenture (including any financial definition or component thereof and any financial covenant, ratio, permission, test, basket or threshold directly or indirectly calculated by reference to Consolidated EBITDA, LTM EBITDA, the Consolidated Senior Secured Net Leverage Ratio, the Consolidated Total Secured Net Leverage Ratio, the Consolidated Total Net Leverage Ratio or the Fixed Charge Coverage Ratio).

"*Applicable Premium*" means, with respect to any Note the greater of:

(1) 1% of the principal amount of such Note; and

(2) the excess (to the extent positive) of:

(a) the present value at such redemption date of (A) the redemption price of such Note at , 2026 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "*—Optional Redemption*" (excluding accrued and unpaid interest)), plus (B) all required interest payments due on such Note to and including , 2026 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at the date of such notice date plus 50 basis points; over

(b) the outstanding principal amount of such Note,

as calculated by the Company or on behalf of the Company by such Person as the Company shall designate. For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation of the Trustee or Paying Agent.

"*Applicable Test Date*" means, in relation to determining or testing any Applicable Metric: (a) other than with respect to the incurrence of Indebtedness, at the election of the Company (with such date being the "Applicable Reporting Date"), either: (i) the most recent quarter date for which financial statements have been delivered pursuant to the terms of the Indenture, with such Applicable Metric determined by reference to such financial statements; or (ii) the last date of the most recently completed Relevant Testing Period for which the Group has sufficient available information to be able to determine such Applicable Metric, with such Applicable Metric determined by reference to such available information; and (b) with respect to the incurrence of Indebtedness, at the election of the Company, either: (i) the most recent Applicable Reporting Date elected by the Company prior to: (A) in relation to any such Indebtedness (including Indebtedness described in paragraph (B) below): (1) the date of any letter or agreement (conditional or otherwise (including any documentation condition)) entered into in relation to the provision of all or part of any Indebtedness not prohibited by the terms of the Indenture; (2) the date of any debt instrument (subject to the terms and conditions therein) constituting, documenting or evidencing all or part of the Indebtedness; (3) the date of any incurrence of all or part of the applicable Indebtedness, as the case may be; and/or (B) in relation to all or part of the applicable Indebtedness to finance (in whole or part) an acquisition (including of any assets) assumed by the Company or any Restricted Subsidiary; or Indebtedness of persons that are to be acquired by, or merged with or into or amalgamated or consolidated or otherwise combined with, the Company or Restricted Subsidiaries (or assumed in connection therewith), the date of: (1) any letter or agreement (conditional or otherwise (including any documentation condition)) in relation to the making of such acquisition; (2) the sale and purchase agreement in relation to that acquisition; and/or (3) occurrence of the acquisition; and/or (ii) as otherwise determined in accordance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"; (c) with respect to the making of any distribution or other payment contemplated by the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*") (for the purposes of this paragraph (c) a "Distribution"), at the election of the Company, the most recent Applicable Reporting Date elected by the Company prior to: (i) the date on which any applicable Distribution is committed (conditionally or unconditionally) or declared to be paid; (ii) the date on which any applicable Distribution is paid; and/or (iii) as otherwise determined in accordance with the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*" and in each case, the Company may revoke such determination at any time and from time to time; and (d) in the event that the Company is subject to a Change of Control, including any Change of Control that does not constitute a Change of Control Triggering Event (a "Permitted Change of Control"), either: (i) the most recent Applicable Reporting Date elected by the Company prior to any date that a commitment, letter or agreement, put option or similar arrangement (conditional or otherwise (including any documentation condition)) for such Change of Control or Permitted Change of Control is entered into and the Applicable Metric shall be calculated giving pro forma effect to such Change of Control or Permitted Change of Control and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) consistent with the definition of such Applicable Metric, or (ii) the date upon which the Change of Control or Permitted Change of Control occurs.

"*Asset Disposition*" means:

(1) the voluntary sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of property or assets (including by way of a Sale and Leaseback Transaction) of the Company or any of the Restricted Subsidiaries (in each case other than Capital Stock of the Company) (each referred to in this definition as a "disposition"); or

(2) the issuance, sale, transfer or other disposition of Capital Stock of any Restricted Subsidiary (other than Preferred Stock or Disqualified Stock of Restricted Subsidiaries issued in compliance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or directors' qualifying shares and shares issued to foreign nationals as required under applicable law), whether in a single transaction or a series of related transactions, in each case, other than:

   (a) a disposition by the Company or a Restricted Subsidiary to the Company or a Restricted Subsidiary;

   (b) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

   (c) a disposition of inventory or other assets (including Settlement Assets) in the ordinary course of business or consistent with past practice or held for sale or no longer used in the ordinary course of business, including any disposition of disposed, abandoned or discontinued operations;

   (d) a disposition of obsolete, worn-out, uneconomic, damaged or surplus property, equipment or other assets or property, equipment or other assets that are no longer economically practical or commercially desirable to maintain or used or useful in the business of the Company and the Restricted Subsidiaries whether now or hereafter owned or leased or acquired in connection with an acquisition or used or useful in the conduct of the business of the Company and the Restricted Subsidiaries (including by ceasing to enforce, allowing the lapse, abandonment or invalidation of or discontinuing the use or maintenance of or putting into the public domain any intellectual property that is, in the reasonable judgment of the Company or the Restricted Subsidiaries, no longer used or useful, or economically practicable to maintain, or in respect of which the Company or any Restricted Subsidiary determines in its reasonable judgment that such action or inaction is desirable);

(e) transactions permitted under "—*Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(f) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Company;

(g) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Company) of less than the greater of (a) €53.5 million and (b) 10.0% of LTM EBITDA;

(h) any Restricted Payment that is permitted to be made, and is made, under the covenant described under "—*Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of the third paragraph under "—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," asset sales, the proceeds of which are used within 450 days of receipt of such proceeds to make such Restricted Payments, Permitted Payments or Permitted Investments;

(i) dispositions in connection with Permitted Liens;

(j) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or consistent with past practice or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(k) conveyances, sales, transfers, licenses or sublicenses or other dispositions of intellectual property, software or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business or consistent with past practice or pursuant to a research or development agreement in which the counterparty to such agreement receives a license in the intellectual property or software that result from such agreement;

(l) the lease, assignment, license, sublease or sublicense of any real or personal property in the ordinary course of business;

(m) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(n) the sale or discount (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) of accounts receivable or notes receivable arising in the ordinary course of business or consistent with past practice, or the conversion or exchange of accounts receivable for notes receivable;

(o) any issuance or sale of Capital Stock in, or Indebtedness or other securities of, an Unrestricted Subsidiary or any other disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary or an Immaterial Subsidiary;

(p) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(q) dispositions of property to the extent (i) that such property is exchanged for credit against the purchase price of similar replacement property that is promptly purchased; (ii) that the proceeds of such disposition are promptly applied to the purchase price of such replacement property (which replacement property is actually promptly purchased); or (iii) allowable under Section 1031 of the Code (or any similar provision under applicable tax law) and constituting any exchange of like property (excluding any boot thereon) for use in a Similar Business;

(r) any disposition of Securitization Assets or Receivables Assets, or participations therein, in connection with any Qualified Securitization Financing or Receivables Facility, or the disposition of an account receivable in connection with the collection or compromise thereof in the ordinary course of business or consistent with past practice;

(s) any disposition pursuant to a financing transaction with respect to property constructed, acquired, replaced, repaired or improved (including any reconstruction, refurbishment, renovation and/or development of real property) by the Company or any Restricted Subsidiary after the Issue Date, including Sale and Leaseback Transactions and asset securitizations, permitted by the Indenture;

(t) dispositions of Investments in joint ventures or similar entities to the extent required by, or made pursuant to customary buy/sell arrangements between, the parties to such joint venture set forth in joint venture arrangements and similar binding arrangements;

(u) any surrender or waiver of contractual rights or the settlement, release, surrender or waiver of contractual, tort, litigation or other claims of any kind; and

(v) the unwinding of any Cash Management Services or Hedging Obligations.

In the event that a transaction (or any portion thereof) meets the criteria of a permitted Asset Disposition and would also be a Permitted Investment or an Investment permitted under "*—Certain Covenants—Limitation on Restricted Payments*," the Company, in its sole discretion, will be entitled to divide and classify such transaction (or a portion thereof) as an Asset Disposition and/or one or more of the types of Permitted Investments or Investments permitted under "*—Certain Covenants—Limitation on Restricted Payments*."

"*Associate*" means (i) any Person engaged in a Similar Business of which the Company or the Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Company or any Restricted Subsidiary.

"*Authority*" means The International Stock Exchange Authority Limited.

"*Board of Directors*" means (i) with respect to any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (ii) with respect to any partnership, the board of directors or other governing body of the general partner, as applicable, of the partnership or any duly authorized committee thereof; (iii) with respect to a limited liability company, the managing member or members or any duly authorized controlling committee thereof; and (iv) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). Unless the context requires otherwise, Board of Directors means the Board of Directors of the Company.

"*Bund Rate*" as selected by the Company, means the greater of (x) the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bunds* or *Bundesanleihen*) with a constant maturity as officially compiled and published in the most recent financial statistics that have become publicly available at least two Business Days (but not more than five Business Days) prior to the date of such redemption notice (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected in good faith by the Company) most nearly equal to the period from the date of such redemption notice to , 2026; *provided*, *however*, that if the period from the date of such redemption notice to , 2026 is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from the date of such redemption notice to , 2026 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used and (y) zero.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in (i) Frankfurt, Germany, (ii) London, United Kingdom or (iii) New York, New York, United States; are authorized or required by law to close.

"*Business Successor*" means (i) any former Subsidiary of the Company and (ii) any Person that, after the Issue Date, has acquired, merged or consolidated with a Subsidiary of the Company (that results in such Subsidiary ceasing to be a Subsidiary of the Company), or acquired (in one transaction or a series of transactions) all or substantially all of the property and assets or business of a Subsidiary or assets constituting a business unit, line of business or division of a Subsidiary of the Company.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase or acquire, warrants, options or depositary receipts for, or other equivalents of, or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into, or exchangeable for, such equity.

"*Capitalized Lease Obligations*" means, as the case may be and subject to (as applicable) the Election Option, in relation to any determination, an obligation that is required to be classified and accounted for as either (i) a finance lease or a capital lease for financial reporting purposes on the basis of IAS 17 (Leases) (or any equivalent measure under GAAP), or (ii) lease liabilities on the balance sheet in accordance with IFRS 16 (Leases) (or any equivalent measure under GAAP). The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of either IAS 17 (Leases) (or any equivalent measure under GAAP) or IFRS 16 (Leases) (or any equivalent measure under GAAP) as the case may be and always subject (as applicable) to the Election Option; and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) (a) Euros, Canadian dollars, Swiss Francs, United Kingdom pounds, Japanese Yen, Dollars, Australian dollars or any national currency of any member state of the European Union; or (b) any other foreign currency held by the Company and the Restricted Subsidiaries in the ordinary course of business;

(2) securities or other direct obligations, issued or directly and fully Guaranteed or insured by the government of Australia, Canada, Japan, Norway, Switzerland, the United Kingdom or the United States of America, the European Union or any member state of the European Union on

the Issue Date or, in each case, any agency or instrumentality thereof (provided that the full faith and credit of such country or such member state is pledged in support thereof), with maturities of 24 months or less from the date of acquisition;

(3) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender or by any bank or trust company (a) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250.0 million;

(4) repurchase obligations for underlying securities of the types described in clauses (2), (3) and (7) entered into with any bank meeting the qualifications specified in clause (3) above;

(5) securities with maturities of one year or less from the date of acquisition backed by standby letters of credit issued by any Person referenced in clause (3) above;

(6) commercial paper and variable or fixed rate notes issued by a bank meeting the qualifications specified in clause (3) above (or by the Parent Entity thereof) maturing within one year after the date of creation thereof or any commercial paper and variable or fixed rate note issued by, or guaranteed by a corporation rated at least "A-1" or higher by S&P or "P-1" or higher by Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization selected by the Company) maturing within one year after the date of creation thereof;

(7) interests in any investment company, money market, enhanced high yield fund or other investment fund which invests 90% or more of its assets in instruments of the types specified in clauses (1) through (6) above; and

(8) for purposes of clause (2) of the definition of "Asset Disposition," the marketable securities portfolio owned by the Company and its Subsidiaries on the Issue Date.

"*Cash Management Services*" means any of the following: automated clearing house transactions, treasury, depository, credit or debit card, purchasing card, stored value card, electronic fund transfer services, daylight or overnight draft facilities and/or cash management services, including controlled disbursement services, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services or other cash management arrangements in the ordinary course of business or consistent with past practice.

"*Change of Control*" means:

(1) the Company becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, being or becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act as in effect on the Issue Date) of more than 50% of the total voting power of the Voting Stock of the Company other than in connection with any transaction or series of transactions in which the Company shall become the wholly owned subsidiary of a Parent Entity so long as no Person or group, as noted above, other than a Permitted Holder, holds more than 50% of the total voting power of the Voting Stock of such Parent Entity; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, amalgamation, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Company and the Restricted Subsidiaries taken as a whole to a Person, other than the Company or any of the Restricted Subsidiaries or one or more Permitted Holders.

Notwithstanding the foregoing, (a) a transaction will not be deemed to involve a Change of Control solely as a result of the Company becoming a direct or indirect wholly owned subsidiary of a holding company if (A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of the Company's Voting Stock immediately prior to that transaction or (B) immediately following that transaction no Person (other than a holding company satisfying the requirements of this sentence (together with any 30% Rule Designee)) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company and (b) the right to acquire Voting Stock (so long as such Person does not have the right to direct the voting of the Voting Stock subject to such right) or any veto power in connection with the acquisition or disposition of Voting Stock will not cause a party to be a beneficial owner.

"*Change of Control Triggering Event*" means the occurrence of a Change of Control, unless *pro forma* for the Change of Control, the Consolidated Total Net Leverage Ratio is less than 6.30 to 1.00; *provided* that following the occurrence of any Change of Control that is deemed not to be a Change of Control Triggering Event by reference to any such Consolidated Total Net Leverage Ratio calculation, the occurrence of any subsequent Change of Control shall be deemed to be a Change of Control Triggering Event without regard to any Consolidated Total Net Leverage Ratio calculation.

"*Clearstream*" means Clearstream Banking, S.A., or any successor thereof.

"*Collateral*" means (i) the shares in the Company, (ii) the shares in each of the Guarantors and (iii) the material bank accounts of the Company and the Guarantors, as well as any and all other assets from time to time in which a Security Interest has been or will be granted pursuant to any Security Document to secure the obligations under the Indenture, the Notes and any Notes Guarantee.

"*Consolidated Depreciation and Amortization Expense*" means, with respect to any Person for any period, the total amount of depreciation and amortization expense, including amortization or write-off of (i) intangibles and non-cash organization costs, (ii) deferred financing fees or costs and (iii) capitalized expenditures, customer acquisition costs and incentive payments, conversion costs and contract acquisition costs, the amortization of original issue discount resulting from the issuance of Indebtedness at less than par and amortization of favorable or unfavorable lease assets or liabilities, of such Person and the Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with IFRS and any write down of assets or asset value carried on the balance sheet.

"*Consolidated EBITDA*" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period:

(1) increased (without duplication) by:

(a) provision for taxes based on income or profits, revenue or capital, including federal, state, provincial, territorial, local, foreign, unitary, excise, property, franchise and similar taxes and foreign withholding and similar taxes of such Person paid or accrued during such period, including any penalties and interest relating to any tax examinations (including any additions to such taxes, and any penalties and interest with respect thereto), deducted (and not added back) in computing Consolidated Net Income; *plus*

(b) Fixed Charges of such Person for such period (including (x) net losses on any Hedging Obligations or other derivative instruments entered into for the purpose of hedging interest rate, currency or commodities risk, (y) bank fees and (z) costs of surety bonds in connection with financing activities, plus amounts excluded from the definition of "Consolidated Interest Expense" pursuant to clauses (r) through (z) in clause (1) thereof), in each case, to the extent the same were deducted (and not added back) in calculating such Consolidated Net Income; plus

(c) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent the same were deducted (and not added back) in computing Consolidated Net Income; *plus*

(d) any (x) Transaction Expenses and (y) any fees, costs, expenses or charges (other than Consolidated Depreciation and Amortization Expense) related to any actual, proposed or contemplated Equity Offering (including any expense relating to enhanced accounting functions or other transactions costs associated with becoming a public company), Permitted Investment, acquisition, disposition, recapitalization or the Incurrence of Indebtedness permitted to be Incurred by the Indenture (including a refinancing thereof) (whether or not successful), in each case, including (i) such fees, expenses or charges (including rating agency fees and related expenses) related to the offering of the Notes, the Senior Facilities, any other Credit Facility, the Senior Notes, any Receivables Facility, any Securitization Facility, any other Indebtedness permitted to be Incurred under the Indenture or any Equity Offering and any amendment, waiver or other modification of any of the foregoing, in each case, whether or not consummated, to the extent the same were deducted (and not added back) in computing Consolidated Net Income; plus

(e) (i) the amount of any restructuring charge, accrual or reserve (and adjustments to existing reserves), integration cost or other business optimization expense or cost (including charges directly related to the implementation of cost-savings initiatives) that is deducted (and not added back) in such period in computing Consolidated Net Income, including any one-time costs Incurred in connection with acquisitions or divestitures after the Issue Date, including those related to any severance, retention, signing bonuses, relocation, recruiting and other employee related costs, internal costs in respect of strategic initiatives and curtailments or modifications to pension and post-retirement employment benefit plans (including any settlement of pension liabilities), systems development and establishment costs, future lease commitments and costs related to the opening and closure and/or consolidation of facilities and to exiting lines of business and consulting fees Incurred with any of the foregoing and (ii) fees, costs and expenses associated with acquisition related litigation and settlements thereof; plus

(f) any other non-cash charges, write-downs, expenses, losses or items reducing Consolidated Net Income for such period including any impairment charges or the impact of purchase accounting; *provided* that if any such non-cash charge, write-down or item to the extent it represents an accrual or reserve for a cash expenditure for a future period then the cash payment in such future period shall be subtracted from Consolidated EBITDA when paid or other items classified by the Company as special items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period); plus

(g) the amount of board of director fees, management, monitoring, advisory, consulting, refinancing, subsequent transaction, advisory and exit fees (including termination fees) and related indemnities and expenses paid or accrued in such period to any member of the Board of Directors of the Company, any Permitted Holder or any Affiliate of a

Permitted Holder to the extent permitted under "—*Certain Covenants—Limitation on Affiliate Transactions*"; *plus*

(h) subject to the limitations set forth in the sixth paragraph of the section "—*Certain Covenants—Financial Calculations*," the "run rate" cost savings, operating expense reductions, restructuring charges and expenses 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, restructuring charges and expenses and synergies had been realized from the first day of such period and during the entirety of such period), net of the amount of actual benefits realized during such period from such actions; *provided* that (i) such actions are expected to be taken 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, restructuring charges and expenses or synergies, and (ii) no cost savings, operating expense reductions, restructuring charges and expenses or synergies shall be added pursuant to this defined term to the extent duplicative of any expenses or charges otherwise added to Consolidated EBITDA, whether through a *pro forma* adjustment or otherwise, for such period (which adjustments, without double counting, may be incremental to *pro forma* adjustments made pursuant to the definition of "Fixed Charge Coverage Ratio"); *plus*

(i) subject to the limitations set forth in the sixth paragraph of the section "—*Certain Covenants—Financial Calculations*," the "run rate" expected cost savings, operating expense reductions including costs and expenses related to information and technology systems establishment, modernization or modification, restructuring charges and expenses and synergies related to the Acquisition projected by the Company 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 Company), calculated on a *pro forma* basis as though such cost savings, operating expense reductions, restructuring charges and expenses and synergies had been realized from the first day of such period and during the entirety of such period, net of the amount of actual benefits realized during such period from such actions, and which adjustments, without double counting, may be incremental to *pro forma* adjustments made pursuant to the definition of "Fixed Charge Coverage Ratio"; *plus*

(j) the amount of loss or discount on sale of Securitization Assets, Receivables Assets and related assets to the Securitization Subsidiary in connection with a Qualified Securitization Financing or Receivables Facility; *plus*

(k) any costs or expense Incurred by the Company or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement, any severance agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of the Company or Net Cash Proceeds of an issuance of Capital Stock (other than Disqualified Stock) of the Company solely to the extent that such Net Cash Proceeds are excluded from the calculation set forth in clause (c) of the first paragraph under "—*Certain Covenants—Limitation on Restricted Payments*"; *plus*

(l) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to clause (2) below for any previous period and not added back; *plus*

(m) any net loss included in the Consolidated Net Income attributable to non-controlling interests; *plus*

(n) realized foreign exchange losses resulting from the impact of foreign currency changes on the valuation of assets or liabilities on the balance sheet of the Company and the Restricted Subsidiaries; *plus*

(o) net realized losses from Hedging Obligations or embedded derivatives; *plus*

(p) the amount of any minority interest expense consisting of Subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Subsidiary, and any costs and expenses (including all legal, accounting and other professional fees and expenses) related thereto; *plus*

(q) with respect to any joint venture, an amount equal to the proportion of those items described in clauses (a) and (c) above relating to such joint venture corresponding to the Company's and the Restricted Subsidiaries' proportionate share of such joint venture's Consolidated Net Income (determined as if such joint venture were a Restricted Subsidiary) to the extent the same was deducted (and not added back) in calculating Consolidated Net Income; *plus*

(r) earn-out and contingent consideration obligations (including to the extent accounted for as bonuses or otherwise) and adjustments thereof and purchase price adjustments; *plus*

(s) any net pension or other post-employment benefit costs representing amortization of unrecognized prior service costs, actuarial losses, including amortization of such amounts arising in prior periods, amortization of the unrecognized net obligation (and loss or cost), and any other items of a similar nature; *plus*

(t) the amount of expenses relating to payments made to option holders of the Company or any Parent Entity in connection with, or as a result of, any distribution being made to equityholders of such Person or its Parent Entities, which payments are being made to compensate such option holders as though they were equityholders at the time of, and entitled to share in, such distribution, in each case to the extent permitted under the Indenture; *plus*

(u) all adjustments and add-backs used in connection with the calculation of "Run-Rate Adjusted EBITDA" included in this Offering Memorandum; *plus*

(v) 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*

(w) losses, charges and expenses related to the pre-opening and opening of new facilities, and start-up period prior to opening, that are operated, or to be operated, by the Company or any Restricted Subsidiary; and

(2) decreased (without duplication) by non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, without duplication, the sum of:

(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period (in each case, determined on the basis of IFRS, but including for the avoidance of doubt, any

consolidated interest expense related to Indebtedness of any Parent Entity which such Person or any of its Restricted Subsidiaries guarantees), to the extent such expense was deducted (and not added back) in computing Consolidated Net Income, including (a) amortization of original issue discount or premium resulting from the issuance of Indebtedness at less than par, (b) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers acceptances, (c) non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of any Hedging Obligations or other derivative instruments pursuant to IFRS), (d) the interest component of Capitalized Lease Obligations, and (e) net payments, if any, pursuant to interest rate Hedging Obligations with respect to Indebtedness, and excluding (r) Securitization Fees, (s) penalties and interest relating to taxes (but excluding, for the avoidance of doubt, any Additional Amounts paid with respect to the Notes or the Notes Guarantees or the Senior Notes or the guarantees thereof), (t) any additional cash interest owing pursuant to any registration rights agreement, (u) accretion or accrual of discounted liabilities other than Indebtedness, (v) any expense resulting from the discounting of any Indebtedness in connection with the application of recapitalization accounting or purchase accounting in connection with the Acquisition, (w) amortization or write-off of deferred financing fees, debt issuance costs, debt discount or premium, terminated Hedging Obligations and other commissions, financing fees and expenses and original issue discount with respect to Indebtedness borrowed under the Senior Facilities and, adjusted to the extent included, to exclude any refunds or similar credits received in connection with the purchasing or procurement of goods or services under any purchasing card or similar program, (x) any expensing of bridge, commitment and other financing fees, (y) subject (as applicable) to the Election Option, any interest component of any operating lease and (z) interest with respect to Indebtedness of any parent of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under IFRS; *plus*

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including for the avoidance of doubt, any consolidated capitalized interest related to Indebtedness of any Parent Entity which such Person or any of its Restricted Subsidiaries guarantees (but excluding any interest capitalized, accrued, accreted or paid in respect of Subordinated Shareholder Funding); *less*

(3) interest income for such period.

For purposes of this definition, interest on a lease (including any Capitalized Lease Obligation) shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such lease in accordance with IFRS.

"*Consolidated Net Income*" means, with respect to any Person for any period, the net income (loss) of such Person and its Restricted Subsidiaries for such period determined on a consolidated basis on the basis of IFRS after any reduction in respect of Preferred Stock dividends; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) any net income (loss) of any Person if such Person is not a Restricted Subsidiary (including any net income (loss) from Investments recorded in such Person under the equity method of accounting), except that the Company's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that (as reasonably determined by an Officer of the Company) could have been distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below); *provided* that, for the purposes of clause (c) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such dividend, other distribution or return on investment does not reduce the amount of Investments outstanding under the definition of "Permitted Investments";

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," any net income (loss) of any Restricted Subsidiary (other than the Company and the Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company or a Guarantor by operation of the terms of such Restricted Subsidiary's articles, charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Senior Facilities, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Notes or the Indenture and (c) restrictions specified in clause (13)(a) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*") except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any gain (or loss), together with any related provisions for taxes on any such gain (or the tax effect of any such loss), realized upon the sale or other disposition of any asset (including pursuant to any Sale and Leaseback Transaction) or disposed or discontinued operations of the Company or any Restricted Subsidiaries which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Company);

(4) any extraordinary, exceptional, unusual or nonrecurring gain, loss, charge or expense, including Transaction Expenses or any charges, expenses or reserves in respect of any restructuring, redundancy or severance expense or relocation costs, one-time compensation charges, integration and facilities' opening costs and other business optimization expenses and operating improvements (including related to new product introductions), systems development and establishment costs, accruals or reserves (including restructuring and integration costs related to acquisitions after the Issue Date and adjustments to existing reserves), whether or not classified as restructuring expense on the consolidated financial statements, signing costs, retention or completion bonuses, transition costs, costs related to closure/consolidation of facilities, internal costs in respect of strategic initiatives and curtailments or modifications to pension and post-retirement employee benefit plans (including any settlement of pension liabilities), contract terminations and professional and consulting fees Incurred with any of the foregoing;

(5) the cumulative effect of a change in law, regulation or accounting principles, including any impact resulting from an election by the Company to apply GAAP at any time following the Issue Date;

(6) any (i) non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions or on the re-valuation of any benefit plan obligation and (ii) income (loss) attributable to deferred compensation plans or trusts;

(7) all deferred financing costs written off and premiums paid or other expenses Incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of any Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes

therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of any Hedging Obligations;

(9) any fees and expenses (including any transaction or retention bonus or similar payment) Incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Investment, disposition of assets or securities, issuance or repayment of Indebtedness, issuance of Capital Stock, refinancing transaction or amendment or modification of any debt instrument (in each case, including any such transaction consummated prior to the Issue Date and any such transaction undertaken but not completed) and any charges or non-recurring merger costs Incurred during such period as a result of any such transaction, in each case whether or not successful;

(10) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person, and any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(11) any unrealized or realized gain or loss due solely to fluctuations in currency values and the related tax effects, determined in accordance with IFRS;

(12) any recapitalization accounting or purchase accounting effects, including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Company and the Restricted Subsidiaries), as a result of any consummated acquisition, or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(13) any impairment charge, write-off or write-down, including impairment charges, write-offs or write-downs related to intangible assets, long-lived assets, goodwill, investments in debt or equity securities (including any losses with respect to the foregoing in bankruptcy, insolvency or similar proceedings) and the amortization of intangibles arising pursuant to IFRS;

(14) any effect of income (loss) from the early extinguishment or cancellation of Indebtedness or any Hedging Obligations or other derivative instruments;

(15) accruals and reserves that are established or adjusted (including any adjustment of estimated pay-outs on existing earn-outs) that are so required to be established as a result of the Acquisition in accordance with IFRS, or changes as a result of adoption or modification of accounting policies;

(16) any costs associated with the Transactions or any acquisition;

(17) any non-cash expenses, accruals or reserves related to adjustments to historical tax exposures and any deferred tax expense associated with tax deductions or net operating losses arising as a result of the Acquisition, or the release of any valuation allowances related to such item;

(18) any (i) payments to third parties in respect of research and development, including amounts paid upon signing, success, completion and other milestones and other progress payments, to the extent expensed and (ii) effects of adjustments to accruals and reserves during a period relating to any change in the methodology of calculating reserves for returns, rebates and other chargebacks (including government program rebates);

(19) any net gain (or loss) from disposed, abandoned or discontinued operations and any net gain (or loss) on disposal of disposed, discontinued or abandoned operations; and

(20) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

In addition, to the extent not already included 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 (i) any expenses and charges that are reimbursed by indemnification or other reimbursement provisions in connection with any investment or any sale, conveyance, transfer or other disposition of assets permitted hereunder, or, so long as the Company has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed and only to the extent that such amount is (A) not denied by the applicable payor in writing within 180 days and (B) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days) and (ii) to the extent covered by insurance (including business interruption insurance) and actually reimbursed, or, so long as the Company has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (A) not denied by the applicable carrier in writing within 180 days and (B) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), expenses with respect to liability or casualty events or business interruption.

"*Consolidated Senior Secured Net Leverage Ratio*" means, as of any date of determination, the ratio of:

(a) the sum of:

(i) Senior Secured Indebtedness as of such date; and

(ii) the Reserved Indebtedness Amount in respect of Indebtedness which, once incurred, will constitute Senior Secured Indebtedness,

less the aggregate amount of cash and Cash Equivalents of the Company and the Restricted Subsidiaries on a consolidated basis; to

(b) LTM EBITDA,

provided that for purposes of the *pro forma* calculation under clause (1)(c) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," such calculation shall not give effect to:

(i) any Indebtedness Incurred on such determination date pursuant to the provisions described in the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred pursuant to clauses (1)(c) and (5)(b) of the second paragraph thereof); or

(ii) the discharge on such determination date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" (other than the discharge of Indebtedness Incurred pursuant to clauses (1)(c) and (5)(b) of the second paragraph thereof).

"*Consolidated Total Indebtedness*" means, as of any date of determination, the aggregate principal amount of Indebtedness for borrowed money but excluding any Indebtedness under or with respect to Cash Management Services, intercompany Indebtedness of the Company and the Restricted Subsidiaries, Hedging Obligations, Receivables Facilities or Securitization Facilities.

"*Consolidated Total Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) the sum of (a) Consolidated Total Indebtedness as of such date and (b) the Reserved Indebtedness Amount in respect of Indebtedness which, once incurred, would be included in the calculation of Consolidated Total Indebtedness, less the aggregate amount of cash and Cash Equivalents of the Company and the Restricted Subsidiaries on a consolidated basis, to (y) LTM EBITDA.

"*Consolidated Total Secured Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) the sum of (a) Consolidated Total Secured Indebtedness as of such date (or for purposes of calculating such ratio for the purposes of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," Consolidated Total Indebtedness as of such date); and (b) the Reserved Indebtedness Amount in respect of Indebtedness which, once incurred, would be included in the calculation of Consolidated Total Secured Indebtedness (or for the purposes of calculating such ratio for the purposes of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," the Reserved Indebtedness Amount in respect of Indebtedness which, once Incurred, would be included in the calculation of Consolidated Total Indebtedness), less the aggregate amount of cash and Cash Equivalents of the Company and the Restricted Subsidiaries on a consolidated basis, to (y) LTM EBITDA; *provided*, *however*, that, solely for the purpose of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," the *pro forma* calculation shall not give effect to (i) any Indebtedness Incurred on such determination date pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred pursuant to clauses (1)(c), (1)(d) or (5)(b) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"), or (ii) the discharge on such determination date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (other than the discharge of Indebtedness using proceeds of Indebtedness Incurred pursuant to clauses (1)(c), (1)(d) and (5)(b) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*").

"*Consolidated Total Secured Indebtedness*" means, as of any date of determination, the aggregate principal amount of Indebtedness for borrowed money secured by a Permitted Collateral Lien, but excluding any Indebtedness under or with respect to Cash Management Services, intercompany Indebtedness of the Company and the Restricted Subsidiaries, Hedging Obligations, Receivables Facilities or Securitization Facilities.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease (subject, as applicable, to the Election Option), dividend or other obligation that does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

  (a) for the purchase or payment of any such primary obligation; or

  (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Controlled Investment Affiliate*" means, as to any Person, any other Person, which directly or indirectly is in control of, is controlled by, or is under common control with such Person and is organized by such Person (or any Person controlling such Person) primarily for making direct or indirect equity or debt investments in the Company and/or other companies.

"*Credit Facility*" means, with respect to the Company or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Senior Facilities or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the original Senior Facilities or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default; *provided* that any Default that results solely from the taking of an action that would have been permitted but for the continuation of a previous Default will be deemed to be cured if such previous Default is cured prior to becoming an Event of Default.

"*Derivative Instrument*" with respect to a Person, means any contract, instrument or other right to receive payment or delivery of cash or other assets to which such Person or any Affiliate of such Person that is acting in concert with such Person in connection with such Person's investment in the Notes (other than a Screened Affiliate) is a party (whether or not requiring further performance by such Person), the value and/or cash flows of which (or any material portion thereof) are materially affected by the value and/or performance of the Notes and/or the creditworthiness of the Company and/or any one or more of the Guarantors (the "*Performance References*").

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Company or any Restricted Subsidiary) of non-cash consideration received by the Company or any of the Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"*Designated Preferred Stock*" means Preferred Stock of the Company or a Parent Entity (other than Disqualified Stock) that is issued for cash (other than to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees to the extent funded by the Company or such Subsidiary) and that is designated as "Designated Preferred Stock" pursuant to an Officer's Certificate of the Company at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(iii) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

"*Disinterested Director*" means, with respect to any Affiliate Transaction, a member of the Board of Directors having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors shall be deemed not to have such a financial interest by reason of such member's holding Capital Stock of the Company or any options, warrants or other rights in respect of such Capital Stock.

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise; or

(2) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided, however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*"; *provided* further, however, that if such Capital Stock is issued to any future, current or former employee, director, officer, contractor or consultant (or their respective Controlled Investment Affiliates (excluding the Permitted Holders (but not excluding any future, current or former employee, director, officer, contractor or consultant)) or Immediate Family Members), of the Company, any of its Subsidiaries, any Parent Entity or any other entity in which the Company or a Restricted Subsidiary has an Investment and is designated in good faith as an "affiliate" by the Board of Directors (or the compensation committee thereof) or any other plan for the benefit of current, former or future employees (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Company or its Subsidiaries or by any such plan to such employees (or their respective Controlled Investment Affiliates or Immediate Family Members), such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Company or its Subsidiaries in order to satisfy applicable statutory, contractual or regulatory obligations.

"*Equity Contribution*" means any subscription for shares issued by, any capital contributions (including by way of premium and/or contribution to the capital reserves) to, the Company (but excluding any such amounts funded from the proceeds of any Indebtedness of any Parent Entity (x) which is guaranteed by the Company or any Restricted Subsidiary, and (y) in respect of which dividends or distributions on the Company's Capital Stock are permitted to be paid from cash by the Company or any Restricted Subsidiary pursuant to clause (1)(c) of the first paragraph under "*—Certain Covenants—Limitation on Restricted Payments*" and excluding the issuance of any Disqualified Stock or Designated Preferred Stock) or any Subordinated Shareholder Funding of the Company (in each case, other than Excluded Contributions or Excluded Amounts).

"*Equity Offering*" means (x) a sale of Capital Stock of the Company (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions), or (y) the sale of Capital Stock or other securities by any Person, the proceeds of which are contributed to the equity of the Company or any of the Restricted Subsidiaries by any Parent Entity in any form other than Indebtedness or Excluded Contributions or Excluded Amounts.

"*Escrowed Proceeds*" means the proceeds from the offering or incurrence of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*Euro*" or "*€*" means the single currency of participating member states of the economic and monetary union as contemplated in the Treaty on the European Union.

"*Euroclear*" means Euroclear Bank SA/NV or any successor thereof.

"*European Government Obligations*" means any security denominated in Euro that is (1) a direct obligation of any country that is a member of the European Monetary Union and whose long-term debt is rated "A-1" or higher by Moody's or "A+" or higher by S&P or the equivalent rating category of another Nationally Recognized Statistical Rating Organization on the date of the Indenture, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a Person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*Exchange*" means The International Stock Exchange.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets (other than Excluded Amounts) received by the Company as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preferred Stock) of the Company after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of their employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preferred Stock) or Subordinated Shareholder Funding of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company.

"*fair market value*" wherever such term is used in this "*Description of the Notes*" or the Indenture (except as otherwise specifically provided in this "*Description of the Notes*" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Company setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*Fitch*" means Fitch Ratings, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Fixed Charge Coverage Ratio*" means, with respect to any Person on any determination date, the ratio of LTM EBITDA to the Fixed Charges of such Person for the Relevant Testing Period. In the event that the Company or any Restricted Subsidiary Incurs, assumes, Guarantees, redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or has caused any Reserved Indebtedness Amount to be deemed to be Incurred during such Relevant Testing Period or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the Relevant Testing Period but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Fixed Charge Coverage Ratio Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such Incurrence, deemed Incurrence, assumption, Guarantee, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the Relevant Testing Period; *provided* that the *pro forma* calculation shall not give effect to: (i) any Fixed Charges attributable to Indebtedness Incurred on such determination date pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (other than Fixed Charges attributable to Indebtedness Incurred pursuant to clauses (1)(c), (1)(d) and (5)(b) thereof) or (ii) Fixed Charges attributable to any Indebtedness discharged on such determination date to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described under the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (other than Fixed Charges attributable to Indebtedness discharged on such determination date using proceeds of Indebtedness Incurred pursuant to clauses (1)(c), (1)(d) and (5)(b) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*").

For purposes of making the computation referred to above, any Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and disposed operations that have been made by the Company or any of the Restricted Subsidiaries, during the Relevant Testing Period or subsequent to the Relevant Testing Period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be calculated on a *pro forma* basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in LTM EBITDA resulting therefrom) had occurred on the first day of the Relevant Testing Period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged or amalgamated with or into the Company or any of the Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, amalgamation, consolidation or disposed or discontinued operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Investment, acquisition, disposition, merger, amalgamation, consolidation or disposed or discontinued operation had occurred at the beginning of the Relevant Testing Period.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or chief accounting officer of the Company (and may include cost savings, expense reductions and synergies reasonably expected to occur, including from the result of a disposition or ceased or discontinued operations, as though such cost savings, expense reduction and synergies had been achieved on the first day of the Relevant Testing Period, subject to the limitations set forth under "*—Certain Covenants—Financial Calculations*"). If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated, at the Company's option, either (x) as if the rate in effect on the determination date had been the applicable rate for the entire Relevant Testing Period or (y) using the average rate in effect over the Relevant Testing Period, in each case taking into account any Hedging Obligations applicable to such Indebtedness. As determined in accordance with the Election Option (as applicable), interest on a lease (including any Capitalized Lease Obligations) shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such lease in accordance with IFRS. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed with a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the Relevant Testing Period except to the extent such revolving credit facility has been permanently repaid and the commitments thereunder cancelled. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Company may designate.

"*Fixed Charges*" means, with respect to any Person for any period, the sum of:

(1) Consolidated Interest Expense of such Person for such period;

(2) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Preferred Stock of any Restricted Subsidiary of such Person during such period; and

(3) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Stock during this period.

"*GAAP*" means generally accepted accounting principles in the United States of America.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, however, that the term "Guarantee" will not include (x) endorsements for collection or deposit in the ordinary course of business or consistent with past practice and (y) standard contractual indemnities or product warranties provided in the ordinary course of business, and *provided further* that the amount of any Guarantee shall be deemed to be the lower of (i) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made and (ii) the maximum amount for which such guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Guarantee or, if such Guarantee is not an unconditional guarantee of the entire amount of the primary obligation and such maximum amount is not stated or determinable, the amount of such guaranteeing Person's maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantor*" means any Restricted Subsidiary that Guarantees the Notes, until such Notes Guarantee is released in accordance with the terms of the Indenture.

"*Hedging Obligations*" means, with respect to any Person, the obligations of such Person under any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, commodity swap agreement, commodity cap agreement, commodity collar agreement, foreign exchange contracts, currency swap agreement or similar agreement providing for the transfer or mitigation of interest rate, commodity price or currency risks either generally or under specific contingencies.

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the respective nominee of the common depositary for Euroclear or Clearstream, as applicable.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Company or the Restricted Subsidiaries are, or may be, required to comply, as in effect on the Issue Date or, with respect to the covenant described under "Reports," as in effect from time to time. Except as otherwise set forth in the Indenture, all ratios and calculations based on IFRS (or, as applicable, GAAP) contained in the Indenture shall be computed in accordance with IFRS as in effect on the Issue Date (or, as applicable, GAAP as in effect at the date specified by the Company in its election to adopt GAAP in accordance with the fourth sentence of this definition). At any time after the Issue Date, the Company may elect to implement any new measures or other changes to IFRS (or, as applicable, GAAP) in effect on or prior to the date of such election; *provided* that any such election, once made, shall be irrevocable. At any time after the Issue Date, the Company may elect to apply GAAP accounting principles in lieu of IFRS and, upon any such election, references herein to IFRS shall thereafter be construed to mean GAAP (except as otherwise provided in the Indenture), including as to the ability of the Company to make an election pursuant to the previous sentence; provided that any such election, once made, shall be irrevocable; *provided, further*, that any calculation or determination in the Indenture that require the application of IFRS for periods that include fiscal quarters ended prior to the Company's election to apply GAAP shall remain as previously calculated or determined in accordance with IFRS; *provided*, *further again*, that the Company may only make such election if it also elects to report any subsequent financial reports required to be made by the Company. The Company shall give notice of any such election made in accordance with this definition to the Trustee and the Holders. Notwithstanding any of the foregoing, (i) in relation to the making of any determination or calculation under the Indenture, the Company shall be required to elect (the "Election Option"), from time to time and each time, either (A) to apply IFRS 16 (*Leases*) or (B) to apply IAS 17 (Leases) (or, in each case, the equivalent measure under GAAP) to the making of such determination or calculation, *provided* that, if such determination or calculation involves more than one element (including for the calculation of a financial ratio), such selected accounting standard shall be consistently applied to each element of such determination or calculation (other than, for the avoidance of doubt, in relation to the covenant described under "*—Reports*"); and (ii) any adverse impact directly or indirectly relating to or resulting from the implementation of IFRS 15 (*Revenue from Contracts with Customers*) and any successor standard thereto (or any equivalent measure under GAAP) shall be disregarded with respect to all ratios, calculations and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to the Indenture (other than, for the avoidance of doubt, in relation to the covenant described under "*—Reports*").

"*Immaterial Subsidiary*" means, at any date of determination, each Restricted Subsidiary that (i) has not guaranteed any other Indebtedness of the Company and (ii) has LTM EBITDA of less than 5.0% of LTM EBITDA of the Company and the Restricted Subsidiaries taken as a whole, in each case, measured at the end of the Relevant Testing Period and revenues on a *pro forma* basis giving effect to any acquisitions or dispositions of companies, division or lines of business since such balance sheet date or the start of such Relevant Testing Period, as applicable, and on or prior to the date of acquisition of such Subsidiary.

"*Immediate Family Members*" means, with respect to any individual, such individual's child, stepchild, grandchild or more remote descendant, parent, stepparent, grandparent, spouse, former spouse, qualified domestic partner, sibling, mother-in-law, father-in-law, son-in-law and daughter-in-law (including adoptive relationships) and any trust, partnership or other bona fide estate-planning vehicle the only beneficiaries of which are any of the foregoing individuals or any private foundation or fund that is controlled by any of the foregoing individuals or any donor-advised fund of which any such individual is the donor.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, amalgamation, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder, subject to the definition of Reserved Indebtedness Amount and related provisions.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence);

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables or similar obligation, including accrued expenses owed, to a trade creditor), which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Company) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of the type referred to in clauses (1), (2), (3), (4), (5) and (9) of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal at any time to the net payments under such agreement or arrangement giving rise to such obligation that would be payable by such Person at the termination of such agreement or arrangement),

with respect to clauses (1), (2), (4) and (5) above, if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with IFRS.

The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount of Indebtedness, or liquidation preference thereof, in the case of any other Indebtedness.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(a) Contingent Obligations Incurred in the ordinary course of business or consistent with past practice, other than Guarantees or other assumptions of Indebtedness;

(b) Cash Management Services;

(c) any lease, concession or licence of property (or Guarantee thereof) which would, in accordance with the Election Option, be considered an operating lease or any prepayments of deposits received from clients or customers in the ordinary course of business or consistent with past practice;

(d) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business or consistent with past practice;

(e) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid in a timely manner;

(f) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(g) obligations under or in respect of Qualified Securitization Financings or Receivables Facilities;

(h) Indebtedness of any Parent Entity appearing on the balance sheet of the Company solely by reason of push down accounting under IFRS;

(i) Capital Stock (other than Disqualified Stock of the Company and Preferred Stock of a Restricted Subsidiary);

(j) amounts owed to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Company and the Restricted Subsidiaries, taken as a whole, that complies with the covenant described under "*—Merger and Consolidation*";

(k) Subordinated Shareholder Funding; or

(l) any joint and several or any netting or set-off arrangement arising in each case by operation of law as a result of the existence or establishment of a fiscal unity for corporate income tax, trade tax or value added tax purposes or similar purposes or any analogous arrangement.

"*Indenture*" means the indenture to be entered into on or about the Issue Date, by and among, *inter alios*, the Company, the Guarantors, the Trustee and the Security Agent.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Company.

"*Initial Investors*" means individually or collectively, Partners Group AG, Ontario Teachers' Pension Plan Board, and/or Caisse de dépôt et placement du Québec, and/or any one or more investment funds or limited partnerships advised or managed by such entities and, in each case, any of their Affiliates or direct or indirect Subsidiaries (but excluding, in each case, any portfolio company which is an obligor (and any of its Subsidiaries) in respect of any third party financing provided to that portfolio company (or any of its Subsidiaries) in which such investment funds or limited partnerships and other entities advised or managed by Partners Group AG, Ontario Teachers' Pension Plan Board or Caisse de dépôt et placement du Québec or such Affiliates, Subsidiaries or investors hold an investment or interest in).

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Company or any Parent Entity or any successor of the Company or any Parent Entity (the "IPO Entity") following which there is a public market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Intercreditor Agreement*" means the intercreditor agreement dated September 20, 2017, as amended from time to time, by and among, *inter alios*, the Company, certain of its Subsidiaries and the Security Agent, to which the Trustee will accede.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of advances, loans or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business or consistent with past practice, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of IFRS; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business or consistent with past practice will not be deemed to be an Investment. If the Company or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Company or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time.

For purposes of "*—Certain Covenants—Limitation on Restricted Payments*" and "*—Designation of Restricted and Unrestricted Subsidiaries*":

(1) "*Investment*" will include the portion (proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a re-designation of such Subsidiary as a Restricted Subsidiary, the Company will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Company's "Investment" in such Subsidiary at the time of such re-designation less (b) the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets (as determined by the Company) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined by the Company.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States of America or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by the European Union or a member state of the European Union, Australia, Japan, Norway, Switzerland or the United Kingdom or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "A-" or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries; and

(4) Investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"*Investment Grade Status*" shall occur when the Notes receive two of the following:

(1) a rating of "BBB-" or higher from S&P;

(2) a rating of "Baa3" or higher from Moody's; or

(3) a rating of "BBB-" or higher from Fitch,

or the equivalent of such rating by such rating organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Issue Date*" means   , 2024.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien, hypothecation or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof); *provided* that in no event shall an operating lease (subject, as applicable, to the Election Option) be deemed to constitute a Lien.

"*Long Derivative Instrument*" means a Derivative Instrument (i) the value of which generally increases, and/or the payment or delivery obligations under which generally decrease, with positive changes to the Performance References and/or (ii) the value of which generally decreases, and/or the payment or delivery obligations under which generally increase, with negative changes to the Performance References.

"*LTM EBITDA*" means Consolidated EBITDA of the Company measured for the Relevant Testing Period ending prior to the date of such determination, in each case with such *pro forma* adjustments giving effect to such Indebtedness, acquisition or Investment, as applicable, since the start of such Relevant Testing Period and as are consistent with the *pro forma* adjustments set forth in the definition of "Fixed Charge Coverage Ratio."

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees, contractors or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) of any Parent Entity, the Company or any Restricted Subsidiary, or to any management equity plan, stock option plan, any other management or employee benefit, bonus or incentive plan or any trust, partnership or other entity of, established for the benefit of, or the beneficial owner of which (directly or indirectly) is, any of the foregoing:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or consistent with past practice or (b) for purposes of funding any such person's purchase (or the purchase by any management equity plan) of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Company, its Subsidiaries or any Parent Entity with the approval of the Board of Directors of the Company;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) not exceeding the greater of (i) €40.1 million and (ii) 7.5% of LTM EBITDA in the aggregate outstanding at the time of Incurrence.

"*Management Stockholders*" means the members of management of the Company (or any Parent Entity) or its Subsidiaries who are holders of Capital Stock of the Company or of any Parent Entity on the Issue Date.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interest of the IPO Entity on the date of the declaration of the relevant dividend, multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) under the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid, reasonably estimated to be actually payable or accrued as a liability under IFRS (including, for the avoidance of doubt, any income, transfer, deed or mortgage recording, withholding and other Taxes payable as a result of the distribution of such proceeds to the Company and after taking into account any available tax credits or deductions and any tax sharing or receivables agreements), as a consequence of such Asset Disposition, including distributions for Related Taxes;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which by applicable law be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent Entity, the Company or any of its respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition;

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition; and

(5) any funded escrow established pursuant to the documents evidencing any such sale or disposition to secure any indemnification obligations or adjustments to the purchase price associated with any such Asset Disposition.

"*Net Cash Proceeds*," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of Taxes paid or reasonably estimated to be actually payable as a result of such issuance or sale (including, for the avoidance of doubt, any income, transfer, deed or mortgage recording, withholding and other Taxes payable as a result of the distribution of such proceeds to the Company and after taking into account any available tax credit or deductions and any tax sharing or receivables agreements, and including distributions for Related Taxes).

"*Net Short*" means, with respect to a Holder or beneficial owner, as of a date of determination, either (i) the value of its Short Derivative Instruments exceeds the sum of (x) the value of its Notes plus (y) the value of its Long Derivative Instruments as of such date of determination or (ii) it is reasonably expected that such would have been the case were a Failure to Pay or Bankruptcy Credit Event (each as defined in the 2014 ISDA Credit Derivatives Definitions) to have occurred with respect to the Company or any Guarantor immediately prior to such date of determination.

"*Non-Core Assets*" means any assets of the Company or any Restricted Subsidiary and designated in good faith as "non-core" to the material business activities of the Company and its Restricted Subsidiaries (taken as a whole) pursuant to an Officer's Certificate delivered by the Company to the Trustee.

"*Notes Documents*" means the Notes (including Additional Notes), the Indenture (including the Notes Guarantees), the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"*Notes Guarantee*" means the joint and several guarantee of the obligations under the Notes and the Indenture on a senior secured basis by each Guarantor.

"*Obligations*" means any principal, interest (including Post-Petition Interest and fees accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company or any Guarantor whether or not a claim for Post-Petition Interest or fees is allowed in such proceedings), penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and bankers' acceptances), damages and other liabilities payable under the documentation governing any Indebtedness.

"*Offering Memorandum*" mean this offering memorandum, dated as of   , 2024, relating to the offering of the Notes.

"*Officer*" means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Assistant Treasurer, any Managing Director, the Secretary or any Assistant Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel that is reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Company or its Subsidiaries.

"*Parent Entity*" means any direct or indirect parent of the Company.

"*Parent Entity Expenses*" means:

(1) costs (including all legal, accounting and other professional fees and expenses) Incurred by any Parent Entity in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to the Notes, the Notes Guarantees or any other Indebtedness of the Company or any Restricted Subsidiary, including in respect of any reports filed or delivered with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent Entity owing to directors, officers, employees or other Persons under its articles, charter, by-laws, partnership agreement or other organizational documents or pursuant to written agreements with any such Person to the extent relating to the Company and its Subsidiaries;

(3) obligations of any Parent Entity in respect of director and officer insurance (including premiums therefor) to the extent relating to the Company and its Subsidiaries;

(4) any (x) general corporate overhead expenses, including all legal, accounting and other professional fees and expenses and (y) other operational expenses of any Parent Entity related to the ownership or operation of the business of the Company or any of the Restricted Subsidiaries;

(5) expenses Incurred by any Parent Entity in connection with (i) any offering, sale, conversion or exchange of Subordinated Shareholder Funding, Capital Stock or Indebtedness and (ii) any related compensation paid to officers, directors and employees of such Parent Entity; and

(6) 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 Company or a Restricted Subsidiary; *provided* that (A) such Restricted Payment shall be made substantially concurrently with the closing of such Investment, (B) such direct or indirect parent company shall, immediately following the closing thereof, cause (1) all property acquired (whether assets or Capital Stock) to be contributed to the capital of the Company or one of the Restricted Subsidiaries or (2) the merger, consolidation or amalgamation of the Person formed or acquired into the Company or one of the Restricted Subsidiaries in order to consummate such Investment, (C) such direct or indirect parent company and its Affiliates (other than the Company or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Company 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 Company 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*" or be an Excluded Contribution or Excluded Amount and (E) such Investment shall be deemed to be made by the Company 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 Indebtedness (a) of the Company which ranks equally in right of payment to the Notes or (b) of any Guarantor which ranks equally in right of payment to the Notes Guarantee of such Guarantor.

"*Paying Agent*" means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on any Note on behalf of the Company.

"*Permitted Asset Swap*" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents between the Company or any of the Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"*Permitted Collateral Liens*" means Liens on the Collateral:

(a) that are described in one or more of paragraphs (3), (4), (5), (6), (7), (8), (15), (17), (18), (24), (26) and (34) of the definition of "Permitted Liens" and Liens arising by operation of law that would not materially interfere with the ability of the Security Agent to enforce the Security Interests in the Collateral;

(b) to secure all obligations (including paid-in-kind interest) in respect of :

  (i) the Notes (other than Additional Notes) and Notes Guarantees in respect thereof and, but solely with respect to the Topco Shared Security (as defined in the Intercreditor Agreement), the obligations constituting Topco Shared Security Secured Obligations (as defined in the Intercreditor Agreement) incurred in accordance with the Indenture;

  (ii) Indebtedness described under (A) paragraphs (1)(a) or (1)(b) up to an aggregate principal amount equal to the greater of (x) €401.0 million and (y) 75.0% of LTM EBITDA and (B) paragraph (6) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," any of which Indebtedness may have super senior priority status, not materially less favorable to the Holders than that accorded to the Super Senior Liabilities (as defined in the Intercreditor Agreement as in effect on the Issue Date);

  (iii) Indebtedness described under clause (1)(d) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

  (iv) Indebtedness described under clause (2) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," to the extent that such Guarantee is in respect of Indebtedness otherwise permitted to be secured by a Permitted Collateral Lien;

  (v) Indebtedness described under clauses (1)(a), (1)(b), (1)(c), (4), (5), (7) (other than with respect to Capitalized Lease Obligations), (10), (13) or (19) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"; or

  (vi) any Refinancing Indebtedness in respect of Indebtedness referred to in paragraphs (i) to (v) above; or

(c) Incurred in the ordinary course of business of the Company or any of the Restricted Subsidiaries with respect to obligations that in total do not exceed the greater of (i) €26.7 million and (ii) 5.0% of LTM EBITDA at any time outstanding and that (x) are not Incurred in connection with the borrowing of money and (y) do not in the aggregate materially detract from the value of the property or materially impair the use thereof or the operation of the Company's or such Restricted Subsidiary's business,

provided that, in the case of paragraphs (b) and (c), each of the secured parties to any such Indebtedness that exceeds an aggregate amount equal to the greater of (x) €106.9 million and (y) 20.0% of LTM EBITDA and is outstanding for more than 120 days (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement and *provided further* that for purposes of determining compliance with this definition, in the event that a Permitted Collateral Lien meets the criteria of more than one of the categories of Permitted Collateral Liens described in paragraphs (a) through (c) above, the Company will be permitted to classify such Permitted Collateral Lien on the date of its incurrence and reclassify such Permitted Collateral Lien at any time and in any manner that complies with this definition and *provided further* that Permitted Collateral Liens may not have super senior priority status in respect of the proceeds from the enforcement of the Collateral or a distressed disposal of assets, other than as permitted by paragraph (b)(ii) above, save that nothing in this definition shall prevent lenders under any Credit Facilities from providing for any ordering of payments under the various tranches of such Credit Facilities.

"*Permitted Holders*" means, collectively, (i) the Initial Investors, (ii) any 30% Rule Designee, (iii) any one or more Persons, together with such Persons' Affiliates, whose beneficial ownership constitutes or results in a Change of Control Triggering Event in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture, (iv) the Management Stockholders, (v) any Person who is acting solely as an underwriter in connection with a public or private offering of Capital Stock of any Parent Entity or the Company, acting in such capacity, and (vi) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, no Person or other "group" (other than Persons referred to in subclauses (i) through (v), collectively) has beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Company or any Parent Entity held by such group. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control which is not a Change of Control Triggering Event, will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Company or any of the Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Company or (b) a Person (including the Capital Stock of any such Person) that will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person and as a result of such Investment such other Person is merged, amalgamated, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all of its assets to, the Company or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business or consistent with past practice;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business or consistent with past practice;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business or consistent with past practice and owing to the Company or any Restricted Subsidiary or in exchange for any other Investment or accounts receivable held by the Company or any such Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor or otherwise with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition;

(9) Investments existing or pursuant to agreements or arrangements in effect on the Issue Date and any modification, replacement, renewal or extension thereof; *provided* that the amount of any such Investment may not be increased except (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise not prohibited under the Indenture;

(10) Hedging Obligations, which transactions or obligations are Incurred in compliance with "—*Certain Covenants—Limitation on Indebtedness*";

(11) pledges or deposits with respect to leases or utilities *provided* to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "—*Certain Covenants—Limitation on Liens*";

(12) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent Entity as consideration;

(13) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "—*Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (6), (7), (8), (9), (12) and (14) of that paragraph);

(14) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business or consistent with past practices, and in accordance with the Indenture;

(15) any (a) Guarantees of Indebtedness not prohibited by the covenant described under "—*Certain Covenants—Limitation on Indebtedness*" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business, and (b) performance guarantees with respect to obligations that are not prohibited by the Indenture;

(16) Investments consisting of earnest money deposits required in connection with a purchase agreement, or letter of intent, or other acquisitions to the extent not otherwise prohibited by the Indenture;

(17) Investments of a Restricted Subsidiary acquired after the Issue Date or of an entity merged or amalgamated into the Company or merged or amalgamated into or consolidated with a Restricted Subsidiary after the Issue Date to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(18) Investments consisting of licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;

(19) contributions to a "rabbi" trust for the benefit of employees or other grantor trust subject to claims of creditors in the case of a bankruptcy of the Company;

(20) Investments in joint ventures and similar entities and Unrestricted Subsidiaries having an aggregate fair market value, when taken together with all other Investments made pursuant to this clause (20) that are at the time outstanding, not to exceed the greater of (a) €106.9 million and (b) 20.0% of LTM EBITDA at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments (without duplication for purposes of the covenant described in the section entitled "*—Certain Covenants—Limitation on Restricted Payments*" of any amounts applied pursuant to clause (c) of the first paragraph of such covenant) with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value; *provided*, *however*, that if any Investment pursuant to this clause is made in any Person that is not the Company or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Company or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) above and shall cease to have been made pursuant to this clause for so long as such Person continues to be the Company or a Restricted Subsidiary;

(21) additional Investments having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (21) that are at that time outstanding, not to exceed the greater of (a) €160.4 million and (b) 30.0% of LTM EBITDA (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments (without duplication for purposes of the covenant described in the section entitled "*—Certain Covenants—Limitation on Restricted Payments*" of any amounts applied pursuant to clause (c) of the first paragraph of such covenant) with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value; *provided*, *however*, that if any Investment pursuant to this clause is made in any Person that is not the Company or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Company or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) above and shall cease to have been made pursuant for so long as such Person continues to be the Company or a Restricted Subsidiary;

(22) any Investment in a Similar Business having an aggregate fair market value, taken together with all other Investments made pursuant to this clause that are at that time outstanding, not to exceed the greater of (a) €106.9 million and (b) 20.0% of LTM EBITDA (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments (without duplication for purposes of the covenant described in the section entitled "*—Certain Covenants—Limitation on Restricted Payments*" of any amounts applied pursuant to clause (c) of the first paragraph of such covenant) with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value; *provided*, *however*, that if any Investment pursuant to this clause is made in any Person that is not the Company or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Company or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2)

above and shall cease to have been made pursuant to this clause for so long as such Person continues to be the Company or a Restricted Subsidiary;

(23) Investments (a) arising in connection with a Qualified Securitization Financing or Receivables Facility and (b) constituting distributions or payments of Securitization Fees and purchases of Securitization Assets or Receivables Assets in connection with a Qualified Securitization Financing or Receivables Facility;

(24) [Reserved];

(25) Investments (including repurchases) in Indebtedness of the Company and the Restricted Subsidiaries;

(26) Investments by an Unrestricted Subsidiary entered into prior to the day such Unrestricted Subsidiary is re-designated as a Restricted Subsidiary as described under "*—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*";

(27) guaranty and indemnification obligations arising in connection with surety bonds issued in the ordinary course of business;

(28) Investments consisting of purchases and acquisitions of assets or services in the ordinary course of business or consistent with past practice or made in the ordinary course of business or consistent with past practice in connection with obtaining, maintaining or renewing client contacts and loans or advances made to distributors in the ordinary course of business;

(29) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers compensation, performance and similar deposits entered into as a result of the operations of the business in the ordinary course of business or consistent with past practice;

(30) Investments in the ordinary course of business consisting of Uniform Commercial Code Article 3 endorsements for collection of deposit and Article 4 customary trade arrangements with customers consistent with past practices; and

(31) transactions entered into in order to consummate a Permitted Tax Restructuring.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness and other Obligations of any Restricted Subsidiary that is not a Guarantor;

(2) pledges, deposits or Liens under workmen's compensation laws, old-age-part-time arrangements, payroll taxes, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or pension related liabilities and obligations, or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure the performance of bids, trade contracts, government contracts and leases, statutory obligations, surety, stay, indemnity, judgment, customs, appeal or performance bonds, guarantees of government contracts, return-of-money bonds, bankers' acceptance facilities (or other similar bonds, instruments or obligations), obligations in respect of letters of credit, bank guarantees or similar instruments that have been posted to support the same, or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business; or consistent with past practice;

(3) Liens with respect to outstanding motor vehicle fines and Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's, construction contractors' or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes, assessments or governmental charges which are not overdue for a period of more than 30 days or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS (or other applicable accounting principles) have been made in respect thereof;

(5) encumbrances, charges, ground leases, easements (including reciprocal easement agreements), survey exceptions, restrictions, encroachments, protrusions, by-law, regulation, zoning restrictions or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Company and the Restricted Subsidiaries or to the ownership of their properties, including servicing agreements, development agreements, site plan agreements, subdivision agreements, facilities sharing agreements, cost sharing agreements and other agreements, which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Company and the Restricted Subsidiaries;

(6) Liens (a) on assets or property of the Company or any Restricted Subsidiary securing Hedging Obligations or Cash Management Services permitted under the Indenture; (b) that are statutory, common law or contractual rights of set-off (including, for the avoidance of doubt, Liens arising under the general terms and conditions of banks or saving banks (*Allgemeine Geschäftsbedingungen der Banken und Sparkassen*)) or, in the case of clause (i) or (ii) below, other bankers' Liens (i) relating to treasury, depository and Cash Management Services or any automated clearing house transfers of funds in the ordinary course of business and not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft or similar obligations Incurred in the ordinary course of business of the Company or any Subsidiary of the Company or (iii) relating to purchase orders and other agreements entered into with customers of the Company or any Restricted Subsidiary in the ordinary course of business; (c) on cash accounts securing Indebtedness and other Obligations permitted to be Incurred under clauses (8)(d) or (8)(e) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" with financial institutions; (d) encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts Incurred in the ordinary course of business, consistent with past practice and not for speculative purposes; (e) of a collection bank arising under Section 4-210 of the UCC on items in the course of collection; (f) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of set-off) arising in the ordinary course of business in connection with the maintenance of such accounts and/or (g) arising under customary general terms of the account bank in relation to any bank account maintained with such bank and attaching only to such account and the products and proceeds thereof, which Liens, in any event, do not secure any Indebtedness;

(7) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(8) Liens securing or otherwise arising out of judgments, decrees, attachments, orders or awards not giving rise to an Event of Default so long as (a) any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated, (b) the period within which such proceedings may be initiated has not

expired or (c) no more than 60 days have passed after (i) such judgment, decree, order or award has become final or (ii) such period within which such proceedings may be initiated has expired;

(9) Liens (i) on assets or property of the Company or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations, or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing Indebtedness or other Obligations Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business or consistent with past practice; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Liens may not extend to any assets or property of the Company or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property and (ii) any interest or title of a lessor under any Capitalized Lease Obligations or operating lease;

(10) Liens perfected or evidenced by UCC financing statement filings, including precautionary UCC financing statements (or similar filings in other applicable jurisdictions) regarding operating leases (subject, as applicable, to the Election Option) entered into by the Company and the Restricted Subsidiaries in the ordinary course of business;

(11) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date (other than Liens securing the Senior Facilities);

(12) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Company or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, amalgamation, consolidation or other business combination transaction with or into the Company or any Restricted Subsidiary); *provided, however*, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided*, *further*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(13) Liens on assets or property of the Company or any Restricted Subsidiary securing Indebtedness or other Obligations of the Company or such Restricted Subsidiary owing to the Company or another Restricted Subsidiary, or Liens in favor of the Company or any Restricted Subsidiary;

(14) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that were previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness or other Obligations being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(15) Liens constituting (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(16) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(17) 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;

(18) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(19) Liens securing Indebtedness and other Obligations under clauses (11) or (19) (*provided* that, in the case of clause (11), such Liens cover only the assets of such Subsidiary) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(20) Permitted Collateral Liens;

(21) Liens (a) on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary and (b) then existing with respect to assets of an Unrestricted Subsidiary on the day such Unrestricted Subsidiary is re-designated as a Restricted Subsidiary as described under "*—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*";

(22) any security granted over the marketable securities portfolio described in clause (8) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;

(23) Liens on (a) goods the purchase price of which is financed by a documentary letter of credit issued for the account of the Company or any Restricted Subsidiary or Liens on bills of lading, drafts or other documents of title arising by operation of law or pursuant to the standard terms of agreements relating to letters of credit, bank guarantees and other similar instruments and (b) specific items of inventory of other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(24) Liens on equipment of the Company or any Restricted Subsidiary and located on the premises of any client or supplier in the ordinary course of business;

(25) Liens on assets or securities deemed to arise in connection with and solely as a result of the execution, delivery or performance of contracts to sell such assets or securities if such sale is otherwise permitted by the Indenture;

(26) Liens arising by operation of law or contract on insurance policies and the proceeds thereof to secure premiums thereunder, and Liens, pledges and deposits in the ordinary course of business securing liability for premiums or reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefits of) insurance carriers;

(27) Liens solely on any cash earnest money deposits made in connection with any letter of intent or purchase agreement permitted under the Indenture;

(28) Liens (a) on cash advances in favor of the seller of any property to be acquired in an Investment permitted pursuant to Permitted Investments to be applied against the purchase price for such Investment, and (b) consisting of an agreement to sell any property in an asset sale permitted under the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and*

Subsidiary Stock," in each case, solely to the extent such Investment or asset sale, as the case may be, would have been permitted on the date of the creation of such Lien;

(29) Liens securing Indebtedness and other Obligations in an aggregate principal amount not to exceed the greater of (a) €160.4 million and (b) 30.0% of LTM EBITDA at the time Incurred;

(30) Liens deemed to exist in connection with Investments in repurchase agreements permitted by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" provided that such Liens do not extend to any assets other than those that are the subject of such repurchase agreement;

(31) Liens arising in connection with a Qualified Securitization Financing or a Receivables Facility;

(32) Settlement Liens;

(33) rights of recapture of unused real property in favor of the seller of such property set forth in customary purchase agreements and related arrangements with any government, statutory or regulatory authority;

(34) the rights reserved to or vested in any Person or government, statutory or regulatory authority by the terms of any lease, license, franchise, grant or permit held by the Company or any Restricted Subsidiary or by a statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;

(35) restrictive covenants affecting the use to which real property may be put;

(36) Liens or covenants restricting or prohibiting access to or from lands abutting on controlled access highways or covenants affecting the use to which lands may be put; *provided* that such Liens or covenants do not interfere with the ordinary conduct of the business of the Company or any Restricted Subsidiary;

(37) Liens arising in connection with any Permitted Tax Restructuring;

(38) Liens required to be granted under mandatory law in favor of creditors as a consequence of a merger or conversion permitted under the Indenture due to §§ 22, 204 German Transformation Act (*Umwandlungsgesetz—UmwG*);

(39) Liens on Escrowed Proceeds or Liens for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case, to the extent such cash or government securities are held in an escrow account or similar arrangement, including in each case any interest or premium thereon; and

(40) Liens arising in connection with any joint and several liability or any netting or set-off arrangement arising in each case by operation of law as a result of the existence or establishment of a fiscal unity for corporate income tax, trade tax or value added tax or similar purposes or any analogous arrangement.

In the event that a Permitted Lien meets the criteria of more than one of the types of Permitted Liens (at the time of incurrence or at a later date), the Company in its sole discretion may divide, classify or from time to time reclassify all or any portion of such Permitted Lien in any manner that complies with the Indenture and such Permitted Lien shall be treated as having been made pursuant only to the clause or clauses of the definition of Permitted Lien to which such Permitted Lien has been classified or reclassified.

"*Permitted Reorganization*" means:

(1) any transfer of the shares in, or issue of shares by, the Company or any Restricted Subsidiary or any step, action or transaction including share issue or acquisition or consumption of debt, for the purpose of compliance with the 30% Rule, including the payment by the Company or any Restricted Subsidiary of an annual dividend to each 30% Rule Designee in an amount equal to CDN$10,000 (or the foreign currency equivalent thereof) grossed up for any applicable taxes, *provided* that, in respect of any shares which are transferred or issued to a 30% Rule Designee, to the extent any Security Interest had previously been granted over such shares (or, in the case of any new share issue, had previously been granted over 100% of the share capital of the relevant company) the 30% Rule Designee shall provide a pledge (or other similar security) over such shares transferred or issued to that 30% Rule Designee, with recourse limited to enforcement of the pledge (or other similar security) over those shares and on terms satisfactory to the 30% Rule Designee (acting reasonably), which terms shall be in any case not materially worse to the Holders than the terms of the original share pledge; and

(2) any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving the Company or any of the Restricted Subsidiaries (a "Reorganization") that is made on a solvent basis; *provided* that:

 (i) any payments or assets distributed in connection with such Reorganization remain within the Company and the Restricted Subsidiaries; and

 (ii) if any shares or other assets form part of the Collateral, substantially equivalent Liens must be granted over such shares or assets of the recipient such that they form part of the Collateral,

provided further that no Permitted Reorganization may override the provisions of the covenant described under "*—Merger and Consolidation*."

"*Permitted Tax Distribution*" means:

(1) if and for so long as the Company is a member (or disregarded entity or flow-through entity of such a member) of a fiscal unity (whether resulting from a domination and profit or loss pooling agreement or otherwise) or a group filing a consolidated, combined, affiliated, unitary or similar tax return with any Parent Entity for U.S. federal and/or applicable state, local, provincial, territorial, or non-U.S. income Tax (or any similar tax imposed in lieu of an income Tax) purposes, any dividends, intercompany loans, other intercompany balances or other distributions to fund any income Taxes (or similar Taxes imposed in lieu of an income Tax) for which such Parent Entity is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Company and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis calculated as if the Company and its Subsidiaries had paid Tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Company and its Subsidiaries; and

(2) for any taxable year (or portion thereof) ending after the Issue Date for which the Company is treated as a disregarded entity, partnership, or other flow-through entity for U.S. federal, state, provincial, territorial, local, and/or non-U.S. income Tax purposes, the payment of dividends or other distributions to the Company's direct owner(s) to fund the income Tax liability (or liability from similar Taxes imposed in lieu of an income Tax) of such owner(s) (or, if a direct owner is a pass-through entity, of the indirect owner(s)) for such taxable year (or portion thereof) attributable to the operations and activities of the Company and its direct and indirect Subsidiaries,

in an aggregate amount not the exceed the product of (x) the highest combined marginal U.S. federal and applicable state, provincial, territorial, local and/or non-U.S. statutory income Tax rate (after taking into account the deductibility of U.S. state and local income Tax for U.S. federal income Tax purposes to the extent permitted by applicable tax law) and (y) the taxable income of the Company for such taxable year (or portion thereof).

"*Permitted Tax Restructuring*" means any reorganizations and other activities related to tax planning and tax reorganization entered into prior to, on or after the date hereof so long as such Permitted Tax Restructuring is not materially adverse to the Holders (as determined by the Company in good faith).

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Post-Petition Interest*" means any interest or entitlement to fees or expenses or other charges that accrue after the commencement of any bankruptcy or insolvency proceeding, whether or not allowed or allowable as a claim in any such bankruptcy or insolvency proceeding.

"*Preferred Stock*," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Pro Forma Cost Savings*" means Pro Forma Acquisition Cost Savings, Pro Forma Group Initiative Cost Savings or Pro Forma Disposal Cost Savings.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (i) a public offering registered under the Securities Act and/or (ii) a private placement to institutional and other investors, in each case, that are not Affiliates of the Company, in accordance with Rule 144A and/or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Securitization Financing*" means any Securitization Facility that meets the following conditions: (i) the Board of Directors shall have determined in good faith that such Qualified Securitization Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Company and the Restricted Subsidiaries, (ii) all sales of Securitization Assets and related assets by the Company or any Restricted Subsidiary to the Securitization Subsidiary or any other Person are made for fair consideration (as determined in good faith by the Company); and (iii) the financing terms, covenants, termination events and other provisions thereof shall be fair and reasonable terms (as determined in good faith by the Company) and may include Standard Securitization Undertakings.

"*Receivables Assets*" means (a) any accounts receivable owed to the Company or a Restricted Subsidiary subject to a Receivables Facility and the proceeds thereof and (b) all collateral securing such accounts receivable, all contracts and contract rights, guarantees or other obligations in respect of such accounts receivable, all records with respect to such accounts receivable and any other assets customarily transferred together with accounts receivable in connection with a non-recourse accounts receivable factoring arrangement and which are sold, conveyed, assigned or otherwise transferred or pledged by the Company or such Restricted Subsidiary (as applicable) in a transaction or series of transactions in connection with a Receivables Facility.

"*Receivables Facility*" means an arrangement between the Company or a Restricted Subsidiary and a counterparty pursuant to which (a) the Company or such Restricted Subsidiary, as applicable, sells (directly or indirectly) accounts receivable owing by customers, together with Receivables Assets related thereto, (b) the obligations of the Company or such Restricted Subsidiary, as applicable, thereunder are non-recourse (except for Securitization Repurchase Obligations) to the Company and such Restricted Subsidiary and (c) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Company) and may include Standard Securitization Undertakings, and shall include any guaranty in respect of such arrangements.

"*Refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "refinances," "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the Issue Date or Incurred in compliance with the Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Company or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) (a) such Refinancing Indebtedness has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is Incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being refunded or refinanced; and (b) to the extent such Refinancing Indebtedness refinances Subordinated Indebtedness, Disqualified Stock or Preferred Stock, such Refinancing Indebtedness is Subordinated Indebtedness, Disqualified Stock or Preferred Stock, respectively, and, in the case of Subordinated Indebtedness, is subordinated to the Notes and/or the Notes Guarantees (as applicable) on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced;

(2) Refinancing Indebtedness shall not include:

  (a) Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of the Company or a Guarantor; or

  (b) Indebtedness, Disqualified Stock or Preferred Stock of the Company or a Restricted Subsidiary that refinances Indebtedness, Disqualified Stock or Preferred Stock of an Unrestricted Subsidiary; and

(3) such Refinancing Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding (plus fees and expenses, including premiums, accrued and unpaid interest and defeasance costs) under the Indebtedness being Refinanced.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Related Taxes*" means any Taxes, including sales, use, transfer, rental, *ad valorem*, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes and other fees and expenses (other than (x) Taxes measured by income and (y) withholding Taxes), required to be paid (*provided* that such Taxes are in fact paid) by any Parent Entity by virtue of its:

(1) being incorporated, organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Company or any of the Company's Subsidiaries) or otherwise maintain its existence or good standing under applicable law;

(2) being a holding company parent, directly or indirectly, of the Company or any Subsidiaries of the Company;

(3) issuing or holding Subordinated Shareholder Funding;

(4) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Company or any Subsidiaries of the Company; or

(5) having made any (i) payment in respect to any of the items for which the Company is permitted to make payments to any Parent Entity pursuant to "*—Certain Covenants—Limitation on Restricted Payments*" or (ii) Permitted Tax Distribution.

"*Relevant Testing Period*" means (a) (if ending on a quarter date) each period of four consecutive financial quarters ending on a quarter date or, (b) (if ending on the day of a month not being a quarter date) the period of 12 consecutive months ending on the last day of a calendar month.

"*Remaining 2% Notes due 2025*" means the remaining 2% Notes due 2025 not validly tendered or accepted by the Company pursuant to the Tender Offer.

"*Restructuring Costs*" means costs or expenses relating to employee relocation, retraining, severance and termination, business interruption, reorganization and other restructuring or cost cutting measures, the rationalization, re branding, start up, reduction or elimination of product lines, assets or businesses, the consolidation, relocation or closure of retail, administrative or production locations and other similar items (for the avoidance of doubt, excluding any related capital expenditure).

"*Reserved Indebtedness Amount*" has the meaning set forth in the covenant described under "*—Certain Covenants—Limitation on Indebtedness*."

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"*Revolving Credit Facility*" means the revolving credit facility under the Senior Facilities Agreement.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Sale and Leaseback Transaction*" means any arrangement providing for the leasing by the Company or any of the Restricted Subsidiaries of any real or tangible personal property, which property has been or is to be sold or transferred by the Company or such Restricted Subsidiary to a third Person in contemplation of such leasing.

"*Screened Affiliate*" means any Affiliate of a Holder or, if the Holder is a Relevant Clearing System or its nominee, of a beneficial owner, (i) that makes investment decisions independently from such Holder or beneficial owner and any other Affiliate of such Holder that is not a Screened Affiliate, (ii) that has in place customary information screens between it and such Holder or beneficial owner and any other Affiliate of such Holder or beneficial owner that is not a Screened Affiliate and such screens prohibit the sharing of information with respect to the Company or its Subsidiaries, (iii) whose investment policies are not directed by such Holder or beneficial owner or any other Affiliate of such Holder or beneficial owner that is acting in concert with such Holder in connection with its investment in the Notes, and (iv) whose investment decisions are not influenced by the investment decisions of such Holder or beneficial owner or any other Affiliate of such Holder or beneficial owner that is acting in concert with such Holders or beneficial owners in connection with its investment in the Notes.

"*SEC*" means the Securities and Exchange Commission or any successor thereto.

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Securitization Asset*" means (a) any accounts receivable, mortgage receivables, loan receivables, royalty, patent or other revenue streams and other rights to payment or related assets and the proceeds thereof and (b) all collateral securing such receivable or asset, all contracts and contract rights, guarantees or other obligations in respect of such receivable or asset, lockbox accounts and records with respect to such account or asset and any other assets customarily transferred (or in respect of which security interests are customarily granted) together with accounts or assets in connection with a securitization, factoring or receivable sale transaction.

"*Securitization Facility*" means any of one or more securitization, financing, factoring or sales transactions, as amended, supplemented, modified, extended, renewed, restated or refunded from time to time, pursuant to which the Company or any of the Restricted Subsidiaries sells, transfers, pledges or otherwise conveys any Securitization Assets (whether now existing or arising in the future) to a Securitization Subsidiary or any other Person.

"*Securitization Fees*" means distributions or payments made directly or by means of discounts with respect to any Securitization Asset or participation interest therein issued or sold in connection with, and other fees and expenses (including reasonable fees and expenses of legal counsel) paid in connection with, any Qualified Securitization Financing or Receivables Facility.

"*Securitization Repurchase Obligation*" means any obligation of a seller of Securitization Assets or Receivables Assets in a Qualified Securitization Financing or a Receivables Facility to repurchase or otherwise make payments with respect to Securitization Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, offset or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Securitization Subsidiary*" means any Subsidiary of the Company in each case formed for the purpose of and that solely engages in one or more Qualified Securitization Financings and other activities reasonably related thereto or another Person formed for this purpose.

"*Security Documents*" means all security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the Security Interests in the Collateral.

"*Senior Facilities*" means the Senior Term Loan and the Revolving Credit Facility.

"*Senior Facilities Agreement*" means the senior facilities agreement originally dated August 3, 2017, by and among the Company, the other borrowers party thereto, the guarantors from time to time party thereto, Credit Suisse AG, London Branch, as agent and U.S. Bank Trustees Limited as security agent, and each lender from time to time party thereto, together with the related documents thereto (including the revolving loans thereunder, any letters of credit and reimbursement obligations related thereto, any Guarantees and security documents), as amended, extended, renewed, restated, refunded, replaced, refinanced, supplemented, modified or otherwise changed (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time and most recently pursuant to an amendment and restatement agreement dated March 14, 2024 between, amongst others, the Company and Credit Suisse AG, London Branch as agent.

"*Senior Notes*" means Topco's 6% senior notes due 2026.

"*Senior Secured Indebtedness*" means indebtedness included in the definition of Consolidated Total Indebtedness that is governed by the Intercreditor Agreement and constitutes Senior Secured Liabilities (as defined in the Intercreditor Agreement).

"*Senior Term Loan*" means a loan under a term loan facility made under the Senior Facilities Agreement or the principal amount outstanding of such loan.

"*Settlement*" means the transfer of cash or other property with respect to any credit or debit card charge, check or other instrument, electronic funds transfer, or other type of paper-based or electronic payment, transfer, or charge transaction for which a Person acts as a processor, remitter, funds recipient or funds transmitter in the ordinary course of its business.

"*Settlement Asset*" means any cash, receivable or other property, including a Settlement Receivable, due or conveyed to a Person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person or an Affiliate of such Person.

"*Settlement Indebtedness*" means any payment or reimbursement obligation in respect of a Settlement Payment.

"*Settlement Lien*" means any Lien relating to any Settlement or Settlement Indebtedness (and may include, for the avoidance of doubt, the grant of a Lien in or other assignment of a Settlement Asset in consideration of a Settlement Payment, Liens securing intraday and overnight overdraft and automated clearing house exposure, and similar Liens).

"*Settlement Payment*" means the transfer, or contractual undertaking (including by automated clearing house transaction) to effect a transfer, of cash or other property to effect a Settlement.

"*Settlement Receivable*" means any general intangible, payment intangible, or instrument representing or reflecting an obligation to make payments to or for the benefit of a Person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person.

"*Short Derivative Instrument*" means a Derivative Instrument (i) the value of which generally decreases, and/or the payment or delivery obligations under which generally increase, with positive changes to the Performance References and/or (ii) the value of which generally increases, and/or the payment or delivery obligations under which generally decrease, with negative changes to the Performance References.

"*Significant Subsidiary*" means any Restricted Subsidiary or group of Restricted Subsidiaries (taken together) that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the Issue Date, tested by reference to the most recent annual financial statements delivered in accordance with clause (1) of the covenant described under "—*Reports*."

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Company or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities engaged in by the Company or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, guarantees and indemnities entered into by the Company or any Subsidiary of the Company which the Company has determined in good faith to be customary in a Securitization Facility, including those relating to the servicing of the assets of a Securitization Subsidiary, it being understood that any Securitization Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking or, in the case of a Receivables Facility, a non-credit related recourse accounts receivable factoring arrangement.

"*Stated Maturity*" means, with respect to any Indebtedness, the date specified in the instrument governing such Indebtedness as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any Contingent Obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means, with respect to any Person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which ranks junior either in right of payment or security to the Notes or the Notes Guarantees pursuant to a written agreement.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Company by any Parent Entity, any Affiliate of any Parent Entity or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided, however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the date that is six months after the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition) or the making of any such payment prior to the date that is six months after the Stated Maturity of the Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to the date that is six months after the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the date that is six months after the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control, asset sale or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the date that is six months after the Stated Maturity of the Notes or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to the date that is six months after the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Subsidiaries;

(5) constitutes "Subordinated Liabilities" pursuant to the Intercreditor Agreement or, pursuant to its terms or to an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes and any Notes Guarantee pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the "Subordinated Liabilities" (as defined therein);

(6) is not Guaranteed by any Subsidiary of the Company;

(7) contains restrictions on transfer to a Person who is not a Parent Entity, any Affiliate of any Parent Entity, any holder of Capital Stock of a Parent Entity or any Affiliate of a Parent Entity or any Permitted Holder or any Affiliate thereof; *provided* that any transfer of Subordinated Shareholder Funding to any of the foregoing persons shall not be deemed to be materially adverse to the interests of the Holders; and

(8) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or any Notes Guarantee or compliance by the Company or any Guarantor with its obligations under the Notes, any Notes Guarantee or the Indenture.

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

  (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

  (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest and penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"*Techem Acquisition Completion Date*" means July 31, 2018.

"*Tendered 2% Notes due 2025*" means the 2% Notes due 2025 validly tendered and accepted for purchase by the Company pursuant to the Tender Offer.

"*Temporary Cash Investments*" means any of the following:

(1) any Investment in:

(a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any European Union member state, (iii) the United Kingdom, (iv) Australia, Japan, Norway or Switzerland, (v) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country with such funds or (vi) any agency or instrumentality of any such country or member state; or

(b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the Senior Facilities; or

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or (c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof, in each case, having capital and surplus aggregating in excess of €250.0 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Company or any of the Restricted Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Australia, Canada, Japan, Norway. Switzerland, the United Kingdom or any European Union member state or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB-" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States of America, Australia, Canada, a member state of the European Union, the United Kingdom, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250.0 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or

"A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) Investment funds investing 90% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*Topco*" means Techem Verwaltungsgesellschaft 674 mbH (formerly Blitz F18-674 GmbH), a limited liability company incorporated under the laws of Germany.

"*Transaction Expenses*" means any fees or expenses Incurred or paid by the Company or any Restricted Subsidiary in connection with the Transactions, including any fees, costs and expenses associated with settling any claims or action arising from a dissenting stockholder exercising its appraisal rights.

"*Transactions*" means (i) the issuance by the Issuer of €500 million aggregate principal amount of Notes offered hereby; (ii) the Tender Offer and the payment of the purchase price in respect of the Tendered 2% Notes due 2025, together with the accrued and unpaid interest thereon, up to but excluding the Tender Settlement Date, if such Tender Offer is not withdrawn and/or terminated in the Company's absolute and sole discretion; (iii) the satisfaction and discharge of the Company's and the Guarantors' obligations in respect of the Remaining 2% Notes due 2025 on or about the Issue Date by depositing an amount in cash sufficient to redeem the entire outstanding principal amount of the 2% Notes due 2025 at par on the Remaining 2% Notes due 2025 Redemption Date (being April 17, 2025), together with accrued and unpaid interest thereon, up to but excluding the Remaining 2% Notes due 2025 Redemption Date , with the trustee in respect of such Remaining 2% Notes due 2025 to be applied for the payment of interest on such Remaining 2% Notes due 2025 on the respective interest payment dates and for a redemption at par on the Remaining 2% Notes due 2025 Redemption Date; and (iv) the payment of costs, fees and expenses in connection with the foregoing transactions, including the fees and expenses to be incurred in connection with the Offering.

"*Trust Indenture Act*" means the Trust Indenture Act of 1939, as amended.

"*UCC*" means the Uniform Commercial Code as in effect from time to time in the State of New York; *provided*, *however*, that at any time, if by reason of mandatory provisions of law, any or all of the perfection or priority of a collateral agent's security interest in any item or portion of the Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as in effect, at such time, in such other jurisdiction for purposes of the provisions hereof relating to such perfection or priority and for purposes of definitions relating to such provisions.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Company that at the time of determination is an Unrestricted Subsidiary (as designated by the Company in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Company may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock of the Company or any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment, if any, of the Company in such Subsidiary complies with "*—Certain Covenants—Limitation on Restricted Payments*."

"*U.S. Bankruptcy Code*" means Title 11 of the United States Code, as amended.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness, Disqualified Stock or Preferred Stock, as the case may be, at any date, the quotient obtained by dividing:

(1) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or Preferred Stock multiplied by the amount of such payment; by

(2) the sum of all such payments.

"*Wholly Owned Subsidiary*" means a Restricted Subsidiary, all of the Capital Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly Owned Subsidiary) is owned by the Company or another Wholly Owned Subsidiary.

BOOK-ENTRY; DELIVERY AND FORM

General

The Senior Secured Notes sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (a "Rule 144A Global Note"). The Senior Secured Notes sold outside the United States in compliance with Regulation S under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (a "Regulation S Global Note" and, together with the Rule 144A Global Note, the "Global Notes"). The Global Notes will be deposited, on the Issue Date, with, or on behalf of, a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Note (the "Rule 144A Book-Entry Interests") and ownership of interests in the Regulation S Global Note (the "Regulation S Book-Entry Interests" and, together with the Rule 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Senior Secured Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of the Senior Secured Notes for any purpose.

So long as the Senior Secured 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 the Global Notes for all purposes under the Senior Secured Notes Indenture. In addition, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of the Senior Secured Notes under the Senior Secured Notes Indenture, respectively.

None of the Senior Secured Notes Issuer, the Paying Agent, the Transfer Agent, the Registrar or the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Definitive Registered Notes

Under the terms of the Senior Secured Notes Indenture, owners of the Book-Entry Interests will receive definitive registered Senior Secured Notes in certificated form ("Definitive Registered Notes") only:

(i) if either Euroclear or Clearstream notifies the Senior Secured Notes Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Senior Secured Notes Issuer within 120 days; or

(ii) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an event of default under the Senior Secured Notes Indenture and enforcement action is being taken in respect thereof under the Senior Secured Notes Indenture.

In such an event, the Senior Secured Notes Issuer will instruct the Registrar to issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or us, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Senior Secured Notes Indenture, unless that legend is not required by the Senior Secured Notes Indenture or applicable law.

To the extent permitted by law, the Senior Secured Notes Issuer, the Trustee, the Paying Agent, the Transfer Agent and the Registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the relevant Global Notes will be evidenced through registration from time to time at the registered office of the Senior Secured Notes Issuer and such registration is a means of evidencing title to the Senior Secured Notes.

We will not impose any fees or other charges in respect of the Senior Secured Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Senior Secured 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), by lot or on such other basis as they deem fair and appropriate (including the pool factor) unless otherwise required by law or applicable stock exchange or depositary requirements; provided, however, that no Book-Entry Interest of less than €100,000 principal amount may be redeemed in part.

Payments on Global Notes

The Senior Secured Notes Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the Paying Agent, which will make payments to Euroclear and Clearstream. Euroclear and Clearstream will distribute such payments to participants in accordance with their customary procedures. The Senior Secured Notes Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes—Withholding Taxes*." If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Withholding Taxes*," we will pay additional amounts as may be necessary in order for 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 Senior Secured Notes 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 Senior Secured Notes Indenture, the Senior Secured Notes Issuer, the Trustee, the Registrar, the Transfer Agent and the Paying Agent and their respective agents will treat the registered holders of the Global Notes (i.e., the common depositary for Euroclear or Clearstream (or its nominee)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Senior Secured Notes Issuer, the Trustee, the Paying Agent, the Transfer Agent, the Registrar or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by Euroclear or Clearstream or any participant or indirect participant or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- any other matters relating to the actions and practices of Euroclear, Clearstream or any participant or indirect participant; or
- the records of the common depositary.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests to such Senior Secured Notes through Euroclear or Clearstream in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Senior Secured Notes (including the presentation of Senior Secured Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Senior Secured 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 Senior Secured Notes, Euroclear and Clearstream, at the request of the holders of the Senior Secured Notes, reserve the right to exchange the Global Notes for Definitive Registered Notes and to distribute such Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a holder of Senior Secured Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Senior Secured Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Senior Secured Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Senior Secured Notes Indenture.

The Global Notes will bear a legend to the effect set forth under "*Transfer Restrictions*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Transfer Restrictions.*"

Transfers of Rule 144A Book Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Senior Secured Notes Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Senior Secured Notes Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Transfer Restrictions" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee and the Registrar a written certificate (in the form provided in the Senior Secured Notes Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Senior Secured Notes. See "*Transfer Restrictions*."

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We have provided the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. None of us, the Trustee, the Paying Agent, the Transfer Agent, the Registrar or the Initial Purchasers are responsible for those operations or procedures.

We understand as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream system, or otherwise take action in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Senior Secured Notes represented by the Global Notes are expected to be listed on the Official List of the Exchange. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Senior Secured Notes Issuer, any Guarantor, the Initial Purchasers, the Trustee, the Transfer Agent, the Registrar or the Paying Agent will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Senior Secured Notes will be made in euros. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Trustee's Powers

While title to the Senior Secured Notes is registered in the name of a nominee of Euroclear or Clearstream, the Trustee may rely without further investigation on any information provided to it by Euroclear or Clearstream as to the identity (either individually or by category) of its participants with entitlements to Senior Secured Notes and may consider such Book-Entry Interests as if such participants were the holders of the Senior Secured Notes.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Senior Secured Notes offered hereby.

The Senior Secured Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Senior Secured Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States in offshore transactions in reliance on Regulation S.

We have not registered and will not register the Senior Secured Notes or the Guarantees under the U.S. Securities Act and, therefore, the Senior Secured Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, we are offering and selling the Senior Secured Notes to the Initial Purchasers for re-offer and resale only:

- in the United States to "qualified institutional buyers," commonly referred to as "QIBs," as defined in Rule 144A in compliance with Rule 144A; and
- outside the United States in offshore transactions in accordance with Regulation S.

We use the terms "offshore transaction" and "United States" with the meanings given to them in Regulation S.

Each purchaser of the Senior Secured Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Senior Secured Notes Issuer and the Initial Purchasers as follows:

(1) It understands and acknowledges that the Senior Secured Notes and the Guarantees have not been registered under the U.S. Securities Act or any other applicable state securities laws, and that the Senior Secured Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any state securities law, including sales pursuant to Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable state 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 forth in paragraphs (4) and (5) below.

(2) It is not an "affiliate" (as defined in Rule 144) of the Senior Secured Notes Issuer or acting on behalf of the Senior Secured Notes Issuer and it is either:

    (i) a QIB and is aware that any sale of the Senior Secured Notes to it will be made in reliance on Rule 144A, and the acquisition of the Senior Secured Notes will be for its own account or for the account of another QIB; or

    (ii) purchasing the Senior Secured Notes in an offshore transaction in accordance with Regulation S.

(3) It acknowledges that none of the Senior Secured Notes Issuer, the Guarantors, the Trustee, the Paying Agent, the Transfer Agent, the Registrar or the Initial Purchasers, or any person representing any of them, have made any representation to it with respect to the offering or sale of any Senior Secured 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 Senior Secured Notes. It has had access to such financial and other information concerning us, the Senior Secured Notes Issuer and its subsidiaries and the Senior Secured Notes as it has deemed necessary in connection with its decision to purchase any of the Senior Secured Notes, including an opportunity to ask questions of, and request information from, the Senior Secured Notes Issuer and the Initial Purchasers. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers makes any representation or warranty as to the accuracy or completeness of this Offering Memorandum. It acknowledges that we, and not the Initial Purchasers, have ultimate authority over the statements contained in this Offering Memorandum, including the content of those statements and whether and how to communicate them.

(4) It is purchasing the Senior Secured 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 U.S. 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 Senior Secured Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) Each holder of Senior Secured Notes issued in reliance on Rule 144A ("Rule 144A Senior Secured Notes") agrees on its own behalf and on behalf of any investor account for which it is purchasing Senior Secured Notes, and each subsequent holder of the Rule 144A Senior Secured Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Senior Secured Notes prior to the date (the "Resale Restriction Termination Date") that is one year after the later of the Issue Date and the last date on which the Senior Secured Notes Issuer or any of its affiliates was the owner of such Senior Secured Notes (or any predecessor thereto) only (i) to the Senior Secured Notes Issuer, the Guarantors or any subsidiary thereof, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Senior Secured Notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S, or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Senior Secured Notes Issuer's and the Trustee's rights prior to any such offer, sale or transfer pursuant to clause (v) to require that a certificate of transfer in the form appearing on the reverse of the security 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. Each purchaser acknowledges that each Rule 144A Senior Secured Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "*U.S. SECURITIES ACT*"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF, AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "*RESALE*

RESTRICTION TERMINATION DATE") THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND 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 PURSUANT TO CLAUSE (E) 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 TRUSTEE; AND AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If it purchases Senior Secured Notes, it will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in Senior Secured Notes as well as to holders of these Senior Secured Notes.

(6) It agrees that it will give to each person to whom it transfers Senior Secured Notes notice of any restrictions on transfer of such Senior Secured Notes. It acknowledges that the Registrar will not be required to accept for registration or transfer any Senior Secured Notes acquired by it except upon presentation of evidence satisfactory to the Senior Secured Notes Issuer and the Registrar that the restrictions set forth therein have been complied with.

(7) It acknowledges that the Senior Secured Notes Issuer, the Initial Purchasers, the Trustee, the Transfer Agent, the Registrar, the Paying Agent and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of Senior Secured Notes is no longer accurate, it shall promptly notify the Initial Purchasers. If it is acquiring any Senior Secured 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.

(8) It understands that no action has been taken in any jurisdiction (including the United States) by the Senior Secured Notes Issuer, any of the Guarantors or the Initial Purchasers that would result in a public offering of the Senior Secured Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Senior Secured Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Senior Secured Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*."

(9) It acknowledges that until 40 days after the commencement of the Offering, any offer or sale of the Senior Secured Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the U.S. Securities Act.

TAX CONSIDERATIONS

Certain German Tax Considerations

The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of the Senior Secured Notes. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase Senior Secured Notes and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the tax laws of Germany currently in force and as applied on the date of this Offering Memorandum, which are subject to change, possibly with retroactive or retrospective effect.

Prospective purchasers of the Senior Secured Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposal of the Senior Secured Notes, including the effect of any state, local or church taxes, under the tax laws of Germany and any country of which they are resident or whose tax laws apply to them for other reasons.

Withholding Tax

Ongoing interest payments received by an individual holder of the Senior Secured Notes who is a German tax resident (i.e., persons whose residence, habitual abode, statutory seat or place of effective management is located in Germany) will be subject to German withholding tax (*Kapitalertragsteuer*) if the Senior Secured Notes are kept or administered in a custodial account with or presented for an over-the-counter payment to a German securities institution or a German branch of a German or non-German bank or financial services institution or if no German bank or financial institution is the Disbursing Agent, the Issuer (each, a “Disbursing Agent” (*inländische auszahlende Stelle*)). The withholding tax rate to be withheld by the Disbursing Agent is 25% (plus the solidarity surcharge at a rate of 5.5% thereon, the total withholding being 26.375%, plus church tax, if applicable). Church tax will be collected by the Disbursing Agent by way of withholding unless the holder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*), in which case the holders will have to include the income in the tax return and will then be assessed for church tax. Further, church tax is not collected by way of withholding if the investment income forms part of income from trade business, self-employment, agriculture and forestry, or letting and leasing. The Senior Secured Notes Issuer of the Senior Secured Notes should under German law not be required to deduct withholding tax from the proceeds of the investment in the Senior Secured Notes.

The same treatment applies to capital gains (i.e., the difference between the proceeds from the disposal, redemption, repayment or assignment after the deduction of expenses directly related to the disposal, redemption, repayment or assignment and the cost of acquisition taking into account currency gains and losses, if any) and interest accrued on the Senior Secured Notes (“Accrued Interest,” *Stückzinsen*) derived by an individual holder who is a German tax resident irrespective of any holding period provided that the Senior Secured Notes have been held in a custodial account with the same Disbursing Agent since the time of their acquisition. If interest coupons or interest claims are disposed of separately (i.e., without the Senior Secured Notes), the proceeds from the disposal are subject to withholding tax. The same applies to proceeds from the redemption of interest coupons or the payment of interest claims if the Senior Secured Notes have been disposed of separately.

To the extent that the Senior Secured Notes have not been kept or administered in a custodial account with the same Disbursing Agent since the time of their acquisition, upon their disposal, redemption, repayment or assignment withholding tax applies at a rate of 25% (plus the solidarity surcharge at a rate of 5.5% thereon, the total withholding being 26.375%, plus church tax, if applicable) on 30% of the disposal proceeds (plus Accrued Interest, if any), unless the current Disbursing Agent has been provided with evidence of the actual acquisition costs of the Senior Secured Notes by the previous Disbursing Agent or by a statement of a bank, financial services or securities institution within the European Union, the EEA or the countries/territories Luxembourg, Austria, the Swiss Confederation, the Republic of San Marino, the Principality of Liechtenstein, the Principality of Monaco, the Principality of Andorra, Curacao and Sint Maarten. If the withholding tax on a disposal, redemption, repayment or assignment of the Senior Secured Notes has been calculated on the basis of 30% of the disposal proceeds (rather than from the actual gain), a German tax resident individual holder may also apply for an assessment on the basis of its actual acquisition costs; however, if the actual gain is higher than 30% of the disposal proceeds a German tax resident individual holder is obligated to apply for an assessment on the basis of its actual acquisition costs.

In computing any German withholding tax, the Disbursing Agent may generally deduct from the basis of the withholding tax negative investment income realized by the individual holder of the Senior Secured Notes via the Disbursing Agent (e.g., losses from the sale of other securities with the exception of shares in stock corporations and forward transactions). The Disbursing Agent may also deduct Accrued Interest on the Senior Secured Notes or other securities paid separately upon the acquisition of the respective security via the Disbursing Agent. In addition, subject to certain requirements and restrictions, the Disbursing Agent may credit foreign withholding taxes levied on investment income in a given year regarding securities held by the individual holder in the custodial account with the Disbursing Agent.

Upon the individual holder filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take a maximum annual allowance (*Sparer-Pauschbetrag*) of €1,000 (€2,000 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly) into account when computing the amount of tax to be withheld from the gross payment to be made by the Disbursing Agent. No withholding tax will be deducted if the holder of the Senior Secured Notes has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs Bescheinigung*) issued by the competent tax authorities.

German withholding tax will generally not apply to gains from the disposal, redemption, repayment or assignment of Senior Secured Notes held by a corporate holder who is a German tax resident (including via a commercial partnership, as the case may be, and provided that in the case of corporations of certain legal forms the status of "corporation" has been evidenced by a certificate of the competent tax authorities) while ongoing payments, such as interest payments, are subject to withholding tax (irrespective of any deductions of foreign tax and losses incurred). The same may apply where the Senior Secured Notes form part of a trade or business (of an individual or of a commercial partnership) subject to further requirements being met.

Non-residents of Germany are, in general, not subject to German withholding tax on investment income and the solidarity surcharge thereon. However, where the interest or capital gain is subject to German taxation (as outlined below under "*—Taxation of Current Income and Capital Gains—Non-Tax Residents*") and the Senior Secured Notes are held in a custodial account with a German Disbursing Agent, withholding tax will be levied under certain circumstances. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty (*Doppelbesteuerungsabkommen*). In addition, non-residents of Germany may be subject to German withholding tax if they are resident in a non-cooperative tax jurisdiction (*nicht kooperatives Steuerhoheitsgebiet*) which is mentioned on the EU list of non-cooperative tax jurisdictions (as outlined below under "*—Act Combating Tax Avoidance and Unfair Tax Competition*").

Taxation of Current Income and Capital Gains

Tax Residents

This subsection "*—Tax Residents*" refers to persons who are tax residents of Germany (i.e., persons whose residence, habitual abode, statutory seat or place of effective management and control is located in Germany).

Income derived from capital investments under the Senior Secured Notes held by an individual holder who is tax resident in Germany is in general subject to German income tax at a flat-tax rate of 25% (plus solidarity surcharge and church tax, if applicable, thereon) (*Abgeltungsteuer*) if the Senior Secured Notes are held as a private investment (*Privatvermögen*). Individual holders who are tax resident in Germany are entitled to a maximum annual allowance (*Sparer-Pauschbetrag*) of €1,000 (€2,000 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly), whereby actually incurred higher expenses directly attributable to a capital investment are not deductible.

The personal income tax liability of an individual holder who is tax resident in Germany on income from capital investments under the Senior Secured Notes will, in principle, be satisfied by the tax withheld (as described under "—*Withholding Tax*" above). To the extent that withholding tax has not been levied, such as in the case of Senior Secured Notes kept in custody abroad or if no Disbursing Agent being involved in the payment process or if the withholding tax on the disposal, redemption, repayment or assignment has been calculated from 30% of the disposal proceeds (rather than the actual gain), the individual holder must include its interest income and capital gains derived from the Senior Secured Notes in its annual tax return and will then also be taxed at a rate of 25% (plus the solidarity surcharge and, where applicable, church tax thereon). Furthermore, an individual holder may apply for the taxation of all investment income of a given year at its lower individual tax rate based upon an assessment to tax with any amounts over-withheld being refunded. In each case, the deduction of expenses (other than transaction costs) on an itemized basis is not permitted. Losses incurred with respect to the Senior Secured Notes may only be offset with investment income of the individual holder realized in the same or following assessment periods.

Losses arising from a bad debt loss (*Forderungsausfall*), a waiver of a receivable (*Forderungsverzicht*) or a transfer of an impaired receivable to a Third-party or from any other default can only be offset against other income from capital investments and only up to an amount of €20,000 per year. Respective losses exceeding the amount of €20,000 can be carried forward and might be usable in future tax periods (together with current capital investment losses of each such tax period) up to an amount of €20,000 per year. Given that this offset with losses will be applied by the Disbursing Agent (as defined above) holding the Notes in custody, Noteholders suffering losses are required to declare such losses in their income tax return.

Where Senior Secured Notes form part of a trade or business of an individual or corporate holder or the income from the Senior Secured Notes qualifies as income from the letting and leasing of property, the withholding tax, if any, will not satisfy the personal or corporate income tax liability. Rather, the income is subject to individual or corporate income tax (plus the solidarity surcharge and, where applicable, church tax). Where Senior Secured Notes form part of a trade or business, interest (including Accrued Interest) and capital gains must be taken into account as income. The respective holder must include income and related (business) expenses in the annual tax return and the balance will be taxed at the holder's applicable tax rate. Withholding tax levied, if any, will be credited as advance payment against the personal or corporate income tax liability of the holder or, to the extent exceeding this personal or corporate income tax liability, be refunded. Where Senior Secured Notes form part of a German trade or business the current income and gains from the disposal, redemption, repayment or assignment of the Senior Secured Notes may also be subject to German trade tax (Gewerbesteuer). The trade tax liability depends on the municipal trade tax factor (*Gewerbesteuerhebesatz*). If the holder is an individual or an individual partner of a partnership, the trade tax may generally be completely or partly credited against the personal income tax pursuant to a lump sum tax credit method.

Non-Tax Residents

This subsection "—*Non-Tax Residents*" refers to persons who are not tax residents of Germany (i.e., persons whose residence, habitual abode, statutory seat and place of effective management and control is not located in Germany).

Interest and capital gains (which include Accrued Interest and currency gains and losses, if any) from the disposal, redemption, repayment or assignment of the Senior Secured Notes received by holders who are not tax resident in Germany are generally not subject to German taxation, unless (i) the Senior Secured Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder; (ii) the income otherwise constitutes German-source income (such as income from the letting and leasing of certain German-situs property or income from capital investments directly or indirectly secured by German-situs real estate or income from a hybrid instrument issued by a German tax resident issuer, unless the Senior Secured Notes qualify as global certificates (*Sammelurkunden*) within the meaning of Section 9a of the German Custody Act (*Depotgesetz*) or as fungible notes representing the same issue (*Teilschuldverschreibungen*)) or (iii) the income is attributable to an investor resident in a non-cooperative tax jurisdiction (*nicht kooperatives Steuerhoheitsgebiet*) which is mentioned on the EU list of non-cooperative tax jurisdictions (as outlined below under "*—Act Combating Tax Avoidance and Unfair Tax Competition*"). We expect the Senior Secured Notes to qualify for the exception in case (ii) so long as they are held in global form. In cases (i) and (ii) a tax regime similar to that explained above under "*—Tax Residents*" applies. Furthermore, the holders who are not tax resident in Germany may become subject to German withholding tax in case they receive the proceeds by way of an over-the-counter payment by a German Disbursing Agent and the Senior Secured Notes are not held in custody with the same German Disbursing Agent. Subject to certain requirements a holder who is not tax resident in Germany may benefit from tax reductions or tax exemptions provided by an applicable tax treaty.

Abolishment of Solidarity Surcharge

The solidarity surcharge has been partially abolished as of the assessment period 2021 for certain individuals. The solidarity surcharge, however, continues to apply for capital investments and, thus, on withholding taxes levied. In case the individual income tax burden for an individual holder is lower than 25% the holder can apply for his/her capital investment income being assessed at his/her individual tariff-based income tax rate in which case solidarity surcharge would be refunded.

Inheritance and Gift Tax

A gratuitous transfer of Senior Secured Notes by reason of death or as a gift will be subject to German inheritance or gift tax if the decedent, donor or the heir, donee or other beneficiary is at the time of the transfer a resident or deemed to be a resident of Germany. If neither the holder nor the recipient is a resident or deemed to be a resident of Germany at the time of the transfer, no German inheritance or gift taxes will be levied unless (i) the Senior Secured Notes are attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed in Germany or (ii) the obligations under the Senior Secured Notes are directly or indirectly secured by German-situs real estate (unless the Senior Secured Notes qualify as fungible notes representing the same issue (*Teilschuldverschreibungen*)). We expect the Senior Secured Notes to qualify for this exception so long as they are held in global form. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany.

Other Taxes

No stamp, issue or registration taxes or similar duties will be payable in Germany in connection with the issuance, delivery or execution of the Senior Secured Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany.

The Proposed Financial Transactions Tax

The EU Commission and certain EU member states (including Germany) are intending to introduce a financial transaction tax (presumably on secondary market transactions involving at least one financial intermediary). The timing of its potential introduction is, however, still unclear. The implementation of a financial transaction tax in Germany is no longer included in the most recent coalition agreement signed on December 7, 2021. Prospective holders of the Senior Secured Notes are advised to seek their own professional advice in relation to the financial transaction tax.

Proposed Abolishment of German Withholding Tax on Interest Income

There is an ongoing discussion in Germany whether the current flat taxation (*Abgeltungsteuer*) of 25% (plus solidarity surcharge at a rate of 5.5% thereon, the total withholding being 26.375%, plus church tax, if applicable) on interest income received by private individuals, should be increased or abolished so that investment income would be taxed at the individual taxpayer's income tax rates. It is still unclear whether, how and when the current discussion may result in any legislative changes. As a result of such amendment, interest on the Senior Secured Notes could become subject to a taxation at a respective noteholder's individual personal tax rate—where such noteholder is a tax resident of Germany—up to a tax rate of 45% (plus solidarity surcharge at a rate of 5.5% thereon, the total withholding being 26.375%, plus church tax, if applicable).

Act Combating Tax Avoidance and Unfair Tax Competition

Pursuant to the Act Combating Tax Avoidance and Unfair Tax Competition (*Gesetz zur Abwehr von Steuervermeidung und unfairem Steuerwettbewerb*), which entered into force in Germany on June 26, 2021, income generated, inter alia, from financial relationships (*Finanzierungsbeziehungen*) is subject to a withholding tax if the creditor of such financial relationships is resident in a non-cooperative tax jurisdiction (*nicht kooperatives Steuerhoheitsgebiet*) which is mentioned on the EU list of non-cooperative tax jurisdictions, as amended from time to time.

Since there are currently neither official guidelines from the legislator and/or the German tax authorities nor court rulings on the interpretation of the term 'financial relationships' (*Finanzierungsbeziehungen*) available, it cannot be excluded that issuers of exchange listed notes such as the Notes are obliged to effect a deduction from the payment under such notes to Noteholders resident in non-cooperative tax jurisdictions pursuant to this law.

Should this be the case, the Senior Secured Notes Issuer would be obliged to effect a withholding of taxes from payments of interest made to Noteholders resident in non-cooperative tax jurisdictions. However, according to recently introduced legislation no withholding tax will be levied if bearer notes are represented by a global note (*Sammelurkunde*), are held in collective safe custody with a central depositary, and are tradable on a recognized stock exchange.

***ATAD 3* (*Shell Entities*)**

On December 22, 2021, the Council of the European Union published the proposal for a Council Directive laying down rules to prevent the misuse of so-called shell entities for tax purposes and amending Directive 2011/16/EU. Under this ATAD 3 proposal, certain reporting obligations would be imposed on entities resident in an EU member state for tax purposes that cross certain substance 'gateways'. If, in addition, these entities qualify as shell entities pursuant to specific substance tests, they would not be able to access the benefits of double tax treaties in force with their jurisdiction of residence, as well as of certain EU Directives.

Certain United States Federal Income Tax Considerations

General

The following discussion is a summary of certain U.S. federal income tax considerations of the purchase, ownership and disposition of the Senior Secured Notes, but does not purport to be a complete analysis of all potential tax effects. The summary is limited to considerations relevant to a U.S. Holder (as defined below), except for the discussions below under "—*Foreign Account Tax Compliance*," and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws, such as estate and gift tax laws or any state, local or non-U.S. tax laws.

This discussion is based upon the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change at any time, possibly with retroactive effect which could significantly affect the accuracy of the U.S. federal income tax considerations described below. No rulings from the U.S. Internal Revenue Service (the "IRS") have been or are expected to be sought with respect to the matters discussed below. The discussion below is not binding upon the IRS or the courts. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Senior Secured Notes than those discussed herein or that a court would not sustain any such position in the event of litigation. A different treatment than that assumed below could adversely affect the amount, timing and character of income, gain or loss in respect of an investment in the Senior Secured Notes.

This discussion does not address all of the U.S. federal income tax considerations that may be relevant to a U.S. Holder in light of such U.S. Holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income, the alternative minimum tax, the base erosion and anti-abuse tax under Section 59A of the Code, or special tax accounting rules that apply as a result of gross income with respect to the Senior Secured Notes being taken into account on an "applicable financial statement" (as defined in Section 451 of the Code) or to holders subject to special rules, such as banks, brokers-dealers, mutual funds, small business investment companies, certain financial institutions, U.S. expatriates, insurance companies, individual retirement and other tax deferred accounts, dealers in securities or currencies, traders in securities, U.S. Holders whose functional currency is not the U.S. dollar, tax-exempt entities, regulated investment companies, real estate investment trusts, partnerships, subchapter S corporations or other pass-through entities and investors in such entities, entities covered by the U.S. anti-inversion rules, persons that actually or constructively own 10% or more of the combined voting power of our voting stock or of the total value of our stock, and persons holding the Senior Secured Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons who purchase the Senior Secured Notes for cash at original issue at their "issue price" (i.e., the first price at which a substantial amount of the Senior Secured Notes is sold to investors for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Senior Secured Notes as capital assets (generally, property held for investment) within the meaning of Section 1221 of the Code.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of a Senior Secured Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia, (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code) have the authority to control all substantial decisions of the trust, or if the trust has a valid election under the applicable Treasury regulations in place to be treated as a "United States person" (within the meaning of Section 7701(a)(30) of the Code).

If any entity treated as a partnership for U.S. federal income tax purposes holds the Senior Secured Notes, the U.S. tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partner and the partnership. A partnership considering an investment in the Senior Secured Notes, and partners in such a partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Senior Secured Notes.

The summary of certain U.S. federal income tax considerations set forth below is for general information purposes only. Prospective purchasers of the Senior Secured Notes should consult their tax advisors concerning the tax consequences of holding Senior Secured Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of U.S. federal estate and gift tax laws and state, local, non-U.S. or other tax laws.

IPO Debt Pushdown

Under certain circumstances, we may undertake an IPO Debt Pushdown (as described under "—*Provisions following an IPO*"), pursuant to which the Senior Secured Notes Issuer is entitled to give notice that the terms of the Debt Documents shall operate on the basis that references to the Senior Secured Group (and all related provisions) shall apply only to the IPO Debt Pushdown Entity and its Subsidiaries which are Restricted Subsidiaries. Such a modification to the terms of the Senior Secured Notes could be treated for U.S. federal income tax purposes as a deemed exchange of (i) the Senior Secured Notes as in place prior to such modifications for (ii) new Senior Secured Notes as in place after such modifications ("New Notes"). If such modifications resulted in a deemed exchange, such a deemed exchange could be treated as a taxable transaction for U.S. federal income tax purposes in which certain beneficial owners of the Senior Secured Notes could be required to recognize gain or loss. The amount of any gain or loss recognized upon such a deemed exchange of a Senior Secured Note for a New Note would be determined by reference to the "issue price" of the New Note. The issue price of a New Note will equal the fair market value of such Senior Secured Note or such New Note at the time of the deemed exchange if such Senior Secured Note or such New Note were considered "publicly traded" for U.S. federal income tax purposes. If the IPO Debt Pushdown is treated as a taxable transaction for U.S. federal income tax purposes, a U.S. Holder's holding period in a New Note treated as received in the IPO Debt Pushdown generally will commence on the day after the IPO Debt Pushdown, and tax basis in such New Note would generally equal the issue price of such New Note. Generally, any gain or loss recognized as a result of such deemed exchange will be taxed under the rules described under "*—Sale, Exchange, Retirement, Redemption, or Other Taxable Disposition of the Senior Secured Notes*." If the issue price of such New Note is less than its stated redemption price at maturity by a de minimis amount or more than a de minimis amount, such New Note will be treated as issued with original issue discount ("OID") for U.S. federal income tax purposes. In such event, U.S. Holders would be required to include such OID in their income (as ordinary income) as it accrues, in advance of the receipt of cash corresponding to such income on the Senior Secured Notes. U.S. Holders should consult their own tax advisors as to the U.S. federal income tax considerations relating to modification of the Senior Secured Notes in connection with the IPO Debt Pushdown, including the U.S. federal income tax considerations of a deemed exchange and resulting OID, if any. In addition, the determination of whether the deemed New Notes are treated as foreign currency contingent payment debt instruments would be made at the time of the modification.

Additional Payments

In certain circumstances (see "*Description of the Notes—Change of Control*," "*Description of the Notes—Optional Redemption*," and "*Description of the Notes—Withholding Taxes*") we may be obligated or elect to pay amounts in excess of stated interest or principal on the Senior Secured Notes. If any such payment is treated as a contingent payment, subject to certain exceptions, the Senior Secured Notes may be treated as contingent payment debt instruments, in which case the timing and amount of income inclusions and the character of income recognized may be different from the consequences discussed herein. Although the issue is not free from doubt, we intend to take the position that the possibility of such additional amounts payable on the Senior Secured Notes is a remote or incidental contingency within the meaning of applicable Treasury regulations as of the date hereof, and thus does not result in the Senior Secured Notes being treated as contingent payment debt instruments under applicable Treasury regulations.

Our determination is binding on a U.S. Holder, unless such U.S. Holder explicitly discloses to the IRS on its tax return for the year during which it acquires the Senior Secured Notes that it is taking a different position. However, our position is not binding on the IRS. If the IRS takes a contrary position to that described above, a U.S. Holder may be required to accrue income on its Senior Secured Notes based upon a comparable yield, regardless of its method of accounting. The "comparable yield" is the yield at which we would issue a fixed rate debt instrument with no contingent payments, but with terms and conditions otherwise similar to those of the Senior Secured Notes, and may exceed the stated interest rate. In addition, any gain on the sale, exchange, redemption, or other taxable disposition of the Senior Secured Notes would generally be recharacterized as ordinary income. U.S. Holders should consult their tax advisors regarding the tax consequences if the Senior Secured Notes were treated as contingent payment debt instruments. The discussion below assumes that the Senior Secured Notes will not be treated as contingent payment debt instruments.

Payments of Stated Interest

It is anticipated, and this discussion assumes, that the Senior Secured Notes will not be issued with OID for U.S. federal income tax purposes. Subject to the foreign currency rules discussed below, a U.S. Holder will be taxed on any stated interest income on a Senior Secured Note (including additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) as ordinary income at the time the interest income is received or when it accrues, depending on the U.S. Holder's methods of accounting for U.S. tax purposes.

A U.S. Holder that uses the cash method of tax accounting will be required to include in income (as ordinary income) the U.S. dollar value of the euro-denominated interest payment on a Senior Secured Note based on the spot rate of exchange on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. No foreign currency exchange gain or loss will be recognized with respect to the receipt of such payment (other than foreign currency exchange gain or loss realized on the disposition of the euros so received; see "*—Exchange of Foreign Currency*").

A U.S. Holder that uses the accrual method of tax accounting (or who is otherwise required to accrue interest prior to receipt) will accrue stated interest income (as ordinary income) on a Senior Secured Note in euros and translate the amount accrued into U.S. dollars based on:

- the average exchange rate in effect during the interest accrual period, or portion thereof, within such U.S. Holder's taxable year; or
- at such U.S. Holder's election, at the spot rate of exchange on (i) the last day of the accrual period, or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year or (ii) the date of receipt, if such date is within five business days of the last day of the accrual period. Such election must be applied consistently by the U.S. Holder to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder and can be changed only with the consent of the IRS. U.S. Holders should consult their own tax advisors as to the advisability of making such election.

A U.S. Holder that uses the accrual method of tax accounting will recognize foreign currency exchange gain or loss on the receipt of a stated interest payment (including, upon the sale of a Senior Secured Note, the receipt of proceeds which include amounts attributable to accrued but unpaid interest previously included in income) to the extent of the difference between (i) the value of the euros received as interest, as translated into U.S. dollars using the spot rate of exchange on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars, and (ii) the U.S. dollar value of the stated interest previously included in income with respect to such payment. Such foreign currency exchange gain or loss will be treated as ordinary income or loss, generally will be treated as U.S. source, and generally will not be treated as an adjustment to interest income received on the Senior Secured Notes.

Foreign Tax Credit

Subject to the discussion of exchange gain or loss above, stated interest on a Senior Secured Note generally will be income from sources outside of the United States and, for purposes of calculating any

U.S. foreign tax credits, generally will be considered passive category income. Any non-U.S. withholding tax paid with respect to the Senior Secured Notes held by a U.S. Holder at the rate applicable to such holder may be eligible for foreign tax credits (or a deduction in lieu of such credits) for U.S. federal income tax purposes. There are significant limitations on a U.S. Holder's ability to claim foreign tax credits. The rules governing the calculation of foreign tax credits are complex and depend on a U.S. Holder's particular circumstances, and recent Treasury regulations have imposed additional requirements that must be met for a foreign tax to be creditable (including requirements that a "covered withholding tax" be imposed on nonresidents in lieu of a generally applicable tax that satisfies the regulatory definition of an "income tax," which may be unclear or difficult to determine). U.S. Holders should consult their tax advisors regarding the creditability or deductibility of any withholding taxes.

Sale, Exchange, Retirement, Redemption, or Other Taxable Disposition of the Senior Secured Notes

Upon the sale, exchange, retirement at maturity, redemption or other taxable disposition of a Senior Secured Note, except as noted below with respect to foreign currency exchange gain or loss, a U.S. Holder generally will recognize capital gain or loss to the extent of the difference between the amount realized by such U.S. Holder (except to the extent such amount is attributable to accrued but unpaid interest not previously included in income, which will be taxable as described above under "—*Payments of Stated Interest*") and such U.S. Holder's adjusted tax basis in the Senior Secured Note. Subject to the discussion below, the adjusted tax basis of a Senior Secured Note to a U.S. Holder will generally be the U.S. dollar value of the euro purchase price calculated at the spot rate of exchange on the date of purchase. If a U.S. Holder receives euros on the disposition of a Senior Secured Note, the amount realized by such U.S. Holder will generally be the U.S. dollar value of the euros received calculated at the spot rate of exchange on the date of disposition.

If the Senior Secured Notes are traded on an established securities market, a U.S. Holder that uses the cash method of tax accounting, and if it so elects, a U.S. Holder that uses the accrual method of tax accounting, will determine the U.S. dollar values of its adjusted tax bases in a Senior Secured Note and the amount realized on the disposition of a Senior Secured Note by translating euro amounts at the spot rate of exchange on the settlement date of the purchase or the disposition, respectively. The election available to accrual basis U.S. Holders discussed above must be applied consistently by the U.S. Holder to all debt instruments from year to year and can be changed only with the consent of the IRS. An accrual-basis U.S. Holder that does not make the election will recognize foreign currency exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date, and such gain or loss generally will constitute U.S.-source ordinary income or loss.

Any capital gain or loss recognized upon the sale, exchange, retirement, redemption, or other taxable disposition of a Senior Secured Note will be long-term capital gain or loss if the U.S. Holder's holding period for the Senior Secured Notes exceeds one year on the date of disposition. Long-term capital gains recognized by non-corporate U.S. Holders are eligible for reduced rates of taxation. Capital gain or loss, if any, recognized by a U.S. Holder generally will be treated as U.S.-source income or loss for purposes of calculating the U.S. foreign tax credit limitation. The deductibility of capital losses is subject to limitations.

Gain or loss recognized by a U.S. Holder on a sale, exchange, retirement at maturity, redemption or other taxable disposition of a Senior Secured Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in the euro-to-U.S.-dollar exchange rate with respect to the principal amount of such Senior Secured Note during the period in which the U.S. Holder held such Senior Secured Note. For these purposes, the "principal amount" of a Senior Secured Note is the U.S. Holder's euro purchase price of the Note. Such foreign currency exchange gain or loss will equal the difference between the U.S. dollar value of the euro purchase price calculated at the spot rate of exchange on the date (i) the Senior Secured Note is disposed of (or the spot rate on the settlement date, if applicable) and (ii) of purchase (or the spot rate on the settlement date, if applicable). In addition, upon the sale, exchange, redemption, retirement or other taxable disposition of a Senior Secured Note, a U.S. Holder may realize foreign currency exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest, which will be treated as discussed above under "—*Payments of Stated Interest*." The recognition of foreign currency exchange gain or loss described in this paragraph will be limited to the amount of overall gain or loss realized on the disposition of a Senior Secured Note and will be treated as ordinary income generally from sources within the United States for U.S. foreign tax credit limitation purposes and will not be treated as interest income or expense, including for U.S. foreign tax credit limitation purposes.

Exchange of Foreign Currency

Foreign currency (including any euros) received as interest on, or on the sale or other disposition of, a Senior Secured Note will have an adjusted tax basis equal to its U.S. dollar value at the time such interest is received or at the time such proceeds from disposition are received. The amount of gain or loss recognized by a U.S. Holder on the sale or other disposition of such foreign currency in exchange for U.S. dollars will be equal to the difference between (i) the amount of U.S. dollars received and (ii) the U.S. Holder's adjusted tax basis in such foreign currency. Upon any subsequent exchange of such foreign currency for property, a U.S. Holder generally will recognize exchange gain or loss equal to the difference between (i) the U.S. dollar value of such foreign currency based on the spot rate of exchange for such foreign currency on the date of the exchange and (ii) the U.S. Holder's adjusted tax basis in the foreign currency so exchanged. A U.S. Holder that purchases a Senior Secured Note with previously owned foreign currency will generally recognize gain or loss in an amount equal to the difference, if any, between such U.S. Holder's adjusted tax basis in such foreign currency and the U.S. dollar value of the foreign currency that it paid for the Senior Secured Notes based on the spot rate of exchange on the date of purchase. As discussed above, if the Senior Secured Notes are traded on an established securities market, a cash basis U.S. Holder (or an electing accrual basis U.S. Holder) will determine the U.S. dollar value of the foreign currency paid for the Senior Secured Notes or received upon disposition of the Senior Secured Notes by translating the foreign currency received at the spot rate of exchange on the settlement date of the purchase or the disposition.

Any such foreign currency gain or loss generally will be U.S.-source ordinary income or loss.

Reportable Transactions

Treasury regulations issued under the Code meant to require the reporting to the IRS of certain tax shelter transactions could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions giving rise to losses in excess of a certain minimum amount (e.g., $50,000 in the case of an individual or trust), such as the receipt or accrual of interest or a sale, exchange, retirement or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note. U.S. Holders should consult their own tax advisors to determine the tax reporting obligations, if any, including any requirement to file IRS Form 8886, with respect to the ownership or disposition of the Senior Secured Notes or any related transaction such as the disposition of any euros received in respect of the Senior Secured Notes.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of principal and interest on the Senior Secured Notes and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Senior Secured Note paid to a U.S. Holder unless such U.S. Holder is an exempt recipient (such as a corporation) and, when required, provides evidence of such exemption. The payor (which may be us or an intermediate payor) will be required to impose backup withholding, currently at a rate of 24%, on such payments if (i) in the case of any payments described in this paragraph, (a) the U.S. Holder fails to furnish an accurate taxpayer identification number and certify under penalties of perjury that such taxpayer identification number is the U.S. Holder's correct taxpayer identification number, or to establish an exemption from backup withholding, or (b) the IRS notifies the payor that the taxpayer identification number furnished by the U.S. Holder is incorrect, or (ii) in the case of interest payments, (x) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (y) the U.S. Holder fails to certify under penalties of perjury that the IRS has not notified it that it is subject to backup withholding under the Code. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability provided that the required information is timely furnished to the IRS. U.S. Holders should consult their own tax advisors regarding the effect, if any, of the backup withholding rules on their particular circumstances.

Information with Respect to Foreign Financial Assets

Certain U.S. Holders who are individuals and who hold an interest in "specified foreign financial assets" (as defined in Section 6038D of the Code) with an aggregate value exceeding certain threshold amounts (including certain amounts at any time during the tax year), are required to report information relating to an interest in the Senior Secured Notes on IRS Form 8938, subject to certain exceptions (including an exception for Senior Secured Notes held in accounts maintained by certain financial institutions). Under certain circumstances, an entity may be treated as an individual for purposes of the foregoing rules. U.S. Holders should consult their tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of the Senior Secured Notes. The Senior Secured Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Senior Secured Notes are held in an account at certain financial institutions.

Foreign Account Tax Compliance

Sections 1471 through 1474 of the Code and the Treasury regulations promulgated thereunder ("FATCA") generally impose a withholding tax (currently at a rate of 30%) on interest paid on a debt obligation to (i) a foreign financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such institution (A) enters into an agreement with the U.S. government to collect and provide to the United States tax authorities substantial information regarding U.S. account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) and to withhold certain amounts or (B) is a resident in a country that has entered into an intergovernmental agreement with the United States in relation to such withholding and information reporting and the financial institution complies with the related information reporting requirements of such country or (ii) a foreign entity that is not a financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such entity provides the withholding agent with a certification identifying the substantial U.S. owners of the entity, which generally includes any "United States person" (as defined in the Code) who directly or indirectly owns more than 10% of the entity, in each case, unless another exemption applies. Although FATCA withholding may also apply to gross proceeds of a disposition of a debt obligation, proposed regulations (that may be relied upon pending finalization) suspend withholding on such gross proceeds payments indefinitely.

Obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining pass-through payments are published generally would be "grandfathered" unless materially modified after such date. No such regulations have been filed as of the date hereof. Accordingly, even if the Senior Secured Notes Issuer is treated as a foreign financial institution, FATCA would apply to payments on the Senior Secured Notes only if there is a significant modification of the Senior Secured Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. Non-U.S. governments have entered into agreements with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein. Investors are encouraged to consult with their own tax advisors regarding the implications on their investments in a Senior Secured Note.

Certain General Income Tax Considerations

Payments by Guarantors

If a Guarantor makes any payments in respect of interest on Senior Secured Notes it is possible that such payments may be subject to withholding tax at applicable rates, subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption that may apply. It is not certain that such payments by the Guarantor will be eligible for exemption from withholding tax. Holders of Senior Secured Notes should consult with their tax advisors regarding the tax consequences if a Guarantor makes any payments with respect to the Senior Secured Notes.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE SENIOR SECURED NOTES IN LIGHT OF THE INVESTOR’S OWN CIRCUMSTANCES.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE SECURITY INTERESTS AND GUARANTEES AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The Senior Secured Notes Issuer and the Guarantors are organized under the laws of Germany, have their registered offices in Germany and substantially all of their assets are located in Germany. Set forth below is a summary of certain limitations on the enforceability of the Guarantees and the security interests, and a summary of certain insolvency law considerations, in Germany. This is a summary only, and bankruptcy, insolvency or a similar proceeding could be initiated in Germany and in the jurisdiction of organization or centre of main interest of a future guarantor of the Senior Secured Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Senior Secured Notes, the Guarantees and the security interests on the Collateral.

European Union

Each of the Senior Secured Notes Issuer, the Guarantors and the Senior Notes Issuer, as third-party security provider, are incorporated under the laws of Germany, a Member State of the European Union.

Pursuant to Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (recast), as amended (the "EU Insolvency Regulation"), and starting from June 26, 2017, which applies within the European Union, other than Denmark, the court which shall have jurisdiction to commence main insolvency proceedings in relation to a company organized under the laws of a Member State is the court of the Member State (other than Denmark) where the company concerned has its "centre of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation). The determination of where a company has its "centre of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

The "centre of main interests" is not a static concept. Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that a company has its "centre of main interests" in the Member State in which it has its registered office in the absence of proof to the contrary (which presumption shall not apply if the registered office has been moved to another Member State within the three month period prior to the request for the opening of insolvency proceedings), Article 3(1), second sentence, of the EU Insolvency Regulation states that the "centre of main interests" shall be the place where the debtor conducts the administration of its interests on a regular basis and "which is ascertainable by third parties." The courts have taken into consideration a number of factors in determining the "centre of main interests" of a company in that respect, including, in particular, where board meetings are held, the location where the company conducts the majority of its business or has its head office, and the location where the large majority of the company's creditors are established.

If the centre of main interests of a company is and will remain located in a Member State in which it has its registered office, the main insolvency proceedings in respect of the company under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings initiated in one Member State under the EU Insolvency Regulation are automatically recognized in the Member States (other than Denmark), although territorial (secondary) insolvency proceedings may be commenced in another Member State.

If the "centre of main interests" of a company is in one Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open territorial (secondary) insolvency proceedings against that company only if such company has an "establishment" (within the meaning and as defined in Article 2(10) of the EU Insolvency Regulation) in the territory of such other Member State. An "establishment" is defined to mean "any place of operations where a 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." Accordingly, the opening of territorial (secondary) insolvency proceedings in another Member State will also be possible if the debtor had an establishment in such Member State in the three-month period prior to the request for commencement of main insolvency proceedings.

The effects of those insolvency proceedings opened in that other Member State are restricted to the assets of the company situated in such other Member State. Where main proceedings in the Member State in which the debtor has its "centre of main interests" have not yet been commenced, pursuant to Article 3 (4) of the EU Insolvency Regulation, territorial (secondary) insolvency proceedings may only be commenced in another Member State where the debtor has an establishment where either (a) insolvency proceedings cannot be commenced in the Member State in which the company's "centre of main interests" is situated under that Member State's law; or (b) the territorial (secondary) insolvency proceedings are commenced at the request of

(i) a creditor whose claim arises from or is in connection with the operation of an establishment situated within the territory of the Member State where the commencement of territorial (secondary) proceedings is requested or

(ii) a public authority that has the right to make such a request under the law of the Member State in which the establishment is located.

Irrespective of whether the insolvency proceedings are main or territorial insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the *lex fori concursus*, i.e., the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the debtor. Furthermore, pursuant to Article 6 of the EU Insolvency Regulation, the courts of the Member State within the territory of which insolvency proceedings have been opened in accordance with its Article 3 shall have jurisdiction for any action that derives directly from the insolvency proceedings and is closely linked with them, such as avoidance actions.

The opening of insolvency proceedings in a Member State pursuant to the EU Insolvency Regulation shall, in general, not affect the rights in rem of creditors or third parties in respect of tangible or intangible, moveable or immoveable assets, both specific assets and collections of indefinite assets as a whole that change from time to time, belonging to the debtor that are situated within the territory of another Member State at the time of the opening of proceedings. Rights in rem include:

- the right to dispose of assets or have them disposed of and to obtain satisfaction from the proceeds of or income from those assets, in particular by virtue of a lien or a mortgage;
- the exclusive right to have a claim enforced, in particular a right guaranteed by a lien in respect of the claim or by assignment of the claim by way of a guarantee;
- the right to demand assets from, and/or to require restitution by, anyone having possession or use of them contrary to the wishes of the party so entitled;
- a right in rem to the beneficial use of assets.

The courts of all Member States (other than Denmark) must recognize the judgment of the court commencing main proceedings that will be given the same effect in the other Member States so long as no secondary proceedings have been commenced there. The insolvency practitioner appointed by a court in a Member State that has jurisdiction to commence main proceedings (because the debtor's "centre of main interest" is located there) may exercise the powers conferred on it by the laws of that Member State in another Member State (such as to remove assets of the debtor from that other Member State) subject to certain limitations, as long as no insolvency proceedings have been commenced in that other Member State or no preservation measures have been taken to the contrary further to a request to commence insolvency proceedings in that other Member State where the debtor has assets.

Pursuant to Article 21 of the EU Insolvency Regulation, the insolvency practitioner appointed by the court of the main proceedings may exercise the powers conferred on him by the law of the Member State in which the main proceedings are located in another Member State as long as no insolvency proceedings have been opened in such other Member State or any preservation measure to the contrary has been taken there further to a request to open insolvency proceedings in such other Member State. It may, in particular, subject to the preservation of third parties' right in rem pursuant to Article 8 of the EU Insolvency Regulation and to the preservation of the sellers' rights based on a reservation of title pursuant to Article 10 of the EU Insolvency Regulation, remove assets of the company from that other Member State.

However, under Article 36 of the EU Insolvency Regulation, the insolvency practitioner in the main insolvency proceedings may attempt to avoid the opening of secondary insolvency proceedings in another Member State by giving a unilateral undertaking in respect of the assets located in the Member State in which secondary insolvency proceedings could be opened that the distribution of those assets or of the proceeds received as a result of their realization, will comply with the distribution and priority rights that would apply under the relevant national law if secondary insolvency proceedings were opened in such other Member State. Such undertaking must be made in writing and is subject to approval by a qualified majority of known local creditors, determined in accordance with the local law of such other Member State. If approved, the undertaking is binding on the insolvency estate and if a court is requested to open secondary insolvency proceedings, it shall, at the request of the insolvency practitioner in the main insolvency proceedings, refuse to open such proceedings if it is satisfied that the undertaking adequately protects the general interests of local creditors (Article 38 of the EU Insolvency Regulation).

Additionally, under Article 38 of the EU Insolvency Regulation, where a temporary stay of individual enforcement proceedings has been granted in order to allow for negotiations between a company and its creditors, the court, at the request of the company or of the insolvency practitioner in the main insolvency proceedings, may stay the opening of secondary insolvency proceedings for a period not exceeding three months, provided that suitable measures are in place to protect the interests of local creditors.

Under Article 46 of the EU Insolvency Regulation, the court that opened the secondary insolvency proceedings will also stay the process of realization of assets in whole or in part upon receipt of a request from the insolvency practitioner in the main insolvency proceedings, for a period of up to three months, unless such a request is manifestly of no interest to the creditors in the main insolvency proceedings. Such stay may be continued or renewed for similar periods. Where the court stays the process of realization of the assets, the court may require the insolvency practitioner in the main insolvency proceedings to take any suitable measure to guarantee the interests of the creditors in the secondary insolvency proceedings and of individual classes of creditors.

The EU 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 the group's members. The EU Insolvency Regulations provides

(i) for cooperation between (i) insolvency practitioners of the main insolvency proceedings and of the secondary insolvency proceedings, (ii) jurisdictions and (iii) jurisdictions and insolvency practitioners;

(ii) for specific cooperation, communication and coordination measures in order to ensure the efficient administration of insolvency proceedings relating to different companies forming part of the same group;

(iii) that the Member States shall establish and maintain a register of insolvency proceedings; and

(iv) that the European Commission shall establish a decentralized system for the interconnection of such insolvency registers.

EU directive on preventative restructuring frameworks

The EU directive 2019/1023 of the European Parliament and the Council of June 20, 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (Directive on restructuring and insolvency) (the "EU Restructuring Directive") was published on June 26, 2019.

The objectives of the EU Restructuring Directive are to ensure that (i) viable enterprises and entrepreneurs that are in financial difficulties have access to effective national preventive restructuring frameworks that enable them to continue operating, (ii) honest insolvent or over-indebted entrepreneurs (i.e. individuals) can benefit from a full discharge of debt after a reasonable period of time, thereby affording them a second chance and (iii) the effectiveness of procedures concerning restructuring, insolvency and discharge of debt is improved, in particular with a view to shortening their length.

The Restructuring Directive aims to achieve a higher degree of harmonization in the field of restructuring, insolvency, discharge of debt and disqualifications by establishing substantive minimum standards for preventive restructuring procedures as well as for procedures leading to a discharge of debt for entrepreneurs in order to promote a culture that encourages early preventive restructuring to address financial difficulties at an early stage, when it appears likely that insolvency can be prevented and the viability of the business can be ensured. Most notably, the Restructuring Directive provides for a framework pursuant to which (i) a stay of individual enforcement actions by creditors against debtors must be introduced by Member States national legislation, (ii) all creditor claims shall be grouped into separate classes each of which shall reflect a commonality of interests (at a minimum, creditors of secured and unsecured claims shall be treated in separate classes), (iii) creditor claims may be restructured in a restructuring plan by majority vote with a majority of not more than 75% of the amount of the claims in each class and, where the Member State so requires, a majority in number of affected parties in each class and (iv) a cross-class cram-down is introduced whereby a restructuring plan may, under certain conditions, be adopted and bind dissenting creditors even if the creditors of one or more classes do not consent to the restructuring plan with the required majority. In order to be adopted the plan will have to be confirmed by a judicial or administrative authority that will in particular ensure the protection of each type of creditors' rights and compliance with the priority rules governing the adoption of the plan. The transposition of the Restructuring Directive into national legislation shall protect new financing and interim financing and may also provide priority ranking to new or interim financing granted in the context of the restructuring.

The EU Restructuring Directive had to be transposed into national laws or regulations by Member States by July 17, 2021 (with the exception of the provisions relating to the use of electronic means of communication for which the time period for the transposition expires in certain respects on July 17, 2024 or, in others, on July 17, 2026), subject to a maximum 1 year extension of the transposition period for Member States encountering particular difficulties in implementing the EU Restructuring Directive.

In the event that the Senior Secured Notes Issuer, a Guarantor or the Senior Notes Issuer experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced (also if the then relevant "centre of main interest" can be determined), or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the Senior Secured Notes Issuer, a Guarantor or the Senior Notes Issuer. The insolvency, administration and other laws of the jurisdictions in which the respective companies are organized or operate may be materially different from, or conflict with, each other and there is no assurance as to how the insolvency laws of the potentially involved jurisdictions will be applied in relation to one another.

Germany

Insolvency

The Senior Secured Notes Issuer, the Guarantors and the Senior Notes Issuer are organized under the laws of Germany, have their registered offices in Germany and substantially all of their assets are located in Germany. In the event of an insolvency of the Senior Secured Notes Issuer or of a Guarantor or the Senior Notes Issuer having its "centre of main interests" in Germany (presumed to be in Germany in the absence of proof of the contrary) at the time the petition for the opening of insolvency proceedings (*Insolvenzeröffnungsantrag*) is filed, any (main) insolvency proceedings would most likely be initiated at the registered office of the relevant entity in the absence of proof of the contrary, unless such registered office has been transferred from another Member State during the 3-month period prior to the opening of insolvency proceedings. A centre of main interest in a jurisdiction other than the one where the registered office is located may, in particular, result from the respective entity's decision making process being located in such jurisdiction). Any (main) proceedings in respect of the Senior Secured Notes Issuer and the Guarantors would therefore be governed by German law.

However, in case the debtor has an establishment in another jurisdiction (i.e. is carrying out a non-transitory economic activity with human means and assets in such jurisdiction), insolvency proceedings over certain assets of the Senior Secured Notes Issuer, a Guarantor or the Senior Notes Issuer may be opened in other jurisdictions, in particular if such assets are located in another Member State of the European Union. Such proceedings would be limited to the assets located in such jurisdiction. With respect to cross-border group insolvencies, Art 56 et seq. Recast Insolvency Regulation introduced requirements facilitating communication and cooperation between the administrators and courts involved. In addition, a coordination procedure may be initiated, which involves the appointment of a coordinator and the adoption of a cross-border coordination plan. See *"—European Union."*

The insolvency and restructuring laws of Germany and, in particular, the provisions of the German Insolvency Code (*Insolvenzordnung*) or the Corporate Stabilization and Restructuring Act (*StaRUG*), 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, 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 Senior Secured Notes to an extent exceeding the limitations arising and 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 or a creditor files a petition for the opening of insolvency proceedings. Insolvency proceedings can be initiated either by the debtor or by a creditor in the event of over-indebtedness (*Überschuldung*) of the debtor or in the event of its illiquidity (*Zahlungsunfähigkeit*), meaning, according to case law, that the debtor is unable to pay 10% or more of its debts due or falling due within the next three weeks for a period longer than three weeks. According to the relevant provision of the German Insolvency Code (*Insolvenzordnung*), a debtor is over-indebted when its liabilities exceed the value of its assets (based on their liquidation values), unless a continuation of the debtor's business as a going concern is predominantly likely (*überwiegend wahrscheinlich*) generally based on a 12 months' forecast horizon (*positive Fortführungsprognose*).

If a limited liability company (*Gesellschaft mit beschränkter Haftung*), a stock corporation (*Aktiengesellschaft*), a European law stock corporation based in Germany (*Societas Europaea*) or any other company not having an individual as personally liable shareholder or partner finds itself in a situation of illiquidity (*Zahlungsunfähigkeit*) and/or over indebtedness (*Überschuldung*), each managing director of such company and, in certain circumstances, its shareholders or members of the supervisory board, are obligated to file for insolvency without undue delay but not later than three weeks after such illiquidity (*Zahlungsunfähigkeit*) and/or six weeks after such over indebtedness (*Überschuldung*) occurred or (as the case may be) was established. Noncompliance with these obligations exposes management to both severe damages claims as well as sanctions under criminal law. In addition, only the debtor, but not the creditors, can file for the opening of insolvency proceedings or for restructuring proceedings (see "—*Preventive Restructuring Framework*") in the event of imminent illiquidity (*drohende Zahlungsunfähigkeit*), if there is the imminent risk of the company being unable to pay its debts as and when they fall due at some point in time within a prognosis period of, in general, 24 months, whereas imminent illiquidity (*drohende Zahlungsunfähigkeit*) does not give rise to an obligation for the management of the debtor to file for 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 turn-around 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 (*drohende Zahlungsunfähigkeit*) and/or is over-indebted (*überschuldet*), but not illiquid (*zahlungsunfähig*), it may also file for preliminary "debtor in possession" protective shield proceedings (*Schutzschirmveifahren*), unless —from a third party perspective— there is no reasonable chance for a successful restructuring. Upon such filing by the debtor, the court will appoint a preliminary trustee (*vorläufiger Sachwalter*) and prohibit enforcement measures (other than with respect to immovable assets). It may also implement other preliminary measures to protect the debtor from creditor enforcement actions for up to three months. During the period of either the preliminary debtor-in-possession proceedings (*vorläufige Eigenverwaltung*) or the protective shield proceedings (*Schutzschirmveifahren*), the debtor shall prepare an insolvency plan which ideally shall be implemented in formal "debtor-in-possession" proceedings (*Eigenverwaltung*) after formal insolvency proceedings have been opened.

The insolvency proceedings are controlled by the competent insolvency court, which monitors the due performance of the proceedings. Upon receipt of the insolvency petition, the insolvency court may take preliminary measures to secure the property of the debtor during the preliminary proceedings (*Insolvenzeröffnungsverfahren*). In particular, the insolvency court may prohibit or suspend any measures taken to enforce individual claims against the debtor's assets during these preliminary proceedings (other than with respect to immoveable assets) or, to the extent required to ensure the continuation of the debtor's business, prohibit the enforcement of any collateral granted over claims, rights or other movable assets of debtor. If the enforcement of collateral is prohibited by the insolvency court, secured creditors have to be adequately compensated by the insolvency estate.

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 or the preliminary trustee depend on the decision of the court. The duties of the preliminary administrator or preliminary trustee may include safeguarding and preserving the debtor's property and assessing whether the debtor's net assets will be sufficient to cover at least the costs of the insolvency proceedings. Depending on the decision of the court, even the right to manage the business and dispose of the assets of the debtor may pass to the preliminary insolvency administrator, whilst in "debtor-in-possession" proceedings, the debtor's management retains the right to manage business. However, the court may also order that certain disposals of the debtor may require the preliminary trustee's consent also in "debtor-in-possession" proceedings. The insolvency court can also order a stay of all enforcement measures by unsecured creditors against the debtor.

During preliminary insolvency proceedings, the insolvency court has to appoint a "preliminary creditors' committee" (*vorläufiger Gläubigerausschuss*) if the debtor satisfies at least two of the following three requirements:

(i) a balance sheet total of at least €6,000,000 (after deducting an equity shortfall if the debtor is over indebted);

(ii) revenue of at least €12,000,000 in the twelve months prior to the last day of the financial year preceding the filing; and/or

(iii) fifty or more employees on an annualized average basis (including, *inter alios,* part time employees).

The preliminary creditors' committee will be able to participate in certain important decisions made in the preliminary insolvency proceedings. It will have, for example, the power to influence the following: the selection of a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*), a preliminary trustee (*vorläufiger Sachwalter*) and an insolvency administrator (*Insolvenzverwalter*) or trustee (*Sachwalter*), and court orders for "debtor-in-possession" proceedings (*Anordnung der Eigenverwaltung*) or consent to significant disposals by the estate.

The court opens formal insolvency proceedings (*Eröffnung des Insolvenzverfahrens*) if certain formal requirements are met, including if (i) the debtor is in a situation of imminent illiquidity (if the petition has been filed by the debtor), illiquidity and/or over-indebtedness and (ii) if 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 to cover such costs, the insolvency court will only open formal insolvency proceedings if third parties (e.g., creditors), advance the costs themselves. In the absence of such advancement, the petition for the opening of insolvency proceedings will usually be refused for insufficiency of assets (*Abweisung mangels Masse*).

Unless the court has granted "debtor-in-possession" proceedings (*Eigenverwaltung*) (in which case the court will only appoint a trustee (*Sachwalter*) who will supervise the management of the affairs by the debtor), upon opening of the insolvency proceedings, the court will appoint an insolvency administrator (*Insolvenzverwalter*) who has full administrative and disposal authority over the debtor's assets, whereas the debtor is no longer entitled to dispose of its assets. The insolvency creditors (*Insolvenzgläubiger*) will only be 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. Individual creditors, or the debtor, can request the insolvency court to remove the insolvency administrator only on the grounds of a lack of impartiality and only within six months from the appointment. The insolvency administrator (or in the case of "debtor in possession proceedings," the debtor) may raise new financial indebtedness and incur other liabilities to continue the debtor's operations, and satisfaction of these liabilities as preferential debts of the estate (*Masseverbindlichkeiten*) will be preferred to any unsecured insolvency liabilities created by the debtor including, e.g., the obligations under the Senior Secured Notes or the Guarantees (as applicable). Residual claims of a secured insolvency creditors remaining after realization of the respective collateral (if any) also qualify as unsecured insolvency claim in this regard. However, in "debtor-in-possession" proceedings, the debtor shall only incur estate liabilities in the ordinary course of business without the trustee's (*Sachwalter*) consent.

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.

The insolvency administrator (or trustee in case of "debtor-in-possession proceedings") may also challenge transactions that are deemed detrimental to insolvency creditors and which were effected prior to the opening of the insolvency proceedings (See "—*Hardening Periods and Fraudulent Transfer*").

For the holders of the Senior Secured Notes, the consequences of the opening of German insolvency proceedings against any the Senior Secured Notes Issuer, a Guarantor or the Senior Notes Issuer would include, among possible voidance actions and other things, the following:

(i) unless the court orders "debtor-in-possession" proceedings (*Eigenverwaltung*), the right to administer and dispose of a relevant debtor's assets would generally pass to the insolvency administrator (*Insolvenzverwalter*) as sole representative of the insolvency estate;

(ii) unless the court orders "debtor-in-possession" proceedings (*Eigenverwaltung*), disposals effected by a relevant debtor's management after the opening of insolvency proceedings are null and void by operation of law;

(iii) if, during the final month preceding the date of filing for insolvency proceedings or thereafter, a creditor in the insolvency proceedings acquires through execution (e.g., attachment) a security interest in part of the relevant insolvency debtor'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 the insolvency proceedings;

(iv) claims against the relevant debtor may generally only be pursued in accordance with the rules set forth in the German Insolvency Code (*Insolvenzordnung*), and

(v) any person that has a right for separation (*Aussonderung*), i.e. the relevant asset of this person does not constitute a 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 restructuring proceedings or the occurrence of reasons justifying the opening of insolvency proceedings (*insolvenzbezogene Kündigungsrechte oder Lösungsklauseln*) may be invalid in case of insolvency proceedings such clause would frustrate the election right of the insolvency administrator whether or not to perform the contract (*Wahlrecht des Insolvenzverwalters*) unless such clause only reflects termination rights applicable under statutory law. This may also relate to agreements that are not governed by German law.

All other creditors, whether secured or unsecured (unless they have a right to segregate an asset from the insolvency estate (*Aussonderungsrecht*) or are preferred creditors (*Massegläubiger*) as opposed to a preferential right (*Absonderungsrecht*), who wish to assert claims against the debtor need to participate in the insolvency proceedings and have to file their claims against the relevant debtor and the rights they claim in the assets of the relevant debtor with the insolvency administrator. With the exception of certain secured creditors, an individual enforcement action brought against the debtor by any of its creditors is 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). German insolvency proceedings are collective proceedings and creditors may generally no longer pursue their individual claims in the insolvency proceedings separately, but can instead only enforce them in compliance with the restrictions of the German Insolvency Code (*Insolvenzordnung*). Accordingly, also 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). Secured creditors are generally not entitled to enforce their security interests after insolvency proceedings have been commenced to the extent the German Insolvency Code (*Insolvenzordnung*) authorizes the insolvency administrator to dispose of the relevant collateral but have only certain preferential rights (*Absonderungsrechte*) in the insolvency proceedings. In this case, secured creditors will only have a right to claim the recoveries (minus costs and fees) from such realization. Whether or not, after the initiation of insolvency proceedings, a secured creditor remains entitled 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 movable assets within its possession that are subject to preferential rights (*Absonderungsrechte*) (e.g., pledges over movable assets and rights (*Mobiliarpfandrechte*), transfer by way of security (*Sicherungsübereignung*)) and (ii) to collect any claims that are subject to security assignment agreements (*Sicherungsabtretungen*). As opposed thereto and according to recent case law of the German Federal Court of Justice (*Bundesgerichtshof*), secured creditors are entitled to realize pledges over uncertificated shares or other rights like IP on their own. That having been said, the German Federal Court of Justice (*Bundesgerichtshof*) viewed in an older decision the insolvency administrator competent to realize pledged shares in a corporation that have been certificated (*verbrieft*) and are hold in a custodian account (*Depot*) in Germany in case the shares represent more than 20% in the issued share capital of the pledged company. This decision was not explicitly overtaken in the more recent decision.

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 (*Ersatzabsonderungsrecht*). Consequently, the enforcement proceeds minus certain contributory charges of typically 9% (plus VAT) (or as agreed upon individually, but in any case at least 4%) for (i) assessing the value of the secured assets and (ii) realizing the secured assets are paid to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. Remaining amounts ("excess proceeds") will be allocated to the insolvency estate (*Insolvenzmasse*) (being the remaining unencumbered assets of the debtor) and would, after deduction of the costs of the insolvency proceedings (e.g., fees for and expenses of the preliminary insolvency administrator, the insolvency administrator and the insolvency court as well as the members of the (preliminary) creditors' committee) and after satisfaction of certain preferential liabilities be distributed among the non-preferential unsecured creditors, including the holders of the Senior Secured Notes (to the extent not satisfied after enforcement of the Collateral securing the Senior Secured Notes). If the Senior Secured Notes Issuer, the Senior Notes Issuer, a Guarantor or a subsidiary thereof subject to German insolvency proceedings grants security over its assets to creditors other than the holders of the Senior Secured Notes, such security may result in a preferred satisfaction of creditors secured by such security (however, the preferential treatment would be limited to the proceeds obtained through the disposal of the relevant collateral). The excess proceeds resulting from such collateral may not be sufficient to satisfy the (guarantee) obligations under the Senior Secured Notes after such secured creditors have been satisfied.

The right of a creditor to preferred satisfaction (*Absonderungsrecht*) may not necessarily prevent the insolvency administrator from using a movable asset that is subject to this right. The insolvency administrator, however, must compensate the creditor in accordance with specific rules. In addition, it may take several years before proceeds from the liquidation of the insolvency estate, if any, are distributed to unsecured creditors. 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 or, in "debtor-in-possession proceedings," by the trustee (upon instruction of the preliminary creditors' committee or the creditors' meeting) and which requires, in principle, the consent of the debtor as well as the consent of each class of creditors in accordance with specific majority rules. The insolvency court may order the deemed approval of one or more opposing creditor groups under certain conditions (cram down). The insolvency plan may derogate from the provisions of the German Insolvency Code (*Insolvenzordnung*). In particular, it may contain provisions regarding the discharge of secured and unsecured creditors, the disposal of the insolvency estate as well as procedure. It may also create, modify, transfer or terminate rights in rem such as property rights or security interests. If the debtor is a corporate entity, the shares or, as the case may be, the partnership interests in the debtor can also be included in the insolvency plan, including an issuance of shares or partnership interests to third parties or to creditors based on a debt-to-equity swap. Thus, an insolvency plan could under certain circumstances provide for provisions, *inter alia,* regarding the Senior Secured Notes or Guarantees (as applicable) which are less favorable to the holders of the Senior Secured Notes than the provisions of the German Insolvency Code (*Insolvenzordnung*), such as the release of Collateral or the release of obligations under the Guarantees. Under certain conditions, such provisions could be adopted against the votes of the affected holders of the Senior Secured Notes. However, it will not be possible to force a creditor into a debt-to-equity conversion if it does not consent to such debt-for-equity swap under the proposed insolvency plan.

An insolvency plan can further provide for the release or other impairment of guarantees or other security interests provided by debtor affiliates (*gruppeninterne Drittsicherheiten*), without such debtor affiliates being required to become subject of the debtor's or separate insolvency proceedings, provided that the relevant debtor affiliate (the Senior Notes Issuer) consents to the impairment. Creditors affected by such impairment are entitled to receive adequate compensation. This means that the claims under the Senior Secured Notes and Guarantees can get impaired if the Senior Secured Notes Issuer would enter into German insolvency proceedings, regardless of whether or not the relevant Guarantor is itself subject of insolvency proceedings.

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. 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. However, the German Insolvency Code (*Insolvenzordnung*) has provisions to facilitate the coordination of and cooperation between insolvency proceedings of group companies. Whereas these provisions do 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, they stipulate four key measures in order to facilitate an efficient administration of group insolvencies: (i) a single court may assume jurisdiction for other group company insolvency proceedings (*Gruppengerichtsstand*), (ii) a single person may be appointed as insolvency administrator for all relevant group companies; (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 appointm'nt of a "coordinator" (*'Verfahrenskoordinator*) with the ability to propose a "coordination plan" (*Koordinationsplan*) for approval by the coordination court (*Koordinationsgericht*).

As a general principle, the claims arising from the Senior Secured Notes and the Guarantees may be enforced against the relevant debtor outside of the insolvency proceedings over the assets of the Senior Secured Notes Issuer or the relevant Guarantor, as applicable. Any insolvency proceedings over the assets of the Senior Secured Notes Issuer would, however, be a rather strong indication that the overall financial situation of the entire group of affiliated companies has significantly deteriorated, which may cause a Guarantor or the Senior Notes Issuer to subsequently file for insolvency.

German insolvency law provides for certain creditors and their claims to be subordinated by law (including, but not limited to, claims made by shareholders (unless privileged) of the relevant debtor for the return of repayment of shareholder loans or comparable actions, but except for government developments banks and its affiliates). The restrictive nature of the covenants and undertakings in the Indenture may result in the holders of the Senior Secured Notes and/or the applicable Trustee being considered in a "shareholder like" position (*gesellschafterähnliche Stellung*). In that event, in an insolvency proceeding over the assets of the Senior Secured Notes Issuer, a Guarantor or the Senior Notes Issuer, the claims arising from the Senior Secured Notes or the Guarantees would be treated as a subordinated insolvency claim (*nachrangige Insolvenzforderungen*). Subordinated insolvency claims are not eligible to participate in the insolvency proceedings over the assets of a the relevant debtor unless the insolvency court handling the case has granted special permission allowing these subordinated insolvency claims to be filed which is not granted in the vast majority of insolvency cases governed by German law. Claims of a person who becomes a creditor of the insolvency estate only after the opening of insolvency proceedings generally rank senior to claims of regular, unsecured creditors.

Hardening Periods and Fraudulent Transfer

Under the German Insolvency Code (*Insolvenzordnung*), an insolvency administrator or, in the event that "debtor-in-possession" proceedings (*Eigenverwaltung*) have been granted, the trustee (*Sachwalter*) may also challenge (*anfechten*) transactions, performances or other acts that are deemed detrimental to insolvency creditors and were effected prior to the commencement of insolvency proceedings during applicable voidance periods. The administrator's or the trustee's right to challenge transactions can, depending on the circumstances, extend to transactions during the ten-year period prior to the filing of the petition for commencement of insolvency proceedings.

In the event of insolvency proceedings based on and governed by the insolvency laws of Germany, the payment of any amounts to the holders of Senior Secured Notes as well as the granting of collateral for or providing credit support for the benefit of the Senior Secured Notes could be subject to potential challenges by an insolvency administrator or, as the case may be, a trustee under the rules of avoidance as set forth in the German Insolvency Code (*Insolvenzordnung*). If the validity or enforceability of the Senior Secured Notes or the Guarantees or any Collateral in favor of the Senior Secured Notes is challenged successfully, the holder of the Senior Secured Notes may not be able to recover any amounts under the Senior Secured Notes or the Guarantees or Collateral. If payments have already been made under the Senior Secured Notes, the Guarantee or the Collateral, any amounts received from a transaction that had been challenged would have to be repaid to the insolvency estate. In this case, holders of the Senior Secured Notes would only have a general unsecured claim under the Senior Secured Notes or the Guarantees without preference in insolvency proceedings.

In particular, an act (*Rechtshandlung*) or a transaction (*Rechtsgeschäft*) (which terms also include the granting of security or the repayment of debt) may be avoided in the following cases:

(i) any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security (including a guarantee) (*Sicherung*) or satisfaction (*Befriedigung*) if such act was taken (a) during the last three months prior to the filing of a petition for the commencement of insolvency proceedings, if the debtor was illiquid (*zahlungsunfähig*) at the time such act was taken and the creditor knew of such illiquidity (or of circumstances that imperatively suggest that the debtor was illiquid (*zahlungsunfähig*)) at such time, or (b) after the filing of the petition for the opening of insolvency proceedings, if the creditor knew of the debtor's illiquidity (*Zahlungsunfähigkeit*) or the filing of such petition (or of circumstances imperatively suggesting such illiquidity (*Zahlungsunfähigkeit*) or filing); whereby in each case an "affiliated party" (*nahestehende Person*) as described below shall be presumed to have been aware of the debtor's insolvency or of the filing to open insolvency proceedings;

(ii) any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security (including a guarantee) (*Sicherung*) or satisfaction (*Befriedigung*) to which such creditor was not entitled or which was granted or obtained in a form in which or at a time at which such creditor was not entitled to such security or satisfaction, if (a) such act was taken during the last month prior to the filing of the petition for the commencement of insolvency proceedings or after such filing, (b) such act was taken during the second or third month prior to the filing of the petition and the debtor was illiquid (*zahlungsunfähig*) at such time or (c) 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 suggest such detrimental effect); whereby in each case an "affiliated party" (*nahestehende Person*) as described below shall be presumed to have been aware of the detrimental nature of such transaction for other creditors;

(iii) any transaction 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, provided it was entered into (a) during the three months prior to the filing of the petition of the commencement of insolvency proceedings and the debtor was illiquid (*zahlungsunfähig*) at the time of such transaction and the counterparty to such transaction knew of the illiquidity (*Zahlungsunfähigkeit*) at such time or (b) after the filing of the petition for the commencement of insolvency proceedings and the counterparty to such transaction knew of either the debtor's illiquidity (*Zahlungsunfähigkeit*) or such filing at the time of the transaction (or of circumstances imperatively suggesting such illiquidity (*Zahlungsunfähigkeit*) or filing); whereby in each case an "affiliated party" (*nahestehende Person*) as described below shall be presumed to have been aware of the debtor's illiquidity (*Zahlungsunfähigkeit*) or of the filing to open insolvency proceedings;

(iv) any act by the debtor without (adequate) consideration (e.g., whereby a debtor grants security (including a guarantee) for a third-party debt, which might be regarded as having been granted gratuitously (*unentgeltlich*)), if it was effected four years prior to the filing of the petition for the commencement of insolvency proceedings;

(v) any act performed by the debtor during ten years prior to the filing of the petition for the commencement of insolvency proceedings or at any time after the filing with the intent to prejudice the insolvency creditors if the other party knew of such intention at the time of such act with such knowledge being presumed if the beneficiary knew that the debtor's illiquidity was at least imminent (*drohende Zahlungsunfähigkeit*) and that the transaction disadvantaged the other creditors. For granting an insolvency creditor, or enabling an insolvency creditor, to obtain security or satisfaction to which such creditor was entitled, such knowledge is (solely) presumed if such creditor knew that the debtor was illiquid (*zahlungsunfähig*) (as opposed to the knowledge of imminent illiquidity (*drohende Zahlungsunfähigkeit*) in regular cases) and that the transaction disadvantaged the other creditors. Apart from that, such acts granting an insolvency creditor, or enabling an insolvency creditor, to obtain security (*Sicherung*) or satisfaction (*Befriedigung*) (whether or not it was granted or obtained in a form or at a time to which or at which such creditor was entitled to such security or satisfaction), may only be avoided if they were effected in the four years prior to the filing of the petition for the commencement of insolvency proceedings or at a time after the filing. There is a rebuttable presumption that, if the debtor reached a payment agreement (*Zahlungsvereinbarung*) with the creditor or the creditor granted any other form of deferred payment (*Zahlungserleichterungen*) to the debtor, he had no knowledge of the debtor's illiquidity (*Zahlungsunfähigkeit*) at the time of the transaction;

(vi) any non-gratuitous contract (*entgeltlicher Vertrag*) concluded between the debtor and an "affiliated party" (*nahestehende Person*), as described below, which directly operates to the detriment of the creditors can be challenged unless such contract was concluded earlier than two years prior to the filing of the petition for the opening of insolvency proceedings or the other party had no knowledge of the debtor's intention to disadvantage its creditors as of the time the contract was concluded;

(vii) any act that grants security (including a guarantee) (*Sicherung*) or satisfaction (*Befriedigung*) for a claim under a shareholder loan granted to the debtor or a commercially equivalent claim if (a) in the case of the granting of security, the act took place during the ten years prior to the filing of the petition for the commencement of insolvency proceedings or after the filing of such petition, or (b) 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. This does not apply (a) to shareholders that own 10% or less of the shares or interest and are not engaged in management and (b) until the sustainable restructuring (*nachhaltige Sanierung*) of the debtor in case a creditor for the first time acquires shares during over indebtedness, illiquidity or imminent illiquidity with the intension to restructure the debtor; and

(viii) any act whereby the debtor grants satisfaction to a third party for a loan claim or an equivalent claim if (a) the transaction was effected in the last year prior to the filing of a petition for the commencement of insolvency proceedings or thereafter and (b) a shareholder of the debtor had granted security for such loan or was liable as a guarantor or surety provider (*Garant oder Bürge*) for such loan (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, e.g., the debtor (e.g., the Senior Secured Notes Issuer) was unable to pay its debts 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. Knowledge of pending restructuring proceedings (see—*"Preventive Restructuring Framework"*) per se does not suffice for a creditor to be deemed to have such “knowledge.” A person is further deemed to have knowledge of the debtor’s intention to prejudice the insolvency creditors if it knew of the debtor’s imminent illiquidity and that the transaction prejudiced the debtor’s creditors. If the relevant act granted an insolvency creditor, or enabled an insolvency creditor to obtain, security (including a guarantee) (*Sicherung*) or satisfaction (*Befriedigung*) in a form in which and at a time at which such creditor was entitled to such security or satisfaction (*kongruente Deckungshandlung*), the words “imminent illiquidity” (*drohende Zahlungsunfähigkeit*) in the preceding sentence have to be replaced by “actual illiquidity” (*eingetretene Zahlungsunfähigkeit*). With respect to an “affiliated party" (*nahestehende Person*) as described below there is a general statutory presumption that such party had “knowledge” as indicated above.

In relation to corporate entities, the term “affiliated party” (*nahestehende Person*) includes, subject to certain limitations, members of the management or supervisory board, general partners and 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 who are spouses, relatives or members of the household of any of the foregoing persons.

The granting of a security concurrently with the incurrence of debt funded as new money may be qualified as a “cash transaction” and may as such be privileged. Meaning, under certain circumstances avoidance rights under the German Insolvency Code (*Bargeschäftsprivileg*) are restricted. According to recent case law of the German Federal Court of Justice (*Bundesgerichtshof*), however, this privilege does not apply to claims as described under (vii) above.

Furthermore, any transactions contemplated by a restructuring plan (see—*"Preventive Restructuring Framework"*) are not subject to avoidance actions until a sustainable restructuring (*nachhaltige Sanierung*) of the debtor is achieved, unless the restructuring plan was based on incorrect or incomplete information presented by the debtor and the addressee of the avoidance action had knowledge thereof. This privilege does not apply to shareholder loans or economically similar transactions or collateral provided therefor.

Any amounts obtained from transactions that have been challenged would have to be repaid to the insolvency estate. In addition, under German law, a creditor who provided additional, or extended existing funding to a debtor or obtained security from a debtor may be liable towards another creditor if (i) such creditor was aware of the debtor’s (impending) insolvency or of circumstances indicating such debtor’s (impending) insolvency (for which knowledge of pendent restructuring proceedings (see—*"Preventive Restructuring Framework"*) per se does not suffice) at the time such funding was provided or extended or such security was granted and (ii) the other creditor suffered losses caused by a delayed filing for insolvency based on the additional or extended existing funding. The German Federal Supreme Court (*Bundesgerichtshof*) held that this could be the case if, e.g., the creditor was 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 debtor as the grantor of the guarantee or security was close to collapse (*Zusammenbruch*), or had reason to enquire further with respect thereto.

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 behind 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 commercial terms to such a loan.

Preventive Restructuring Framework

The following is a brief description of certain aspects of the proceedings under the Corporate Stabilization and Restructuring Act (*StaRUG*).

Based on the Directive (EU) 2019/1023 of the European Parliament and of the Council of 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (Directive on restructuring and insolvency) (the "Restructuring Directive") the Corporate Stabilization and Restructuring Act (*StaRUG*) has come into force on January 1, 2021. The Corporate Stabilization and Restructuring Act provides for a new pre-insolvency procedure to restructure the liabilities of debtors, whose "centre of main interest" is located in Germany. This may apply to the Senior Secured Notes Issuer, a Guarantor or the Senior Notes Issuer. Whether companies which do not have their "centre of main interest" in Germany have access to such restructuring proceedings is unanswered by German courts and debated in German legal literature.

As the Corporate Stabilization and Restructuring Act (*StaRUG*) has only come into force on January 1, 2021, no long standing (court) practice exists as of the date of this offering memorandum and consequently any proceedings under the Corporate Stabilization and Restructuring Act (*StaRUG*) come with certain degree of uncertainty.

For the holders of the Senior Secured Notes, among the relevant consequences of an initiation of restructuring proceedings by the Senior Secured Notes Issuer or a Guarantor or the Senior Notes Issuer having its "centre of main interest" in Germany would be in particular the following:

- potentially no or limited court review and/or supervision of the restructuring proceedings;
- any measures (such as reduction in principal and/or interest or deferrals) regulated by the restructuring plan may be approved within a class of creditors (e.g., the holders of the Senior Secured Notes) with a majority of 75% of the claims or by way of a so-called (cross-class) cram down by other classes under certain presumptions;
- 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
- if filed for by the relevant debtor, restrictions on individual enforcement actions for all or certain creditors regarding their claims, or, if applicable, their respective collateral over moveable assets of up to eight months due to a moratorium.

Restructuring proceedings

Restructuring proceedings may only be initiated by the relevant debtor with a notification of the competent restructuring court of the commencement of restructuring proceedings. According to recent case law, the managing directors of a limited liability company (GmbH) as e.g., the Senior Secured Notes Issuer, may require shareholder consent to file for restructuring proceedings. A debtor is eligible to file for a restructuring plan to be sanctioned if it has become imminently illiquid (*drohend zahlungsunfähig*). Such imminent illiquidity (*drohende Zahlungsunfähigkeit*) occurs if it is more likely than not that the debtor will be unable to pay its debts as and when they fall due, in general, in the next 24 months.

During the restructuring proceedings, the debtor has to observe the duty of a prudent business manager, which includes safeguarding the best interest of all of the debtor's creditors. In particular, the debtor has to refrain from any actions, which cannot be reconciled with or potentially frustrate the restructuring goal (*Restrukturierungsziel*). This means that, generally, any claims, which shall be subject to the envisaged restructuring plan, must not be settled or collateralized during the restructuring proceedings.

During the restructuring proceedings, the duty to file for insolvency without undue delay if the debtor becomes illiquid (*zahlungsunfähig*) or over-indebted (*überschuldet*) is generally suspended. However, if such an insolvency event occurs, the debtor is obliged to notify the restructuring court accordingly without undue delay. The restructuring court then abrogates the restructuring proceedings unless, in the restructuring courts discretion, (i) the abrogation of the restructuring proceedings is, against the backdrop of the advanced status of restructuring proceedings, evidently not in the interest of all creditors or (ii) the illiquidity (*Zahlungsunfähigkeit*) or over-indebtedness (*Überschuldung*) is caused by the enforcement of any such claim that is envisaged to be subject to the restructuring plan provided the achievement of the restructuring goal (*Restrukturierungsziel*) remains predominantly likely. Once restructuring proceedings have been abrogated by the restructuring court, the debtor is again obliged to file for insolvency under the German Insolvency Code (*Insolvenzordnung*). If (i) the envisaged restructuring also comprises of consumer claims or claims of small or medium enterprises or respective collateral granted for the benefit of such claims, (ii) the debtor has filed for a moratorium against all or essentially all creditors or (iii) the envisaged restructuring plan provides for specific supervision of the settlement of claims subject to the plan, the restructuring court has to appoint a mandatory restructuring officer (*Restrukturierungsbeauftragter*). A mandatory restructuring officer is also to be appointed by the restructuring court if the restructuring goal (*Restrukturierungsziel*) can predictably only be achieved by a cram-down of dissenting classes (unless only claims originated by financial institutions and/or shareholders are to be compromised).

The restructuring court may appoint as mandatory restructuring officer (*Restrukturierungsbeauftragter*) any person with experience in restructurings and insolvencies who is suitable for the respective individual case and who is qualified as a tax advisor, accountant, lawyer or has comparable qualifications (an "Eligible Restructuring Officer"); the court may take suggestions by the debtor, creditors or shareholders into account. If (i) the debtor is, based on expert opinion provided by an Eligible Restructuring Officer, eligible for a moratorium (see *"—Moratorium"*), or (ii) creditors of one class with at least 25% of the corresponding votes in such class propose a mandatory restructuring officer, the court may only appoint a mandatory restructuring officer different from the proposed Eligible Restructuring Officer if the proposed Eligible Restructuring Officer is evidently inadequate. If a mandatory restructuring officer is appointed based on the proposal of the debtor or a group of creditors, the restructuring court may appoint an additional mandatory restructuring officer in its own discretion.

The mandatory restructuring officer (*Restrukturierungsbeauftragter*) is entitled to decide on the procedure to be elected for the voting on the restructuring plan (see "*—Voting on the restructuring plan*'') and can be empowered by the restructuring court to (i) supervise the debtor's board and business situation and (ii) receive payments to and approve payments made by the debtor. If a moratorium is granted, the mandatory restructuring officer is obliged to monitor that the respective prerequisites of such moratorium persist and, in case such prerequisites do not persist, entitled to file for a lifting of such moratorium. Additionally, the mandatory restructuring officer is obliged to comment on the proposed plan's prospects to remove the debtor's imminent illiquidity (*drohende Zahlungsunfähigkeit*) and restore the debtor's viability.

The mandatory restructuring officer (*Restrukturierungsbeauftragter*) has to perform its duties independently and the debtor is obliged to share all relevant information with the mandatory restructuring officer.

The restructuring court can remove the mandatory restructuring officer from office for good cause ex officio or, if the mandatory restructuring officer (*Restrukturierungsbeauftragter*) has not acted independently, on the debtor's or a creditor's petition.

Furthermore, the debtor or at least 25% of creditors in a voting class, can request the appointment of an optional restructuring officer to facilitate the development and negotiation of a restructuring plan. Creditors may only request such appointment if they agree to be jointly and severally liable for the costs of the optional restructuring officer. The optional restructuring officer is only obliged to support the stakeholders involved in the negotiations of the restructuring plan, but has no further powers. An optional restructuring officer can also be removed from office by the restructuring court *ex officio* for good cause or, if the optional restructuring officer has not acted independently, on the debtor's or a creditor's petition.

Prior to a confirmation and implementation of a restructuring plan, the restructuring court may terminate the restructuring proceedings for certain reasons, e.g., if the debtor notifies the restructuring court of the occurrence of an insolvency event unless, in the restructuring court's discretion (taking into account the actual status of the relevant restructuring proceedings), the opening of formal insolvency proceedings is obviously not in the interest of the entirety of the creditors or if the debtor files for insolvency or insolvency proceedings are opened over the assets of the debtor based on a creditor's filing.

Under German restructuring 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 commencement of restructuring proceedings in respect of the other party or the usage of certain instruments of restructuring proceedings may generally be invalid. This may also relate to agreements that are not governed by German law.

Restructuring plan

Key element of the restructuring proceedings is the restructuring plan, which can comprise certain selected or all (with the exception of employees' claims, including pensions, and claims based on intentionally committed acts of tort) of the debtor's liabilities, or amend the terms of financial and other agreements to which more than the debtor and one other party are parties, including the terms of the Senior Secured Notes and the Guarantees and the Intercreditor Agreement.

Any form of financial or operational debt may be compromised, including contingent claims and undue claims, and relating contractual arrangements including syndicated credit facilities and intercreditor agreements can be amended by virtue of the plan. Corresponding collateral provided by debtor affiliates, e.g., the Senior Notes Issuer, (*gruppeninterne Drittsicherheiten*) may also be released and/or granted under a restructuring plan, provided that affected creditors are adequately compensated. Consequently, the Senior Secured Notes or the relevant Guarantee could also be subject to a restructuring plan in any case if the respective debtor has its "centre of main interest" in Germany.

Further, a restructuring plan may provide for a (partial) debt-to-equity swap or other corporate law measures like a share-capital increase. Once restructuring proceedings are initiated, a debt-to-equity swap can be implemented without shareholders' consent but require the willingness of at least certain creditors to equitize their debt claims as no creditor can be forced to take equity as a consideration under a restructuring plan. Hence, if the Senior Secured Notes or a Guarantee were subject to a restructuring plan providing for debt-to-equity swap, single holders of the Senior Secured Notes could not be forced under the restructuring plan to take equity in the Senior Secured Notes Issuer or Guarantor without their respective consent.

The restructuring plan will be voted on by creditors of the debtor and must subsequently be confirmed by the restructuring court. The vote may take place by way of consent solicitation process or in a (virtual) creditors' meeting. Creditors will be divided into classes determined on the basis of the respective creditors' economic interests in the debtor. As a minimum distinction, secured creditors, unsecured creditors, creditors that benefit from intra-group credit support and subordinated creditors (e.g., shareholders) will form separate classes. However, also other factors like, e.g., cross-holdings, could be taken into account for class composition. 75% by value of all claims of one class will be required to approve the plan for such class. There is no numerosity requirement. Dissenting classes can be crammed down (or up), if

(i) the class members can be expected to be no worse off under the plan than absent the plan (whereby the alternative scenario must not necessarily be an in-court insolvent liquidation, but can also be an alternative out-of-court restructuring on a going concern basis);

(ii) the crammed down (or up) class members receive an adequate share in the economic value created by the plan; and

(iii) a majority of classes has accepted the plan.

A crammed down (or up) class receives an adequate share in the economic value created by the plan if (i) no other creditor receives more than its claim's par value, (ii) no creditors that would rank junior in insolvency proceedings, the debtor or its shareholders receive any value through the plan which is not covered by a respective stakeholder's contribution to the plan and (iii) no creditor that would rank *pari passu* in insolvency proceedings receives a preferential treatment compared to the dissenting class under the restructuring plan (unless such preferential treatment is appropriate (*sachgerecht*) in light of the individual situation of distress to overcome and the dissenting class accounts for no more than 50% of the rank's total claims). However, despite the prerequisite described under (ii) in the foregoing sentence, a creditor class can also be crammed down in case a shareholder retains equity without any additional contribution if the shareholder itself is crucial for and bindingly committed to the continuation of the debtor's business and the realization of the restructuring plan or the creditors' rights are only compromised marginally (e.g., by a maturity extension of no more than 18 months).

Upon the debtor's decision, either the debtor or the restructuring court can lead the voting on the plan. In case the voting has been led by the debtor, the restructuring court has to hold a hearing of affected stakeholders before the plan can be confirmed.

The restructuring court will confirm the plan unless (i) the debtor is not (longer) imminently illiquid (*drohend zahlungsunfähig*), (ii) there is a material breach of statutory provisions regarding the procedure to adopt the restructuring plan or its permitted content that cannot or has not been cured upon the restructuring court's notice, (iii) claims contemplated by or surviving the restructuring plan can obviously be not satisfied by the debtor or (iv), if new money financing is contemplated under the restructuring plan, the underlying restructuring concept is incoherent or appears to be based on incorrect facts or to have no reasonable prospect of success. Additionally, dissenting creditors can request the restructuring court to reject the restructuring plan if the applicant will be expectedly worse off under the restructuring plan than without the proposed restructuring plan and the applicant has already raised such concern in the creditors' meeting or creditors' hearing, as applicable. However, such application has no merits if the restructuring plan provides for funds to be distributed to creditors that can prove to be worse-off, irrespective of whether any such applicant actually benefits from such funds.

Dissenting creditors can appeal against the restructuring court's confirmation order of the plan if they are able to produce prima facie evidence (*glaubhaft machen*) that they are worse-off under the restructuring plan and funds provided thereunder to compensate worse-off creditors (if any) will not suffice for their individual compensation. Such appeal will only have suspensive effect (*aufschiebende Wirkung*) against the effectiveness of the restructuring plan if requested by the dissenting creditor and ordered by the court based on serious and irreversible disadvantages for such dissenting creditor that are not in proportion to the benefits of an immediate implementation of the restructuring plan.

Restructuring plans, which are negotiated and approved in public proceedings and confirmed by a German restructuring court will be recognized in any EU member state pursuant to the EU Insolvency Proceedings Regulation upon the restructuring proceedings being included as a recognized proceeding in Exhibit A of the EU Insolvency Proceedings Regulation. In any other case, the recognition of the restructuring plan is subject to certain rules and regulations under applicable international private law. As the Corporate Stabilization and Restructuring Act (*StaRUG*) has only come into force on January 1, 2021, any such recognition has not yet been court tested as of the date of this offering memorandum.

Moratorium

In order for the debtor to be able to draw up and negotiate the restructuring plan, the Corporate Stabilization and Restructuring Act (*StaRUG*) offers the possibility of having a moratorium ordered by the competent court upon application by the debtor, which can restrict enforcement measures by certain or all creditors with regards to their payment claims or the realization of respective collateral over moveable assets. The moratorium can initially be ordered for a maximum period of up to three months, with subsequent orders to extend the moratorium up to a maximum of eight months permissible under certain conditions. Such moratorium may also be sanctioned with regards to collateral provided by the debtor's affiliates (*gruppeninterne Drittsicherheiten*).

The moratorium does not suspend the relevant creditor's interest claims. However, whereas creditors may still file an insolvency petition against the debtor during a moratorium, correspondingly initiated insolvency proceedings are suspended for the time of the moratorium. Under certain conditions, in particular if the requirements to terminate restructuring proceedings are met or the debtor does not comply with certain statutory duties under the Corporate Stabilization and Restructuring Act (*StaRUG*) the competent court may lift the moratorium, also on a creditor's application.

Limitations on Enforcement

The Guarantors are incorporated in Germany in the form of a limited liability company (*Gesellschaft mit beschränkter Haftung*—"GmbH") and/or limited partnerships (*Kommanditgesellschaft*) with a limited liability company as its only general partner ("GmbH & Co. KG"). The granting of guarantees, indemnities and security interests by these companies and partnerships for obligations of their affiliates (other than their respective subsidiaries) is regarded as distribution and therefore subject to certain provisions of the German Limited Liability Company Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*) ("GmbHG") and other laws. These provisions would also apply to any future Guarantor in the form of a GmbH or GmbH & Co. KG.

GmbH Limitation Language

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 (i.e., assets minus liabilities and liability reserves as determined under German generally accepted accounting principles) is already less or would fall below the amount of its stated share capital (*Stammkapital*). The granting or enforcement of guarantees or security interests by a GmbH in order to guarantee or secure liabilities of a direct or indirect parent or sister company may be considered disbursements under Sections 30 and 31. Therefore, in order to enable German subsidiaries to issue guarantees or create security interests to secure liabilities of a direct or indirect parent or sister company without the risk of violating Sections 30 and 31, it is standard market practice for indentures, certain credit agreements, guarantees and security documents to contain "limitation language" in relation to subsidiaries incorporated or established in Germany in the legal form of a GmbH or a limited partnership with a GmbH as its only general partner. Pursuant to such limitation language, the beneficiaries of the guarantees or the security interests agree, subject to certain adjustments and exemptions, to enforce the guarantees or the security interests against the German subsidiary only to the extent that such enforcement does not result in the GmbH's (or, in case of a partnership with a GmbH as general partner, such general partner's) net assets falling below its stated share capital or, as the case may be, if the net assets are already below the amount of its stated share capital, to cause such amount to be further reduced. Accordingly, the Guarantee, the Senior Secured Notes Indenture and the Security Documents provided by the Guarantors will contain such limitation language and therefore the enforcement of the Guarantees, the Senior Secured Notes Indenture and the Collateral is limited in the manner described. This could lead to a situation in which the respective Guarantee or security granted by the relevant Guarantor cannot be enforced at all.

In addition, enforcement of the guarantees and security interests granted by a GmbH or GmbH & Co. KG may be limited under its respective terms to the extent that it would lead to the illiquidity (*Zahlungsunfähigkeit*) of the GmbH or of the general partner of a GmbH & Co. KG granting such guarantee or security interest.

The limitation language for any GmbH or GmbH & Co. KG to be incorporated into the relevant Senior Secured Notes Documents (as defined in "Description of the Notes"), in particular in the Senior Secured Notes Indenture, will substantially be in the form as follows:

(a) "The restrictions in this Clause shall apply to any guarantee, indemnity, liability and other payment obligations under this Clause or any other provision in the Senior Secured Notes Indenture and/or any other documents in connection therewith granted by a Guarantor incorporated under the laws of Germany as a limited liability company (GmbH) (a "German GmbH Guarantor") to secure liabilities of its current or any future direct or indirect shareholder(s) (upstream) or a subsidiary of such shareholder (but excluding any direct or indirect subsidiary of such German GmbH Guarantor) (cross-stream) (a "Guarantee")."

(b) The restrictions in this Clause shall not apply with respect to a Capital Impairment:

   (i) to the extent the German GmbH Guarantor secures any indebtedness under any Senior Secured Notes Documents in respect of (i) loans to the extent such loans are (directly or indirectly) on-lent or otherwise passed on to the relevant German GmbH Guarantor or its subsidiaries or (ii) bank guarantees or letters of credit that are issued for the benefit of any of the creditors of the German GmbH Guarantor or the German GmbH Guarantor's subsidiaries, in each case, to the extent that any such on-lending or otherwise passing on or bank guarantees or letters of credit are still outstanding at the time of the enforcement of the Guarantee; for the avoidance of doubt, nothing in this paragraph (b) shall have the effect that such on-lent amounts may be enforced multiple times (no double dip);

   (ii) if, at the time of enforcement of the Guarantee, a domination and/or profit and loss pooling agreement (*Beherrschungs- und/oder Gewinnabführungsvertrag*) as per §291 of the German Stock Corporation Act (*Aktiengesetz, AktG*) (either directly or indirectly through an unbroken chain of domination and/or profit transfer agreements) exists between the relevant German GmbH Guarantor as a dominated company (*beherrschtes Unternehmen*), and:

      (A) in case that German GmbH Guarantor is a subsidiary of the relevant obligor whose obligations are secured by the relevant Guarantee, that obligor; or

      (B) in case the German GmbH Guarantor and the relevant obligor whose obligations are secured by the relevant Guarantee are both subsidiaries of a joint (direct or indirect) parent company, such parent company as dominating entity (*beherrschendes Unternehmen*),

to the extent the existence of such domination and/or profit and loss pooling agreement (*Beherrschungs- und/oder Gewinnabführungsvertrag*) leads to the full inapplicability of section 30 paragraph 1 sentence 1 of the German Limited Liabilities Company Act (GmbHG);

(iii) to the extent any payment under the Guarantee demanded by the Trustee from the relevant German GmbH Guarantor is covered (*gedeckt*) by a fully valuable and recoverable consideration or recourse claim (*vollwertiger Gegenleistungs- oder Rückgewähranspruch*) of the German GmbH Guarantor against the affiliate whose obligations are secured by the relevant Guarantee; or

(iv) if the relevant German GmbH Guarantor has not complied with its obligations pursuant to paragraphs (d) and (e) below. However, if and to the extent that the Guarantee has been enforced without regard to the restrictions contained in this Clause because the Management Notification (as defined below) and/or the Auditor's Determination (as defined below) has not (or not in a timely manner) been delivered pursuant to paragraphs (d) and (e) below, but the Auditor's Determination has then been delivered within four months from its due date in accordance with paragraph (e) below, the Trustee shall upon demand of the German GmbH Guarantor to the Trustee repay any amount received from the German GmbH Guarantor which pursuant to the Auditor's Determination would not have been available for enforcement, if the Auditor's Determination had been delivered in a timely manner.

(c) The parties to this Agreement agree that if payment under the Guarantee would cause (i) the amount of a German GmbH Guarantor's Net Assets (as defined below), as calculated and defined pursuant to paragraph (g) below, to fall below the amount required to maintain its registered share capital (*Stammkapital*) or increase an existing shortage (*Vertiefung einer Unterbilanz*) of its registered share capital (*Stammkapital*) and thereby violating §§ 30, 31 GmbHG (such event, a "Capital Impairment"), or (ii) a German GmbH Guarantor to be deprived of the liquidity necessary to fulfill its liabilities towards its creditors (such event, a "Liquidity Impairment") then the Trustee shall not enforce and the German GmbH Guarantor shall, subject to paragraphs (d) and (e) below, have a defense (*Einrede*) against any claim under the Guarantee if and to the extent such Capital Impairment or Liquidity Impairment would occur.

(d) If the relevant German GmbH Guarantor does not notify the Trustee in writing (Textform, §126b BGB) (the "Management Notification") within fifteen (15) business days after the making of a demand against that German GmbH Guarantor under the Guarantee:

(i) to what extent such Guarantee is an upstream or cross-stream guarantee or indemnity; and

(ii) to what extent a Capital Impairment or Liquidity Impairment would occur as a result of an enforcement of the Guarantee (setting out in reasonable detail the amount of its Net Assets or to which extent the liquidity would be deprived, providing an up-to-date *pro forma* balance sheet or liquidity statement),

then the restrictions set out in this Clause shall cease to apply until a Management Notification has been provided.

(e) If the Trustee disagrees with the Management Notification, it may within twenty (20) business days of its receipt, request the relevant German GmbH Guarantor to provide to the Trustee within forty-five (45) business days of receipt of such request a determination by the auditors or any other auditors of international standard and reputation (the “Auditor’s Determination”) appointed by the German GmbH Guarantor (at its own cost and expense) setting out in reasonable detail the amount in which the payment under the Guarantee would cause a Capital Impairment or Liquidity Impairment, subject to the terms set out under this Clause. Save for manifest errors, the Auditor’s Determination shall be binding on all parties.

(f) If, after it has been provided with an Auditor’s Determination which prevented it from demanding any or only partial payment under the Guarantee or obliged it to surrender any part of the enforcement proceeds, the Trustee ascertains in good faith that the financial conditions of the German GmbH Guarantor as set out in the Auditor’s Determination has substantially improved, the Trustee may (acting reasonably), at the German GmbH Guarantor’s cost and expense, arrange for the preparation of an updated balance sheet of the German GmbH Guarantor by applying the same principles that were used for the preparation of the Auditor’s Determination by the auditors who prepared the Auditor’s Determination in order for such auditors to determine whether (and, if so, to what extent) the Capital Impairment and Liquidity Impairment has been cured as result of the improvement of the financial condition of the German GmbH Guarantor. The Trustee may not arrange for the preparation of an Auditor’s Determination prior to the expiry of three months from the date of the issuance of the preceding Auditor’s Determination. The Trustee may only enforce or demand payment under the Guarantee to the extent the auditors determine that the Capital Impairment and Liquidity Impairment have been cured.

(g) The net assets (*Reinvermögen*) of the German GmbH Guarantor (the “Net Assets”) shall be calculated in accordance with § 42 GmbHG, §§ 242, 264 of the German Commercial Code (*Handelsgesetzbuch, HGB*) and the generally accepted accounting principles applicable from time to time in Germany (*Grundsätze ordnungsgemäßer Buchführung*) and for the purposes of calculating the Net Assets, the following balance sheet items shall be adjusted as follows:

(i) the amount of any increase in the registered share capital of the relevant German GmbH Guarantor which was carried out after the relevant German GmbH Guarantor became a party to this Agreement and made from retained earnings (*Kapitalerhöhung aus Gesellschaftsmitteln*) shall be deducted from the amount of the registered share capital (*Stammkapital*) of the relevant German GmbH Guarantor if it is expressly prohibited under the Senior Secured Notes Documents and has been carried out without the prior written consent of the Trustee;

(ii) the amount of non-distributable assets according to Section 253 subsection 6 of the German Commercial Code (*Handelsgesetzbuch*) shall not be included in the calculation of Net Assets;

(iii) the amount of non-distributable assets according to Section 268 sub-section 8 of the German Commercial Code (*Handelsgesetzbuch*) shall not be included in the calculation of Net Assets;

(iv) the amount of non-distributable assets according to Section 272 sub-section 5 of the German Commercial Code (*Handelsgesetzbuch*) shall not be included in the calculation of Net Assets; and

(v) loans or other liabilities incurred by the relevant German GmbH Guarantor in willful or grossly negligent violation of the Senior Secured Notes Documents shall not be taken into account as liabilities.

(h) Where a German GmbH Guarantor claims in accordance with the provisions of this Clause that the Guarantee can only be enforced in a limited amount, it shall (A) realize, to the extent lawful and commercially justifiable, any and all of its assets that are shown in the balance sheet with a carrying amount (*Buchwert*) that is significantly lower than the market value of the assets and are not necessary (*betriebsnotwendig*) for the relevant German GmbH Guarantor's business, and (B) use best efforts to realize, to the extent legally permitted in a situation where it does not have sufficient liquidity to fulfill its liabilities to its creditors, any and all of its assets if the relevant asset is not necessary for the German GmbH Guarantor's business (*nicht betriebsnotwendig*).

(i) Nothing in this Clause shall constitute a waiver (*Verzicht*) of any right granted under this Agreement or any other Senior Secured Notes Document to the Trustee or any holders of the Senior Secured Notes or vice versa.

(j) Nothing in this Clause shall prevent the Trustee or a German GmbH Guarantor from claiming in court that the provision of this Guarantee and/or making payments under this Guarantee by the relevant German GmbH Guarantor does or does not fall within the scope of §§ 30, 31 and/or § 15b(5) of the German Insolvency Code (*Insolvenzordnung*) and/or § 826 German Civil Code (*Bürgerliches Gesetzbuch*).

(k) In addition to the restrictions set out in this Clause, if a German GmbH Guarantor demonstrates that, according to the decisions of the German Federal Supreme Court (*Bundesgerichtshof*) or a higher regional court of appeals (*Oberlandesgericht*), the enforcement of any upstream or cross-stream guarantee or security interest against such German GmbH Guarantor would result in personal liability of its managing director(s) (*Geschäftsführer*) for a reimbursement of payments made under the Guarantee (including pursuant to § 826 of the German Civil Code (*Bürgerliches Gesetzbuch*)), the German GmbH Guarantor shall have a defense (*Einrede*) against the Guarantee to the extent required in order not to incur such liability.

(l) The provisions of this Clause shall apply to a limited partnership with a limited liability company as its general partner (GmbH & Co. KG) mutatis mutandis and all references to Capital Impairment, Liquidity Impairment and Net Assets shall be construed as a reference to the Capital Impairment, Liquidity Impairment and Net Assets of the general partner (*Komplementär*) of the German GmbH Guarantor.

(m) For the purposes of this Clause, a reference to a "German GmbH Guarantor" includes any limited liability company incorporated (or limited partnership with a limited liability company as its general partner) in a jurisdiction other than Germany whose centre of main interest (as that term is used in Article 3(1) of The Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on Insolvency Proceedings) is in Germany.

(n) Notwithstanding anything to the contrary in the Senior Secured Notes Indenture, this Clause and any rights and/or obligations arising out of it shall be governed by, and construed in accordance with, German law."

German capital maintenance, liquidity maintenance and financial assistance rules (including with respect to Sections 30, 31 and § 15b(5) of the German Insolvency Code (*Insolvenzordnung*)), are subject to evolving case law. We cannot assure you that future court rulings may not further limit the access of shareholders to assets of its subsidiaries constituted in the form of, as applicable, a GmbH or GmbH & Co. KG, which can negatively affect the ability of the Guarantors to make payments on the Senior Secured Notes or the Guarantees or the enforceability of the Guarantees, the Senior Secured Notes Indenture and the Security Documents relating to the Collateral provided by the Guarantors.

In addition, it cannot be ruled out that the case law of the German Federal Supreme Court (*Bundesgerichtshof*) regarding destructive interference (*existenzvernichtender Eingriff*) (i.e., a situation in which a shareholder deprives a GmbH 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 other collateral granted by the Guarantors. In such a case, the amount of proceeds to be realized in an enforcement process may be reduced, even to nil. Moreover, according to a decision of the German Federal Supreme Court (*Bundesgerichtshof*), a security agreement may be void due to tortious inducement of breach of contract if a creditor knows about the stressed 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 the Guarantee or any Collateral by the Guarantors.

Furthermore, the beneficiary (for example, a holder of Senior Secured Notes) of a transaction qualifying as a repayment of the stated share capital of grantor of a guarantee or security interest, as applicable (for example, the provision or the enforcement of a guarantee or security interest) 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 or provider of security interest is close to collapse (*Zusammenbruch*), or had reason to enquire further with respect thereto.

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 accessory security interests (*akzessorische Sicherungsrechte*) cannot be held on behalf of third parties who do not (yet) hold the secured claim, will automatically lapse to the extent a secured claims is settled, discharged or novated, and may not be assigned independently, but will automatically follow the claims they secure in case the relevant secured claim is assigned. The holders of the Senior Secured Notes from time to time will not be party to the Security Documents. In order to permit the holders of the Senior Secured Notes from time to time to benefit from pledges granted to the Security Agent under German law, the Intercreditor Agreement will provide for the creation of a parallel debt. Pursuant to the creation of the parallel debt, the Security Agent has its own separate and independent claim equal to each amount payable by each obligor under, in particular, the Senior Secured Notes. The pledges governed by German law will directly and exclusively (to the extent the Senior Secured Notes are concerned) secure the parallel debt rather than the obligations under the Senior Secured Notes or the holders of the Senior Secured Notes directly. The validity of the parallel debt concept and of the pledges granted under German law to secure such parallel debt has not been tested before German courts, and there is no certainty that it will eliminate or mitigate the risk of unenforceability posed by German law. Therefore, the ability of the Security Agent to enforce the Collateral may be restricted. In addition, holders of the Senior Secured Notes bear some risk associated with a possible insolvency or bankruptcy of the Security Agent. See "*Risk Factors—Risks Relating to the Senior Secured Notes*."

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 (*öffentliche Versteigerung*) 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).

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the "Purchase Agreement") dated as of the date of the final Offering Memorandum, the Senior Secured Notes Issuer has agreed to sell to each Initial Purchaser and each such Initial Purchaser has agreed, severally and not jointly, to purchase the entire principle amount of the Senior Secured Notes from the Senior Secured Notes Issuer.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Senior Secured Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The Initial Purchasers propose to offer the Senior Secured Notes initially at the price indicated on the cover of this Offering Memorandum. After the initial Offering, the offering price and other selling terms of the Senior Secured Notes may from time to time be varied by the Initial Purchasers without notice. Offers and sales of the Senior Secured Notes in the United States will be made by those Initial Purchasers or their affiliates or through United States-registered broker dealers. To the extent that such Initial Purchasers intend to effect sales of the Senior Secured Notes in the United States, they will do so only through one or more US-registered broker-dealers under the U.S. Exchange Act, or in accordance with Rule 15a-6 thereunder. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to prospective investors and to reject orders in whole or in part.

In connection with the Offering, we have agreed to pay certain customary fees and/or reimburse the Initial Purchasers for certain out-of-pocket expenses.

Persons who purchase Senior Secured 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 we will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. We have agreed, subject to certain limited exceptions, not to offer, sell, contract to sell or otherwise dispose of, except as provided under the Purchase Agreement, any debt securities of, or guaranteed by, us during the period from the date of the Purchase Agreement through and including the date 30 days after the date of the Purchase Agreement.

The Senior Secured Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Senior Secured Notes (i) in the United States to "qualified institutional buyers" in accordance with Rule 144A and (ii) outside the United States in offshore transactions in accordance with Regulation S. Terms used in this paragraph have the meanings given to them by Rule 144A and Regulation S.

Each Initial Purchaser has represented, warranted and agreed with us that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Senior Secured Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Senior Secured Notes Issuer or the Guarantors.; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Senior Secured Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Senior Secured Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Senior Secured Notes in any jurisdiction where action for this purpose is required. Accordingly, the Senior Secured Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisement in connection with the Senior Secured 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 Senior Secured Notes. See "*Notice to Investors*."

The Senior Secured Notes are new issues of securities for which there currently is no market.

The Initial Purchasers have advised us that they intend to make a market for the Senior Secured Notes as permitted by applicable law after completing the Offering. The Initial Purchasers are not obligated, however, to make a market in the Senior Secured Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. We cannot assure you that any market for the Senior Secured Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Senior Secured Notes at a particular time or at a price which will be favorable to you. See "*Risk Factors—Risks Relating to the Senior Secured Notes—There may not be an active trading market for the Senior Secured Notes, in which case your ability to sell the Senior Secured Notes will be limited*."

We expect that delivery of the Senior Secured Notes will be made against payment on the Senior Secured Notes on or around the date specified on the cover page of this Offering Memorandum, which will be business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Senior Secured Notes (this settlement cycle is being referred to as "*T+* "). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days (until the end of the period of transition to a settlement cycle of T+1 on May 28, 2024), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Senior Secured Notes on the date of this Offering Memorandum or the next 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 Senior Secured Notes who wish to make such trades should consult their own advisors.

In connection with the Offering, the Stabilizing Manager, or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Senior Secured Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Senior Secured Notes in the open markets to stabilize the price of the Senior Secured Notes. The Stabilizing Manager, or persons acting on its behalf, may also over allot the Offering, creating a syndicate short position, and may bid for and purchase Senior Secured Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Senior Secured Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the market price of the Senior Secured 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 Senior Secured Notes. See "*Risk Factors—Risks Relating to the Senior Secured Notes—There may not be an active trading market for the Senior Secured Notes, in which case your ability to sell the Senior Secured Notes will be limited*."

The Initial Purchasers and their affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial banking, investment banking, financial advising, investment management, principal investment, hedging, financing and brokerage activities.

The Initial Purchasers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, financial advisory and commercial banking services to the Senior Secured Notes Issuer and its affiliates (including the Sponsor) in the ordinary course of business for which they have received or may receive customary fees and commissions. In particular, some of the Initial Purchasers and their affiliates have from time to time provided and may continue to provide M&A and capital markets services to the Sponsor in connection with its interests in the Group.

The Initial Purchasers and their affiliates may receive allocations of the Senior Secured Notes. In addition, the Initial Purchasers or their affiliates may hold 2% Notes due 2025, which are subject to the Tender Offer described under "*Summary—The Transactions—Concurrent Tender Offer*" and therefore they may tender (and receive consideration for) such Tendered 2% Notes due 2025 pursuant to the terms of the Tender Offer or otherwise receive payment in connection with the redemption of the Remaining 2% Notes due 2025, in each case funded with the net proceeds of the Offering. Goldman Sachs Bank Europe SE is acting as dealer manager in connection with the Tender Offer. Certain of the Initial Purchasers and/or their affiliates may also enter into hedging arrangements with us in connection with the Transactions or otherwise.

Certain of the Initial Purchasers (or their respective affiliates) are lenders under the Senior Facilities. In addition, certain of the Initial Purchasers or their respective affiliates act as mandated lead arranger and/or lender under the Senior Facilities Agreement and as arranger and bookrunner of the Senior Facilities Extension and Upsize. Credit Suisse AG, London Branch also acts as facility agent under the Senior Facilities Agreement. The Initial Purchasers and their respective affiliates may receive customary fees and expense reimbursements in connection with such roles.

In the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and instruments of us or our affiliates. If the Initial Purchasers or their affiliates have a lending relationship with us, they routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, the Initial Purchasers and their 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 our securities, which may include the Senior Secured Notes. Any such positions could adversely affect future trading prices of the Senior Secured Notes. The Initial Purchasers and their affiliates may also make investment recommendations and publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and short positions in such securities and instruments.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for us by Kirkland & Ellis International LLP, as to matters of U.S. federal, New York, English and German law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Allen & Overy LLP, as to matters of U.S. federal, New York, English and German law.

INDEPENDENT AUDITORS

The Audited Financial Statements of Techem Verwaltungsgesellschaft 671 mbH as of and for each of the financial years ended September 30, 2021, 2022 and 2023, included elsewhere in this Offering Memorandum have been prepared in accordance with IFRS as adopted by the European Union and have been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, which is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*).

The auditor's address is PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Friedrich-Ebert-Anlage 35-37, 60327 Frankfurt am Main, Germany.

The independent auditor's report of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft for the Audited Financial Statements of Techem Verwaltungsgesellschaft 671 mbH as of and for each of the financial years ended September 30, 2021, 2022 and 2023, also refer to the group management report. The group management report is not included or incorporated by reference in this Offering Memorandum. The group management report was prepared by and is the sole responsibility of the German TopCo management in accordance with German generally accepted accounting principles. The examinations of and the auditor's report upon such group management report are required and were performed in accordance with §317 of the German Commercial Code (*Handelsgesetzbuch*, HGB) and German generally accepted standards for the audit of management report promulgated by the German *Institut der Wirtschaftsprüfer* (IDW). Those examinations were not made in accordance with generally accepted auditing or attestation standards in the United States. Accordingly, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft does not express any opinion on this information or on the Audited Financial Statements included in this Offering Memorandum, in accordance with U.S. generally accepted auditing standards or U.S. attestation standards. The information contained in such group management report and the auditor's report upon such group management report should not be relied upon by U.S. investors.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Senior Secured Notes Issuer is organized under the laws of Germany. The Security Documents relating to the Collateral will be governed by the laws of Germany. The Senior Secured Notes Indenture with respect to the Senior Secured Notes (including the Guarantees) will be governed by New York law. The Intercreditor Agreement and the Senior Facilities Agreement are governed by the laws of England and Wales. All of the directors and executive officers of the Senior Secured Notes Issuer and each of the Guarantors are non-residents of the United States. Since substantially all of the assets of the Senior Secured Notes Issuer and each of the Guarantors, and its and their directors and executive officers, are located outside the United States, any judgment obtained in the United States against either the Senior Secured Notes Issuer or a Guarantor or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Senior Secured 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 Senior Secured Notes Issuer and each of the Guarantors 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 Senior Secured Notes and the Senior Secured Notes 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 mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws.

If a judgment is obtained in a U.S. court against either of the Senior Secured Notes Issuer or a Guarantor, or the Senior Notes Issuer, as a security provider, 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 Germany, where the Senior Secured Notes Issuer and each of the Guarantors 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.

Germany

There is doubt as to the enforceability in Germany of civil liabilities based on U.S. federal or state securities laws, 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 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 by any U.S. federal or state court for payment, whether or not predicated solely upon U.S. federal or state securities laws, would not automatically be enforceable in Germany. A final 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 would not reinvestigate the merits of the original matter decided by a U.S. court, except as noted below. The recognition and enforcement of a U.S. judgment by a German court would be conditional upon a number of factors, including the following (pursuant to section 328(1) of the German Code of Civil Procedure (*Zivilprozessordnung*)):

- the judgment being final under U.S. federal or state law;
- the U.S. court having had jurisdiction over the original proceeding under German law;
- the document introducing the proceedings was duly served and made known to the defendant in a timely manner that allowed for adequate defense and the defendant having had the chance to defend herself or himself against an unduly or untimely served complaint;
- the judgment of the U.S. court being consistent with the judgment of a German court or a recognized judgment of a foreign court handed down before the judgment of the U.S. court;

- the matter (*Verfahren*) resulting in the judgment of the U.S. court being consistent with the matter (*Verfahren*) pending before a German court, provided that such German matter was pending before a German court prior to the U.S. court entered its judgment;
- the enforcement of the judgment by the U.S. court being compatible with the substantial foundations of German law (ordre public), in particular with the civil liberties (*Grundrechte*) guaranteed by virtue of the German Constitution (*Grundgesetz*); and
- generally, the guarantee of reciprocity.

Subject to the foregoing, purchasers of securities may be able to enforce judgments in civil and commercial matters obtained from U.S. courts in Germany. We cannot, however, assure you that attempts to enforce judgments in Germany will be successful.

German courts usually deny the recognition and enforcement of penal or punitive damages (as incompatible with the essential principles 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. Consequently, judgments awarding monetary damages under civil liabilities provisions of the U.S. federal securities laws may not be enforceable to the extent they provide for a compensation that would qualify as being of a penal or punitive nature.

German civil procedure differs substantially from U.S. civil procedure in a number of respects. Insofar as the production of evidence is concerned, U.S. law and the laws of several other jurisdictions based on common law provide for pretrial 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 equivalent pretrial discovery process exists under German law.

There is some German case law to the effect that reciprocity of the recognition of judgments is ensured in relation to claims relating to assets (*vermögensrechtliche Ansprüche*) with regard to various U.S. states. We cannot, however, assure you that attempts to enforce judgments in Germany will be successful. It is also doubtful whether a German court would accept jurisdiction and impose civil liability in an original action solely predicated by U.S. federal securities laws.

In addition, it may under certain circumstances also not be possible for investors to effect service of process within Germany upon the Senior Secured Notes Issuer or the Guarantors or those persons under the Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 and the German law implementing such convention if such service were deemed to infringe German sovereignty or security, which may be the case if such service violated the fundamental principles of German law, in particular the civil rights (Grundrechte) guaranteed by virtue of the German constitution (*Grundgesetz*). However, the German Constitutional Court (*Bundesverfassungsgericht*) held in 2013 that service may not be denied solely because the action before the U.S. court contains claims for punitive damages.

LISTING AND GENERAL INFORMATION

Listing Information

We currently intend to list the Senior Secured Notes on the Official List of the Exchange. There can be no assurance that such application will be granted. The admission of the Senior Secured Notes to the Official List of the Exchange pursuant to the listing requirements of the Authority shall not constitute a warranty or representation by the Authority as to the competence of the service providers to, or any other party connected with, the Senior Secured Notes Issuer, the adequacy and accuracy of information contained in this Offering Memorandum or the suitability of the Senior Secured Notes Issuer for investment or for any other purpose. The Senior Secured Notes are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters. To obtain copies of certain documentation related to the Senior Secured Notes, see "*Available Information*."

Clearing Information

The Senior Secured Notes sold pursuant to Regulation S and the Senior Secured Notes sold pursuant to Rule 144A in the Offering have been accepted for clearing and settlement through the facilities of Euroclear and Clearstream under common codes and , respectively. The ISIN for the Senior Secured Notes sold pursuant to Regulation S is and the ISIN for the Senior Secured Notes sold pursuant to Rule 144A is .

Legal Information

Approval

The Senior Secured Notes Issuer has obtained all necessary consents, approvals and authorizations (if any) in connection with the issuance of the Senior Secured Notes. The issuance of the Senior Secured Notes was approved by resolutions of the board of directors of the Senior Secured Notes Issuer on or about the date of this Offering Memorandum.

Information on the Senior Secured Notes Issuer

The Senior Secured Notes Issuer is a limited liability company (*Gesellschaft mit beschränkter Haftung*), incorporated and existing under the laws of the Federal Republic of Germany, with its registered office at Hauptstraße 89, 65760 Eschborn, Germany, and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main, Germany under registration number HRB 111564. For a full description of the principal shareholders of the Senior Secured Notes Issuer, see "*Principal Shareholders and Related Party Transactions*." The Senior Secured Notes Issuer is not aware of any potential conflict of interest between the duties of the persons listed as its current managers and their private interests or other duties. See "*Management*."

Information on the Guarantors

Techem Solutions GmbH (formerly named Techem Energy Contracting GmbH) is a limited liability company (*Gesellschaft mit beschränkter Haftung*), incorporated and existing under the laws of the Federal Republic of Germany, with its registered offices at Hauptstraße 89, 65760 Eschborn, Germany, and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under registration number HRB 42524.

Techem Energy Services GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*), incorporated and existing under the laws of the Federal Republic of Germany, with its registered offices at Hauptstraße 89, 65760 Eschborn, Germany, and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under registration number HRB 74732.

Techem GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated and existing under the laws of the Federal Republic of Germany, with its registered offices at Hauptstraße 89, 65760 Eschborn, Germany, and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main, Germany under registration number HRB 85143.

Techem Metering GmbH (formerly, MEIF II Germany Holdings S.à r.l. and subsequently Techem Holdings S.à r.l.), incorporated and existing under the laws of the Federal Republic of Germany, with its registered offices at Hauptstraße 89, 65760 Eschborn, Germany, and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under registration number HRB 113346.

INDEX TO FINANCIAL STATEMENTS

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Unaudited interim consolidated financial statements

for the interim period from
October 1, 2023 to December 31, 2023

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Interim consolidated statement of financial position as at December 31, 2023

(€ thousand)	**December 31, 2023 Unaudited**	**September 30, 2023 Audited**
Cash and cash equivalents	105,485	34,529
Trade accounts receivable	229,059	224,170
Contract assets	28,917	27,819
Receivables from shareholders	843	559
Other assets	24,662	24,256
Other financial assets	9,323	5,905
Inventories	79,227	80,035
Income tax receivables	10,535	3,536
Assets classified as held for sale	0	3,520
Total current assets	**488,051**	**404,329**
Metering and other devices	391,969	388,437
Property, plant and equipment	147,497	147,470
Intangible assets	4,550,343	4,550,571
Right-of-use assets	103,737	104,459
Investments accounted for using the equity method	6,538	6,463
Receivables from shareholders	18,316	18,316
Other assets	10,050	9,978
Other financial assets	8,174	8,187
Deferred tax assets	211	183
Total non-current assets	**5,236,835**	**5,234,064**
Total assets	**5,724,886**	**5,638,393**
Trade accounts payable	74,388	72,621
Contract liabilities	28,634	58,566
Liabilities to shareholders	79,114	52,647
Sundry liabilities	12,931	9,685
Other financial liabilities	37,824	40,620
Financial liabilities	187,632	47,815
Lease liabilities	20,372	19,328
Other provisions	54,800	58,885
Income tax liabilities	12,458	14,593
Liabilities directly associated with assets held for sale	0	1,841
Total current liabilities	**508,153**	**376,601**
Financial liabilities	2,632,415	2,629,937
Lease liabilities	92,212	93,711
Contract liabilities	5,627	5,751
Liabilities to shareholders	1,726,126	1,726,126
Sundry liabilities	244	233
Other financial liabilities	844	804
Provisions for pensions	16,116	15,135
Other provisions	14,144	15,850
Deferred tax liabilities	742,397	744,569
Total non-current liabilities	**5,230,125**	**5,232,116**
Share capital	100	100
Capital reserves	563,127	563,127
Retained earnings	(576,619)	(533,551)
Equity attributable to owners of the parent	**(13,392)**	**29,676**
Total equity	**(13,392)**	**29,676**
Total liabilities and equity	**5,724,886**	**5,638,393**

(The accompanying notes are an integral part of these financial statements.)

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Interim consolidated statement of profit or loss and other comprehensive income (consolidated statement of comprehensive income) for the interim period from October 1, 2023 to December 31, 2023

(€ thousand)	**October 1, 2023 – December 31, 2023 Unaudited**	**October 1, 2022 – December 31, 2022 Unaudited**
Statement of profit or loss		
Revenue	211,268	210,501
Capitalized internal work	8,574	7,147
Other income	1,997	3,990
Product expenses and purchased services	(56,695)	(70,566)
Personnel expenses	(71,407)	(66,845)
Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets	(52,888)	(49,230)
Other expenses	(28,153)	(25,564)
Earnings before interest and tax (EBIT)	**12,696**	**9,433**
Share of profit of investments accounted for using the equity method	75	82
Financial income	1,315	881
Finance costs	(63,304)	(50,051)
Loss before tax	**(49,218)**	**(39,655)**
Income taxes	596	1,807
Net loss	**(48,622)**	**(37,848)**
Attributable to:		
- Owners of the parent	(48,622)	(37,848)
Earnings per share (undiluted and diluted) in Euro	**(486)**	**(378)**
Other comprehensive income		
Net loss	**(48,622)**	**(37,848)**
Exchange differences	6,274	(1,615)
Other comprehensive income that is recycled through the statement of profit or loss on specified event	**6,274**	**(1,615)**
Remeasurements of provisions for pensions	(1,007)	0
Other comprehensive income that is not recycled through the statement of profit or loss	**(720)**	**0**
Total other comprehensive income	**5,554**	**(1,615)**
Total comprehensive income	**(43,068)**	**(39,463)**
Attributable to:		
- Owners of the parent	(43,068)	(39,463)
Total comprehensive income	**(43,068)**	**(39,463)**

(The accompanying notes are an integral part of these financial statements.)

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Interim consolidated statement of cash flows for the interim period from October 1, 2023 to December 31, 2023

(€ thousand)	October 1, 2023 – December 31, 2023 Unaudited	October 1, 2022 – December 31, 2022 Unaudited
Cash flows from operating activities		
Loss before tax	**(49,218)**	**(39,655)**
Share of profit of investments accounted for using the equity method	(75)	(82)
Financial income	(1,315)	(881)
Finance costs	63,304	50,051
Earnings before interest and tax (EBIT)	**12,696**	**9,433**
Depreciation on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets	51,593	48,388
Impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets	1,295	842
EBITDA	**65,584**	**58,663**
Adjusted for:		
Gains on disposal of fixed and intangible assets	(130)	(65)
Subtotal	**65,454**	**58,598**
Changes in working capital	**(2,381)**	**6,245**
Changes in trade accounts receivable	9,665	8,254
Changes in contract assets	(1,063)	(373)
Changes in unbilled receivables	(13,808)	(20,649)
Changes in inventories	1,137	1,247
Changes in trade accounts payable	1,688	17,766
Changes in other receivables	**(3,505)**	**(4,196)**
Changes in tax claims (energy tax)	138	(442)
Changes in tax claims (VAT)	(2,082)	(3,853)
Changes in prepaid expenses	1,765	2,327
Changes in non-current operating receivables	231	(868)
Changes in other receivables	(3,557)	(1,360)
Changes in other liabilities	**(30,119)**	**(16,580)**
Changes in salaries and wages	(21)	(153)
Changes in other tax liabilities	2,873	5,998
Changes in deferred income	(71)	(59)
Changes in contract liabilities	(30,466)	(30,952)
Changes in other liabilities	(2,434)	8,586
Changes in provisions	**(6,344)**	**(2,088)**
Changes in maintenance service provisions	1,281	1,215
Changes in provisions for personnel expenses	(2,869)	(3,039)
Changes in pension provisions	(258)	(219)
Changes in warranty provisions	(61)	(38)
Changes in provisions for restructuring	(4,160)	(3)
Changes in provisions for legal fees	(9)	5
Changes in other provisions	(268)	(9)
Cash generated by operating activities	**23,105**	**41,979**
Income taxes paid	(11,724)	(9,583)
Net cash generated by operating activities	**11,381**	**32,396**

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Interim consolidated statement of cash flows for the interim period from October 1, 2023 to December 31, 2023 (cont'd)

(€ thousand)	**October 1, 2023 – December 31, 2023 Unaudited**	**October 1, 2022 – December 31, 2022 Unaudited**
Net cash generated by operating activities	**11,381**	**32,396**
Cash flows from investing activities		
Change in fixed and intangible assets	**(33,767)**	**(32,071)**
Purchase of fixed and intangible assets	(34,150)	(32,203)
Proceeds from disposal of fixed and intangible assets	383	132
Changes in investment and loans	**13**	**0**
Changes in other investments and loans	13	0
Dividends received from investments accounted for using the equity method	0	0
Changes in loans to shareholders	0	0
Changes in the scope of consolidation	**(8,713)**	**(1,403)**
Cash outflow from acquisition of subsidiaries	(10,392)	(1,403)
Cash inflow from disposal of subsidiaries	1,679	0
Cash flows used in investing activities	**(42,467)**	**(33,474)**
Free Cash Flow	**(31,086)**	**(1,078)**
Cash flows from financing activities		
Net change in debt	**104,072**	**49,455**
Proceeds from borrowings	110,000	60,000
Repayments of borrowings	(395)	(5,570)
Repayments of lease liabilities	(5,533)	(4,975)
Finance cost paid/ financial income received	**(2,615)**	**(4,279)**
Interest paid	(2,869)	(3,678)
Interest received	254	130
Close-out interest rate instruments	0	(731)
Net cash generated by financing activities	**101,457**	**45,176**
Change in cash and cash equivalents	**70,371**	**44,098**
Cash and cash equivalents at the beginning of the period	**34,529**	**28,864**
Currency effects of cash and cash equivalents	585	(424)
Cash and cash equivalents at the end of the period	**105,485**	**72,538**

(The accompanying notes are an integral part of these financial statements.)

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Interim consolidated statement of changes in equity for the interim period from October 1, 2023 to December 31, 2023

(€ thousand)	**Share capital** **Unaudited**	**Capital reserve** **Unaudited**	**Retained earnings** **Unaudited**	**Equity attributable to owners of the parent** **Unaudited**	**Non-controlling interest** **Unaudited**	**Total equity** **Unaudited**
Balance as at October 1, 2022	**100**	**563,127**	**(476,885)**	**86,342**	**0**	**86,342**
Net loss	0	0	(37,848)	**(37,848)**	0	**(37,848)**
Other comprehensive income	0	0	(1,615)	**(1,615)**	0	**(1,615)**
Exchange differences	*0*	*0*	*(1,615)*	***(1,615)***	*0*	***(1,615)***
Balance as at December 31, 2022	**100**	**563,127**	**(516,348)**	**46,879**	**0**	**46,879**
Balance as at October 1, 2023	**100**	**563,127**	**(533,551)**	**29,676**	**0**	**29,676**
Net loss	0	0	(48,622)	(48,622)	0	**(48,622)**
Other comprehensive income	0	0	5,554	5,554	0	**5,554**
Exchange differences	*0*	*0*	6,274	6,274	*0*	**6,274**
Remeasurements of provisions for pensions	*0*	*0*	(1,007)	(1,007)	*0*	**(1,007)**
Income taxes on other comprehensive income	*0*	*0*	287	287	*0*	**287**
Balance as at December 31, 2023	**100**	**563,127**	**(576,619)**	**(13,392)**	**0**	**(13,392)**

(The accompanying notes are an integral part of these financial statements.)

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Condensed notes to the interim consolidated financial statements for the interim period from October 1, 2023 to December 31, 2023

THE COMPANY

Techem Verwaltungsgesellschaft 671 mbH (hereinafter also referred to as "Techem 671 mbH") was incorporated on April 13, 2018. Its object is the administration of its own assets. Techem 671 mbH is registered in the commercial register in Frankfurt a. M./Germany with the registration number HRB 111571.

The head office of Techem 671 mbH is located in Eschborn/Germany (Hauptstraße 89, 65760 Eschborn).

The business activities of the Techem Verwaltungsgesellschaft 671 mbH Group (hereinafter also referred to as "Company", "Group" or "Techem 671 Group") comprise the two business segments Energy Services and Energy Efficiency Solutions. The Group is a service provider for smart and sustainable buildings. The business segment Energy Services offers consumption-based billing services using metering and other devices with a focus on the reduction in process and energy costs as well as the increase in energy efficiency and the avoidance of CO_2 emissions. The business segment Energy Efficiency Solutions provides solutions for professional energy management in the market segments of housing and commercial property.

The parent company of Techem 671 mbH is Luxembourg Investment Company 261 S.à r.l., Luxemburg. The ultimate parent company is Partners Group Premier Access L.P., Edinburgh/Scotland.

ACCOUNTING PRINCIPLES

This Financial Report contains interim consolidated financial statements of the Company for the three-month period ended December 31, 2023. It does not provide all of the information and disclosures included in complete consolidated financial statements and is therefore to be read in conjunction with the consolidated financial statements for the financial year ended September 30, 2023. The Company does prepare financial statements on a going concern basis.

The Interim Report has been prepared in compliance with IAS 34 'Interim Financial Reporting'. The accounting policies applied to the condensed consolidated interim financial statements are generally based on the same accounting policies used in the consolidated financial statements for the financial year ending September 30, 2023.

In addition to the financial year ending September 30, 2023, earnings per share are calculated by dividing the consolidated net income after tax, which can be attributed to the owners of the Techem 671 Group, by the weighted average number of shares outstanding during the financial year. Diluted earnings per share are calculated on the assumption that all potentially dilutive securities and share-based compensation plans are converted or exercised.

For further information on new accounting standards and interpretations as well as on amendments to issued standards, please refer to the consolidated financial statements for the financial year ended September 30, 2023.

The application of the following amendments and standards is mandatory for the Company since October 1, 2023:

- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IFRS 17: Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts - Initial Application of IFRS 17 and IFRS 9: Comparative Information

The amendments and standards mentioned above will have no or no significant impact on the financial statements of the Company.

The following amendments have been endorsed since September 30, 2023, in addition to those disclosed in the consolidated financial statements for the financial year ended September 30, 2023:

- Amendments to IAS 1 Presentation of Financial Statements:
  - Classification of Liabilities as Current or Non-current;
  - Classification of Liabilities as Current or Non-current - Deferral of Effective Date and
  - Non-current Liabilities with Covenants (issued on 31 October 2022)

The preparation of interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expense and contingent liabilities. Actual results may differ from these estimates. The judgments, estimates and assumptions were the same as those applied to the consolidated financial statements for the year ended September 30, 2023. The results obtained thus far in the current financial year are not necessarily an indication of how business will develop in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The income tax expense for the reporting period was determined on the basis of the tax rate expected to apply to the full financial year. In addition to our disclosures in accordance with IAS 12 in our consolidated financial statements as at September 30, 2023, the Minimum Taxation Directive Implementation Act came into force in Germany. This has not changed our risk assessment. Thus, there is currently no risk for Techem.

The financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest thousand.

Changes to the scope of consolidation

During the first three month in the financial year 2024 the Company made the following changes to the basis of consolidation:

- Effective October 6, 2023, all the shares in Techem Energy Services LLC, Dubai/United Arab Emirates were sold.
- Effective October 6, 2023, all the shares in aqua calor GmbH, Leipzig/Germany were acquired.
- Effective October 6, 2023, all the shares in meine Wärme GmbH, Leipzig/Germany were acquired.
- Effective October 6, 2023, all the shares in SAS DEVADER COMPTEURS, Cagnes-sur-Mer/France were acquired.
- Effective December 8, 2023, all the shares in UNI-PLUS Hettel GmbH Wasser&Wärme-messen&abrechnen, Muggensturm/Germany were acquired.

Currency translation. The functional currency of each subsidiary is its local currency. As a result, financial information from foreign subsidiaries is translated to Euros as follows: balance sheet figures are translated at the middle rates on the balance sheet date, equity is translated at the historical rates, and profit or loss figures are translated at average rates for the financial year. Currency translation gains or losses are recognized directly in other comprehensive income.

Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date. Gains and losses resulting from such transactions and from the translation at the closing rate of monetary assets and liabilities managed in foreign currency are recognized in the statement of profit or loss.

Explanation of variations in terms of IAS 34 relating to the statement of financial position and the statement of profit or loss

Cash and cash equivalents increased by €70,956 thousand to €105,485 thousand compared to September 30, 2023. This is mainly driven by the increase and drawing of the Revolving Credit Facility of €110,000 thousand to €130,000 thousand in three-month-period ended December 31, 2023 compared to September 30, 2023. Additionally, in the three-month period ended December 31, 2023, net cash amounting to €11,381 thousand was generated by operating activities after taxes. The cash-inflow was offset by cash-outflows from investing activities, mainly relating to the purchase of fixed and intangible assets amounting to €34,150 thousand, the acquisition of subsidiaries amounting to €10,392 thousand (net of cash acquired).

Contract liabilities (current) are €29,932 thousand below September 30, 2023. The reduction in contract liabilities represents their release to revenue in the three-month period ended December 31, 2023. It mainly results from the deferral of the revenue from rental and maintenance services as well as reading and billing services in the Energy Services business, for which the payments received from the customer exceed the services rendered by the Company.

Liabilities to shareholders (current) increased by €26,467 thousand compared to September 30, 2023. The increase is due to accrued interest liabilities for the three-month period ended December 31, 2023, which result from a loan agreement between Luxembourg Investment Company 261 S.à r.l. and Techem Verwaltungsgesellschaft 672 mbH dated July 26, 2018.

Financial Liabilities (current) increased by €139,817 thousand compared to September 30, 2023, mainly due to drawing of the Revolving Credit Facility in an amount of €110,000 thousand for the three-month period ended December 31, 2023 and an increase in accrued interest on Facility B of the Senior Facilities Agreement, the Senior Notes and the Senior Secured Notes totaling €29,556 thousand in the three-month period ended December 31, 2023.

Product expenses and purchased services decreased by €13,871 thousand in the three-month period ended December 31, 2023 to €56,695 thousand mainly due to a decline in the segment Energy Efficiency Solutions. Due to the impending gas shortage in the 2nd half of 2022, we procured quantities for winter 2022/23 early. However, the forward prices were very high, so the procurement costs in three-month period ended December 31, 2022 were much higher compared to the procurement costs in three-month period ended December 31, 2023.

Financial income increased to €1,315 thousand in the three-month period ended December 31, 2023 from €881 thousand in the three-month period ended December 31, 2022. In the three-month period ended December 31, 2023 financial income mainly included exchange gains on loans to related entities of €416 thousand (three-month period ended December 31, 2022: €628 thousand) and a gain resulting from foreign exchange hedges amounting to €355 thousand (loss in the three-month period ended December 31, 2022: €110 thousand).

Finance costs increased to €63,304 thousand in the three-month period ended December 31, 2023 from €50,051 thousand in the three-month period ended December 31, 2022. These costs mainly include interest expenses, which amounted to €62,533 thousand in the three-month period ended December 31, 2023 compared to €49,562 thousand in the three-month period ended December 31, 2022. Third party interest expenses increased to €36,065 thousand in the three-month period ended December 31, 2023 from €24,613 thousand in the three-month period ended December 31, 2022, primarily due to the higher interest rate level on the capital markets. Interest expenses on transactions with related entities increased to €26,467 thousand in the three-month period ended December 31, 2023 compared to €24,950 thousand in the three-month period ended December 31, 2022. The increase in interest expenses on transactions with related entities was due to the capitalization of unpaid interest amounting to € 98,984 thousand as at March 31, 2023.

Income tax expenses decreased to €596 thousand in the three-month period ended December 31, 2023 from €1,807 thousand in the three-month period ended December 31, 2022. This results from deferred tax income which decreased by €2,328 thousand, mainly resulting from the Energy Services Germany segment. Additionally, current income tax expenses decreased by €1,117 thousand, mainly due to the decreased taxable income of the German tax group, which leads to €1,532 thousand less current income taxes in this period. In contrast, the taxable income of the ESI segment increased, which leads to €395 thousand more current income taxes in the three-month period ended December 31, 2023 compared to the three-month period ended December 31, 2022.

Other comprehensive income that is not recycled through the statement of profit or loss increased to €720 thousand in the three-month period ended December 31, 2023 from €0 thousand in the three-month period ended December 31, 2022 which mainly results from the remeasurements of provisions for pensions due to the change in interest rates.

Financial Instruments

Financial assets only contain debt instruments. According to the “SPPI test”, the financial assets generate cash flows that are solely payments of principal and interest. Furthermore, according to the “Business model test” these financial instruments' cash flows solely result from collecting contractual cash flows (IFRS 9.4.1.2). Therefore, the financial assets are recorded at amortized costs.

The following table provides an overview of carrying amounts and fair values of the financial instruments in the Techem 671 Group in accordance with IFRS 9 and IFRS 7:

€ thousand	Dec 31, 2023		Sep 30, 2023	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Category: Financial assets measured at amortized cost				
Measurement at amortized cost				
Cash and cash equivalents	105,485	105,485	34,529	34,529
Trade accounts receivable (current)	229,059	229,059	224,170	224,170
Other financial assets (current) [1]	7,301	7,301	4,089	4,089
Other financial assets (non-current)	8,174	8,174	8,187	8,187
Receivables from shareholders (current)	843	843	559	559
Receivables from shareholders (non-current)	18,316	18,678	18,316	17,406
Category: Financial assets at fair value through profit or loss				
Measurement at fair value				
Hedging instruments not subject to hedge accounting	2,022	2,022	1,816	1,816
Financial liabilities				
Category: Financial liabilities measured at amortized cost				
Measurement at amortized cost				
Trade accounts payable (current)	74,388	74,388	72,621	72,621
Other financial liabilities (current) [2]	37,817	37,817	40,488	40,488
Other financial liabilities (non-current)	844	844	804	804
Financial liabilities (current)	187,632	187,632	47,815	47.815
Financial liabilities (non-current)	2,632,415	2,630,024	2,629,937	2,606,357
Liabilities to shareholders (current)	79,114	79,114	52,647	52,647
Liabilities to shareholders (non-current)	1,726,126	1,753,359	1,726,126	1,619,177
Category: Financial liabilities at fair value through profit or loss				
Measurement at fair value				
Hedging instruments not subject to hedge accounting	7	7	132	132

[1] As at December 31, 2023, the balance sheet item also includes interest rate instruments of €1,799 thousand and currency swaps of €223 thousand (September 30, 2023: interest rate instruments €1,799 thousand and currency swaps €17 thousand), which are reported in the category „Financial assets at fair value through profit or loss".

[2] As at December 31, 2023, the balance sheet also includes currency swaps of €7 thousand (September 30, 2023: currency swaps of €132 thousand), which are reported in the category „Financial liabilities at fair value through profit or loss".

Non-current other financial assets are broken down as follows:

€ thousand	Dec 31, 2023 Carrying amount	Dec 31, 2023 Fair value	Sep 30, 2023 Carrying amount	Sep 30, 2023 Fair value
Trade accounts receivable	2,960	2,960	3,004	3,004
Finance lease receivables	3,522	3,522	3,521	3,521
Guarantees relating to tenders	596	596	576	576
Other	1,096	1,096	1,086	1,086
Total	**8,174**	**8,174**	**8,187**	**8,187**

Non-current financial liabilities are broken down as follows:

€ thousand	Dec 31, 2023 Carrying amount	Dec 31, 2023 Fair value	Sep 30, 2023 Carrying amount	Sep 30, 2023 Fair value
Loans	1,130,400	1,143,673	1,128,699	1,142,780
Notes	1,502,015	1,486,351	1,501,238	1,463,577
Total	**2,632,415**	**2,630,024**	**2,629,937**	**2,606,357**

The table below analyses financial instruments measured at fair value by fair value hierarchy in accordance with IFRS 7 and IFRS 13. The different levels have been defined as follows:

level 1: financial instruments traded in active markets for which unchanged quoted prices are taken as measurement
level 2: measurement is made by means of valuation methods with parameters derived directly or indirectly from observable market data
level 3: measurement is made by means of valuation methods with parameters that are not based on observable market data

€ thousand	Level 1	Level 2	Level 3	Total
Dec 31, 2023				
Hedging instruments not subject to hedge accounting	0	2,022	0	2,022
Financial assets	**0**	**2,022**	**0**	**2,022**
Hedging instruments not subject to hedge accounting	0	7	0	7
Financial liabilities	**0**	**7**	**0**	**7**
Sep 30, 2023				
Hedging instruments not subject to hedge accounting	0	1,816	0	141
Financial assets	**0**	**1,816**	**0**	**141**
Hedging instruments not subject to hedge accounting	0	132	0	132
Financial liabilities	**0**	**132**	**0**	**132**

For financial assets and liabilities measured at fair value, no transfers between Level 1 and 2 of the fair value hierarchy occurred in the three-month period ended December 31,2023.

It is assumed that the fair values of all current items are approximately equivalent to their carrying amounts. The main reason for this is the short maturity of these instruments.

For non-current other financial assets, non-current trade accounts payable and non-current other financial liabilities the carrying amounts are approximately equivalent to their fair values.

As at December 31,2023, the fair values of hedging instruments not subject to hedge accounting (interest rate caps) are determined based on the difference between the variable interest rate agreed as part of the underlying transaction and the interest rate limited by the cap.

The fair values of the Notes are their respective quoted market prices as at December 31, 2023.

The fair value of non-current financial liabilities (loans), measured at amortized cost, is determined using the discounted cash flow method, calculating the present value of expected future cash flows. The discount rates used are term adequate risk-adjusted discount rates. The risk adjustment is made based on the CDS spreads of Techem.

The fair value of non-current liabilities to shareholders, measured at amortized cost, is determined using the discounted cash flow method, calculating the present value of expected future cash flows. The discount rate used is the internal rate of return of Techem Senior Notes as at December 31, 2023.

The respective fair values of the Notes mentioned above fall into Level 1 of the fair value hierarchy. The aforementioned fair values of the non-current financial liabilities (excluding the Notes) and non-current liabilities to shareholders are attributed to Level 2.

Earnings per share

The consolidated net income/loss in the three-month period ended December 31, 2023 attributable to the owners of the Techem 671 Group amounted to € (48,622) thousand (in the three-month period ended December 31, 2023: € (37,848) thousand) is the basis for the calculation of both diluted and undiluted earnings. There was no dilution effect in the three-month period ended December 31, 2023 or in the three-month period ended December 31, 2022.

	December 31, 2023	**December 31, 2022**
Number of shares	100,000	100,000
Earnings per share (undiluted and diluted) in Euro	(486)	(378)

Segment reporting

The segment reporting in accordance with IFRS 8 Operating Segments is prepared due to the issuance of Notes in July 2018 by Techem Verwaltungsgesellschaft 674 mbH and the issuance of Notes in January 2020 by Techem Verwaltungsgesellschaft 675 mbH which are traded in a public market. Both companies are indirect subsidiaries of Techem Verwaltungsgesellschaft 671 mbH. The quarterly segment reporting does not provide all of the information and is therefore to be read in conjunction with the consolidated financial statements for the financial year ended September 30, 2023

Within the segment Energy Services, the Company provides its customers, which mainly comprise service providers in the housing and real-estate industry, with measurement, sub-meter reading and billing services relating to energy and water consumption. The reading and billing services are subject to seasonal fluctuations, which impact the results of operations accordingly.

The segment Energy Efficiency Solutions represents a further development of our previous segment Energy Contracting. The segment Energy Efficiency Solutions provides its customers with services in relation to the planning, financing, construction and operation of heat generation plants. The plants are maintained continuously. Gas, oil, long-distance heating and electricity are provided to the customers. In the short financial year 2020, the business unit water technology, which comprises the professional operation of water treatment facilities, was transferred from the segment Energy Services to the segment Energy Efficiency Solutions.

Consolidation entries are included under "Other".

The accounting principles applied are the same as those applied for the Group. The economic development of the Group and its segments is managed by means of financial ratios. The financial ratios relevant to the management are revenue and EBIT/EBITDA, whereby the company believes that EBIT reflects the capital intensity of the business best.

Segment information is as follows:

€ thousand	Energy Services	Energy Efficiency Solutions	Other	Group
October 1 - December 31, 2023				
External revenue	169,921	41,347	0	211,268
Intragroup revenue	906	159	(1,065)	0
Revenue	**170,827**	**41,506**	**(1,065)**	**211,268**
EBIT	**4,329**	**8,367**	**0**	**12,696**
EBITDA	**53,815**	**11,769**	**0**	**65,584**
Depreciation and impairment losses	**(49,486)**	**(3,402)**	**0**	**(52,888)**
thereof impairment losses	*(1,273)*	*(22)*	*0*	*(1,295)*
EBIT				12,696
Share of profit of investments accounted for using the equity method				75
Financial income				1,315
Finance costs				(63,304)
Profit before tax				**(49,218)**
Investments in fixed assets	**(42,587)**	**(2,917)**	**0**	**(45,504)**
October 1 - December 31, 2022				
External revenue	158,985	51,516	0	210,501
Intragroup revenue	723	212	(935)	0
Revenue	**159,708**	**51,728**	**(935)**	**210,501**
EBIT	**7,167**	**2,266**	**0**	**9,433**
EBITDA	**53,259**	**5,404**	**0**	**58,663**
Depreciation and impairment losses	**(46,092)**	**(3,138)**	**0**	**(49,230)**
thereof impairment losses	*(806)*	*(36)*	*0*	*(842)*
EBIT				**9,433**
Share of profit of investments accounted for using the equity method				82
Financial income				881
Finance costs				(50,051)
Profit before tax				**(39,655)**
Investments in fixed assets	**(29,299)**	**(3,389)**	**0**	**(32,688)**

Non-current assets and revenue by region:

€ thousand	Germany	Other countries	Group
December 31, 2023			
Segmental non-current assets	**4,594,564**	**615,570**	**5,210,134**
Receivables from shareholders			18,316
Other financial assets			8,174
Deferred tax assets			211
Total non-current assets			**5,236,835**
September 30, 2023			
Segmental non-current assets	**4,599,416**	**607,962**	**5,207,378**
Receivables from shareholders			18,316
Other financial assets			8,187
Deferred tax assets			183
Total non-current assets			**5,234,064**

As at December 31, 2023, the item "Other countries" includes non-current assets from European countries of 99.5% (September 30, 2023: 98.5%). The breakdown of the non-current assets of the "Other" Countries is as follows:

Non-current assets „Other" Countries:

€ thousand	December 31, 2023	September 30, 2023
Austria	114,030	113,641
Switzerland	78,366	75,259
Denmark	67,488	67,828
France	111,499	110,155
Belgium	52,839	52,426
Italy	68,669	68,789
Poland	33,891	31,458
Netherlands	25,613	25,588
Others	63,175	62,818
Total "Other Countries":	**615,570**	**607,962**

Revenue reporting information for the three-month period ended December 31, 2023 and 2022:

€ thousand	October 1 – December 31, 2023	October 1 – December 31, 2022
Geographical region		
Germany	156,558	160,713
Other countries	54,710	49,788
Major product and service lines		
Energy Services		
Reading and billing services	59,803	57,283
Rental and associated service revenue	67,566	65,051
Sales	30,626	25,408
Maintenance services	11,001	10,079
Other	925	1,164
Energy Efficiency Solutions	41,347	51,516
Revenue	**211,268**	**210,501**

In the three-month period ended December 31, 2023, revenue recognized over time amounted to €174,011 thousand and revenue recognized at a point in time amounted to €37,257 thousand.

In the three-month period ended December 31, 2022, revenue recognized over time amounted to €176,250 thousand and revenue recognized at a point in time amounted to €34,251 thousand.

In the three-month period ended December 31,2023, the item "Other countries" includes 97.6% of sales revenues from European countries (in the three-month period ended December 31,2022: 95.0%). The breakdown of the revenues of the "Other" Countries is as follows:

Revenue „Other" Countries:

€ thousand	October 1 – December 31, 2023	October 1 – December 31, 2022
Austria	7,993	7,193
Switzerland	6,672	6,519
Denmark	4,384	3,781
France	6,443	5,977
Belgium	3,758	3,311
Italy	3,395	2,766
Poland	8,100	7,033
Netherlands	2,059	1,960
Others	11,906	11,248
Total "Other Countries":	**54,710**	**49,788**

Acquisitions

In the three-month period ended December 31, 2023, all the shares in the following companies were acquired:

- aqua calor GmbH, Leipzig/Germany
- meine Wärme GmbH, Leipzig/Germany
- SAS DEVADER COMPTEURS, Cagnes-sur-Mer/France, (hereinafter also referred to as "DEVADER")
- UNI-PLUS Hettel GmbH Wasser&Wärme-messen&abrechnen, Muggensturm/Germany, (hereinafter also referred to as " UNI-PLUS")

The main intention regarding the acquisition is to strengthen the core business at the local level. The business of the acquisition primarily comprises the reading and consumption-based billing of energy and water consumption as well as the rental and the sale of the respective devices.

At the time the financial statements are issued, the group had not yet completed the accounting for the acquisition of DEVADER and UNI-PLUS. In particular, the fair values of the assets and liabilities mentioned below have only been determined provisionally as the valuations have not been finalized. It is also not yet possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity.

The following table shows the total purchase price and the net cash outflow relating to the above acquisitions:

€ thousand	**Dec 31, 2023**
Total purchase price	**10,888**
Less: cash and cash equivalents acquired	(496)
Net cash outflow relating to the acquisitions	**10,392**

The breakdown of the net assets acquired is as follows:

€ thousand	**Fair value**
Cash and cash equivalents	496
Metering and other devices	1,275
Customer relationships and trademarks	1,663
Other assets (current and non-current) [1]	648
Liabilities (current and non-current)	(486)
Deferred tax liabilities (net)	(900)
Net assets acquired[2]	**2,696**
Goodwill	8,192
Total purchase price	**10,888**

[1] including trade receivables (gross) of €383 thousand and allowances for these trade receivables of €41 thousand. The book value of these receivables corresponds to their fair value.

The goodwill of €8,192 thousand mainly comprises intangible assets, which cannot be identified separately and mainly reflects expected future growth of earnings as a result of synergies and the increase in the market share in the respective region. It is not tax-deductible.

If the acquired companies and businesses had been part of the Techem 671 Group since October 1, 2023, Group revenues would have amounted to €211,551 thousand and Group net loss to €48,564 thousand. Since joining the Group, the acquisitions generated total revenues of €401 thousand and total net income of €85 thousand in the reporting period.

Costs directly attributable to the acquisitions amounted to €144 thousand, which were recognized in other expenses.

Other financial obligations / Financial guarantees

As at December 31, 2023, other financial obligations amounted to €52,483 thousand. The amount contained financial obligations related to the purchase of fixed assets and intangible assets of €17,828 thousand and financial obligations due to energy supply contracts of €34,655 thousand. In addition, financial guarantees in an amount of €184 thousand have been issued.

Transactions with related parties

As at December 31, 2023, Techem 671 Group recognized non-current liabilities to shareholders amounting to €1,726,126 thousand, which result from a subordinated loan with the parent company Luxembourg Investment Company 261 S.à r.l. In the three-month period ended December 31, 2023, interest expenses in the amount of €26,467 thousand were incurred relating to the shareholder loan. As at December 31, 2023, these interest expenses are unpaid and recognized under current liabilities to shareholders.

As at December 31, 2023, Techem 671 Group recognized non-current receivables to shareholders in the amount of €18,316 thousand. The receivables relate to the utilization of the credit line in the amount of €24,258 thousand, is due in 2032 and bears an interest of 6.08 percent. In the three-month period ended December 31, 2023, interest income in the amount of €285 thousand was incurred relating to the granted loan.

Events after the balance sheet date

Effective January 4, 2024, we acquired all the shares in BFW Dieter Ritter GmbH, Wyhl am Kaiserstuhl/Germany. The main intention regarding these acquisitions is to strengthen the core business at local level. The business of the acquired target primarily comprises the reading and consumption-based billing of energy and water consumption as well as the rental and the sale of the respective devices. Considerations of approx. €35 million were paid in cash. Because the initial accounting for this business combination has not been completed due to the late closing, only preliminary disclosures about the acquired assets and liabilities can be made. Significant assets acquired relate to goodwill and customer relationships. Besides this cash and cash equivalents of approximately €6 million, fixed assets of approximately €1 million and no significant liabilities were acquired.

Currently, the Revolving Credit Facility is utilized with €70,000 thousand in cash (December 31, 2023: €130,000 thousand).

Eschborn, February 5, 2024

Techem Verwaltungsgesellschaft 671 mbH

Matthias Hartmann | Dr.-Ing. Carsten Sürig | Nicolai Kuß

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Consolidated financial statements

for the financial year from
October 1, 2022 to September 30, 2023

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Consolidated statement of financial position as at September 30, 2023

(€ thousand)	Note	September 30, 2023 Audited	September 30, 2022 Audited
Cash and cash equivalents	19	34,529	28,864
Trade accounts receivable	1, 19	224,170	215,897
Contract assets	1	27,819	25,933
Receivables from shareholders		559	245
Other assets	2	24,256	21,590
Other financial assets	2, 19	5,905	2,552
Inventories	4	80,035	56,162
Income tax receivables		3,536	3,912
Assets classified as held for sale	28	3,520	0
Total current assets		**404,329**	**355,155**
Metering and other devices	5	388,437	372,674
Property, plant and equipment	6	147,470	136,087
Intangible assets	7	4,550,571	4,529,611
Right-of-use assets	14	104,459	106,396
Investments accounted for using the equity method	8	6,463	5,879
Receivables from shareholders		18,316	9,285
Other assets	3	9,978	10,073
Other financial assets	3, 19	8,187	7,429
Deferred tax assets	9	183	0
Total non-current assets		**5,234,064**	**5,177,434**
Total assets		**5,638,393**	**5,532,589**
Trade accounts payable	19	72,621	48,028
Contract liabilities	10	58,566	56,089
Liabilities to shareholders	10, 19	52,647	49,628
Sundry liabilities	10	9,685	7,927
Other financial liabilities	10, 19	40,620	20,998
Financial liabilities	12, 19	47,815	67,507
Lease liabilities	14, 19	19,328	16,929
Other provisions	15	58,885	40,490
Income tax liabilities	26	14,593	17,677
Liabilities directly associated with assets held for sale	28	1,841	0
Total current liabilities		**376,601**	**325,273**
Financial liabilities	13, 19	2,629,937	2,616,942
Lease liabilities	14, 19	93,711	95,541
Contract liabilities	11	5,751	4,993
Liabilities to shareholders	11, 19	1,726,126	1,627,142
Sundry liabilities	11	233	254
Other financial liabilities	11, 19	804	1,444
Provisions for pensions	17	15,135	14,014
Other provisions	16	15,850	9,164
Deferred tax liabilities	9	744,569	751,480
Total non-current liabilities		**5,232,116**	**5,120,974**
Share capital	18	100	100
Capital reserves	18	563,127	563,127
Retained earnings	18	(533,551)	(476,885)
Equity attributable to owners of the parent		**29,676**	**86,342**
Non-controlling interest		**0**	**0**
Total equity	18	**29,676**	**86,342**
Total liabilities and equity		**5,638,393**	**5,532,589**

(The accompanying notes are an integral part of these financial statements.)

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Consolidated statement of profit or loss and other comprehensive income (consolidated statement of comprehensive income) for the financial year from October 1, 2022 to September 30, 2023

(€ thousand)	Note	October 1, 2022 – September 30, 2023 Audited	October 1, 2021 – September 30, 2022 Audited
Statement of profit or loss			
Revenue	**20**	1,011,688	899,629
Capitalized internal work	**21**	35,106	30,796
Other income	**22**	11,427	11,215
Product expenses and purchased services	**23**	(240,852)	(200,452)
Personnel expenses		(304,575)	(249,227)
Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets		(207,423)	(196,872)
Other expenses	**24**	(107,988)	(96,856)
Earnings before interest and tax (EBIT)		**197,383**	**198,233**
Share of profit of investments accounted for using the equity method	**8**	834	503
Financial income	**25**	4,402	14,481
Finance costs	**25**	(228,051)	(201,978)
Loss before tax		**(25,432)**	**11,239**
Income taxes	**26**	(30,237)	(26,191)
Net loss		**(55,669)**	**(14,952)**
Attributable to:			
- Owners of the parent		(55,669)	(14,952)
- Non-controlling interest		0	0
Other comprehensive income			
Net loss		**(55,669)**	**(14,952)**
Exchange differences		496	9,811
Other comprehensive income that is recycled through the statement of profit or loss on specified event		**496**	**9,811**
Remeasurements of provisions for pensions	**17**	(1,993)	7,341
Income taxes on other comprehensive income		500	(1,754)
Other comprehensive income that is not recycled through the statement of profit or loss		**(1,493)**	**5,587**
Total other comprehensive income		**(997)**	**15,398**
Total comprehensive income		**(56,666)**	**446**
Attributable to:			
- Owners of the parent		(56,666)	446
- Non-controlling interest		0	0
Total comprehensive income		**(56,666)**	**446**

(The accompanying notes are an integral part of these financial statements.)

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Consolidated statement of cash flows for the financial year from October 1, 2022 to September 30, 2023

(€ thousand)	Note	October 1, 2022 – September 30, 2023 Audited	October 1, 2021 – September 30, 2022 Audited
Cash flows from operating activities			
Loss before tax		**(25,432)**	**11,239**
Share of profit of investments accounted for using the equity method		(834)	(503)
Financial income		(4,402)	(14,481)
Finance costs		228,051	201,978
Earnings before interest and tax (EBIT)		**197,383**	**198,233**
Depreciation on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets		200,693	189,399
Impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets		6,730	7,473
EBITDA		**404,806**	**395,105**
Adjusted for:			
Gains on disposal of fixed and intangible assets		(2,182)	(248)
Loss on sale of subsidiary		(111)	(1,452)
Subtotal		**402,513**	**393,405**
Changes in working capital		**(5,953)**	**(37,424)**
Changes in trade accounts receivable		(14,195)	(5,276)
Changes in contract assets		(2,210)	999
Changes in unbilled receivables		8,071	(23,977)
Changes in inventories		(21,370)	(7,641)
Changes in trade accounts payable		23,751	(1,529)
Changes in other receivables		**(5,212)**	**(3,243)**
Changes in tax claims (energy tax)		1,007	(449)
Changes in tax claims (VAT)		(2,488)	540
Changes in prepaid expenses		(115)	(291)
Changes in non-current operating receivables		(586)	(338)
Changes in other receivables		(3,030)	(2,705)
Changes in other liabilities		**21,807**	**(3,536)**
Changes in salaries and wages		84	(38)
Changes in other tax liabilities		496	(83)
Changes in deferred income		13	9
Changes in contract liabilities		(1,362)	(754)
Changes in other liabilities		22,576	(2,670)
Changes in provisions		**22,888**	**259**
Changes in maintenance service provisions		160	(390)
Changes in provisions for personnel expenses		(1,465)	4,870
Changes in pension provisions		(1,286)	(1,147)
Changes in warranty provisions		(1,126)	329
Changes in provisions for restructuring		25,800	(38)
Changes in provisions for legal fees		(7)	12
Changes in other provisions		812	(3,377)
Cash generated by operating activities		**436,043**	**349,461**
Income taxes paid		(53,273)	(40,090)
Net cash generated by operating activities		**382,770**	**309,371**

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Consolidated statement of cash flows for the financial year from October 1, 2022 to September 30, 2023 (cont'd)

(€ thousand)	Note	October 1, 2022 – September 30, 2023 Audited	October 1, 2021 – September 30, 2022 Audited
Net cash generated by operating activities		**382,770**	**309,371**
Cash flows from investing activities			
Change in fixed and intangible assets		**(151,834)**	**(149,553)**
Purchase of fixed and intangible assets		(162,445)	(151,144)
Proceeds from disposal of fixed and intangible assets		10,611	1,591
Changes in investments and loans		**(8,150)**	**(9,308)**
Cash inflow / outflow from other investments and loans		100	(300)
Dividends received from investments accounted for using the equity method	**8**	250	250
Changes in loans to shareholders		(8,500)	(9,258)
Changes in the scope of consolidation		**(62,795)**	**(59,781)**
Cash outflow from acquisition of subsidiaries	**27**	(62,795)	(59,781)
Cash outflow from disposal of subsidiaries		0	0
Cash flows used in investing activities		**(222,779)**	**(218,642)**
Free Cash Flow		**159,991**	**90,729**
Cash flows from financing activities			
Net change in debt		**(50,765)**	**(14,354)**
Proceeds from borrowings	**13, 19**	70,841	110,102
Repayments of borrowings	**13, 19**	(101,821)	(103,971)
Repayments of lease liabilities	**14, 19**	(19,785)	(20,485)
Finance cost paid/ financial income received		**(101,883)**	**(90,313)**
Interest paid	**19**	(101,287)	(90,807)
Interest received		726	494
Close-out interest rate instruments		(1,322)	0
Net cash used in financing activities		**(152,648)**	**(104,667)**
Change in cash and cash equivalents		**7,343**	**(13,938)**
Cash and cash equivalents at the beginning of the period		**28,864**	**41,293**
Currency effects of cash and cash equivalents		(256)	1,509
Cash and cash equivalents at the end of the period		**35,951**	**28,864**
Cash and cash equivalents as per the statement of financial positions		**34,529**	**28,864**
Cash and cash equivalents in assets held for sale	**28**	1,422	0
Cash and cash equivalents as per the statement of cash flows		**35,951**	**28,864**

(The accompanying notes are an integral part of these financial statements.)

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Consolidated statement of changes in equity for the financial year from October 1, 2022 to September 30, 2023

(€ thousand)	Note	Share capital	Capital reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total equity
		Audited	**Audited**	**Audited**	**Audited**	**Audited**	**Audited**
Balance as at October 1, 2021	**18**	**100**	**563,127**	**(477,331)**	**85,896**	**0**	**85,896**
Net loss		0	0	(14,952)	**(14,952)**	0	**(14,952)**
Other comprehensive income		0	0	15,398	**15,398**	0	**15,398**
Exchange differences		*0*	*0*	*9,811*	***9,811***	*0*	***9,811***
Remeasurements of provisions for pensions		*0*	*0*	*7,341*	***7,341***	*0*	***7,341***
Income taxes on other comprehensive income		*0*	*0*	*(1,754)*	***(1,754)***	*0*	***(1,754)***
Balance as at September 30, 2022	**18**	**100**	**563,127**	**(476,885)**	**86,342**	**0**	**86,342**
Balance as at October 1, 2022	**18**	**100**	**563,127**	**(476,885)**	**86,342**	**0**	**86,342**
Net loss		0	0	(55,669)	**(55,669)**	0	**(55,669)**
Other comprehensive income		0	0	(997)	**(997)**	0	**(997)**
Exchange differences		*0*	*0*	*496*	***496***	*0*	***496***
Remeasurements of provisions for pensions		*0*	*0*	*(1,993)*	***(1,993)***	*0*	***(1,993)***
Income taxes on other comprehensive income		*0*	*0*	*500*	***500***	*0*	***500***
Balance as at September 30, 2023	**18**	**100**	**563,127**	**(533,551)**	**29,676**	**0**	**29,676**

(The accompanying notes are an integral part of these financial statements.)

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Notes to the consolidated financial statements

for the financial year from
October 1, 2022 to September 30, 2023

A. THE COMPANY

Techem Verwaltungsgesellschaft 671 mbH (hereinafter also referred to as ”Techem 671 mbH“) was incorporated on April 13, 2018. Its object is the administration of its own assets. Techem 671 mbH is registered in the commercial register in Frankfurt a. M./Germany with the registration number HRB 111571.

The head office of Techem 671 mbH is located in Eschborn/Germany (Hauptstraße 89, 65760 Eschborn).

The business activities of the Techem Verwaltungsgesellschaft 671 mbH Group (hereinafter also referred to as ”Company”, ”Group” or ”Techem 671 Group”) comprise the two business segments Energy Services and Energy Efficiency Solutions (formerly Energy Contracting). The Group is a service provider for smart and sustainable buildings. The business segment Energy Services offers consumption-based billing services using metering and other devices with a focus on the reduction in process and energy costs as well as the increase in energy efficiency and the avoidance of CO_2 emissions. The business segment Energy Efficiency Solutions provides solutions for professional energy management in the market segments of housing and commercial property.

The parent company of Techem 671 mbH is Luxembourg Investment Company 261 S.à r.l., Luxemburg. The ultimate parent company is Partners Group Premier Access L.P., Edinburgh.

B. BASIS OF PRESENTATION

These consolidated financial statements incorporate the financial statements of Techem 671 mbH and its subsidiaries. As in previous years, the reporting date for the consolidated financial statements is 30. September.

The consolidated financial statements of Techem 671 Group for the year ended September 30, 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the European Union (EU). In addition, the supplementary regulations in accordance with section 315(e) German Commercial Code have been applied. In accordance with IFRS, the consolidated financial statements have generally been prepared using the historical cost measurement basis. In line with IFRS, a different basis has been used in the measurement of purchase price allocations, money market funds, financial instruments, leases, provisions for pensions and other post-employment benefits.

The measurement of assets and liabilities and the disclosure of contingent assets and liabilities at the relevant balance sheet dates, as well as the amount of income and expenses for the period under review, are influenced by estimates and assumptions made in the preparation of the consolidated financial statements in accordance with IFRS. Although these estimates and assumptions have been made with the best knowledge of the management of the Company (specifically in the case of accrued revenues, provisions and intangible assets), actual figures may ultimately vary from these estimates.

Unless stated otherwise, all amounts are shown in thousands of Euros (€ thousand). Rounding may lead to discrepancies of ± one unit in the tables.

All standards of the IASB and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which have to be applied in the EU, that were subject to mandatory application as at September 30, 2023, have been applied by the Company in its consolidated financial statements.

An amendment of the authorized consolidated financial statements after issue is possible in case of major errors.

The following table presents revised standards as well as annual improvements to IFRS which has to be applied for the first time in the financial year 2022/2023:

Standard		**Date of mandatory application** [1)]	**Adopted by EU Commission** [2)]	**Expected impact**
IAS 16	Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use	Jan 1, 2022	Yes	N.A.
IAS 37	Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts: Cost of Fulfilling a Contract	Jan 1, 2022	Yes	no significant impact
IFRS 3	Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework	Jan 1, 2022	Yes	no significant impact
	Annual Improvements 2018-2020	Jan 1, 2022	Yes	no significant impact

1) For financial years commencing on or after this date
2) As at November 9, 2023

The above mentioned revised standards have no significant impact on the financial statements of the Company in the financial year 2022/2023.

The following new or revised standards have been published. However, they must be applied for the first time for financial years beginning on or after January 1, 2023 and have not been applied early by the Company:

Standard		**Date of mandatory application** [1]	**Adopted by EU Commission** [2]	**Expected impact**
IAS 21	Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	Jan 1, 2025	No	no significant impact
IAS 7/ IFRS 7	Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	Jan 1, 2024	No	no significant impact
IFRS 16	Amendments to IFRS 16 Leases –Lease Liability in a Sale and Leaseback	Jan 1, 2024	No	no significant impact
IAS 1	Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	Jan 1, 2024	No	no significant impact
IAS 12	Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules	Jan 1, 2023	Yes	no significant impact
IAS 1	Amendments to IAS 1 Presentation of Financial Statements – Disclosure of Accounting Policies	Jan 1, 2023	Yes	no significant impact
IAS 8	Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	Jan 1, 2023	Yes	no significant impact
IAS 12	Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Jan 1, 2023	Yes	no significant impact
IFRS 17	Insurance Contracts	Jan 1, 2023	Yes	in analysis
IFRS 17	Amendments to IFRS 17 Insurance Contracts - Initial Application of IFRS 17 and IFRS 9: Comparative Information	Jan 1, 2023	Yes	in analysis

[1] For financial years commencing on or after this date
[2] As at November 9, 2023

All the above mentioned new or revised standards and annual improvements to standards, which have an impact on the Company will be applied by the Company as soon as application is mandatory.

C. ACCOUNTING PRINCIPLES

Principles of consolidation. Techem 671 mbH and all German and non-German subsidiaries which can be controlled directly or indirectly by Techem 671 mbH are included in the consolidated financial statements. Subsidiaries are all entities which are controlled by the Techem 671 Group. The Techem 671 Group controls an entity when it has power over the entity, when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the variable returns.

Investments in associates over which the Company has significant influence are accounted for using the equity method.

All single-entity financial statements fully consolidated into the Techem 671 Group are prepared in accordance with uniform accounting policies.

Subsidiaries acquired by the Company are accounted for using the acquisition method. The acquisition costs are equivalent to the fair value of the assets given up on the date of acquisition. For each business combination the assets, liabilities and contingent liabilities identified as part of the business combination are measured at their fair values on the date of acquisition regardless of the extent of the non-controlling interest. The excess of acquisition costs over the Group's share in the fair value of the net assets is recognized as goodwill. If the Group's share in the fair value of the net assets exceeds the acquisition cost, the remaining excess from a bargain purchase is recognized in the statement of profit or loss. Costs directly attributable to the acquisition are recognized in the statement of profit or loss.

When the Group sells shares in a subsidiary and ceases to have control, the difference between the book value of the subsidiary (from a Group perspective) and the disposal proceeds (after deducting costs of disposal) are recognized in the statement of profit or loss. In addition, any amounts previously recognized in other comprehensive income relating to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to the statement of profit or loss.

Consolidation of an entity begins on the date on which control over the entity is obtained by the Company. It ceases when the Group loses that control.

All intercompany gains and losses, revenue, income and expenses, loans, receivables and payables, provisions, contingent liabilities and other financial obligations are eliminated. Deferred taxes are recognized using the liabilities method for all temporary differences between the assets and liabilities tax bases and their carrying amounts.

Basis of consolidation and shareholdings	Shareholding %
Techem Verwaltungsgesellschaft 672 mbH, Eschborn/Germany (hereinafter also referred to as „Techem 672 mbH“)	100.0
Techem Verwaltungsgesellschaft 673 mbH, Eschborn/Germany (hereinafter also referred to as „Techem 673 mbH“)	100.0
Techem Verwaltungsgesellschaft 674 mbH, Eschborn/Germany (hereinafter also referred to as „Techem 674 mbH“)	100.0
Techem Verwaltungsgesellschaft 675 mbH, Eschborn/Germany (hereinafter also referred to as „Techem 675 mbH“)	100.0
Techem Metering GmbH, Eschborn/Germany	100.0
Techem Energie GmbH, Eschborn/Germany	100.0
Techem GmbH, Eschborn/Germany	100.0
Techem Energy Services GmbH, Eschborn/Germany	100.0
Techem Solutions GmbH, Eschborn/Germany	100.0
bautec Energiemanagement GmbH, Eschborn/Germany	100.0
Techem Verwaltungs GmbH, Eschborn/Germany	100.0
Techem Vermögensverwaltung GmbH & Co. KG, Eschborn/Germany	100.0
Techem X GmbH, Eschborn/Germany	100.0
DMG Beteiligungsgesellschaft mbH, Eschborn/Germany (formerly: GWE Gesellschaft für wirtschaftliche Energieversorgung mbH)	100.0
BFW Ternes GmbH, Cologne/Germany	100.0
Exakta-Kalorex GmbH, Heppenheim/Germany	100.0
MessTech GmbH, Krumbach/ Germany	100.0
MATec Wolski Gesellschaft für Meß- und Abrechnungstechnik mbH, Berlin/ Germany	100.0
ALPHA MESS Bergisch-Land GmbH, Wuppertal/Germany	100.0
MESSWERT Unternehmen für Messdienstleistungen GmbH, Köln/Germany	100.0
ares e-count GmbH, Berlin/Germany	100.0
SANNcompact GmbH, Waldsee/Germany	100.0
DATA REAL Meßtechnik GmbH, Berlin/Germany	100.0
TT Thermo Tronic GmbH, Berlin/Germany	100.0
Ditschun Wärmemesstechnik GmbH, Bielefeld/Germany	100.0
Wärmemessdienst Weise GmbH, Eisenach/Germany	100.0
Dietsche GmbH Abrechnungsservice, Bad Krozingen/Germany	100.0
Kupferschmid Abrechnungsservice GmbH, Villingen-Schwenningen/Germany	100.0
MAW Service GmbH, Mess-, Abrechnungs- und Wartungsdienst, Kassel/Germany	100,0
Böhm Abrechnungs GmbH, Kitzingen/Germany	100,0
asko GmbH, Erfurt/Germany	100,0
Messteam 2000 GmbH, Neumarkt/Oberpfalz/Germany	100,0
INHA GmbH, Hirrlingen/Germany	100,0
EECS spol. s.r.o., Trutnov/Czech Republic	100,0
enco Energy Services GmbH, Bochum/Germany	100,0
Energieversorgungsgesellschaft Klinikum Ludwigsburg mbH, Ludwigsburg/Germany [1)]	33.33
Techem Messtechnik Ges.m.b.H., Innsbruck/Austria	100.0
Techem Wassertechnik Ges.m.b.H., Wels/Austria	100.0
VERmax Messtechnik GmbH, Wels/Austria	100.0
Techem Energy Services B.V., Breda/Netherlands	100.0
Techem (Schweiz) AG, Urdorf/Switzerland	100.0
„Techem” Techniki Pomiarowe Sp. z o.o., Poznan/Poland	100.0
Techem Services Sp. z o.o., Katowice/Poland	100.0
Techem S.r.l., Rome/Italy	100.0
Techem Kft., Budapest/Hungary	100.0
Techem Services EOOD, Sofia/Bulgaria	100.0
Techem spol. s r.o., Prague/Czech Republic	100.0
Techem AB, Helsingborg/Sweden	100.0
Techem spol. s r.o., Bratislava/Slovakia	100.0
Techem Calorlux S.à r.l., Bereldange/Luxemburg	100.0
Caloribel S. A., Brussels/Belgium	100.0
Techem Energy Services S.R.L., Bucharest/Romania	100.0
Techem do Brasil Serviços de Medição de Àgua Ltda., São Paulo/Brazil	100.0
Techem Danmark A/S, Aarhus/Denmark	100.0
Techem Energy Services LLC, Dubai/United Arab Emirates [2)]	49.0
Techem SAS, Le Plessis Robinson/France	100.0
Techem Norge AS, Oslo/Norway	100.0
Techem Energy Services S.L., Madrid/Spain	100.0

[1)] Consolidated using the equity method
[2)] The subsidiary is fully consolidated since according to contractual agreements between the shareholders Techem 671 Group has control. The subsidiary was sold with effect from October 6, 2023 and is reported as noncurrent assets held for sale as at September 30, 2023 (see Note 28)

Changes to the basis of consolidation

During the financial year 2022/2023 the Company made the following changes to the basis of consolidation:

- With effect from October 26, 2022, all shares in Energie Beratung Unternehmen Dresden Messdienst GmbH, Dresden/Germany were acquired. By deed dated May 17, 2023, the merger of Energie Beratung Unternehmen Dresden Messdienst GmbH, Dresden/Germany into MATec Wolski Gesellschaft für Meß- und Abrechnungstechnik mbH, Berlin/Germany was resolved for January 1, 2023.

- On January 2, 2023, all shares in MAW Service GmbH, Mess-, Abrechnungs- und Wartungsdienst, Kassel/Germany were acquired.

- On January 5, 2023, all shares in Böhm Abrechnungs GmbH & Co.KG, Kitzingen/Germany and Böhm Verwaltungs GmbH, Kitzingen/ Germany were acquired. With entry in the commercial register on July 21, 2023, DMG Beteiligungsgesellschaft mbH, Eschborn/Germany, resigned as a limited partner of Böhm Abrechnungs GmbH & Co. KG. Böhm Abrechnungs GmbH & Co. KG is thus dissolved. All assets and liabilities were transferred to the general partner, Böhm Verwaltungs GmbH, Kitzingen/ Germany. Finally, Böhm Verwaltungs GmbH, Kitzingen/ Germany was renamed Böhm Abrechnungs GmbH, Kitzingen/Germany upon entry in the commercial register on September 20, 2023

- On February 1, 2023, all shares in asko GmbH, Erfurt/ Germany were acquired.

- On February 2, 2023, all shares in Messteam 2000 GmbH, Neumarkt/Oberpfalz/ Germany were acquired.

- On May 22, 2023 all shares in INHA GmbH, Hirrlingen/ Germany were acquired.

- On June 20, 2023, all shares in EECS spol. s.r.o., Trutnov/ Czech Republic were acquired.

- By deed dated May 25, 2023, the merger of ABZ Abrechnungs- und Beratungs-Service Einbeck GmbH, Einbeck/Germany into BFW Ternes GmbH, Köln/Germany was resolved for October 1, 2022.

- By deed dated July 31, 2023, the merger of E-BS Energy Billing Service S.r.l, Castenaso (BO)/Italy into Techem S.r.l., Rom/Italy was resolved for October 1, 2022 beschlossen.

- On August 24, 2023 all shares in enco Energy Services GmbH, Bochum/ Germany were acquired.

During the financial year 2021/2022 the Company made the following changes to the basis of consolidation:

- With effect from October 4, 2021, all shares in ALPHA MESS Bergisch-Land Verwaltungs GmbH, Wuppertal/Germany and ALPHA MESS Bergisch-Land GmbH & Co. KG, Wuppertal/Germany were acquired. With entry in the commercial register on October 21, 2021, DMG Beteiligungsgesellschaft mbH, Eschborn/Germany, resigned as a limited partner of ALPHA MESS Bergisch-Land GmbH & Co. KG.

- ALPHA MESS Bergisch-Land GmbH & Co. KG is thus dissolved. All assets and liabilities were transferred to the general partner, ALPHA MESS Bergisch-Land Verwaltungs GmbH, Wuppertal/Germany. Finally, ALPHA MESS Bergisch-Land Verwaltungs GmbH was renamed ALPHA MESS Bergisch-Land GmbH, Wuppertal/Germany upon entry in the commercial register on November 22, 2021.

- With effect from October 4, 2021, all shares in MESSWERT Unternehmen für Messdienstleistungen AG, Cologne/Germany, were acquired. With entry in the commercial register on January 7, 2022, MESSWERT Unternehmen für Messdienstleistungen AG was converted into MESSWERT Unternehmen für Messdienstleistungen GmbH.

- On November 17, 2021, all shares in E-BS Energy Billing Service S.r.l, Castenaso (BO)/Italy were acquired.

- On January 28, 2022, all shares in ares e-count GmbH, Berlin/Germany, were acquired.

- On March 25, 2022, all shares in SANNcompact GmbH, Waldsee/Germany were acquired.

- On April 26, 2022, all shares in DATA REAL Meßtechnik GmbH, Berlin/Germany were acquired.

- The liquidation of Techem Energy Services Middle East FZCO, Dubai Silicon Oasis, Dubai/United Arab Emirates was completed by deed dated May 24, 2022.
- On August 3, 2022, all shares in TT Thermo Tronic GmbH, Berlin/Germany were acquired.
- On August 12, 2022, all shares in Ditschun Wärmemesstechnik GmbH, Bielefeld/Germany, were acquired.
- On August 12, 2022, all shares in Wärmemessdienst Weise GmbH, Eisenach/Germany, were acquired.
- On August 15, 2022, all shares in ABZ Abrechnungs- und Beratungs-Service Einbeck GmbH, Einbeck/Germany, were acquired.
- On September 14, 2022, all shares in Dietsche GmbH Abrechnungsservice, Bad Krozingen/Germany, were acquired.
- With effect from September 14, 2022, all shares in Kupferschmid Abrechnungsservice GmbH, Villingen-Schwenningen/Germany, were acquired.

Currency translation. The functional currency of each subsidiary is its local currency. As a result, financial information from foreign subsidiaries is translated to Euros as follows: balance sheet figures are translated at the middle rates on the balance sheet date, equity is translated at the historical rates, and profit or loss figures are translated at average rates for the financial year. Currency translation gains or losses are recognized directly in other comprehensive income.

Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date. Gains and losses resulting from such transactions and from the translation at the closing rate of monetary assets and liabilities managed in foreign currency are recognized in the statement of profit or loss.

D. ACCOUNTING POLICIES

The balance sheet items are broken down into current and non-current items, non-current items being items for which the maturity is expected to exceed twelve months.

Cash and cash equivalents. The Company deems all highly liquid financial investments with an original maturity of up to three months to be cash equivalents. These cash equivalents are primarily favorable bank balances realizable at short notice. Additionally, money market funds are included in cash equivalents. These are recognized at fair value through profit or loss (market value), as the "contractual cash flow characteristics test" according to IFRS 9 fails. Gains and losses are recognized in the statement of profit or loss as financial income or finance costs when they are incurred. For cash and cash equivalents, a valuation allowance for expected credit losses is recognized in accordance with the General Approach of IFRS 9.

Trade accounts receivable, contract assets, other assets and other financial assets. Current and non-current receivables (trade accounts receivable, other assets and other financial assets) and contract assets are measured at fair value on the date of recognition and subsequently at amortized cost using the effective interest method (including receivables from installment-based business). The Group applies the Simplified Approach according to IFRS 9 for the calculation of expected credit losses. Therefore, billed trade accounts receivable, finance lease receivables and unbilled receivables are subject to allowances for expected credit losses over their entire term. To determine the expected credit losses and incurred losses trade accounts receivable are arranged into groups based on their maturity and are appropriately impaired based on their age. Contractual assets are recognized in the amount of the right to consideration for services already rendered.

Most of the Company's installment-based business is in Eastern Europe. The receivables from installment-based business are recognized at their present values.

The Group enters into finance leases as lessor. These leases are primarily leases of heat generation plants and other machinery. To account for these leases, the Company recognizes a receivable equal to the present value of the minimum lease payments. Payments by the lessee are treated as repayment of principal and financial income.

Costs to fulfill a contract result from costs accrued in order to align them with the corresponding recognition of revenue for certain products. The costs to fulfill a contract are recognized as other assets. These are amortized over the contract term and released in the statement of profit or loss into product expenses and purchased services.

Inventories. Inventories are reported at the lower of cost and net realizable value. The cost of inventories is determined mainly on the basis of a weighted average. Potential losses resulting from obsolete or non-saleable inventories are accounted for by means of appropriate write-downs.

Metering and other devices and property, plant and equipment. Metering and other devices comprise devices, which are used in the rental business (including, for example, heat cost allocators, water meters, heat meters, smoke detectors and other devices, which are installed on the customers' premises and used as means for the provision of Techem billing services), devices transferred for use and own tools. Metering and other devices are recognized at cost plus installation costs reduced by depreciation in accordance with IAS 16.

Property, plant and equipment are recognized at cost reduced by depreciation. Gains or losses on the disposal of property, plant and equipment are recognized as other income or other expenses.

Any subsidies received are deducted from the cost of the property, plant and equipment concerned and are recognized over the useful life of the related asset by way of a reduced depreciation charge.

The estimated useful lives used as the basis for straight-line depreciation (pro rata temporis) are as follows:

	Estimated useful life (years)
Metering and other devices	6 to 18
Office furniture and equipment, machinery	2 to 23
Buildings	18 to 50
Leasehold improvements	2 to 20 (or shorter lease term)

If a customer acquires, by corresponding payment, legal title of the metering and other devices when cancelling the rental contract, resulting gains or losses on this disposal are accounted for as other income or other expenses.

Compensatory payments made by the customer when cancelling the rental contract are recognized as other income, if the legal title of the metering and other devices is not transferred to the customer. Provided that the Company does not have any alternative use for the metering devices, their residual values are impaired.

Intangible assets. Purchased intangible assets are recognized at cost.

If the requirements under IAS 38 are satisfied, internally generated intangible assets are also recognized at cost. The costs of internally generated intangible assets mainly include, depending on the project, capitalized own work of employees and the costs of the support by external partners. These mainly result from the implementation, conception, test and project organization phases of the projects.

Intangible assets are primarily amortized on a straight-line basis (pro rata temporis) over the following useful lives:

	Estimated useful life (years)
Software, licenses and technology	2 to 24
Customer relationships/customer agreements	25 to 50
Costs to obtain a contract	approx. 4 to 15
Other trademarks	3 to 15

In the final year 2021/2022, the useful lives of customer relationships were increased from 24 years in the ESI segment and 22 years in the ESG segment to 40 years in both segments. The increase is due to the sustained decline in the churn rate (decline in the number of devices in the reporting period on the basis of existing business) In the EES segment, the useful life was increased from 13 to 25 years.

The classification of the trademark Techem as an intangible asset with an indefinite useful life is based on the fact that Techem has existed as a trademark since 1952. Brand awareness of Techem is very high in the market and Techem does not plan to abandon this trademark. This classification is verified once a year.

Costs to obtain a contract result from variable remuneration of internal staff and from sales or agency commissions to third parties in connection with the conclusion of customer contracts. The costs to obtain a contract are recognized as intangible asset and presented in a separate asset category in the Group financial statements. The costs are amortized on a straight-line-basis over the minimum contract term. For contracts that can be terminated by the customer without penalty at any time, the contract term explicitly stated in the contract is considered the minimum contract term in that context.

Right-of-use assets and lease liabilities. Leases where the Group is the lessee are recognized as a right-of-use asset and corresponding liability at the date on which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company’s incremental borrowing rate.

Payments relating to short-term leases of machinery, where the Group is the lessee, are recognized as an expense in the statement of profit or loss.

Recoverability of non-current assets. Property, plant and equipment and other non-current assets, including intangible assets, are tested for impairment as soon as events highlight, or there are indicators, that the carrying amount exceeds the recoverable amount. An impairment loss is recognized equal to the amount by which the carrying amount of an asset exceeds its recoverable amount, the recoverable amount being the higher of fair value less costs of disposal or the value in use of the asset concerned. The value in use is defined as the present value of estimated future cash flows to be derived from an asset or a cash generating unit (CGU). In accordance with IFRS 13, the fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For the purposes of determining an impairment, assets are grouped together into the smallest group for which separate cash flows can be identified.

Goodwill, trademark Techem as well as software in progress, which is not yet available for use, are subject to an impairment test at least once a year and are not subject to straight-line amortization. The impairment test is carried out for groups of CGUs. Goodwill, the trademark Techem as well as software in development are measured at their original cost less any accumulated impairment. Impairment losses recognized for goodwill are not reversed.

Investments accounted for using the equity method. Associates are accounted for using the equity method and are recognized initially at acquisition cost. After the date of acquisition, the Company's share of the result from an associate, which is recognized in their statements of profit or loss, is recognized in the Group statement of profit or loss and it increases or decreases the carrying amount of the investment. The Company's share of the result from an associate, which is recognized in their statements of other comprehensive income, is recognized in the Group statement of other comprehensive income and it increases or decreases the carrying amount of the investment. If the Company's share of losses in an associate exceeds its interest in them, further losses are not recognized, unless the Company has incurred obligations on behalf of the associate. The carrying amount of the investment accounted for using the equity method is reduced by profit distributions made by the associate.

Non-current accounts receivable. Non-current non-interest-bearing accounts receivable are recognized at present value. For non-current accounts receivable, a valuation allowance for expected credit losses is recognized in accordance with the Simplified Approach of IFRS 9.

Deferred taxes. Deferred taxes are calculated using the liabilities method. Deferred tax assets or deferred tax liabilities are recognized for temporary differences between the carrying amounts in the consolidated financial statements and the corresponding tax accounts, the result of which will be a future tax refund or tax expense. Deferred tax assets on losses carried forward are recognized to the extent that it is probable that there will be an available taxable profit against which the temporary difference can be applied.

Deferred tax assets or liabilities are calculated using the tax rates expected to apply to the taxable income in the years in which these temporary differences are expected to reverse. If there is a change in the tax rates, the effect on the deferred tax assets and/or liabilities is recognized in the statement of profit or loss in the period in which the new tax rate is enacted.

Provisions. Provisions for pensions and other post-employment benefits are determined in accordance with IAS 19 using the actuarial projected unit credit method. This method takes into account, in particular, the current long-term capital market interest rate and current assumptions regarding future salary and annuity increases in addition to biometric calculation bases. In accordance with IAS 19, the remeasurements of the provisions for pensions are recognized directly in other comprehensive income. The interest element in the pension expense is reported under finance costs.

With the exception of the other personnel-related provisions calculated in accordance with IAS 19, all other provisions are recognized on the basis of IAS 37, providing there is a present legal or constructive obligation as a result of a past event, an outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. The amount recognized is determined based on the full amount required to settle the probable obligation. Non-current provisions are discounted. The interest element is reported under finance costs.

Liabilities. At the time of recognition, liabilities are measured at fair value. They are then subsequently measured at amortized cost using the effective interest method. Non-current non-interest-bearing liabilities are discounted. Liabilities denominated in foreign currencies are translated at the closing rate.

Derivative financial instruments and hedging. In accordance with IFRS 9, all derivative financial instruments are recognized on the balance sheet at fair value in accordance with IFRS 13. On the trade date of a derivative, it is determined whether this derivative is an instrument to maintain fair value, to hedge a planned transaction or to hedge against future cash flow fluctuations relating to a recognized asset or a liability.

Changes in the fair value of the interest rate instruments and the foreign exchange hedging instruments of the Company are recognized as financial income and finance costs. In these financial statements, the term "hedging instrument" is used from a purely economic perspective and not based on the definition of IFRS 9.

Fair value of financial instruments. The fair value of cash and cash equivalents, current receivables and current liabilities is virtually the same as their respective carrying amounts. The fair value of the money market funds and the Notes is based on quoted market prices on active markets at the balance sheet date. The fair value of derivatives is equivalent to their fair value at the balance sheet date that is calculated based on observable market data according to IFRS 13. The fair values of the non-current financial liabilities (except for the Notes) and the non-current liabilities to shareholders are determined in accordance with IFRS 13 (see note 19).

Share-based payment. The Techem 671 Group maintains various share-based compensation plans.

Under the terms of a management participation program, which was set up by one of its main investors, employees of the Techem 671 Group (including the most senior management) were given the opportunity to invest indirectly into the Group with their own cash. This participation program is deemed to be a share-based payment arrangement. It is classified as equity-settled and accounted for in accordance with IFRS 2.

In addition, the employees of the Techem 671 Group received a commitment for a bonus that will be paid out in the event of defined exit scenarios, including an IPO of the Techem 671 Group or parts thereof. The amount of the bonus is based on exit proceeds. This commitment is also classified as equity-settled.

Any expense arising from an equity-settled share-based payment scheme is recognized as personnel expense in profit or loss with a corresponding credit to equity. The distribution of the expense is based on the grant date fair value. This fair value will not change later, i.e. it will not be updated for changes in expectations underlying its determination.

The recognition of expense over time is determined by the vesting conditions of the participation program, particularly service and exit conditions. Exit conditions are classified as non-market vesting conditions.

Borrowing costs. Borrowing costs that meet the requirements of IAS 23.4 are capitalized and thereafter amortized over the useful life of the asset. Other borrowing costs are expensed in the period in which they are incurred.

Research and development. Research costs are expensed as incurred. Costs incurred as part of development projects (mainly being software development) are recognized as intangible assets, if it is considered probable that the project will be commercially successful, is technically feasible and the costs can be reliably determined. Other development costs that do not satisfy these criteria are expensed as incurred.

Recognition of revenue from major business activities. The majority of the contracts with customers in the Group are fixed-price agreements, under which the Group acts as principal. Revenue is measured at the fixed transaction price agreed in the contracts with customers. As the Group uses the practical expedient of IFRS 15, the transaction price is only adjusted for the effects of a significant financing component if the expected period between when the Company transfers goods or services to the customer and when the customer pays for those goods or services is more than one year. In the Group, this can be applicable for installment sales.

Some contracts in the Group include multiple performance obligations. In this case, the transaction price is allocated to each performance obligation based on the relative stand-alone selling prices. If they are not directly observable, they are estimated based on the expected cost plus a margin approach.

For all major products listed below, payment terms may be in advance or in arrears.

Reading and billing services
Under reading and billing agreements, the Company provides reading and billing services based on actual consumption figures. Revenue from reading and billing services is recognized over time as the performance does not create an alternative use to the customer and the Company has an enforceable right to payment for performance completed to date. Revenue for reading and billing services is accrued, using an output-based method of measuring the progress

towards complete satisfaction of this performance obligation, to an amount equivalent of the cost of services already rendered plus a profit margin. The calculation is based on the percentage of completion of the billing process of the flats as at the balance sheet date.

If the reading and billing services rendered by the Company are not completed to date and exceed the payment received from the customer, a contract asset is recognized. If the payments received from the customer exceed the services rendered by the Company, a contract liability is recognized.

In the context of some reading and billing agreements, payments from the Company to the customer occur to replace a current agreement with a competitor. This consideration payable to a customer is recognized as other asset in the statement of financial position and released as a reduction of revenue in the statement of profit or loss over the contract term as, with these payments, no distinct good or service is acquired from the customer.

Rental and maintenance services
Under rental agreements, the Company rents meters to customers for a specific period and ensures functionality and operability of the meters during the contractual term. Under maintenance agreements, functionality and operability of the meters are ensured for the customer's meters during the contractual term. Revenue from rental and maintenance services is recognized over time as the customer simultaneously receives and consumes the benefits provided by the Company as the Company performs. The revenue is recognized using an output-based measure of progress towards complete satisfaction of these performance obligations on a straight-line basis over the contractual term.

If rental or maintenance services rendered by the Company exceed the payment received from the customer, a receivable is recognized as the Company's right to consideration is unconditional. If the payments received from the customer exceed the services rendered by the Company, a contract liability is recognized.

In the context of some rental agreements, payments from the Company to the customer occur to replace a current rental agreement with a competitor. This consideration payable to a customer is recognized as other asset in the statement of financial position and released as a reduction of revenue in the statement of profit or loss over the contract term to the extent that no distinct good or service is acquired from the customer. A distinct good or service only exists in the case of the acquisition of functioning meters from a competitor upon payment to the customer and if these meters are used by the Company to provide services to the customer. In that case, the payment to the customer is recognized in the position metering and other devices up to the fair value of the acquired meters.

Sales
Revenue from the sale of goods is recognized at a point in time when control of the goods has been transferred to the customer, being upon delivery. For goods sold, the Company only provides assurance type warranties which do not exceed the legal requirements.

If the goods have been delivered by the Company before the payment is received from the customer, a receivable is recognized as the Company's right to consideration is unconditional. If the payments are received from the customer before the goods have been delivered by the Company, a contract liability is recognized.

Energy Efficiency Solutions
With the segment Energy Efficiency Solutions, the Company mainly delivers energy (e.g. heat or cooling) to customers. The revenue from energy deliveries is recognized over time based on output, as the customer simultaneously receives and consumes the benefits of the energy provided by the Company as the Company performs. The revenue is recognized in an amount that corresponds directly with the value to the customer of the Company's performance completed to date.

If Energy Efficiency Solutions services rendered by the Company exceed the payment received from the customer, a receivable is recognized as the Company's right to consideration is unconditional. If the payments received from the customer exceed the services rendered by the Company, a contract liability is recognized.

Expected deductions from revenue (e.g. cash discounts, quantity or trade discounts, non-contractual deductions) are recognized.

Revenue is reported net of value-added tax and also net of the abovementioned deductions.

Estimations and assumptions. The preparation of the consolidated financial statements under IFRS requires assumptions and estimates to be made, which can have an impact on the valuation and disclosure of assets and liabilities, income and expenses, as well as contingent liabilities.

The fair values of the assets, which were identified and valued or revalued as a result of purchase price allocations, are based on various assumptions, such as the future cash flows of the assets as per the business plan, the assumed royalty rate and the relevant discount rates, adjusted for the Company's business risk.

The revenues from energy deliveries in the segment Energy Efficiency Solutions, as well as the corresponding costs, are determined for the portion not yet invoiced based on a calculation model. It determines the sales not yet invoiced (essentially sales volume and commodity price) on the basis of current price developments and weather conditions, as well as the costs on the basis of the consumption quantities transmitted by the energy supplier.

Assumptions and estimations also relate to the accounting and measurement of provisions. For non-current provisions, the discount rate is an important estimate. It is based on market yields of high-quality, fixed-rate corporate bonds observable on the financial markets at the balance sheet date. For pension provisions, assumptions about life expectancy, future salary and pension increases are made.

Valuation allowances on trade accounts receivable are recognized based on their ageing structure. Additionally, receivables which have been passed to lawyers for recovery are written down. The valuation allowances are calculated using percentages based on historical experience. Currently, future-oriented information plays a minor role.

Allowances for expected credit losses are recorded for billed trade accounts receivable, contract assets, finance lease receivables and unbilled receivables, based on percentages which reflect the historical write-offs. Allowances for expected credit losses on favorable bank balances are based on percentages which have been determined based on the default risks of the respective banks.

The recoverability of goodwill and the trademark Techem is assessed based on the future cash flows as per the business plan of the groups of cash generating units using a discount rate adjusted for the business risk. For further information see note 7.

The useful lives and amortization periods of customer relationships are determined based on historical data. For detailed information see note 7.

Deferred tax assets are recognized to the extent that the recoverability of future tax benefits is probable. The actual usability of deferred tax assets depends on the future actual taxable profit situation. This situation may differ from the estimations at the date of capitalization of the deferred tax assets.

When determining the fair value of financial instruments, assumptions are used that, among other things, are derived from observable market data. For detailed information see note 19.

The valuation of interest and foreign exchange derivatives is dependent on future interest and exchange rate developments and assumptions on which these are based.

For the measurement of share-based compensation in accordance with IFRS 2, the fair value is determined taking into account the corporate planning.

Management participation program (MEP). Through their investment in the management participation program (MEP), employees of Techem 671 Group will share in the proceeds generated in a future exit event. This participation entitlement is based on the value of the company or its equity. In addition, beyond a rather typical investment of shareholders, the MEP provides for vesting conditions that link the claim to the provision of continued services to the Group up to the time of exit. Therefore, the participation program is accounted for as a share-based payment under IFRS 2 in the consolidated financial statements of the Company.

The future payouts in any of the various exit scenarios will be made to plan participants based on conditions that are equally applicable to all shareholders for the instruments held. Instruments are settled according to a predefined order. Neither the exit scenarios nor the leaver scenarios, result in any stand-alone obligation for the Techem 671 Group to settle the MEP, which should be accounted for as a liability under IFRS 2. Therefore, the MEP is classified as equity-settled. Expenses related to the MEP are only recognized to the extent that a benefit was granted to plan participants beyond their original investment. The Company has determined the fair values of the MEP investments at the respective grant dates and compared it to the cash invested by plan participants. Ultimately, the plan participants invested at fair value at inception date. No benefit was granted to the plan participants.

Long-term Incentive Plan (LTIP). In 2022, employees were involved in an LTIP. First of all, this provides for a participation opportunity similar to the participation under the MEP.

In addition, the LTIP contains the commitment of the holding company Luxembourg Investment Company 261 via an exit bonus, which is paid out in the event of defined exit scenarios. However, entitlement only exists if the beneficiary employees are still employed by the company at the time of the exit. The payout amount of the bonus is based on the exit proceeds of the Luxembourg Investment Company 261 and is therefore stock-based. Since the obligation to pay the bonus lies with the Luxembourg Investment Company 261 and thus outside the Techem 671 Group, this commitment is also considered as equity-settled and accounted for in accordance with IFRS 2.

For further details of the valuation, see note 18.

Further explanations concerning estimations and assumptions on which the preparation of this annual report is based are made within the relevant notes.

All assumptions and estimations made are based on the circumstances as at the balance sheet date. The actual future circumstances may differ. When this occurs the assumptions are adjusted, and if applicable, the book values of the respective assets and liabilities are also adjusted.

E. STATEMENT OF FINANCIAL POSITION AND PROFIT OR LOSS DISCLOSURES

1. Trade accounts receivable and contract assets

The current trade accounts receivable and contract assets are as follows:

€ thousand	Sep 30, 2023	Sep 30, 2022
Billed receivables	102,669	84,732
Unbilled receivables	126,180	134,923
Finance lease receivables [1]	807	941
Valuation allowances	(5,486)	(4,699)
Trade accounts receivable, net	**224,170**	**215,897**
Contract assets	27,852	25,997
Valuation allowances	(33)	(64)
Contract assets, net	**27,819**	**25,933**

[1] See note 14

Unbilled receivables mainly represent revenue from equipment rental and maintenance agreements as well as energy supply agreements (e.g. heat and cooling). These services have been rendered but have not yet been billed at the balance sheet date.

Contract assets mainly represent unbilled revenue from reading and billing services. These services have partially been rendered but have not yet been completed at the balance sheet date.

In the financial year 2022/2023, receivables in the amount of €1,095 thousand were written off (financial year 2021/2022: €1,112 thousand). These are included in other expenses. No contract assets were written off in the financial year 2022/2023 (financial year 2021/2022: €0).

The following table shows the maturity breakdown for billed receivables:

€ thousand	Receivables, gross	Credit loss rate	Valuation allowances for expected credit losses [1]
Sep 30, 2023			
Not yet overdue	41,296	0.2%	98
Up to 30 days overdue	21,624	0.7%	145
31 to 90 days overdue	19,043	1.5%	284
91 to 180 days overdue	6,079	21.1%	1,283
Over 180 days overdue	14,627	24.1%	3,525
Billed receivables	**102,669**		**5,335**
Sep 30, 2022			
Not yet overdue	37,367	0.3%	96
Up to 30 days overdue	13,180	0.3%	36
31 to 90 days overdue	16,140	0.5%	82
91 to 180 days overdue	5,581	16.9%	944
Over 180 days overdue	12,464	21.0%	2,615
Billed receivables	**84,732**		**3,773**

[1] According to the Simplified Approach

In the financial year 2022/2023, the valuation allowances on unbilled receivables and finance lease receivables amount to €151 thousand (credit loss rate: 0.1%). In the financial year 2021/2022, the valuation allowances on unbilled receivables and finance lease receivables amounted to €926 thousand (credit loss rate: 0.7%).

The non-current trade accounts receivable consist of the following positions:

€ thousand	Sep 30, 2023	Sep 30, 2022
Trade accounts receivable	3,129	3,083
Finance lease receivables [1]	3,754	3,020
Valuation allowances	(358)	(280)
Total	**6,525**	**5,823**

[1] See note 14

The non-current trade accounts receivable mainly result from installment-based business in Eastern Europe, with a term of more than one and up to ten years.

The changes in the valuation allowances on trade accounts receivable were as follows:

€ thousand	2021/2022	2020/2021
Valuation allowances at the beginning of the period	**(4,979)**	**(3,387)**
Additions to valuation allowances	(4,525)	(3,445)
Reduction of valuation allowances [1]	3,459	1,924
Change in scope	194	(35)
Currency translation	7	(36)
Valuation allowances at the end of the period [2]	**(5,844)**	**(4,979)**

[1] Including amounts written-off as uncollectable and valuation allowances released
[2] Including valuation allowances on non-current receivables

The valuation allowances of €5,844 thousand (financial year 2021/2022: €4,979 thousand) relate to the segment Energy Services amounting to €4,197 thousand (financial year 2021/2022: €3,140 thousand) and to the segment Energy Efficiency Solutions amounting to €1,647 thousand (financial year 2021/2022: €1,839 thousand).

The changes in the valuation allowances on contract assets were as follows:

€ thousand	2022/2023	2021/2022
Valuation allowances at the beginning of the period	**(64)**	**(66)**
Additions to valuation allowances	(280)	(214)
Reduction of valuation allowances [1]	310	216
Change in scope	1	0
Valuation allowances at the end of the period	**(33)**	**(64)**

[1] Including amounts written-off as uncollectable and valuation allowances released

2. Receivables from shareholders, other assets and other financial assets – current

€ thousand	Sep 30, 2023	Sep 30, 2022
Receivables from shareholders	**559**	**245**
Prepaid expenses	11,057	9,986
Value-added tax claims	5,070	2,396
Energy tax	4,083	5,089
Payments to customers	2,609	1,992
Other assets recognized from costs incurred to fulfill a contract with a customer	787	722
Other tax receivables	355	747
Advances paid	259	128
Other	37	530
Other assets	**24,257**	**21,590**
Receivables from hedging instruments	1,816	141
Restricted cash	1,215	0
Accounts payable with debit balance	861	363
Guarantees relating to tenders	685	615
Receivables from advances	301	292
Receivables from guarantee claims	141	129
Receivables related to acquisition activities	0	217
Other	885	795
Other financial assets	**5,904**	**2,552**

As at September 30, 2023, the current receivables from shareholders of €559 thousand include interest receivables from the parent company of the Techem 671 Group which result from a loan agreement between Luxembourg Investment Company 261 S.à r.l. und Techem Energy Services GmbH dated March 3, 2022 with amendment dated August 1, 2022.

No impairment losses were recognized on the other assets recognized from costs incurred to fulfill a contract with a customer in the financial year 2022/2023 (financial year 2021/2022: €0).

Restricted cash results from received payments for third parties.

3. Receivables from shareholders, other assets and other financial assets – non-current

€ thousand	Sep 30, 2023	Sep 30, 2022
Receivables from shareholders	**18,316**	**9,285**
Payments to customers	7,568	6,260
Other assets recognized from costs incurred to fulfill a contract with a customer	898	663
Prepaid insurance premiums	790	1,739
Accrued transaction costs from refinancing	566	1,243
Other	156	168
Other assets	**9,978**	**10,073**
Trade accounts receivable and finance lease receivables [1)]	6,525	5,823
Guarantees relating to tenders	576	496
Other	1,086	1,110
Other financial assets	**8,187**	**7,429**

[1)] Including valuation allowances on trade accounts receivable and finance lease receivables, see notes 1 and 14

The receivables from shareholders of € 18,316 thousand result from the shareholder loan agreement mentioned in note 2, with the following conditions:

€ thousand	Amount drawn down		Credit line	Interest rate	Repayment date
	Sep 30, 2023	Sep 30, 2022			
Shareholder loan	18,316	9,285	24,258	6.1%	March 3, 2032

Prepaid insurance premiums, with a maturity date 31 July 2025, cover risks in conjunction with the acquisition of the Techem Metering Group. These costs are released pro rata temporis until the end of maturity in the statement of profit or loss. The current portion of the prepaid insurance premiums of €949 thousand (September 30, 2022: €949 thousand) are recognized under current prepaid expenses.

Accrued transaction costs from refinancing relate to the Revolving Credit Facility, which has been drawn down in cash in the amount of €20,000 thousand as at September 30, 2023 (September 30, 2022: €49,931 thousand) (see note 13). These costs are released pro rata temporis until the end of maturity (January 2025) in the statement of profit or loss. The current portion of the accrued transaction costs from refinancing of €678 thousand (September 30, 2022: €678 thousand) are recognized under current prepaid expenses.

4. Inventories

€ thousand	Sep 30, 2023	Sep 30, 2022
Raw materials and supplies	1,452	1,622
Merchandise	79,966	56,202
Inventories, gross	**81,418**	**57,824**
Valuation allowances	(1,383)	(1,662)
Inventories, net	**80,035**	**56,162**

In the financial year 2022/2023, a total of €923 thousand (financial year 2021/2022: €252 thousand) was written off and recognized in the statement of profit or loss. The inventory write-offs and valuation allowances are reported under product expenses and purchased services.

Appropriate write-downs are recognized on obsolete or non-saleable inventories.

5. Metering and other devices

€ thousand	
Cost	
Cost, balance as at Oct 1, 2021	**532,785**
Change in scope	15,011
Additions	83,642
Reclassifications	10
Currency translation	(488)
Disposals	(27,838)
Cost, balance as at Sep 30, 2022	**603,122**
Change in scope	16,975
Assets held for sale	(820)
Additions	89,956
Reclassifications	55
Currency translation	328
Disposals	(41,158)
Cost, balance as at Sep 30, 2023	**668,458**
Depreciation and impairment	
Depreciation and impairment, balance as at Oct 1, 2021	**179,486**
Additions	71,546
Impairment losses	7,136
Currency translation	(288)
Disposals	(27,432)
Depreciation and impairment, balance as at Sep 30, 2022	**230,448**
Additions	78,139
Impairment losses	5,902
Assets held for sale	(407)
Currency translation	239
Disposals	(34,300)
Depreciation and impairment, balance as at Sep 30, 2023	**280,021**
Carrying amounts	
Metering and other devices carrying amount as at Oct 1, 2021	353,299
Metering and other devices carrying amount as at Sep 30, 2022	372,674
Metering and other devices carrying amount as at Sep 30, 2023	388,437

Changes in scope in the financial year 2022/2023 amounting to €16,975 thousand result from the acquisition of subsidiaries (financial year 2021/2022: €15,011 thousand). For further details, see note 27. In the financial year 2022/2023, no changes in scope resulted from the disposal of subsidiaries (financial year 2021/2022: €0 thousand).

The reclassification to non-current assets held for sale in the financial year 2022/2023 relates to the metering devices of the subsidiary Techem Energy Services LLC. For further details, see note 28.

Impairment losses in the amount of €5,902 thousand (financial year 2021/2022: €7,136 thousand) relate to the impairment of metering devices, mainly resulting from their regular exchange or due to cancellations of rental contracts during the financial year 2022/2023. In the financial year 2022/2023, impairment losses in the amount of €5,885 thousand relate to the segment Energy Services (financial year 2021/2022: €7,136 thousand) and in the amount of €17 thousand to the segment Energy Efficiency Solutions (financial year 2021/2022 € 0 thousand).

All impairment losses relating to metering and other devices are included in the position “Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets” of the statement of profit or loss.

6. Property, plant and equipment

€ thousand	Land and buildings	Machinery	Office furniture and equipment	Work in progress	Subsidies	Total
Cost						
Cost, balance as at Oct 1, 2021	**1,475**	**114,084**	**18,354**	**19,657**	**(1,410)**	**152,160**
Change in scope	44	23	919	0	0	986
Additions	647	4,509	4,836	18,285	(28)	28,249
Reclassifications	269	9,048	519	(9,845)	0	(9)
Currency translation	(2)	7	321	0	0	326
Disposals	0	(729)	(2,446)	(412)	108	(3,479)
Cost, balance as at Sep 30, 2022	**2,433**	**126,942**	**22,503**	**27,685**	**(1,330)**	**178,233**
Change in scope	158	6	240	0	0	404
Assets held for sale	0	0	(285)	0	0	(285)
Additions	95	7,432	4,910	15,430	0	27,867
Reclassifications	0	19,817	554	(20,426)	0	(55)
Currency translation	0	(1)	35	0	0	34
Disposals	0	(1,416)	(2,681)	(437)	0	(4,534)
Cost, balance as at Sep 30, 2023	**2,686**	**152,780**	**25,276**	**22,252**	**(1,330)**	**201,664**
Depreciation and impairment						
Depreciation and impairment, balance as at Oct 1, 2021	**181**	**22,247**	**8,266**	**0**	**(346)**	**30,348**
Additions	178	8,680	5,274	0	(116)	14,016
Impairment losses	0	337	0	0	0	337
Reclassifications	0	(1)	1	0	0	0
Currency translation	0	4	273	0	0	277
Disposals	0	(663)	(2,227)	0	58	(2,832)
Depreciation and impairment, balance as at Sep 30, 2022	**359**	**30,604**	**11,587**	**0**	**(404)**	**42,146**
Assets held for sale	0	0	(255)	0	0	(255)
Additions	243	9,842	5,141	0	(109)	15,117
Impairment losses	0	547	32	0	0	579
Reclassifications	0	(10)	10	0	0	0
Currency translation	0	(1)	25	0	0	24
Disposals	0	(1,077)	(2,340)	0	0	(3,417)
Depreciation and impairment, balance as at Sep 30, 2023	**602**	**39,905**	**14,200**	**0**	**(513)**	**54,194**
Carrying amounts						
PPE carrying amount as at Oct 1, 2021	1,294	91,837	10,088	19,657	(1,064)	121,812
PPE carrying amount as at Sep 30, 2022	2,074	96,338	10,916	27,685	(926)	136,087
PPE carrying amount as at Sep 30, 2023	2,084	112,875	11,076	22,252	(817)	147,470

Changes in scope in the financial year 2022/2023 amounting to €404 thousand result from the acquisition of subsidiaries (financial year 2021/2022: €986 thousand). For further details, see note 27. In the financial year 2022/2023, no changes in scope resulted from the disposal of subsidiaries (financial year 2021/2022: €0 thousand).

The reclassification to non-current assets held for sale in the financial year 2022/2023 relates to the office furniture and equipment of the subsidiary Techem Energy Services LLC. For further details, see note 28.

The subsidies include investment subsidies and grants paid to Techem Solutions GmbH, which reduce the cost of the corresponding property, plant and equipment. The reduction in cost is recognized over the useful life of the related asset by way of a reduced depreciation charge.

In the financial year 2022/2023, impairment losses amount to €579 thousand (financial year 2021/2022: €337 thousand). Of this amount €546 thousand was related to the segment Energy Efficiency Solutions and € 33 thousand to the segment Energy Services in the financial year 2022/2023, while in the financial year 2021/2022 the whole impairment loss was related to the segment Energy Services.

All impairment losses relating to property, plant and equipment are included in the position "Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets" of the statement of profit or loss.

7. Intangible assets

€ thousand	Goodwill	Customer relationships	Software, licenses and other intangible assets	Costs to obtain a contract	Intangible assets in development	Total
Cost						
Cost, balance as at Oct 1, 2021	**2,387,897**	**2,182,815**	**376,297**	**26,759**	**24,395**	**4,998,163**
Change in scope	21,035	50,614	1,096	0	0	72,745
Additions	0	0	9,920	7,853	21,480	39,253
Reclassifications	0	0	15,872	0	(15,872)	0
Currency translation	6,803	1,371	897	(83)	0	8,988
Disposals	0	(26)	(155)	(4,789)	(155)	(5,125)
Cost, balance as at Sep 30, 2022	**2,415,735**	**2,234,774**	**403,927**	**29,740**	**29,848**	**5,114,024**
Change in scope	20,122	41,655	1,098	0	0	62,875
Assets held for sale	0	(1,120)	0	(160)	0	(1,280)
Additions	0	0	17,096	6,774	20,416	44,286
Reclassifications	0	0	14,712	0	(14,712)	0
Currency translation	296	29	(31)	84	0	378
Disposals	0	0	(1,220)	(4,245)	(300)	(5,765)
Cost, balance as at Sep 30, 2023	**2,436,153**	**2,275,338**	**435,582**	**32,193**	**35,252**	**5,214,518**
Amortization and impairment						
Amortization and impairment, balance as at Oct 1, 2021	**124,106**	**312,404**	**60,988**	**9,568**	**0**	**507,066**
Additions	0	51,585	24,059	6,170	0	81,814
Currency translation	0	193	237	(63)	0	367
Disposals	0	0	(45)	(4,789)	0	(4,834)
Amortization and impairment, balance as at Sep 30, 2022	**124,106**	**364,182**	**85,239**	**10,886**	**0**	**584,413**
Additions	0	52,623	25,854	6,660	0	85,137
Impairment losses	0	0	6	0	0	6
Assets held for sale	0	(201)	0	(160)	0	(361)
Currency translation	0	9	(22)	76	0	63
Disposals	0	0	(1,084)	(4,226)	0	(5,310)
Amortization and impairment, balance as at Sep 30, 2023	**124,106**	**416,613**	**109,993**	**13,236**	**0**	**663,948**
Carrying amounts						
Intangible assets carrying amount as at Oct 1, 2021	2,263,791	1,870,411	315,309	17,191	24,395	4,491,097
Intangible assets carrying amount as at Sep 30, 2022	2,291,629	1,870,592	318,688	18,854	29,848	4,529,611
Intangible assets carrying amount as at Sep 30, 2023	2,312,047	1,858,725	325,589	18,957	35,252	4,550,570

The position software, licenses and other intangible assets also includes trademarks. As at September 30, 2023, the trademark Techem has a book value of €215, 226 thousand (September 30, 2022: €215,230 thousand) and has an indefinite useful life. Other trademarks have a book value amounting to € 2,196 thousand as at September 30, 2023 (September 30, 2022: €1,470 thousand). They have a useful life of mainly 15 years. In addition, it also includes technologies and software, which were identified as a result of the acquisition of the Techem Metering Group. They amount to €35,187 thousand as at September 30, 2023 (September 30, 2022: €42.467 thousand). Furthermore, this position includes internally generated intangible assets. As at September 30, 2023, the carrying amount of internally generated intangible assets is €66,034 thousand (additions: €20,612 thousand; disposals: -€237 thousand; cumulative historical cost: €91,302 thousand; amortization and impairment: €8,644 thousand; cumulative amortization: €25,268 thousand). As at September 30, 2022, the carrying amount of internally generated intangible assets was €54,303 thousand (additions: €18,955 thousand; disposals: -€119 thousand; cumulative historical cost: €70,928 thousand; amortization and impairment: €5,706 thousand; cumulative amortization: €16,624 thousand).

Change in scope in the financial year 2022/2023 amounting to €62,874 thousand results from the acquisition of subsidiaries (financial year 2021/2022: €72,745 thousand). For further details, see note 27. In the financial year 2022/2023, no changes in scope resulted from the disposal of subsidiaries (financial year 2021/2022: €0 thousand).

The reclassification to non-current assets held for sale in the financial year 2022/2023 relates to customer relationships and costs to obtain a contract of the subsidiary Techem Energy Services LLC. For further details, see note 28.

In the financial year 2022/2023, impairment losses amounted to €6 thousand (financial year 2021/2022: €0 thousand) and relate fully to other intangible assets of the segment Energy Services.

All impairment losses relating to intangible assets are included in the position "Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets" of the statement of profit or loss.

The carrying amounts of customer relationships, recognized in the financial statements of the Group, arise from the following companies:

€ thousand	**Remaining useful life (years)**	**Sep 30, 2023**	**Sep 30, 2022**
Techem Energy Services GmbH, Germany	approx. 35	1,629,199	1,675,970
Techem Solutions GmbH, Germany	approx. 20	26,935	28,293
BFW Ternes GmbH, Germany	approx. 47	21,689	21,168
Messteam 2000 GmbH, Germany	approx. 49	15,431	—
SANNcompact GmbH, Germany	approx. 49	12,866	13,131
bautec Energiemanagement GmbH, Germany	approx. 35	10,995	11,310
enco Energy Services GmbH, Germany	approx. 50	10,754	—
Techem SAS, France	approx. 35	10,117	10,407
Techem Messtechnik Ges.m.b.H., Austria	approx. 35	10,002	10,289
Techem S.r.l., Italy	approx. 35	9,886	8,390
Techem (Schweiz) AG, Switzerland	approx. 35	9,801	10,195
Techem Danmark A/S, Denmark	approx. 35	8,206	8,464
Other companies[1)]	approx. 20 to 50	82,844	72,975
Total		**1,858,725**	**1,870,592**

[1)] Including customer relationships from acquisitions, for further details see note 27.

The useful life of the customer relationships is between 25 to 50 years, based on historical customer loyalty.

In accordance with IAS 36, goodwill and other intangible assets with an indefinite useful life (trademark Techem) as well as software in progress, which is not yet available for use, are subject to an annual impairment test at the balance sheet date. If there are new indicators during the course of a year that a group of CGUs ("cash generating unit") may be impaired, an additional impairment test is carried out for this group of CGUs.

The impairment test is carried out as described below:

The goodwill as well as the other intangible assets with an indefinite useful life are assigned to the appropriate groups of CGUs. Energy Services Germany, Energy Services International and Energy Efficiency Solutions each represent one group of CGUs. The classification of groups of CGUs follows the internal control structure of management.

For each group of CGUs, the recoverable amount is determined. The recoverable amount is measured as the higher of a CGU's fair value less costs of disposal and its value in use. If the carrying amount of a group of CGUs exceeds the calculated recoverable amount an impairment loss must be recognized.

Energy Services Germany. The recoverable amount of Energy Services Germany is determined on the basis of value in use. The future cash flows of this group of CGUs are calculated based on the five-year plan of Energy Services Germany. The cash flows for subsequent periods are based on the assumption of a 1.5 percent growth rate (financial year 2021/2022: 1.5 percent) and a constant cost ratio. These future cash flows are then discounted to present value. The discount rate used (weighted average cost of capital – "WACC") was determined using the capital asset pricing model ("CAPM") and results in a weighted average rate before tax of 6.37 percent for the group of CGUs Energy Services Germany (financial year 2021/2022: 5.78 percent).

The five-year plan of Energy Services Germany is based on the following assumptions:

- The growth in revenue results from a systematic further development of the existing products as well as from an extension of the existing product portfolio and services. Thereby, positive effects are also expected from future regulatory measures relating to climate change.

- This growth rate includes a contract termination rate that corresponds to the market conditions. The average increase in prices of services is in line with moderate market developments.

- In addition to the increasing revenue, quality improvements and cost savings have a positive impact on EBIT as a result of the continuous optimization of internal activities and further digitalization of operating processes within the value-enhancing program ENERGIZE-T.

- The planned investments are based on a regular replacement of metering devices and smoke detectors and a moderate increase resulting from new business. Investments will mainly be made in metering devices as well as smoke detectors and SMART readers, which are operated using radio technology. As a result, the plan includes an increase in depreciation on metering and other devices.

All the changes in key assumptions, which are assumed to be reasonably possible by the management of the Company, were examined and no cases were identified, by which the carrying amount of this group of CGUs would exceed its recoverable amount.

Energy Services International. The recoverable amount of Energy Services International is determined on the basis of value in use. The future cash flows of this group of CGUs are calculated based on the five-year plan of Energy Services International. The cash flows for subsequent periods are based on the assumption of a 1.5 percent growth rate (financial year 2021/2022: 1.5 percent) and a constant cost ratio. These future cash flows are then discounted to present value. The discount rate used (weighted average cost of capital – "WACC") was determined using the capital asset pricing model and results in a weighted average rate before tax of 7.42 percent for the group of CGUs Energy Services International (financial year 2021/2022: 6.73 percent).

The five-year plan of Energy Services International is based on the following assumptions:

- In the mature international markets, a slight but constant growth in the existing business is expected. This growth is driven by both volume and price increases.

- For some countries, a stronger growth is expected in the next five years as a result of the introduction of the European Energy Efficiency Directive (EED), especially in Spain and Poland.
- Additional growth is expected through strengthening of the sales team by regional expansion ,the introduction of new digital products and services as well as from future regulatory measures relating to climate change.

- The main driver of the growth in EBIT is the market growth in the EU countries as a result of the introduction of the EED. In addition, cost savings are expected in the next five years, for example through reduced reading costs as a result of the increase in remote reading (Techem Smart System, hereinafter also referred to as TSS), which will be reflected in the results in the coming years and will be tracked in the Operational Excellence program.

- The planned investments are based on the regular replacement of metering devices in the respective countries, increased investments in rental equipment as a result of the EED waves mentioned above and the TSS roll-out. This results in an increase in annual depreciation.

All the changes in key assumptions, which are assumed to be reasonably possible by the management of the Company, were examined and no cases were identified, by which the carrying amount of this group of CGUs would exceed its recoverable amount.

Energy Efficiency Solutions. The recoverable amount of Energy Efficiency Solutions is determined on the basis of fair value less costs of disposal, which are assumed to be 1 percent of the fair value. To calculate the fair value, the future cash flows are based on the ten-year plan of Energy Efficiency Solutions. Additionally, expansion investments are included in the calculation. Cash flows beyond the ten-year period are extrapolated using a growth rate of 1.5 percent (financial year 2021/2022: 1.5 percent) and a constant cost ratio. The total future cash flows are then discounted using the WACC before tax of 5.05 percent (financial year 2021/2022 4.65 percent).

The business plan of Energy Efficiency Solutions until the financial year 2032/2033 is based on the following assumptions:

- In principle, future investments will only be made in green, decarbonized plants. This is based on the assumption of an increasing CAPEX profile.

- Due to the increased specific investment volumes compared to conventional, gray solutions, the base price share of total sales rises sharply over the course of the planning period, and EBITDA and EBIT also show significant growth, driven by the increased investments in energy generation plants.

- EBIT growth is mainly based on growth from new business in the customer segments of the real estate industry (existing buildings in the housing industry and commercially used properties), new construction (property development business) and when existing facilities have to be replaced due to their age as part of the decarbonization of supply solutions.

- With regard to portfolio protection (churn avoidance), the plan assumes an increase in customer loyalty for expiring contracts from the current 66% to 90% from financial year 2025/2026.

- For the energy price development of the main energy source natural gas and the other energy sources (heating oil, district heating, biomethane and wood pellets), the price level was assumed at the start of planning and gradually normalized for the following years due to the current high price level. The energy margin for existing and new business was set at the normal level of recent financial years at 5%, while the margin for contracts already concluded was set at the calculated margin.

- Investment planning is based on specific investment figures in the construction of energy generation plants, driven by new business and the safeguarding of existing assets. With rising investments, a sharp increase in depreciation on plants is expected in the coming years.

All the changes in key assumptions, which are assumed to be reasonably possible by the management of the Company, were examined and no cases were identified, by which the carrying amount of this group of CGUs would exceed its recoverable amount.

The carrying amounts of the goodwill and the intangible assets with indefinite useful life (trademark Techem) are assigned to the groups of CGUs as follows:

€ thousand	Sep 30, 2023 Goodwill	Sep 30, 2023 Trademark Techem	Sep 30, 2022 Goodwill	Sep 30, 2022 Trademark Techem
Energy Services Germany	1,916,203	168,636	1,895,780	168,636
Energy Services International	381,003	34,028	381,008	34,032
Energy Efficiency Solutions	14,841	12,562	14,841	12,562
Total	**2,312,047**	**215,226**	**2,291,629**	**215,230**

The carrying amount of internally generated intangible assets is allocated to the following groups of CGUs: Energy Services Germany €65,958 thousand and Energy Efficiency Solutions €76 thousand (financial year 2021/2022: Energy Services Germany €54,097 thousand and Energy Efficiency Solutions €206 thousand).

The increase in goodwill in the financial year 2022/2023 amounting to €20,042 thousand in the group of CGUs Energy Services Germany and amounting to €80 thousand in the group of CGUs Energy Services International resulted from the acquisition of subsidiaries (financial year 2021/2022: Energy Services Germany €20,478 thousand and Energy Services International €557 thousand). For further details, see note 27.

8. Investments accounted for using the equity method

The Group financial statements include an investment accounted for using the equity method: the associated company Energieversorgungsgesellschaft Klinikum Ludwigsburg mbH (EKL).

The breakdown of the investments accounted for using the equity method is as follows:

€ thousand	Sep 30, 2023	Sep 30, 2022
Balance at the beginning of the period	**5,879**	**5,625**
Net share of gain from associated company EKL	834	503
Dividend received	(250)	(249)
Balance at the end of the period	**6,463**	**5,879**

The share of profit or loss of investments accounted for using the equity method, as presented in the statement of profit or loss, is as follows:

€ thousand	2022/2023	2021/2022
Net share of gain from associated company EKL	834	503

9. Deferred taxes

Deferred taxes are broken down as follows:

€ thousand	Sep 30, 2023	Sep 30, 2022
Deferred tax assets resulting from:		
Provisions for pensions	2,664	2,665
Tax losses carried forward	5,902	6,038
Other provisions	3,564	2,136
Property, plant and equipment	1,515	1,902
Contract liabilities	2,735	2,539
Lease Liabilities	1,116	2,251
Interest rate instruments	0	19
Other timing differences	2,229	1,885
Write-down on net losses carried forward	(5,716)	(5,315)
Offsetting	(13,826)	(14,120)
Total deferred tax assets	**183**	**0**
Deferred tax liabilities resulting from:		
Intangible assets	(648,684)	(647,936)
Metering and other devices	(83,486)	(89,029)
Financial liabilities – effective interest measurement/ transaction costs	(5,493)	(8,115)
Contract assets	(9,419)	(8,018)
Costs to obtain a contract	(4,979)	(5,217)
Finance leases	(2,020)	(2,468)
Other provisions	(2,235)	(1,764)
Right-of-use-assets	(1,068)	(1,304)
Other timing differences	(1,011)	(1,749)
Offsetting	13,826	14,120
Total deferred tax liabilities	**(744,569)**	**(751,480)**
Net deferred tax assets (+), deferred tax liabilities (-)	**(744,386)**	**(751,480)**

Deferred tax liabilities on intangible assets include deferred tax liabilities on customer relationships, technologies and software amounting to €525,395 thousand as at September 30, 2023 (September 30, 2022: €541,914 thousand), which result from the step-ups and the recognition of assets due to the purchase price allocation in conjunction with the acquisition of the Techem Metering Group on July 31, 2018. They are reduced as a result of the amortization of the assets over their useful lives. They will not affect cash in future. For the trademark Techem, deferred tax liabilities of €64,525 thousand were recognized as at September 30, 2023 (September 30, 2022: €64,440 thousand).

As at September 30, 2023 and September 30, 2022, the other timing differences shown under deferred tax assets relate mainly to the balance sheet items trade accounts receivables.

A tax group exists between Techem 672 mbH, Techem 673 mbH, Techem 674 mbH, Techem 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Energy Services GmbH, Techem Solutions GmbH, Techem X GmbH and bautec Energiemanagement GmbH for the tax period 2022. The basis for the calculation of deferred taxes for the tax group is the tax rate of 29.98 percent.

As of October 1, 2021, another income tax group exists between DMG Beteiligungsgesellschaft mbH, BFW Ternes GmbH, Exakta-Kalorex GmbH and MessTech GmbH. As of January 1, 2022, MATec Wolski Gesellschaft für Meß- und Abrechnungstechnik mbH was included retroactively for the 2022 assessment period.
In October 2022, the group expanded to include the following companies: ALPHA MESS Bergisch-Land GmbH, MESSWERT Unternehmen für Messdienstleistungen GmbH, ares e-count GmbH, DATA REAL Meßtechnik GmbH and SANNcompact GmbH.

In August 2023, TT Thermo Tronic GmbH, Ditschun Wärmemesstechnik GmbH and Wärmemessdienst Weise GmbH followed, retroactively to October 1, 2022.
Dietsche GmbH Billing Service was included from July 1, 2023 and Kupferschmid Billing Service GmbH from January 1, 2023. The underlying tax rate for the group is 29.55 percent.

As at September 30, 2023, the amount of €516 thousand (September 30, 2022: €1,017 thousand) of the deferred tax assets resulting from provisions for pensions amounting to €2,664 thousand (September 30, 2022: €2,665 thousand), was recognized in other comprehensive income with no effect on profit or loss.

The deferred taxes include €183 thousand (September 30, 2022: €0 thousand) non-current deferred tax assets and non-current deferred tax liabilities of €723,412 thousand (September 30, 2022: €728,450 thousand).

At the balance sheet date, there were tax losses carried forward of approximately €24,771 thousand (September 30, 2022: €25,209 thousand), of which €24,091 thousand (September 30, 2022: €22,558 thousand) were not recognized as deferred tax assets due to uncertain usability. The current estimate of the write-downs on the net tax losses carried forward may change depending on the financial performance of the Company and tax legislation in future years, which may necessitate an adjustment to the write-downs.

The unused tax losses of €24,091 thousand (September 30, 2022: €22,558 thousand) for which no deferred tax asset has been recognized, mainly relate to the following entities:

	Expiring within (years)	Sep 30, 2023	Sep 30, 2022
Techem Energy Services S.L., Spain	unlimited	8,240	7,445
Techem Norge AS, Norway	unlimited	7,031	6,325
Techem AB, Sweden	unlimited	4,588	4,828
Techem 671 mbH, Germany	unlimited	2,535	2,049
Techem do Brasil Serviços de Medição de Àgua Ltda., Brazil	unlimited	1,591	1,810
Other		106	101
Total		**24,091**	**22,558**

As at September 30, 2023, deferred tax liabilities of €183,950 thousand (September 30, 2022: €186,420 thousand) were not recognized for temporary differences associated with investments in subsidiaries as the Company is able to control the timing of the reversal of the temporary differences and it is probable that these temporary differences will not reverse in the foreseeable future.

On December 15, 2022, the Council of the European Union adopted Directive 2022/2523 ensuring a global minimum level of taxation for multinational groups of companies and large domestic groups in the EU.

The Bundestag implemented the Directive on November 10, 2023 with the Act on the Implementation of Council Directive (EU) 2022/2523 on Ensuring Global Minimum Taxation and Other Accompanying Measures (so-called "Minimum Taxation Directive Implementation Act"). The Federal Council is expected to approve it on December 15, 2023.

The Act contains provisions on Pillar 1 for the (partial) redistribution of taxing rights of multinational groups of companies, as well as simplifications on transfer pricing and on Pillar 2 for a global minimum taxation. According to the Minimum Taxation Directive Implementation Act, a tax of at least 15% is to be levied in each country on the basis of commercial accounting. Techem, as a company with a turnover of more than 750 million euros per year and based in various countries, is covered by this law.

However, the law contains exceptions (so-called "safe harbour rules"). Among other things, if the turnover of subsidiaries abroad is less than 10 million euros and the tax expense is less than 1 million euros. After an initial preliminary review of the law, we assume that the exemptions apply to our subsidiaries that have an effective tax rate, i.e. income tax in relation to profit before tax, of less than or equal to 15%. Thus, there is currently no risk for Techem.

10. Contract liabilities, liabilities to shareholders, sundry liabilities and other financial liabilities – current

€ thousand	Sep 30, 2023	Sep 30, 2022
Contract liabilities	**58,566**	**56,089**
Liabilities to shareholders	**52,647**	**49,628**
Other taxes	8,032	6,945
Advances received	1,495	823
Deferred income	157	126
Other	1	33
Sundry liabilities	**9,685**	**7,927**
Accounts receivable with credit balance	27,484	7,504
Guarantee deposits received	5,028	4,728
Liabilities from acquisition of fully consolidated companies	1,795	2,100
Liabilities from hedging instruments [1]	132	100
Liabilities from swap interest	0	1,448
Other	6,181	5,118
Other financial liabilities	**40,620**	**20,998**

[1] For details see section F. OTHER DISCLOSURES - „Concentration of risk"

The contract liabilities mainly comprise reading and billing services as well as rental and maintenance services, which are billed in advance.

As at September 30, 2023, the current liabilities to shareholders of €52,647 thousand include interest liabilities to the parent company of the Techem 671 Group, which result from a loan agreement between Luxembourg Investment Company 261 S.à r.l. and Techem Verwaltungsgesellschaft 672 mbH dated July 26, 2018. As at September 30, 2022, the current liabilities to shareholder amounted to €49,628 thousand, which were capitalized in the course of the financial year by increasing the total facility of the shareholder loan.

The other taxes primarily include payroll tax and value-added tax.

Accounts receivable with credit balances mainly include payments from customers and the state related to the EWSG (Energie-Wärme-Soforthilfe-Gesetz / Emergency Energy and Heat Assistance Act) dated November 15, 2022.

11. Contract liabilities, liabilities to shareholders, sundry liabilities and other financial liabilities – non-current

€ thousand	Sep 30, 2023	Sep 30, 2022
Contract liabilities	**5,751**	**4,993**
Liabilities to shareholders	**1,726,126**	**1,627,142**
Deferred income	233	251
Other	0	3
Sundry liabilities	**233**	**254**
Guarantee deposits received	510	531
Trade accounts payable	0	28
Liabilities from acquisition of fully consolidated companies	0	595
Other	294	290
Other financial liabilities	**804**	**1,444**

The liabilities to shareholders of €1,726,126 thousand result from the shareholder loan agreement mentioned in the current item, with the following conditions:

€ thousand	Amount drawn down		Total facility	Interest rate	Repayment date
	Sep 30, 2023	Sep 30, 2022			
Shareholder loan	1,726,126	1,627,142	1,726,126	6.0%	July 26, 2033

The shareholder loan is a subordinated unsecured loan.

The increase in the shareholder loan results from the capitalization of interest for the interest period April 1, 2022 to March 31,2023.

12. Financial liabilities – current

€ thousand	Sep 30, 2023	Sep 30, 2022
Loans [1]	21,418	51,009
Interest payable [1]	26,397	16,498
Financial liabilities	**47,815**	**67,507**

[1] See note 13

13. Financial liabilities – non-current

€ thousand	Sep 30, 2023	Sep 30, 2022
Notes	1,501,238	1,498,213
Loans	1,128,699	1,118,729
Financial liabilities	**2,629,937**	**2,616,942**

On July 30, 2018, Blitz F18-674 GmbH (later renamed Techem Verwaltungsgesellschaft 674 mbH) issued Senior Notes (due 2026) in an aggregate principal amount of €465,000 thousand. The proceeds of the Senior Notes were used to fund the consideration payable for the acquisition of the Techem Metering Group and to pay fees and expenses incurred in connection with the acquisition and the related financing.

Additionally, on July 31, 2018, the 2017 Senior Facilities Agreement of Techem Metering Group was amended, restated and merged with the Initial Senior Facilities Agreement, which was executed on July 19, 2018 by Blitz F18-675 GmbH (later renamed Techem Verwaltungsgesellschaft 675 mbH). At the time, the resulting Senior Facilities Agreement comprised the Facility B in a nominal amount of €2,340,000 thousand and the Revolving Credit Facility in a nominal amount of €275,000 thousand (both due 2025).

Facility B comprised two tranches, Facility B1 and B2. Amounts under Facility B2 were utilized by Techem Verwaltungsgesellschaft 675 mbH and applied in or towards:

- financing or refinancing the consideration paid for the acquisition of the Techem Metering Group;
- refinancing or discharging any of the existing debt of the Techem Metering Group and paying any related breakage costs, redemption premium, make-whole costs and other fees, costs and expenses payable in connection with such refinancing or discharge; and
- financing or refinancing the payments of costs incurred in connection with the acquisition of the Techem Metering Group and all other fees, costs and expenses relating thereto.

The amount of Facility B1 was equal to certain amounts which had been outstanding under the 2017 Senior Facilities Agreement and had historically been utilized by Techem Energy Metering Service GmbH & Co. KG (meanwhile all assets and liabilities of this company moved over by way of succession to Techem Metering GmbH) and Techem GmbH.

In January 2019, the Company repurchased its Senior Notes in an aggregate principal amount of €51,100 thousand on a voluntary basis.

On July 24, 2019, the Company agreed a repricing of its Facility B. As a result of this, the margin existing at that time was reduced from 375 basis points to 350 basis points. For that purpose, Facilities B1 and B2 in an unchanged principal amount were rolled over into the new Facility B3. This resulted in modification gains of €18,583 thousand due to the revaluation of Facility B. On August 16, 2019, the Company made a partial repayment of its Facility B in an amount of €50,000 thousand on a voluntary basis.

On January 29, 2020, the Company carried out a refinancing and a further repricing of Facility B, in connection with which Techem Verwaltungsgesellschaft 674 mbH issued Senior Secured Notes in an aggregate amount of €1,145,000 thousand (due in July 2025). The proceeds of the Senior Secured Notes were used in full to partially repay the existing Facility B. As a result of the refinancing and repricing, Facility B3 in a principal amount of €1,145,000 thousand was rolled over into the new Facility B4. This resulted in modification gains of €26,143 thousand due to the revaluation of Facility B. Offsetting this, accrued transaction costs and revaluation adjustments amounting to a total of €23,274 thousand were recognized as expense relating to the repayment of the Facility B in the amount of €1,145,000 thousand. Furthermore, the maturity dates of Facility B and the Senior Secured Notes were synchronized to July 2025. In the following, the conditions are explained in detail.

In September 2021, Senior Notes in a nominal amount of €50,000 thousand were repaid (redemption).

As at September 30, 2023, Facility B is fully drawn down with a nominal amount of €1,145,000 thousand. Of the Revolving Credit Facility, €248,020 thousand are unutilized (utilized commitments being €20,000 thousand drawn as cash and €6,980 thousand drawn by way of guarantees). In the financial year 2022/2023, there were cumulative drawings of €70,000 thousand and cumulative repayments of €99,931 thousand of the Revolving Credit Facility (both in cash). The outstanding principle amount of the Senior Secured Notes is €1,145,000 thousand, the remaining outstanding principle amount of the Senior Notes is €363,900 thousand as at September 30, 2023.

For both facilities, interest is based on EURIBOR for loans in Euro and LIBOR for non-Euro loans. Until July 2020, the relevant margin according to the current Senior Facilities Agreement was 287.5 basis points for Facility B and 275 basis points for the Revolving Credit Facility. Afterwards, the relevant margin may vary between 287.5 basis points and 237.5 basis points regarding Facility B and between 275 basis points and 175 basis points regarding the Revolving Credit Facility, depending on the Senior Secured Net Leverage Ratio in respect of the most recently completed twelve-month period preceding the interest payment. In the event of a negative EURIBOR, the "zero-floor" applies and the margin is not reduced. Effective February 22, 2023, the margin of the Facility B reduced to 237.5 basis points and the margin of the Revolving Credit Facility reduced to 175 basis points due to the Senior Secured Net Leverage Ratio test (before, these margins were 262.5 and 200 basis points). Interest rate caps with total nominal amount of €880,000 thousand were concluded in December 2022 and January 2023 to partially hedge the variable-interest Facility B (€1,145,000 thousand) against interest rate risks.

The Senior Secured Notes have a fixed coupon rate of 2.000%. The Senior Notes have a fixed coupon rate of 6.000%. As at September 30, 2023, accrued interest on the Notes amounts to €8,410 thousand.

The loan agreement specifies certain limits for the Senior Secured Net Leverage Ratio. If the ratio lies above these limits, a certain percentage of an excess cash flow, which is also defined in the agreement and must also be adjusted by extraordinary effects, has to be used for mandatory prepayments of the Facility B. This excess cash flow has to be calculated yearly for the preceding twelve-month period. Interest payments on the Facility B are currently made on the basis of the six-month-EURIBOR. As at September 30, 2023, accrued interest on the loans of the Senior Facilities Agreement amounts to €17,998 thousand.

The liabilities under the Senior Facilities Agreement, the Senior Secured Notes and certain hedging agreements are secured on a first-priority basis. The obligations rank pari passu in right of payment with any obligation that is not subordinated.

The liabilities under the Senior Facilities Agreement and the Senior Secured Notes are guaranteed on a senior basis by Techem Verwaltungsgesellschaft 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Energy Services GmbH and Techem Solutions GmbH.

Techem Verwaltungsgesellschaft 674 mbH, Techem Verwaltungsgesellschaft 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Vermögensverwaltung GmbH & Co. KG, Techem Energy Services GmbH and Techem Solutions GmbH have granted the following liens and security interests on an equal and ratable basis to secure the Senior Credit Facilities and the Senior Secured Notes:

- a limited recourse first-priority pledge over the shares of Techem Verwaltungsgesellschaft 675 mbH;
- a first-priority pledge over the shares of Techem Metering GmbH;
- a first-priority pledge over the shares of capital stock of each of Techem GmbH, Techem Energy Services GmbH and Techem Solutions GmbH; and
- first-priority pledges of the main bank accounts held by Techem Verwaltungsgesellschaft 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Energy Services GmbH and Techem Solutions GmbH.

The Senior Notes are guaranteed on a senior subordinated basis by Techem Verwaltungsgesellschaft 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Energy Services GmbH and Techem Solutions GmbH.

The Senior Notes are secured by:

- a first-priority pledge over the shares of Techem Verwaltungsgesellschaft 674 mbH; and
- a second-priority pledge over the shares of Techem Verwaltungsgesellschaft 675 mbH.

The pledged shares had the following book values according to local GAAP before consolidation as at September 30, 2023: Techem Verwaltungsgesellschaft 674 mbH (€563,099 thousand; directly owned by Techem Verwaltungsgesellschaft 673 mbH), Techem Verwaltungsgesellschaft 675 mbH (€2,323,671 thousand; directly owned by Techem Verwaltungsgesellschaft 674 mbH), Techem Metering GmbH (€3,966,859 thousand; directly owned by Techem Verwaltungsgesellschaft 675 mbH), Techem GmbH (€1,952,736 thousand; directly owned by Techem Metering GmbH), Techem Energy Services GmbH (€179,442 thousand; directly and indirectly owned by Techem GmbH) and Techem Solutions GmbH (€35,066 thousand; directly owned by Techem Energy Services GmbH).

In addition to the pledged shares, the financial obligations are secured by cash at bank which is assigned for security purposes and amounts to €7,584 thousand as at September 30, 2023.

Under the financing arrangements, covenants have to be complied with and have to be reported to the participating banks. The covenants are compiled with based on current figures as at September 30, 2023.

In the financial year 2021/2022, the average interest rate for the financial year is 4.29 percent (p.a.).

14. Leases

The Company as lessee

The Company leases various properties, IT equipment and cars. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Typically, lease contracts are concluded for fixed periods with additional termination or prolongation options for one or both parties. In some cases, indefinite contract periods with termination options for one or both parties are agreed.

Under the financing arrangements, restrictions regarding lease agreements must be observed. As at September 30, 2023, the Company complies with the restrictions.

Right-of-use assets resulting from leases where the Group is the lessee are as follows:

€ thousand	**Sep 30, 2023**	**Sep 30, 2022**
Right-of-use assets relating to land and buildings	74,436	90,792
Right-of-use assets relating to office furniture and equipment	30,023	15,604
Right-of-use assets	**104,459**	**106,396**

Additions to the right-of-use assets during the financial year 2022/2023 amount to €46,891 thousand (financial year 2021/2022: €14,813 thousand). Further additions result from the change in scope amounting to €1,285 thousand, which relate to the acquisition of subsidiaries during the financial year 2022/2023. For further details, see note 27.

The consolidated statement of profit or loss shows the following amounts relating to leases:

€ thousand	**2022/2023**	**2021/2022**
Depreciation charge for right-of-use assets relating to:		
Land and buildings	11,026	11,302
Office furniture and equipment	11,274	10,721
Total depreciation charge for right-of-use assets	**22,300**	**22,023**
Impairment losses on right-of-use assets relating to:		
Land and buildings	0	0
Total impairment losses on right-of-use assets	**0**	**0**
Interest expense on lease liabilities	**6,388**	**3,100**
Expenses relating to variable lease payments not included in lease liabilities	**454**	**315**
Expenses relating to short-term leases (recognized in the position "Other expenses" in the statement of profit or loss)	**300**	**238**

As in the previous year, no impairment losses for right of use assets have been recognized in the financial year 2022/2023.

The total cash outflow for leases (incl. interest payments) for the financial year 2022/2023 was €26,173 thousand (financial year 2021/2022: €23,584 thousand).

For further information regarding future undiscounted cash flows (gross), see section F. OTHER DISCLOSURES – "Concentration of risk".

The valuation of extension and termination options qualified as not reasonably certain to be exercised are not included in the lease liabilities and may lead to potential future cash outflows amounting to €40,047 thousand (undiscounted) compared to the current assumptions in the calculation of the lease liabilities (financial year 2021/2022: €33,927 thousand).

In the financial year 2022/2023, the changes in initial assumptions regarding the exercise of extension and termination options resulted in a decrease in lease liabilities and right-of-use assets by €2,951 thousand (undiscounted) (financial year 2021/2022: €93 thousand).

As at the balance sheet date, the Company is committed to certain leases for vehicles, which have not yet commenced at this date. In the financial year 2023/2024, the initial measurement of the right-of-use assets and the lease liabilities from these leases is expected to amount to €7,081 thousand.

The Company as lessor

The Company enters into finance leases as lessor. These leases are primarily leases of charging infrastructure for e-mobility, heat generation plants and other technical equipment. To account for these leases, the Company recognizes a receivable equal to the present value of the minimum lease payments. Payments by the lessee are treated as repayment of principal and financial income.

The consolidated statement of profit or loss shows the following amounts relating to finance leases:

€ thousand	**2022/2023**	**2021/2022**
Selling profit/ loss	198	23
Finance income on the net investment in the lease	185	211

The following table shows the total gross capital investment in finance leases and the present value of outstanding minimum lease payments:

€ thousand	**Sep 30, 2023**	**Sep 30, 2022**
Total gross capital investment	5,128	4,651
Financial income not yet recognized	(567)	(690)
Net capital investment	**4,561**	**3,961**
Present value of the residual value	0	0
Present value of minimum lease payments	**4,561**	**3,961**
Finance lease receivables - current [1)]	**807**	**941**
Finance lease receivables - non-current [1)]	**3,754**	**3,020**

[1)] See note 1

The maturity breakdown for the total gross capital investment and the present value of the minimum lease payments is as follows:

€ thousand	**September 30, 2023**		**September 30, 2022**	
	Total gross capital investment	**Present value of minimum lease payments**	**Total gross capital investment**	**Present value of minimum lease payments**
Maturity				
Up to one year	941	807	1,108	941
Between one and two years	967	869	906	784
Between two and three years	570	497	752	664
Between three and four years	460	399	356	291
Between four and five years	416	364	245	191
More than five years	1,774	1,625	1,284	1,090
Total	**5,128**	**4,561**	**4,651**	**3,961**

15. Other provisions – current

€ thousand	**Oct 1, 2021**	Change in scope	Utilizations	Additions	Reversals	Reclass. from non-current to current	**Sep 30, 2022**
Personnel	22,711	376	(19,133)	25,237	(1,067)	4	28,128
Warranties	4,080	73	(1,285)	1,706	(90)	39	4,523
Restructuring	1,561	0	(38)	0	0	0	1,523
Legal fees	244	0	(238)	295	(44)	0	257
Maintenance services	670	0	(550)	160	0	0	280
Other	7,342	199	(4,654)	3,182	(949)	659	5,779
Other provisions	**36,608**	**648**	**(25,898)**	**30,580**	**(2,150)**	**702**	**40,490**

€ thousand	**Oct 1, 2022**	Change in scope	Utilizations	Additions	Reversals	Reclass. from non-current to current	**Sep 30, 2023**
Personnel	28,128	466	(24,912)	25,728	(2,276)	2	27,136
Warranties	4,523	296	(1,503)	1,605	(1,227)	46	3,740
Restructuring	1,523	0	(1,110)	21,599	(266)	0	21,746
Legal fees	257	(13)	(291)	419	(136)	0	236
Maintenance services	280	0	(132)	292	0	0	440
Other	5,779	(19)	(2,399)	4,911	(2,306)	(379)	5,587
Other provisions	**40,490**	**730**	**(30,347)**	**54,554**	**(6,211)**	**(331)**	**58,885**

The change in the scope of consolidation in the 2022/2023 financial year is due to company acquisitions (see Note 27).

Personnel provisions mainly include obligations for variable remuneration and holiday obligations. They also include provisions for employee time credits from overtime worked.

The provision for warranty claims is mainly recognised for obligations arising from defective appliance deliveries, incorrect invoicing and assembly damage.

Restructuring provisions include provisions for personnel measures in connection with the personnel-related and organisational implementation of digitalisation and efficiency measures that have already been implemented.

Maintenance service provisions have been recognised to cover the replacement of equipment as part of maintenance contracts. Only defective devices or devices with an expired calibration period that are covered by the maintenance contracts and had not yet been replaced as at the balance sheet date are affected.

The amount reported under "Other" for the 2022/2023 financial year mainly relates to provisions for contributions to associations, for expansion and maintenance obligations, for damage claims, for renovation obligations and for audits.

As the net currency differences are not material, they are not recognised separately. They are included in the "Reversals" column.

16. Other provisions – non-current

€ thousand	Oct 1, 2021	Change in scope	Utilizations	Additions	Reversals	Reclass. from non-current to current	Unwinding of discount/ discounting	Sep 30, 2022
Partial retirement and anniversary bonuses	6,683	0	(277)	25	(122)	(4)	123	6,428
Other	3,997	0	(724)	223	(27)	(698)	(35)	2,736
Other provisions	**10,680**	**0**	**(1,001)**	**248**	**(149)**	**(702)**	**88**	**9,164**

€ thousand	Oct 1, 2022	Change in scope	Utilizations	Additions	Reversals	Reclass. from non-current to current	Unwinding of discount/ discounting	Sep 30, 2023
Partial retirement and anniversary bonuses	6,428	0	(288)	1,134	(218)	(2)	132	7,186
Restructuring	0	0	0	5,577	0	0	0	5,577
Other	2,736	0	(144)	593	(488)	333	57	3,087
Other provisions	**9,164**	**0**	**(432)**	**7,304**	**(706)**	**331**	**189**	**15,850**

The provisions are mainly discounted at 4.54 per cent (the risk premiums were taken into account when calculating the future cash outflows).

The amount reported under "Other" for the 2022/2023 financial year mainly comprises provisions for general overhauls, for damage claims and for renovation obligations.

As the net currency differences are not material, they are not recognised separately. They are included in the "Reversals" column.

17. Provisions for pensions

The pension plans of the subsidiaries vary depending on the legal, tax and economic situation in each country.

Most of the pension schemes in place in Germany as well as in other countries are defined benefit plans, some of which are funded and others unfunded.

There are pension schemes in place for former members of the senior management of Techem Energy Services GmbH and Techem GmbH, with a separate scheme for each person. These pension schemes are based on the pensionable remuneration of each employee and the employee's period of service. In addition, the Company has set up a relief fund.

There are also pension plans in place for all active and some former employees of Techem (Schweiz) AG. According to the pension scheme in Switzerland those plans are funded, respectively reinsured. The pension plans comprise retirement pensions as well as risk benefits (invalidity and death). The retirement pensions are determined based on the retirement assets and a conversion rate. Risk benefits are defined as a fixed percentage of insured salary.

The provisions for pensions are computed on the basis of independent actuarial reports. The provisions for defined benefit obligations are determined using the standard international method known as the Projected Unit Credit Method (in Germany, in conjunction with the Prof. Dr. Heubeck 2018 G mortality tables).

The funded obligations are supported by suitable qualified insurance policies (pledged reinsurances) that meet the conditions for plan assets. Accordingly, plan assets are offset against the provisions.

The amount of pension obligations is subject to risks arising in connection with the change in life expectancy, the future amount of pension adjustments and the development of capital market interest rates. To cover those risks, insurance policies (reinsurances) have been taken out for some of the defined benefit pension obligations. The reinsurances are mostly not traded on an active market.

The following table shows the pension obligations for each reporting period:

€ thousand	Sep 30, 2023	Sep 30, 2022
Present value of funded obligations	22,708	21,025
Fair value of plan assets	(20,070)	(18,935)
Deficit	**2,638**	**2,090**
Present value of unfunded obligations	12,497	11,924
Balance	**15,135**	**14,014**

The following table shows the change in the present value of the defined benefit obligations, the change in the fair value of plan assets as well as the change in net liability:

€ thousand	Defined benefit obligation	Plan asset	Net liability
Balance as at Oct 1, 2021	**39,280**	**(17,388)**	**21,892**
Remeasurements [1]	(7,739)	399	(7,340)
Exchange rate differences on foreign plans	2,339	(1,868)	471
Derecognition of obligations/ plan assets covered by insurance companies	(579)	579	0
Employees moving from/ to other companies	(503)	503	0
Addition from acquisition of fully consolidated companies	31	0	31
Current service costs [2]	890	0	890
Past service costs [2]	(184)	0	(184)
Interest costs/income [2]	191	(72)	119
Pension payments	(1,340)	74	(1,266)
Employer contributions to plan assets	0	(599)	(599)
Employee contributions to plan assets	563	(563)	0
Balance as at Sep 30, 2022	**32,949**	**(18,935)**	**14,014**
Remeasurements [1]	2,079	(86)	1,993
Exchange rate differences on foreign plans	(163)	149	(14)
Employees moving from/ to other companies	(510)	510	0
Current service costs [2]	718	0	718
Past service costs [2]	(113)	0	(113)
Interest costs/income [2]	933	(471)	462
Pension payments	(1,330)	74	(1,256)
Employer contributions to plan assets	0	(669)	(669)
Employee contributions to plan assets	642	(642)	0
Balance as at Sep 30, 2023	**35,205**	**(20,070)**	**15,135**

[1] Positions recognized in other comprehensive income
[2] Positions recognized in profit or loss

Since all the pension obligations relating to the employees of Techem (Schweiz) AG which retired during the year under review are covered by the insurance company, both the present value of the funded obligation and the fair value of the plan assets are each reduced by the same amount. In the financial year 2022/2023 this value amounts to €0 thousand (financial year 2021/2022: €579 thousand each).

The current service costs and past service costs are included in the personnel expenses. The interest costs and the returns on plan assets are included in the financial result. Remeasurements are recognized in other comprehensive income.

The breakdown of the remeasurements is as follows:

€ thousand	Sep 30, 2023	Sep 30, 2022
Actuarial gains/ losses from changes in financial assumptions	459	(8,020)
Actuarial gains/ losses from changes in demographic assumptions	18	13
Experience gains/ losses	1,375	255
Gains/ losses from changes related to plan assets	141	411
Remeasurements, recognized in other comprehensive income	**1,993**	**(7,341)**

The basic assumptions applied in the computation of the provisions for pensions are as follows (average values):

%	Sep 30, 2022	Sep 30, 2022
Discount rate	2.85%	2.89%
Salary increases	2.09%	2.09%
Annuity increases	0.85%	0.78%

As at September 30, 2023, an average discount rate of 4.05 percent, salary increases of 3 percent and annuity increases of 2.25 percent were applied to German defined benefit obligations (September 30, 2022 average discount rate 3.65 percent, salary increases 3 percent, annuity increases 2 percent). For defined benefit obligations of Techem (Schweiz) AG, an average discount rate of 1.85 percent, salary increases of 1.5 percent and annuity increases of 0 percent were applied as at September 30, 2023 (September 30, 2022 average discount rate 2.3 percent, salary increases 1,5 percent, annuity increases 0 percent).

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

Assumption	**Change in assumption**	**Impact on defined benefit obligation**
Discount rate	Increase by 0.25 percentage points Decrease by 0.25 percentage points	Decrease by 2.6% Increase by 2.9%
Salary increases	Increase by 1.0 percentage points Decrease by 1.0 percentage points	Increase by 0.5% Decrease by 0.6%
Annuity increases	Increase by 1.0 percentage points Decrease by 1.0 percentage points	Increase by 6.1% Decrease by 2.2%
Life expectancy	Increase by 1 year Decrease by 1 year	Increase by 2.3% Decrease by 2.1%

Taking into account the current higher changes in interest rates, sensitivity analyses were also carried out for a change in assumptions of 1.0 percentage points in the discount rate. This results in an increase of 11.8% if the assumptions are increased accordingly and a decrease of 10.6% if the assumptions are reduced accordingly

The method applied when determining the sensitivities is consistent to that applied when calculating the obligation at the balance sheet date.

In the financial year 2022/2023, the expenses for contribution-based pension schemes amounted to €16,347 thousand (financial year 2021/2022: €14,674 thousand), thereof for the German entities €14,248 thousand (financial year 2021/2022: €12,731 thousand), mainly relating to the employer's contribution to the statutory pension scheme.

In the financial year 2023/2024, contributions to the plan assets are expected to amount to €1,300 thousand.

The weighted average duration of the pension plans is 12.2 years (financial year 2021/2022: 12.5 years).

The maturity analysis of the benefit payments is as follows:

Maturity	**< 1 year**	**1-2 years**	**2-5 years**	**> 5 years**
€ thousand	2,907	2,086	6,422	38,270

18. Equity

Share capital. As at September 30, 2023, the share capital of Techem Verwaltungsgesellschaft 671 mbH remains unchanged at €100,000 (September 30, 2022: €100,000). The share capital of the Company is divided into 49,999 shares A, 50,000 shares B and 1 share C, each having a nominal value of €1. The share capital has been paid in full.

Capital reserves. As at September 30, 2023, the capital reserves include a paid-in capital of €563,127,044 (September 30, 2022: €563,127,044).

Retained earnings. Retained earnings contain the net result of the financial year, the net results generated in the past and the cumulative other comprehensive income, consisting of exchange differences, of remeasurements of provisions for pensions as well as of income taxes on other comprehensive income.

Capital management disclosures. Among its objectives, Techem 671 Group endeavors to secure its equity base over the long-term and generate an appropriate return on capital employed. However, in this regard, the equity as per the Group's balance sheet is only an indirect management criterion, whereas revenue as well as EBIT/EBITDA are direct management criteria, whereby the Company believes that EBIT reflects the capital intensity of the business best.

The following table shows the change in equity and financial liabilities:

€ thousand	**Sep 30, 2023**	**Sep 30, 2022**	**Change (%)**	**Oct 1, 2021**
Equity attributable to owners of the parent	29,676	86,342		85,896
Non-controlling interest	0	0		0
Equity	**29,676**	**86,342**	**(65.63)**	**85,896**
as percentage of total equity and financial liabilities	*1.05*	*2.99*		*3.00*
Financial liabilities (current)	47,815	67,507		55,867
Financial liabilities (non-current).......................................	2,629,937	2,616,942		2,604,916
Lease liabilities (current)	19,328	16,929		17,507
Lease liabilities (non-current)..	93,711	95,541		98,388
Financial liabilities	**2,790,791**	**2,796,919**	**(0.22)**	**2,776,678**
as percentage of total equity and financial liabilities	*98.95*	*97.01*		*97.00*
Total equity and financial liabilities	**2,820,467**	**2,883,261**	**(2.18)**	**2,862,574**

Share-based payments/ management participation program (MEP). In March 2019, the main investors implemented a management participation program (MEP). This program provides an opportunity to plan participants to invest indirectly in the Group and to share in any increase in value through their own investment. For this purpose, plan participants acquire a package that consists of a portion of the shareholder loan (see note 11) as well shares A and B issued by Techem Verwaltungsgesellschaft 671 mbH. A total of 3,575 shares A and 253 shares B were sold to plan participants as at September 30, 2021. Since that, no shares were sold to plan participants. Through their investment plan participants will share in the capital proceeds generated in a future exit event (IPO or trade sale of the group). The claim represented by the investment is subject to vesting conditions which require services to be provided to the group until an exit occurs (service condition). If plan participants leave before such exit, they may forfeit all or part of their entitlement. The investment will then fall back to the investor and may be issued to other or new plan participants. The management participation program is accounted for as equity-settled share-based payment.

The fair value of the shares granted is measured at grant date. Shares A and B held under the terms of the MEP are treated as options and are valued using an option pricing model. All other assumptions were derived consistently from the impairment test. The total value of the MEP shares A and B held corresponded to the own investment made by plan participants.

For the existing plan participants of the MEP, no expenses have to be recorded either in the period, in which the share are granted, or in any future periods.

In spring 2022, the so called LTIP was launched as a further share-based program. This initially provides for an opportunity to participate on the same terms as in the MEP above. In this respect, the statements made in this regard apply.

In addition, the members of the Techem 671 Group received commitments via an exit bonus, which will be paid out in the event of defined exit scenarios. In addition to certain sale scenarios relating to the shares of Luxembourg Investment Company 261 in the Techem 671 Group, in which the main investors give at least control, the IPO of Luxembourg Investment Company 261 S.à r.l. or one of its subsidiaries is considered to be an exit. The bonus entitlement reflects participation in the increase in value of the Luxembourg Investment Company 261 and the Techem 671 Group since the respective grant date, based on an agreed basic amount. The bonus is additionally determined by a time factor. The later the exit takes place, the lower the bonus becomes ceteris paribus. Luxembourg Investment Company 261 may pay the bonus in cash or shares in Techem 671 Group.

The fair value of the bonus commitment at the grant date is based on an agreed base amount as a result of a simulation of the increase in value up to the expected exit date. Based on a starting value, which was consistently derived to the impairment test, the possible increase in value up to the assumed exit event was determined by means of a Monte Carlo simulation and the basic amount multiplied by the increase in value in %.

The derived total value for the shares held under the LTIP (including exit bonus) essentially corresponded to the plan participants' own investment. For the existing plan participants of the LTIP, no expenses have to be recorded either in the period, in which the share are granted, or in any future periods.

19. Categories of financial assets and financial liabilities

Financial assets only contain debt instruments. According to the “SPPI test”, the financial assets except for money market funds generate cash flows that are solely payments of principal and interest. Furthermore, according to the “Business model test” these financial instruments’ cash flows solely result from collecting contractual cash flows (IFRS 9.4.1.2). Therefore, the financial assets except for the money market funds are recorded at amortized costs. As the “SPPI-test” for the money market funds fails they are measured at fair value through profit or loss.

The following table provides an overview of carrying amounts and fair values of the financial instruments in the Techem 671 Group in accordance with IFRS 9 and IFRS 7:

€ thousand	Sep 30, 2023		Sep 30, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Category: Financial assets measured at amortized cost *Measurement at amortized cost*				
Cash and cash equivalents (excl. money market funds) [1]	34,529	34,529	28,864	28,864
Trade accounts receivable (current)	224,170	224,170	215,897	215,897
Other financial assets (current) [1]	4,089	4,089	2,411	2,411
Other financial assets (non-current)	8,187	8,187	7,429	7,429
Other financial assets (current) from shareholders	559	559	245	245
Other financial assets (non-current) from shareholders	18,316	17,406	9,285	7,581
Category: Financial assets at fair value through profit or loss *Measurement at fair value*				
Hedging instruments not subject to hedge accounting	1,816	1,816	141	141
Financial liabilities				
Category: Financial liabilities measured at amortized cost *Measurement at amortized cost*				
Trade accounts payable (current)	72,621	72,621	48,028	48,028
Trade accounts payable (non-current)	0	0	28	28
Other financial liabilities (current) [2]	40,488	40,488	20,898	20,898
Other financial liabilities (non-current) [3]	804	804	1,416	1,416
Financial liabilities (current)	47,815	47, 815	67,507	67,507
Financial liabilities (non-current)	2,629,937	2,606,357	2,616,942	2,384,910
Liabilities to shareholders (current)	52,647	52,647	49,628	49,628
Liabilities to shareholders (non-current)	1,726,126	1,619,177	1,627,142	1,292,058
Category: Financial liabilities at fair value through profit or loss *Measurement at fair value*				
Hedging instruments not subject to hedge accounting	132	132	100	100

[1] As at September 30, 2023, the balance sheet item also includes interest rate instruments of €1,799 thousand and currency swaps of €17 thousand (September 30, 2022: currency swaps €141 thousand), which are reported in the category „Financial liabilities at fair value through profit or loss".
[2] As at September 30, 2023, the balance sheet item also includes currency swaps of €132 thousand (September 30, 2022: interest rate instruments of €64 thousand and currency swaps of €36 thousand), which are reported in the category „Financial liabilities at fair value through profit or loss".
[3] As at September 30, 2023, the balance sheet item includes non-current trade accounts payable of €0 thousand (September 30, 2022: €28 thousand). They are reported in the category „Financial liabilities measured at amortized cost".

Non-current other financial assets are broken down as follows:

€ thousand	Sep 30, 2023		Sep 30, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade accounts receivable	3,004	3,004	2,983	2,983
Finance lease receivables	3,521	3,521	2,840	2,840
Guarantees relating to tenders	576	576	496	496
Other	1,086	1,086	1,110	1,110
Total	**8,187**	**8,187**	**7,429**	**7,429**

Non-current financial liabilities are broken down as follows:

€ thousand	Sep 30, 2023		Sep 30, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans	1,128,699	1,142,780	1,118,729	1,049,121
Notes	1,501,238	1,463,577	1,498,213	1,335,789
Total	**2,629,937**	**2,606,357**	**2,616,942**	**2,384,910**

The table below analyses financial instruments measured at fair value by fair value hierarchy in accordance with IFRS 7 and IFRS 13. The different levels have been defined as follows:

- level 1: financial instruments traded in active markets for which unchanged quoted prices are taken as measurement
- level 2: measurement is made by means of valuation methods with parameters derived directly or indirectly from observable market data
- level 3: measurement is made by means of valuation methods with parameters that are not based on observable market data

€ thousand	Level 1	Level 2	Level 3	Total
Sep 30, 2023				
Hedging instruments not subject to hedge accounting	0	1,816	0	1,816
Financial assets	**0**	**1,816**	**0**	**1,816**
Hedging instruments not subject to hedge accounting	0	132	0	132
Financial liabilities	**0**	**132**	**0**	**132**
Sep 30, 2022				
Hedging instruments not subject to hedge accounting	0	141	0	141
Financial assets	**0**	**141**	**0**	**141**
Hedging instruments not subject to hedge accounting	0	100	0	100
Financial liabilities	**0**	**100**	**0**	**100**

For financial assets and liabilities measured at fair value, no transfers between Level 1 and 2 of the fair value hierarchy occurred in the financial year 2022/2023.
It is assumed that the fair values of all current items are approximately equivalent to their carrying amounts. The main reason for this is the short maturity of these instruments.

For non-current other financial assets, non-current trade accounts payable and non-current other financial liabilities the carrying amounts are approximately equivalent to their fair values.

The fair value of money market funds is based on quoted market prices on an active market at the balance sheet date.

As at September 30,2023, the fair values of hedging instruments not subject to hedge accounting (interest rate caps) are determined based on the difference between the variable interest rate agreed as part of the underlying transaction and the interest rate limited by the cap.

The fair values of the Notes are their respective quoted market prices as at September 30, 2023.

The fair value of non-current financial liabilities (loans), measured at amortized cost, is determined using the discounted cash flow method, calculating the present value of expected future cash flows. The discount rates used are term adequate risk-adjusted discount rates. The risk adjustment is made based on the CDS spreads of Techem.

The fair value of non-current liabilities to shareholders, measured at amortized cost, is determined using the discounted cash flow method, calculating the present value of expected future cash flows. The discount rate used is the internal rate of return of Techem Senior Notes as at September 30, 2023.

The respective fair values of the Notes mentioned above fall into Level 1 of the fair value hierarchy. The aforementioned fair values of the non-current financial liabilities (excluding the Notes) and non-current liabilities to shareholders are attributed to Level 2.

Net gains or losses on financial instruments of the Techem 671 Group consist of the following:

€ thousand	**Financial assets measured at amortized cost**	**Financial assets at fair value through profit or loss**	**Financial liabilities measured at amortized cost**	**Financial liabilities at fair value through profit or loss**
2022/2023				
Other expenses	(2,131)[1)]	0	0	0
Financial income from shareholders	0	0	844	0
Financial income	1,579[2)]	52	0	541[4)]
Finance costs	(36)	(265)	(218,097)[3)]	(32)
Net result	**(588)**	**(213)**	**(217,253)**	**509**
2021/2022				
Other expenses	(2,631)[1)]	0	0	0
Financial income from shareholders	0	0	272	0
Financial income	783[2)]	141	0	11,174[4)]
Finance costs	(148)	(47)	(185,659)[3)]	(9,938)[5)]
Net result	**(1,996)**	**(94)**	**(185,387)**	**1,236**

1) Other expenses include losses resulting from additions to valuation allowances on trade accounts receivable and contract assets and losses resulting from write-offs of trade accounts receivable and contract assets as well as gains from the reversal of valuation allowances on trade accounts receivable and contract assets.
2) Financial income includes interest income, mainly resulting from installment-based business and from finance leases, which are measured using the effective interest method.
3) Finance costs include interest expenses, mainly resulting from bank loans, shareholder loans and Notes, which are measured using the effective interest method.
4) These are gains on hedging instruments measured at fair value. For details see note 25.
5) In the financial year 2021/2022, finance costs include only interest expenses on hedging instruments measured at fair value.

The following table shows the development of loans, Notes, lease liabilities and liabilities to shareholders:

€ thousand	Loans (non-current)	Financial liabilities (current)	Notes	Lease liabilities	Liabilities to shareholders	Total
Carrying amount as at Sep 30, 2021	**1,109,580**	**55,867**	**1,495,336**	**115,895**	**1,580,616**	**4,357,294**
Proceeds from borrowings	0	110,102	0	0	0	110,102
Repayments of borrowings	(3,971)	(100,000)	0	0	0	(103,971)
Repayments of lease liabilities	0	0	0	(20,485)	0	(20,485)
Interest paid	0	(87,707)	0	(3,100)	0	(90,807)
Cash effective items	**(3,971)**	**(77,605)**	**0**	**(23,585)**	**0**	**(105,161)**
Change in scope	3,566	1,105	0	3,210	0	7,881
Interest expense	0	88,135	0	3,100	96,154	187,389
Additions	0	0	0	14,813	0	14,813
Disposals	0	0	0	(1,149)	0	(1,149)
Currency translation	(2)	5	0	186	0	189
Release of transaction costs	9,556	0	2,877	0	0	12,433
Non-cash effective items	**13,120**	**89,245**	**2,877**	**20,160**	**96,154**	**221,556**
Carrying amount as at Sep 30, 2022	**1,118,729**	**67,507**	**1,498,213**	**112,470**	**1,676,770**	**4,473,689**
Proceeds from borrowings	0	70,841	0	0	0	70,841
Repayments of borrowings	(1,890)	(99,931)	0	0	0	(101,821)
Repayments of lease liabilities	0	0	0	(19,785)	0	(19,785)
Interest paid	0	(94,899)	0	(6,388)	0	(101,287)
Cash effective items	**(1,890)**	**(123,989)**	**0**	**(26,173)**	**0**	**(152,052)**
Change in scope	1,453	718	0	1,243	0	3,414
Interest expense	0	103,583	0	6,388	102,003	211,974
Additions	0	0	0	46,891	0	46,891
Disposals	0	0	0	(27,690)	0	(27,690)
Currency translation	0	(4)	0	90	0	(94)
Release of transaction costs	10,407	0	3,025	0	0	13,432
Non-cash effective items	**11,860**	**104,297**	**3,025**	**26,742**	**102,003**	**247,927**
Carrying amount as at Sep 30, 2023	**1,128,699**	**47,815**	**1,501,238**	**113,039**	**1,778,773**	**4,569,564**

20. Revenue

€ thousand	2022/2023	2021/2022
Geographical region		
Germany	**770,410**	**686,805**
Sum of other countries	**241,278**	**212,824**
The company split for the sum of other countries is as follows:		
Austria	42,376	37,966
Switzerland	31,729	28,795
Denmark	25,519	23,106
France	22,866	21,760
Belgium	15,648	14,207
Italy	16,434	14,263
Poland	28,572	23,610
Netherlands	10,571	10,162
Others	47,563	38,955
Major product and service lines		
Energy Services		
Reading and billing services	438,027	386,401
Rental and associated service revenue	259,671	246,324
Sales	107,773	82,538
Maintenance services	42,605	39,045
Other	4,856	4,172
Energy Efficiency Solutions	158,756	141,149
Revenue	**1,011,688**	**899,629**

In the financial year 2022/2023, revenue recognized over time amounted to €869,701 thousand (financial year 2021/2022: €785,265 thousand) and revenue recognized at a point in time amounted to €141,987 thousand (financial year 2021/2022: €114,364 thousand).

The sources of revenue were as follows:

€ thousand	2022/2023	2021/2022
Revenue from contracts with customers	1,010,595	899,040
Revenue from other sources	1,093	589
Revenue	**1,011,688**	**899,629**

Revenue recognized in the financial year 2022/2023 that was included in the contract liability balance as at October 1, 2022 amounted to €56,499 thousand (October 1, 2021: €52,735 thousand).

The following table provides an overview of amounts of the transaction prices allocated to the performance obligations that are unsatisfied (or partially unsatisfied):

€ thousand	Up to one year	Between one year and five years	Between five years and ten years	Over ten years	Total
Sep 30, 2023					
Reading and billing services	111,631	172,411	65,717	386	350,145
Rental and associated service revenue	222,446	501,949	194,954	4,023	923,372
Other	2,237	4,119	733	1	7,090
Total	**336,314**	**678,479**	**261,404**	**4,410**	**1,280,607**
Sep 30, 2022					
Reading and billing services	87,756	158,148	62,154	425	308,483
Rental and associated service revenue	199,384	454,617	194,776	4,588	853,365
Other	1,213	2,168	80	0	3,461
Total	**288,353**	**614,933**	**257,010**	**5,013**	**1,165,309**

The Company has elected not to disclose transaction prices allocated to performance obligations that are unsatisfied (or partially unsatisfied) if they are part of a contract with an original expected duration of one year or less. This mainly relates to sales, maintenance agreements as well as short-term reading and billing agreements.

Furthermore, transaction prices allocated to the performance obligations that are unsatisfied (or partially unsatisfied) of the product and service line Energy Efficiency Solutions are not disclosed as permitted under IFRS 15. For these products and services, the Company recognizes revenue in the amount to which the Company has a right to invoice as it has a right to the consideration from the customer in an amount that corresponds directly with the value to the customer of its performance completed to date.

21. Capitalized internal work

€ thousand	2022/2023	2021/2022
Capitalized internal work from installation	14,348	10,148
Capitalized internal work from projects	15,344	15,353
Capitalized costs to obtain a contract and costs to fulfill a contract	5,114	4,795
Other	300	500
Capitalized internal work	**35,106**	**30,796**

Capitalized internal work from installation relates to the rental business and is capitalized within metering and other devices.

Capitalized internal work from projects refers to the internally generated intangible assets, for example development of the digital infrastructure, new device technologies in the course of the digitization process and the construction of technical facilities (see also Note 24).

22. Other income

€ thousand	2022/2023	2021/2022
Gains on cancellation of rental contracts	4,318	5,382
Gains on foreign exchange	437	592
Gains on the disposal of fixed and intangible assets	2,206	359
Other	4,466	4,882
Other income	**11,427**	**11,215**

The gains on foreign exchange arose primarily as a result of differences between foreign exchange rates on the dates the foreign-currency receivables/payables were recognized and those on the dates of payment or those used in remeasurement at the balance sheet date. Other income mainly includes badwill and credit notes.

23. Product expenses and purchased services

€ thousand	2022/2023	2021/2022
Material expenses	(158,488)	(133,536)
External workforce	(70,670)	(57,456)
Commercial representatives and other commissions	(3,106)	(2,115)
Replacement expenses	(2,227)	(1,421)
Research and development costs	(158)	(97)
Other	(6,203)	(5,827)
Product expenses and purchased services	**(240,852)**	**(200,452)**

24. Other expenses

€ thousand	2022/2023	2021/2022
IT	(36,084)	(29,990)
Consultancy	(19,810)	(20,218)
Travel and car expenses	(12,461)	(9,546)
Advertising and promotion	(6,832)	(6,018)
Communication costs	(5,311)	(4,957)
Property expenses	(4,208)	(3,380)
Insurances	(3,835)	(3,167)
Office costs	(3,204)	(2,717)
Training and education	(2,824)	(2,213)
Research and development costs	(2,345)	(2,427)
Valuation allowances and write-offs on receivables and contract assets	(2,131)	(2,631)
Recruiting	(1,293)	(2,010)
Temporary workforce	(858)	(1,880)
Losses on foreign exchange	(568)	(708)
Losses on the disposal of fixed and intangible assets	(23)	(111)
Other	(6,201)	(4,883)
Other expenses	**(107,988)**	**(96,856)**

In the financial year 2022/2023, the above mentioned research and development costs amount to €2,345 thousand (financial year 2021/2022: €2,427 thousand), further research and development costs are included in personnel expenses amounting to €19,621 thousand (financial year 2021/2022: €17,924 thousand) and in product expenses amounting to €158 thousand (financial year 2021/2022: €97 thousand). The increase in research and development costs included in personnel costs and other expenses is due to the opportunities offered by digitization. In cooperation with industrial partners, Techem develops device technologies as well as the necessary end and system devices for consumption reading, smoke detection (smoke detectors) and for automated and complete digitized stationary remote reading (digital infrastructure) as well as for remote monitoring of heating systems. In addition, Techem supports several Germany-wide research projects.

25. Financial income and finance costs

€ thousand	2022/2023	2021/2022
Gains on foreign exchange resulting from intercompany loans	2,195	2,241
Interest income	1,614	925
Gains on hedging instruments measured at fair value	593	11,315
Total financial income	**4,402**	**14,481**
Interest expense on shareholder loans	(102,003)	(96,154)
Interest expense	(74,605)	(55,449)
Interest expense on Notes	(47,759)	(47,611)
Losses on foreign exchange resulting from intercompany loans	(2,287)	(2,437)
Interest expense on provisions	(1,123)	(279)
Losses on hedging instruments measured at fair value	(274)	(47)
Other finance costs	(0)	(1)
Total finance costs	**(228,051)**	**(201,978)**
Financial income and finance costs	**(223,649)**	**(187,497)**

In the financial year 2022/2023, interest income from installment-based business amounts to €503 thousand (financial year 2021/2022: €444 thousand).

26. Income taxes

€ thousand	2022/2023	2021/2022
Current income taxes		
Germany	(36,801)	(34,532)
Other countries	(13,530)	(11,026)
Total income taxes	**(50,331)**	**(45,558)**
Deferred taxes		
Addition/ utilization or reversal of deferred taxes on tax losses carried forward	(537)	652
Tax effect from temporary differences	20,631	18,715
Total deferred taxes	**20,094**	**19,367**
Total tax expense	**(30,237)**	**(26,191)**

As the significant part of the earnings before tax is generated in Germany, the Group weighted average tax rate is 29.98 percent (see note 9).

Deferred taxes have been calculated using the relevant enacted tax rate.

As of September 30, 2023, income tax liabilities amounted to €14,593 thousand (September 30, 2021: €17,677 thousand), a decrease of €3,084 thousand. This is mainly due to the German tax Techem 672 group, as further advance payments were made for the year 2021/2022 and the corresponding income tax liabilities were thus reduced (€12,504 thousand). The income tax liabilities for corporate income tax and trade tax for the 2022/2023 financial year had a countervailing effect of €6,321 thousand (financial year 2021/2022: €12,720 thousand) in the Techem 672 Group. The other effects are mainly distributed among the other Techem companies in Germany and abroad.

A tax audit began at the end of 2022 for the following German companies Techem 671 mbH, Techem 672 mbH, Techem 673 mbH, Techem 674 mbH, Techem 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Energy Services GmbH, Techem Solutions GmbH, bautec Energiemanagement GmbH, Techem Verwaltungs GmbH, Techem Energie GmbH and Techem Vermögensverwaltung GmbH & Co. KG. Essentially, the corporate income tax, trade tax and value added tax for the assessment periods 2017 to 2019 are examined.

The following table shows the reconciliation from the weighted average tax rate for the Group to the effective tax rate:

	2022/2023		2021/2022	
	€ thousand	%	€ thousand	%
Earnings before tax	**(25,433)**		**11,239**	
Expected income tax	**7,625**	**29.9**	**(3,365)**	**29.9**
Non-deductible interest expense	(36,679)	(144.2)	(29,249)	260.3
Permanent differences	(5,052)	(19.9)	(4,544)	40.4
Differences from differing tax rates	5,241	20.6	3,761	(33.5)
Change in tax rate for deferred taxes	(783)	(3.1)	1,085	(9.7)
Taxes unrelated to the reporting period	29	0.1	2,715	(24.2)
Reversed/ unrecognized deferred tax assets on tax losses carried forward	(1,172)	(4.6)	(528)	4.7
Other	554	2.2	3,934	(35.0)
Effective tax expense and tax rate	**(30,237)**	**(119.0)**	**(26,191)**	**232.9**

As a result of the German interest barrier rule, the interest expense is not tax-deductible in full. The non-deductible portion of interest expense is therefore accumulated as interest carried forward. As at September 30, 2023, the interest carried forward amounts to €538,352 thousand (September 30, 2022: €419,202 thousand). No deferred taxes were recognized on the interest carried forward due to the uncertainty that it can be used during the planning period of five years.

The permanent differences mainly relate to trade tax add-backs relating to interest expense both in the financial year 2022/2023 and in the financial year 2021/2022.

Other differences in the financial year 2021/2022 mainly result from the derecognition of deferred taxes from the elimination of temporary differences in previous years.

The changes in tax rate for deferred taxes in the financial year 2022/2023 mainly result from changes in the trade tax rate from 14.11 percent to 14.15 percent.

27. Acquisitions

In the financial year 2022/2023, all the shares in the following companies were acquired:

- Energie Beratung Unternehmen Dresden Messdienst GmbH, Dresden/ Germany, (hereinafter also referred to as "EBU"),
- MAW Service GmbH, Mess-, Abrechnungs- und Wartungsdienst, Kassel/ Germany, (hereinafter also referred to as "MAW"),
- Böhm Abrechnungs GmbH & Co.KG, Kitzingen/ Germany und Böhm Verwaltungs GmbH, Kitzingen/ Germany, (hereinafter also referred to as "Böhm"),
- asko GmbH, Erfurt/ Germany, (hereinafter also referred to as "asko"),
- Messteam 2000 GmbH, Neumarkt/Oberpfalz/ Germany, (hereinafter also referred to as "Messteam"),
- INHA GmbH, Hirrlingen/ Germany, (hereinafter also referred to as "INHA"),
- EECS spol. s.r.o., Trutnov/ Czech Republic, (hereinafter also referred to as "EECS"),
- enco Energy Services GmbH, Bochum/ Germany, (hereinafter also referred to as "enco")

The main intention regarding these acquisitions is to strengthen the core business at local level. The business of these companies comprises primarily the reading, consumption-based billing of energy and water consumption as well as the rental and the sale of the respective devices. A purchase price totaling €66,851 thousand was paid for the acquisition of these companies.

The following table shows the total purchase price and the net cash outflow relating to the above acquisitions:

€ thousand	**Sep 30, 2023**
Total purchase price	**66,851**
Less: cash and cash equivalents acquired	(4,959)
Less: contingent considerations[1)]	(115)
Add: contingent considerations paid (relating to the acquisition in the financial year 2022)	1,018
Net cash outflow relating to the acquisitions[2)]	**62,795**

[1)] The contingent considerations result from earn-out clauses whose occurrence depends on the level of the customer contract termination rate or on the level of revenues of the company in the years after the acquisition. The amounts were determined based on the best estimate of the expected cash outflows.
[2)] Significant cash outflows related with the acquisitions result from the purchase of Messteam (€25,194 thousand) and enco (€19,365 thousand).

The breakdown of the net assets acquired is as follows:

€ thousand	Fair value
Cash and cash equivalents	4,959
Metering and other devices	16,975
Customer relationships and trademarks	42,518
Other assets (current and non-current) [1]	7,249
Liabilities (current and non-current)	(11,337)
Deferred tax liabilities (net)	(13,525)
Net assets acquired[2]	**46,839**
Goodwill[3]	20,123
Gain from a bargain purchase[4]	(111)
Total purchase price	**66,851**

[1] including trade receivables (gross) of €2,559 thousand and allowances for these trade receivables of €36 thousand. The book value of these receivables correspond to their fair value.
[2] The acquired net assets of Messteam and enco mainly result from metering and other devices in the amount of €6,343 thousand and €3,753 thousand respectively, customer relationships and trademarks in the amount of €15,924 thousand and €10,992 thousand respectively, liabilities (current and non-current) in the amount of €4,373 thousand and €1,314 thousand respectively, as well as deferred tax liabilities in the amount of €5,979 thousand and €2,073 thousand respectively. Furthermore, trade receivables were acquired in the gross amount of €1,153 thousand and €618 thousand respectively. Allowances for these receivables were built in the amount of €5 thousand and €19 thousand. The book value of these receivables correspond to its fair value.
[3] thereof €7,997 thousand of Messteam and €5,911 thousand of enco.
[4] The gain from a bargain purchase was reported in other income. The amount mainly comes from the fair value valuation of the customer relationships performed during the purchase price allocations.

The goodwill of €20,123 thousand mainly comprises intangible assets, which cannot be identified separately and mainly reflects expected future growth of earnings as a result of synergies and the increase in the market share in the respective region. It is not tax-deductible.

If the acquired companies and businesses had been part of the Techem 671 Group since October 1, 2022, Group revenues would have amounted to €1,020,572 thousand and Group net loss to €54,080 thousand. Since joining the Group, the acquisitions generated total revenues of €9,019 thousand and total net income of €902 thousand in the reporting period (thereof €3,974 thousand revenues and €354 thousand net income of Messteam as well as €418 thousand revenues and €559 thousand net income of enco).

Costs directly attributable to the acquisitions amounted to €1,464 thousand, which were recognized in other expenses.

28. Non-current assets and liabilities held for sale

In the financial year 2023, the management decided to sell all shares in Techem Energy Services LLC, Dubai/United Arab Emirate. As at September 30, 2023 the sale was considered highly probable, so that the assets and liabilities of the subsidiary were classified as held for sale. The company is part of Energy Services segment and the disposal group mainly comprises cash and cash equivalents in the amount of €1,431 thousand, trade receivables in the amount of €750 thousand, metering and other devices in the amount of €416 thousand and other current liabilities in the amount of €1,219 thousand.

From the reclassification to held for sale, a loss of €243 thousand was recognized from the depreciation and impairment of metering and other devices, property, plant and equipment, intangible assets and right-of-use assets.

The sale was completed on October 6, 2023.

F. OTHER DISCLOSURES

Segment reporting

The segment reporting in accordance with IFRS 8 Operating Segments is prepared due to the issuance of Notes in July 2018 by Techem 674 mbH and the issuance of Notes in January 2020 by Techem 675 mbH which are traded in a public market. Both companies are indirect subsidiaries of Techem Verwaltungsgesellschaft 671 mbH.

Within the segment Energy Services, the Company provides its customers, which mainly comprise service providers in the housing and real-estate industry, with measurement, sub-meter reading and billing services relating to energy and water consumption. The reading and billing services are subject to seasonal fluctuations, which impact the results of operations accordingly.

The Company rents and sells metering devices, which are necessary to provide the services. Rental contracts for the metering devices have a term of up to ten years.

The Company also offers maintenance services required for the devices. Maintenance services are included in the rental contracts. For sold devices the maintenance service is offered in separate maintenance contracts.

Techem's supplementary services include the planning, installation and maintenance of smoke detectors. The smoke detectors are usually rented to customers. In addition, the Company offers a smoke detector service.

In addition, Techem, in cooperation with SGS Institut Fresenius, offers legionella analysis services in Germany.

The segment Energy Efficiency Solutions represents a further development of our previous segment Energy Contracting. The segment Energy Efficiency Solutions provides its customers with services in relation to the planning, financing, construction and operation of heat generation plants. The plants are maintained continuously. Gas, oil, long-distance heating and electricity are provided to the customers. In the short financial year 2020, the business unit water technology, which comprises the professional operation of water treatment facilities, was transferred from the segment Energy Services to the segment Energy Efficiency Solutions.

Consolidation entries are included under "Other".

The accounting principles applied are the same as those applied for the Group. The economic development of the Group and its segments is managed by means of financial ratios. The financial ratios relevant to the management are revenue and EBIT/EBITDA, whereby the company believes that EBIT reflects the capital intensity of the business best.

Investments in fixed assets are cash-effective additions to metering and other devices, to property, plant and equipment and to intangible assets.

Intragroup transactions are carried out at market prices.

Techem has no customer with a share in revenue exceeding 10 percent.

To obtain external segment revenues by geographical area, the revenues are allocated to the region where they were recognized. Non-current assets are reported based on their location. Non-current assets comprise metering and other devices, property, plant and equipment, intangible assets, right-of-use assets, non-current other assets and investments accounted for using the equity method.

As a result of similar economic characteristics in the form of similar EBIT-margins for products and services, similar products and services as well as similar distribution and customer structures, the operating segments Energy Services Germany and Energy Services International are aggregated into a single reportable segment.

Segment information is as follows:

€ thousand	Energy Services	Energy Efficiency Solutions	Other	Group
2022/2023				
External revenue	852,932	158,756	0	1,011,688
Intragroup revenue	3,760	1,158	(4,918)	0
Revenue	**856,692**	**159,914**	**(4,918)**	**1,011,688**
EBIT	**187,678**	**9,705**	**0**	**197,383**
EBITDA	**380,989**	**23,817**	**0**	**404,806**
Depreciation and impairment losses	**(193,311)**	**(14,112)**	**0**	**(207,423)**
thereof impairment losses	*(6,167)*	*(563)*	*0*	*(6,730)*
EBIT				**197,383**
Share of profit of investments accounted for using the equity method				834
Financial income				4,402
Finance costs				(228,051)
Loss before tax				**(25,432)**
Investments in fixed assets	**(215,367)**	**(28,615)**	**0**	**(243,982)**
2021/2022				
External revenue	758,480	141,149	0	899,629
Intragroup revenue	3,086	431	(3,517)	0
Revenue	**761,566**	**141,580**	**(3,517)**	**899,629**
EBIT	**188,975**	**9,258**	**0**	**198,233**
EBITDA	**373,110**	**21,995**	**0**	**395,105**
Depreciation and impairment losses	**(184,135)**	**(12,737)**	**0**	**(196,872)**
thereof impairment losses	*(7,136)*	*(337)*	*0*	*(7,473)*
EBIT				**198,233**
Share of profit of investments accounted for using the equity method				503
Financial income				14,481
Finance costs				(201,978)
Loss before tax				**11,239**
Investments in fixed assets	**(218,196)**	**(24,900)**	**0**	**(243,096)**

Revenue and non-current assets by region:

€ thousand	Germany	Other countries	Group
2022/2023			
Revenue	**770,410**	**241,278**	**1,011,688**
2021/2022			
Revenue	**686,805**	**212,824**	**899,629**
Sep 30, 2023			
Segmental non-current assets	**4,599,416**	**607,962**	**5,207,378**
Receivables from shareholders			18,316
Other financial assets			8,187
Deferred tax assets			183
Total non-current assets			**5,234,064**
Sep 30, 2022			
Segmental non-current assets	**4,564,437**	**596,283**	**5,160,720**
Receivables from shareholders			9,285
Other financial assets			7,429
Deferred tax assets			0
Total non-current assets			**5,177,434**

In the financial year 2022/2023, the item "Other countries" includes 96.7% of sales revenues from European countries (financial year 2022: 97.3%). The breakdown of the revenues of the other countries is as follows:

Revenue „Other“ Countries:

€ thousand	2022/2023	2021/2022
Austria	42,376	37,966
Switzerland	31,729	28,795
Denmark	25,519	23,106
France	22,866	21,760
Belgium	15,648	14,207
Italy	16,434	14,263
Poland	28,572	23,610
Netherlands	10,571	10,162
Others	47,563	38,955
Total “Other Countries”:	**241,278**	**212,824**

As at September 30, 2023, the item "Other countries" in the item "Non-current segment assets" includes non-current assets from European countries of 98.5% (September 30, 2022: 98.1%). The breakdown of the non-current assets of the “Other countries” is as follows:

Non-current assets „Other“ Countries:

€ thousand	2022/2023	2021/2022
Austria	113,641	109,615
Denmark	67,828	67,157
France	110,155	109,337
Belgium	52,426	51,234
Italy	68,789	69,129
Poland	31,458	28,846
Netherlands	25,588	25,819
Others	62,818	58,427
Total “Other Countries”:	**607,962**	**596,283**

Other financial obligations / Financial guarantees

The following table shows other financial obligations and financial guarantees except for those related to the financial liabilities (see note 13):

€ thousand	Up to one year	Between one year and five years	Over five years	Total
Sep 30, 2023				
Financial obligations due to purchase of fixed assets	6,600	0	0	6,600
Financial obligations due to purchase of intangible assets	1,836	0	0	1,836
Financial obligations due to energy supply contracts[1)]	41,899	14,961	84	56,944
Other financial obligations	**50,335**	**14,961**	**84**	**65,380**
Sep 30, 2022				
Financial obligations due to purchase of fixed assets	10,752	0	0	10,752
Financial obligations due to purchase of intangible assets	1,918	0	0	1,918
Financial obligations due to energy supply contracts[2)]	119,625	33,221	78	152,924
Other financial obligations	**132,295**	**33,221**	**78**	**165,594**

1) In addition to the amount of contractual obligations to our energy suppliers, this figure also includes the amount that we have to pay in order to meet contractual obligations to our customers. Of which de facto contractual obligations €38,935 thousand (€25,866 thousand up to one year and €13,069 thousand between one year and five years).
2) Of which de facto contractual obligations €104,930 thousand (€76,904 thousand up to one year and €28,026 thousand between one year and five years).

As at September 30, 2023, there are further commitments resulting from financial guarantees issued by the Techem 671 Group in the amount of €184 thousand (September 30, 2022: €184 thousand).

Concentration of risk

Credit risks. The Company offers its services to a large number of customers active in various sectors and geographical regions. The Company grants credit terms to eligible customers and believes it is not exposed to an unreasonable concentration of risks.

Imminent or actual irrecoverable receivables are accounted for by write-downs depending on the age of the receivable concerned. Several dunning stages are also used. When a certain dunning stage is reached, legal action is initiated. Furthermore, allowances for expected credit losses are recorded with respect to trade accounts receivable, contract assets, finance lease receivables and unbilled receivables.

As at September 30, 2023, the total of trade accounts receivable, including receivables from finance lease (each current and non-current), is €230,695 thousand (maximum default risk) (September 30, 2022: €221,719 thousand).

Liquidity risk. The Company has secured its financing by long-term loan agreements (Term Loan B due in July 2025 and the Revolving Credit Facility due in June 2025) and the issuance of Notes (Senior Secured Notes due in July 2025 and Senior Notes due in July 2026). The budget of the Company shows a positive development of the financial position, financial result and cash flows. Therefore, the Company is not exposed to liquidity risk (see note 13).

The following table provides an overview of the maturity analysis for future cash flows of the financial liabilities. The future cash flows are undiscounted cash flows including interest payments:

€ thousand	Up to one year	Between one year and five years	More than five years	Total
Sep 30, 2023				
Financial liabilities	176,537	2,872,080	0	3,048,617
Liabilities to shareholders [1]	105,294	420,312	2,232,457	2,758,063
Trade accounts payable	72,621	0	0	72,621
Lease liabilities	25,829	64,855	66,680	157,364
Other financial liabilities	40,488	804	0	41,292
Total	**420,769**	**3,358,051**	**2,299,137**	**6,077,957**
Sep 30, 2022				
Financial liabilities	145,213	2,899,432	0	3,044,645
Liabilities to shareholders [1]	98,984	396,209	2,203,693	2,698,886
Trade accounts payable	48,028	0	0	48,028
Lease liabilities	20,175	49,883	64,711	134,769
Hedging instruments not subject to hedge accounting	64	0	0	64
Other financial liabilities	19,415	1,394	49	20,858
Total	**331,879**	**3,346,918**	**2,268,453**	**5,947,250**

[1] It is assumed that the accrued interest is paid at the end of each interest period.

Interest rate risk and interest rate management. Interest rate risks arise from the fact that a large part of the financial liabilities is subject to a floating rate of interest (see note 13). There are no risks arising from the war in Ukraine.

Interest rate risk is analyzed centrally and managed by the Treasury department. Interest rate risk items are separated from the liquidity commitment in individual hedge agreements with the help of interest rate derivatives, such as interest rate caps, and are managed as an overall portfolio to balance the risks. Interest rate derivatives are used exclusively to optimize credit terms and limit interest rate risks as part of the Company's financing strategies and are not used for trading or speculation purposes.

Hedging instruments are used in the Group to hedge interest rate risks on variable cash flows. As the caps limit the variable cash flows on the loan, they are cash flow hedges, which are not subject to hedge accounting.

The Company pursues a conservative strategy in hedging financial risks. In accordance with internal guidelines of the Company, the use of derivatives is restricted to the hedging of existing risks. The Company only uses hedging instruments that are measurable and have a transparent risk profile.

The Indentures of the Senior Notes include termination options, which are derivatives according to IFRS. These derivates have to be separated from financial liabilities. The termination options can be exercised by the issuer of the Notes. Until July 30, 2023, these options were linked to a staggered premium on the nominal value. In the event of termination after this date, the nominal value would have to be repaid. However, the value to be recorded as at September 30, 2023, is €0 because the options are not in-the-money.

All derivatives are measured at fair value in accordance with IFRS 13. This is determined using the mark-to-market method (for interest rate caps). The market values of interest rate caps are reported as other financial assets.

Interest rate instruments not subject to hedge accounting. Changes in market value are recognized in the statement of profit or loss, but do not affect cash.

Techem has concluded interest rate hedges in the form of interest rate caps with a total nominal value of €880,000 thousand to hedge interest rate risks. These interest rate instruments limit the 6-month EURIBOR to 3.5% for the period from July 4, 2023 to January 4, 2024. The total fair value as at September 30, 2023 amounts to €1,799 thousand. As at September 30, 2022, the company had payer swaps with a nominal value of EUR 1,600,000 thousand to hedge interest rate risks. These payers swaps terminated in October 2022.

As at September 30, 2023, there are financial liabilities of €1,145,000 thousand from Facility B, €1,145,000 thousand from the Senior Secured Notes and €363,900 thousand from the Senior Notes (both notes have a fixed interest coupon). Additionally, the Revolving Credit Facility is drawn down with €20,000 thousand in cash at this time. As a result, 90.0% of the interest rate risks of the non-current financial liabilities are hedged or capped at this time. If the 6-month EURIBOR had been one percentage point higher in the financial year 2022/2023, the annual result would have deteriorated by €6,809 thousand if all other variables had remained constant. If the 6-month EURIBOR had been one percentage point lower in the financial year 2022/2023, the result for the year would have improved by €7,714 thousand if all other variables had remained constant.

Currency risk and currency management. A large part of the revenues was generated in the euro-area and was not subject to major currency risks. However, currency risks may originate from loans that Techem Energy Services GmbH grants to its subsidiaries outside the euro-area as part of intercompany financings.

The following foreign exchange hedging instruments not subject to hedge accounting exists:

€ thousand	Sep 30, 2023		Sep 30, 2022	
	Nominal amount	**Market value**	**Nominal amount**	**Market value**
Currency swaps [1)]				
Danish Krone	8,995	8,985	9,418	9,413
Swiss Franc	7,834	7,715	6,993	7,127
Bulgarian Lewa	3,121	3,119	3,119	3,119
UAE Dirham	1,405	1,414	0	0
Romanian Lei	862	862	940	930
Czech Koruna	721	727	932	936
Hungarian Forint	123	123	368	351
Total	**23,061**	**22,945**	**21,770**	**21,876**

[1)] The contractual terms of the currency swaps ended in October 2023 each.

Employees

Details regarding personnel expenses are as follows:

€ thousand	**2022/2023**	**2021/2022**
Salaries and wages	267,601	216,267
Social security contributions and expenses for retirement and other benefits	36,974	32,959
Personnel expenses	**304,575**	**249,226**

	2022/2023	**2021/2022**
Average number of employees		
Germany	2,714	2,544
Other countries	1,586	1,453
Employees	**4,300**	**3,997**
Average number of employees of investments accounted for using the equity method	13	13
Total employees	**4,313**	**4,010**

Transactions with related parties

The parent company of Techem Verwaltungsgesellschaft 671 mbH is Luxembourg Investment Company 261 S.à.r.l. in Luxemburg. The ultimate parent company is Partners Group Premier Access L.P., Edinburgh/Scotland.

Key management personnel of the Techem 671 Group consists of the managing directors of Techem Verwaltungsgesellschaft 671 mbH. In the financial year 2022/2023, Matthias Hartmann, Dr.-Ing. Carsten Sürig and Nicolai Kuß were still managing directors of Techem 671 Verwaltungsgesellschaft mbH. They were paid by Techem GmbH and additionally had responsibilities for other Group companies.

In the financial year 2022/2023, the remuneration of the key management personnel amounted to €3,608 thousand (financial year 2021/2022: €3,753 thousand), which only comprises short-term employee benefits. The remuneration mentioned above includes outstanding payments of €1,875 thousand (financial year 2021/2022: €2,030 thousand), for which provisions were recognized at the balance sheet date. These outstanding payments solely relate to the variable remuneration, which is based on individual non-financial and financial performance indicators. Provisions recognized as at September 30, 2022 were fully utilized in the financial year 2022/2023.

Members of the key management personnel participate in MEP and LTIP, which was set up by the main investors (see note 18). No personnel expense has to be recognized related to that participation. As part of their investment plan, key management personnel indirectly hold a portion of the shareholder loan (see note 11) in the amount of €1,193 thousand (financial year 2021/2022: €1,193 thousand).

As at September 30, 2023, Techem 671 mbH recognized non-current liabilities to shareholders amounting to €1,726,126 thousand (September 30, 2022: €1,627,142 thousand), which result from a subordinated loan between the Luxembourg Investment Company 261 S.à r.l. and Techem Verwaltungsgesellschaft 672 mbH from July 26, 2018 (see note 11), as well as a non-current receivable in the amount of €18,316 thousand (September 30, 2022: €9,285 thousand). The receivable relates to the utilization of the credit line in the amount of €24,258 thousand, is due in 2032 and bears an interest of 6.08 percent. In the financial year 2022/2023, interest expenses in the amount of €102,003 thousand (financial year 2021/2022: €96,154 thousand) were incurred relating to the shareholder loan as well as interest income in the amount of €844 thousand (financial year 2021/2022: €272 thousand) was earned on the receivable. As at September 30, 2023, the current interest liabilities with regards to the shareholder loan amount to €52,647 thousand (September 30, 2022: €49,628 thousand) whereas the current interest receivables amount to €559 thousand (September 30, 2022 €245 thousand). As at March 31, 2023, the unpaid interest of €98,984 thousand for the interest period from April 1, 2022 to March 31, 2023 was capitalized in accordance with the loan agreement (see note 11).

Auditors' fees (section 314 (1) No. 9 German Commercial Code (HGB))

In the financial year 2022/2023 , the following fees for the Group auditor, PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, are included:

€ thousand	**2022/2023**
Fees for:	
Year-end audit services	941
Other confirmation services	217
Services for tax consultancy	38
Total fees	**1,196**

The audit fees for year-end audit services include the fees for the audit of the stand-alone year-end accounts and the Group accounts of the Company as well as the fees for the audit of the stand-alone year-end accounts of several subsidiaries in Germany. The other confirmation services mainly relate to the audit of the sustainability report for the financial year 2021/2022. The services for tax consultancy mainly relate to tax consultancy in connection with tax returns and tax audits.

Events after the balance sheet date

With effect from October 6, 2023, all shares in Techem Energy Services LLC, Dubai/United Arab Emirates were sold.

On October 25, 2023, the Revolving Credit Facility was extended until June 30, 2025. Currently, the Revolving Credit Facility is utilized with €70,000 thousand in cash (September 30, 2023: €20,000 thousand).

Exemption from disclosure requirements

Techem Verwaltungsgesellschaft 671 mbH has obliged itself through a complete chain of profit-and-loss transfer agreements or letters of comfort to cover the losses of the following corporate entities so that they exercise the exemption options available under section 264 (3) German Commercial Code (HGB) with regard to disclosures in their year-end accounts for the financial year 2022/2023:

- Techem Verwaltungsgesellschaft 672 mbH
- Techem Verwaltungsgesellschaft 673 mbH
- Techem Verwaltungsgesellschaft 674 mbH
- Techem Verwaltungsgesellschaft 675 mbH
- Techem Metering GmbH
- Techem GmbH
- Techem Energy Services GmbH
- Techem Solution GmbH
- Techem X GmbH
- bautec Energiemanagement GmbH
- DMG Beteiligungsgesellschaft mbH
- BFW Ternes GmbH
- Exakta-Kalorex GmbH
- MessTech GmbH
- MATec Wolski Gesellschaft für Meß- und Abrechnungstechnik mbH
- ALPHA MESS Bergisch-Land GmbH
- MESSWERT Unternehmen für Messdienstleistungen GmbH
- ares e-count GmbH
- SANNcompact GmbH
- DATA REAL Meßtechnik GmbH
- TT Thermo Tronic GmbH
- Ditschun Wärmemesstechnik GmbH
- Wärmemessdienst Weise GmbH
- Dietsche GmbH Abrechnungsservice
- Kupferschmid Abrechnungsservice GmbH
- MAW Service GmbH, Mess-, Abrechnungs- und Wartungsdienst
- Böhm GmbH
- asko GmbH
- Messteam 2000 GmbH
- INHA GmbH
- enco Energy Services GmbH

These companies do not prepare notes to their financial statements (if applicable) and management reports (if applicable) and do not publish their year-end accounts.

The subsidiaries Techem Verwaltungsgesellschaft 672 mbH, Techem Verwaltungsgesellschaft 673 mbH, Techem Verwaltungsgesellschaft 674 mbH, Techem Verwaltungsgesellschaft 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Vermögensverwaltung GmbH & Co. KG, Techem Energy Services GmbH and DMG Beteiligungsgesellschaft mbH have to prepare Group financial statements. Due to the fact that their accounts are included in these Group accounts presented herewith, these subsidiaries do not have to prepare subgroup financial statements as these Group financial statements have a discharging effect in accordance with section 291 German Commercial Code.

Eschborn, November 30, 2023

Techem Verwaltungsgesellschaft 671 mbH

Matthias Hartmann | Dr.-Ing. Carsten Sürig | Nicolai Kuß

Auditor's Report - Techem Verwaltungsgesellschaft 671 mbH, Eschborn – Consolidated financial statements for the financial year from October 1, 2022 to September 30, 2023

The following translation of the independent auditor's report (Bestätigungsvermerk des unabhängigen Abschlussprüfers) has been issued in accordance with Section 322 of the German Commercial Code (Handelsgesetzbuch) on the consolidated financial statements and group management report (Konzernlagebericht) of Techem Verwaltungsgesellschaft 671 mbH, Eschborn, as of and for the financial year ended September 30, 2023. The group management report is neither included nor incorporated by reference in this Offering Memorandum. Please note, only the German language version of the auditor's report including the complete set of consolidated financial statements and group management report is authoritative.

INDEPENDENT AUDITOR'S REPORT

To Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Audit Opinions

We have audited the consolidated financial statements of Techem Verwaltungsgesellschaft 671 mbH, Eschborn, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 October 2022 to 30 September 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Techem Verwaltungsgesellschaft 671 mbH for the financial year from 1 October 2022 to 30 September 2023.

In our opinion, on the basis of the knowledge obtained in the audit,

the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 September 2023, and of its financial performance for the financial year from 1 October 2022 to 30 September 2023, and

the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Responsibilities of the Executive Directors for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern.

In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

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 whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 and this group management report.

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 and of the group management report, 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 audit opinions. 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 controls.

Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 be able 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 present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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 deficiencies in internal control that we identify during our audit.

Frankfurt am Main, 30 November 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thomas Tilgner Wirtschaftsprüfer (German Public Auditor)	ppa. Samuel Artzt Wirtschaftsprüfer (German Public Auditor)

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Consolidated financial statements

for the financial year from
October 1, 2021 to September 30, 2022

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Consolidated statement of financial position as at September 30, 2022

(€ thousand)	Note	September 30, 2022 Audited	September 30, 2021 Audited
Cash and cash equivalents	**19**	28,864	41,293
Trade accounts receivable	**1, 19**	215,897	184,515
Contract assets	**1**	25,933	26,317
Receivables from shareholders		245	0
Other assets	**2**	21,590	19,379
Other financial assets	**2, 19**	2,552	2,099
Inventories	**4**	56,162	47,858
Income tax receivables		3,912	1,514
Total current assets		**355,155**	**322,975**
Metering and other devices	**5**	372,674	353,299
Property, plant and equipment	**6**	136,087	121,812
Intangible assets	**7**	4,529,611	4,491,097
Right-of-use assets	**14**	106,396	111,370
Investments accounted for using the equity method	**8**	5,879	5,625
Receivables from shareholders		9,285	0
Other assets	**3**	10,073	10,119
Other financial assets	**3, 19**	7,429	6,843
Deferred tax assets	**9**	0	49
Total non-current assets		**5,177,434**	**5,100,214**
Total assets		**5,532,589**	**5,423,189**
Trade accounts payable	**19**	48,028	49,065
Contract liabilities	**10**	56,089	53,103
Liabilities to shareholders	**10, 19**	49,628	46,782
Sundry liabilities	**10**	7,927	6,706
Other financial liabilities	**10, 19**	20,998	35,132
Financial liabilities	**12, 19**	67,507	55,867
Lease liabilities	**14, 19**	16,929	17,507
Other provisions	**15**	40,490	36,608
Income tax liabilities	**26**	17,677	9,391
Total current liabilities		**325,273**	**310,161**
Financial liabilities	**13, 19**	2,616,942	2,604,916
Lease liabilities	**14, 19**	95,541	98,388
Contract liabilities	**11**	4,993	4,015
Liabilities to shareholders	**11, 19**	1,627,142	1,533,834
Sundry liabilities	**11**	254	276
Other financial liabilities	**11, 19**	1,444	751
Provisions for pensions	**17**	14,014	21,892
Other provisions	**16**	9,164	10,680
Deferred tax liabilities	**9**	751,480	752,380
Total non-current liabilities		**5,120,974**	**5,027,132**
Share capital	**18**	100	100
Capital reserves	**18**	563,127	563,127
Retained earnings	**18**	(476,885)	(477,331)
Equity attributable to owners of the parent		**86,342**	**85,896**
Non-controlling interest		**0**	**0**
Total equity	**18**	**86,342**	**85,896**
Total liabilities and equity		**5,532,589**	**5,423,189**

(The accompanying notes are an integral part of these financial statements.)

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Consolidated statement of profit or loss and other comprehensive income (consolidated statement of comprehensive income) for the financial year from October 1, 2021 to September 30, 2022

(€ thousand)	Note	October 1, 2021 – September 30, 2022 Audited	October 1, 2020 – September 30, 2021 Audited
Statement of profit or loss			
Revenue	20	899,629	818,618
Capitalized internal work	21	30,796	26,239
Other income	22	11,215	9,897
Product expenses and purchased services	23	(200,452)	(178,643)
Personnel expenses		(249,227)	(235,046)
Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets		(196,872)	(240,445)
Other expenses	24	(96,856)	(86,599)
Earnings before interest and tax (EBIT)		**198,233**	**114,021**
Share of profit of investments accounted for using the equity method	8	503	622
Financial income	25	14,481	13,255
Finance costs	25	(201,978)	(200,801)
Loss before tax		**11,239**	**(72,903)**
Income taxes	26	(26,191)	(10,528)
Net loss		**(14,952)**	**(83,431)**
Attributable to:			
- Owners of the parent		(14,952)	(83,431)
- Non-controlling interest		0	0
Other comprehensive income			
Net loss		**(14,952)**	**(83,431)**
Exchange differences		9,811	244
Other comprehensive income that is recycled through the statement of profit or loss on specified event		**9,811**	**244**
Remeasurements of provisions for pensions	17	7,341	1,106
Income taxes on other comprehensive income		(1,754)	(265)
Other comprehensive income that is not recycled through the statement of profit or loss		**5,587**	**841**
Total other comprehensive income		**15,398**	**1,085**
Total comprehensive income		**446**	**(82,346)**
Attributable to:			
- Owners of the parent		446	(82,346)
- Non-controlling interest		0	0
Total comprehensive income		**446**	**(82,346)**

(The accompanying notes are an integral part of these financial statements.)

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Consolidated statement of cash flows for the financial year from October 1, 2021 to September 30, 2022

(€ thousand)	Note	October 1, 2021 – September 30, 2022 Audited	October 1, 2020 – September 30, 2021 Audited
Cash flows from operating activities			
Loss before tax		**11,239**	**(72,903)**
Share of profit of investments accounted for using the equity method		(503)	(622)
Financial income		(14,481)	(13,255)
Finance costs		201,978	200,801
Earnings before interest and tax (EBIT)		**198,233**	**114,021**
Depreciation on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets		189,399	232,678
Impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets		7,473	7,767
EBITDA		**395,105**	**354,466**
Adjusted for:			
Gains on disposal of fixed and intangible assets		(248)	(730)
Loss on sale of subsidiary		(1,452)	51
Subtotal		**393,405**	**353,787**
Changes in working capital		**(37,424)**	**(9,115)**
Changes in trade accounts receivable		(5,276)	(2,474)
Changes in contract assets		999	823
Changes in unbilled receivables		(23,977)	(9,098)
Changes in inventories		(7,641)	(3,181)
Changes in trade accounts payable		(1,529)	4,815
Changes in other receivables		**(3,243)**	**535**
Changes in tax claims (energy tax)		(449)	(283)
Changes in tax claims (VAT)		540	(2,560)
Changes in prepaid expenses		(291)	(306)
Changes in non-current operating receivables		(338)	513
Changes in other receivables		(2,705)	3,171
Changes in other liabilities		**(3,536)**	**(7,835)**
Changes in salaries and wages		(38)	(11)
Changes in other tax liabilities		(83)	(3,951)
Changes in deferred income		9	(120)
Changes in contract liabilities		(754)	2,626
Changes in other liabilities		(2,670)	(6,379)
Changes in provisions		**259**	**379**
Changes in maintenance service provisions		(390)	246
Changes in provisions for personnel expenses		4,870	3,134
Changes in pension provisions		(1,147)	(1,669)
Changes in warranty provisions		329	(259)
Changes in provisions for restructuring		(38)	(260)
Changes in provisions for legal fees		12	(118)
Changes in other provisions		(3,377)	(695)
Cash generated by operating activities		**349,461**	**337,751**
Income taxes paid		(40,090)	(112,933)
Net cash generated by operating activities		**309,371**	**224,818**

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Consolidated statement of cash flows for the financial year from October 1, 2021 to September 30, 2022 (cont'd)

(€ thousand)	Note	October 1, 2021 – September 30, 2022 Audited	October 1, 2020 – September 30, 2021 Audited
Net cash generated by operating activities		**309,371**	**224,818**
Cash flows from investing activities			
Change in fixed and intangible assets		**(149,553)**	**(146,202)**
Purchase of fixed and intangible assets		(151,144)	(148,622)
Proceeds from disposal of fixed and intangible assets		1,591	2,420
Changes in investments and loans		**(9,308)**	**400**
Changes in other investments and loans		(300)	0
Dividends received from investments accounted for using the equity method	**8**	250	400
Changes in loans to shareholders		(9,258)	0
Changes in the scope of consolidation		**(59,781)**	**(26,184)**
Cash outflow from acquisition of subsidiaries	**27**	(59,781)	(25,873)
Cash outflow from disposal of subsidiaries		0	(311)
Cash flows used in investing activities		**(218,642)**	**(171,986)**
Free Cash Flow		**90,729**	**52,832**
Cash flows from financing activities			
Net change in debt		**(14,354)**	**(69,678)**
Proceeds from borrowings	**13, 19**	110,102	40,139
Repayments of borrowings	**13, 19**	(103,971)	(90,274)
Repayments of lease liabilities	**14, 19**	(20,485)	(19,543)
Finance cost paid/ financial income received		**(90,313)**	**(95,511)**
Interest paid	**19**	(90,807)	(96,027)
Interest received		494	516
Net cash used in financing activities		**(104,667)**	**(165,189)**
Change in cash and cash equivalents		**(13,938)**	**(112,357)**
Cash and cash equivalents at the beginning of the period		**41,293**	**153,631**
Currency effects of cash and cash equivalents		1,509	19
Cash and cash equivalents at the end of the period		**28,864**	**41,293**

(The accompanying notes are an integral part of these financial statements.)

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Consolidated statement of changes in equity for the financial year from October 1, 2021 to September 30, 2022

(€ thousand)	Note	Share capital	Capital reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total equity
		Audited	**Audited**	**Audited**	**Audited**	**Audited**	**Audited**
Balance as at October 1, 2020	**18**	**100**	**563,127**	**(394,985)**	**168,242**	**0**	**168,242**
Net loss		0	0	(83,431)	**(83,431)**	0	**(83,431)**
Other comprehensive income		0	0	1,085	**1,085**	0	**1,085**
Exchange differences		*0*	*0*	*244*	***244***	*0*	***244***
Remeasurements of provisions for pensions		*0*	*0*	*1,106*	***1,106***	*0*	***1,106***
Income taxes on other comprehensive income		*0*	*0*	*(265)*	***(265)***	*0*	***(265)***
Balance as at September 30, 2021	**18**	**100**	**563,127**	**(477,331)**	**85,896**	**0**	**85,896**
Balance as at October 1, 2021	**18**	**100**	**563,127**	**(477,331)**	**85,896**	**0**	**85,896**
Net loss		0	0	(14,952)	**(14,952)**	0	**(14,952)**
Other comprehensive income		0	0	15,398	**15,398**	0	**15,398**
Exchange differences		*0*	*0*	*9,811*	***9,811***	*0*	***9,811***
Remeasurements of provisions for pensions		*0*	*0*	*7,341*	***7,341***	*0*	***7,341***
Income taxes on other comprehensive income		*0*	*0*	*(1,754)*	***(1,754)***	*0*	***(1,754)***
Balance as at September 30, 2022	**18**	**100**	**563,127**	**(476,885)**	**86,342**	**0**	**86,342**

(The accompanying notes are an integral part of these financial statements.)

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Notes to the consolidated financial statements

for the financial year from
October 1, 2021 to September 30, 2022

A. THE COMPANY

Techem Verwaltungsgesellschaft 671 mbH (hereinafter also referred to as ”Techem 671 mbH“) was incorporated on April 13, 2018. Its object is the administration of its own assets. Techem 671 mbH is registered in the commercial register in Frankfurt a. M./Germany with the registration number HRB 111571.

The head office of Techem 671 mbH is located in Eschborn/Germany (Hauptstraße 89, 65760 Eschborn).

The business activities of the Techem Verwaltungsgesellschaft 671 mbH Group (hereinafter also referred to as ”Company”, ”Group” or ”Techem 671 Group”) comprise the two business segments Energy Services and Energy Efficiency Solutions (formerly Energy Contracting). The Group is a service provider for smart and sustainable buildings. The business segment Energy Services offers consumption-based billing services using metering and other devices with a focus on the reduction in process and energy costs as well as the increase in energy efficiency and the avoidance of CO_2 emissions. The business segment Energy Efficiency Solutions provides solutions for professional energy management in the market segments of housing and commercial property.

The parent company of Techem 671 mbH is Luxembourg Investment Company 261 S.à r.l., Luxemburg. The ultimate parent company is Partners Group Premier Access L.P., Edinburgh/Scotland.

B. BASIS OF PRESENTATION

These consolidated financial statements incorporate the financial statements of Techem 671 mbH and its subsidiaries. As in previous years, the reporting date for the consolidated financial statements is 30. September.

The consolidated financial statements of Techem 671 Group for the year ended September 30, 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the European Union (EU). In addition, the supplementary regulations in accordance with section 315(e) German Commercial Code have been applied. In accordance with IFRS, the consolidated financial statements have generally been prepared using the historical cost measurement basis. In line with IFRS, a different basis has been used in the measurement of purchase price allocations, money market funds, financial instruments, leases, provisions for pensions and other post-employment benefits.

The measurement of assets and liabilities and the disclosure of contingent assets and liabilities at the relevant balance sheet dates, as well as the amount of income and expenses for the period under review, are influenced by estimates and assumptions made in the preparation of the consolidated financial statements in accordance with IFRS. Although these estimates and assumptions have been made with the best knowledge of the management of the Company (specifically in the case of accrued revenues, provisions and intangible assets), actual figures may ultimately vary from these estimates.

Unless stated otherwise, all amounts are shown in thousands of Euros (€ thousand). Rounding may lead to discrepancies of ± one unit in the tables.

All standards of the IASB and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which have to be applied in the EU, that were subject to mandatory application as at September 30, 2022, have been applied by the Company in its consolidated financial statements.

An amendment of the authorized consolidated financial statements after issue is possible in case of major errors.

The following table presents revised standards which has to be applied for the first time in the financial year 2021/2022:

Standard		**Date of mandatory application** [1]	**Adopted by EU Commission** [2]	**Expected impact**
IFRS 4	Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9	Jan 1, 2021	Yes	N.A.
IFRS 9/ IAS 39/ IFRS 7/ IFRS 4/ IFRS 16	Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases – Interest Rate Benchmark Reform – Phase 2	Jan 1, 2021	Yes	no significant impact
IFRS 16	Amendments to IFRS 16 Leases – Covid-19-Related Rent Concessions beyond 30 June 2021	Apr 1, 2021	Yes	no significant impact

[1] For financial years commencing on or after this date
[2] As at November 10, 2022

The above mentioned revised standards have no significant impact on the financial statements of the Company in the financial year 2021/2022.
The following new or revised standards and annual improvements to standards have been published. However, they must be applied for the first time for financial years beginning on or after January 1, 2022 and have not been applied early by the Company:

Standard		Date of mandatory application [1]	Adopted by EU Commission [2]	Expected impact
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	Jan 1, 2024	Outstanding	no significant impact
IAS 1	Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	Jan 1, 2024	Outstanding	no significant impact
IAS 1	Amendments to IAS 1 Presentation of Financial Statements – Disclosure of Accounting Policies	Jan 1, 2023	Yes	no significant impact
IAS 8	Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	Jan 1, 2023	Yes	no significant impact
IAS 12	Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Jan 1, 2023	Yes	no significant impact
IAS 16	Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use	Jan 1, 2022	Yes	N.A.
IAS 37	Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts: Cost of Fulfilling a Contract	Jan 1, 2022	Yes	no significant impact
IFRS 3	Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework	Jan 1, 2022	Yes	no significant impact
IFRS 17	Insurance Contracts	Jan 1, 2023	Yes	N.A.
IFRS 17	Amendments to IFRS 17 Insurance Contracts - Initial Application of IFRS 17 and IFRS 9: Comparative Information	Jan 1, 2023	Yes	N.A.
	Annual Improvements 2018-2020	Jan 1, 2022	Yes	no significant impact

[1] For financial years commencing on or after this date
[2] As at November 10, 2022

All the above mentioned new or revised standards and annual improvements to standards, which have an impact on the Company will be applied by the Company as soon as application is mandatory.

C. ACCOUNTING PRINCIPLES

Principles of consolidation. Techem 671 mbH and all German and non-German subsidiaries which can be controlled directly or indirectly by Techem 671 mbH are included in the consolidated financial statements. Subsidiaries are all entities which are controlled by the Techem 671 Group. The Techem 671 Group controls an entity when it has power over the entity, when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the variable returns.

Investments in associates over which the Company has significant influence are accounted for using the equity method.

All single-entity financial statements fully consolidated into the Techem 671 Group are prepared in accordance with uniform accounting policies.

Subsidiaries acquired by the Company are accounted for using the acquisition method. The acquisition costs are equivalent to the fair value of the assets given up on the date of acquisition. For each business combination the assets, liabilities and contingent liabilities identified as part of the business combination are measured at their fair values on the date of acquisition regardless of the extent of the non-controlling interest. The excess of acquisition costs over the Group's share in the fair value of the net assets is recognized as goodwill. If the Group's share in the fair value of the net assets exceeds the acquisition cost, the remaining excess from a bargain purchase is recognized in the statement of profit or loss. Costs directly attributable to the acquisition are recognized in the statement of profit or loss.

When the Group sells shares in a subsidiary and ceases to have control, the difference between the book value of the subsidiary (from a Group perspective) and the disposal proceeds (after deducting costs of disposal) are recognized in the statement of profit or loss. In addition, any amounts previously recognized in other comprehensive income relating to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to the statement of profit or loss.

Consolidation of an entity begins on the date on which control over the entity is obtained by the Company. It ceases when the Group loses that control.

All intercompany gains and losses, revenue, income and expenses, loans, receivables and payables, provisions, contingent liabilities and other financial obligations are eliminated. Deferred taxes are recognized using the liabilities method for all temporary differences between the assets and liabilities tax bases and their carrying amounts.

Basis of consolidation and shareholdings	Shareholding %
Techem Verwaltungsgesellschaft 672 mbH, Eschborn/Germany (hereinafter also referred to as „Techem 672 mbH“)	100.0
Techem Verwaltungsgesellschaft 673 mbH, Eschborn/Germany (hereinafter also referred to as „Techem 673 mbH“)	100.0
Techem Verwaltungsgesellschaft 674 mbH, Eschborn/Germany (hereinafter also referred to as „Techem 674 mbH“)	100.0
Techem Verwaltungsgesellschaft 675 mbH, Eschborn/Germany (hereinafter also referred to as „Techem 675 mbH“)	100.0
Techem Metering GmbH, Eschborn/Germany	100.0
Techem Energie GmbH, Eschborn/Germany	100.0
Techem GmbH, Eschborn/Germany	100.0
Techem Energy Services GmbH, Eschborn/Germany	100.0
Techem Solutions GmbH, Eschborn/Germany	100.0
bautec Energiemanagement GmbH, Eschborn/Germany	100.0
Techem Verwaltungs GmbH, Eschborn/Germany	100.0
Techem Vermögensverwaltung GmbH & Co. KG, Eschborn/Germany	100.0
Techem X GmbH, Eschborn/Germany	100.0
DMG Beteiligungsgesellschaft mbH, Eschborn/Germany (formerly: GWE Gesellschaft für wirtschaftliche Energieversorgung mbH)	100.0
BFW Ternes GmbH, Cologne/Germany	100.0
Exakta-Kalorex GmbH, Heppenheim/Germany	100.0
MessTech GmbH, Krumbach/ Germany	100.0
MATec Wolski Gesellschaft für Meß- und Abrechnungstechnik mbH, Berlin/ Germany	100.0
ALPHA MESS Bergisch-Land GmbH, Wuppertal/Germany	100.0
MESSWERT Unternehmen für Messdienstleistungen GmbH, Köln/Germany	100.0
ares e-count GmbH, Berlin/Germany	100.0
SANNcompact GmbH, Waldsee/Germany	100.0
DATA REAL Meßtechnik GmbH, Berlin/Germany	100.0
TT Thermo Tronic GmbH, Berlin/Germany	100.0
Ditschun Wärmemesstechnik GmbH, Bielefeld/Germany	100.0
Wärmemessdienst Weise GmbH, Eisenach/Germany	100.0
ABZ Abrechnungs- und Beratungs-Service Einbeck GmbH, Einbeck/Germany	100.0
Dietsche GmbH Abrechnungsservice, Bad Krozingen/Germany	100.0
Kupferschmid Abrechnungsservice GmbH, Villingen-Schwenningen/Germany	100.0
Energieversorgungsgesellschaft Klinikum Ludwigsburg mbH, Ludwigsburg/Germany [1)]	33.33
Techem Messtechnik Ges.m.b.H., Innsbruck/Austria	100.0
Techem Wassertechnik Ges.m.b.H., Wels/Austria	100.0
VERmax Messtechnik GmbH, Wels/Austria	100.0
Techem Energy Services B.V., Breda/Netherlands	100.0
Techem (Schweiz) AG, Urdorf/Switzerland	100.0
„Techem” Techniki Pomiarowe Sp. z o.o., Poznan/Poland	100.0
Techem Services Sp. z o.o., Katowice/Poland	100.0
Techem S.r.l., Rome/Italy	100.0
E-BS Energy Billing Service S.r.l, Castenaso (BO)/Italy	100.0
Techem Kft., Budapest/Hungary	100.0
Techem Services EOOD, Sofia/Bulgaria	100.0
Techem spol. s r.o., Prague/Czech Republic	100.0
Techem AB, Helsingborg/Sweden	100.0
Techem spol. s r.o., Bratislava/Slovakia	100.0
Techem Calorlux S.à r.l., Bereldange/Luxemburg	100.0
Caloribel S. A., Brussels/Belgium	100.0
Techem Energy Services S.R.L., Bucharest/Romania	100.0
Techem do Brasil Serviços de Medição de Àgua Ltda., São Paulo/Brazil	100.0
Techem Danmark A/S, Aarhus/Denmark	100.0
Techem Energy Services LLC, Dubai/United Arab Emirates [2)]	49.0
Techem SAS, Le Plessis Robinson/France	100.0
Techem Norge AS, Oslo/Norway	100.0
Techem Energy Services S.L., Madrid/Spain	100.0

[1)] Consolidated using the equity method

[2)] The subsidiary is fully consolidated since according to contractual agreements between the shareholders Techem 671 Group has control.

Changes to the basis of consolidation

During the financial year 2021/2022 the Company made the following changes to the basis of consolidation:

- With effect from October 4, 2021, all shares in ALPHA MESS Bergisch-Land Verwaltungs GmbH, Wuppertal/Germany and ALPHA MESS Bergisch-Land GmbH & Co. KG, Wuppertal/Germany were acquired. With entry in the commercial register on October 21, 2021, DMG Beteiligungsgesellschaft mbH, Eschborn/Germany, resigned as a limited partner of ALPHA MESS Bergisch-Land GmbH & Co. KG.

- ALPHA MESS Bergisch-Land GmbH & Co. KG is thus dissolved. All assets and liabilities were transferred to the general partner, ALPHA MESS Bergisch-Land Verwaltungs GmbH, Wuppertal/Germany. Finally, ALPHA MESS Bergisch-Land Verwaltungs GmbH was renamed ALPHA MESS Bergisch-Land GmbH, Wuppertal/Germany upon entry in the commercial register on November 22, 2021.

- With effect from October 4, 2021, all shares in MESSWERT Unternehmen für Messdienstleistungen AG, Cologne/Germany, were acquired. With entry in the commercial register on January 7, 2022, MESSWERT Unternehmen für Messdienstleistungen AG was converted into MESSWERT Unternehmen für Messdienstleistungen GmbH.

- On November 17, 2021, all shares in E-BS Energy Billing Service S.r.l, Castenaso (BO)/Italy were acquired.

- On January 28, 2022, all shares in ares e-count GmbH, Berlin/Germany, were acquired.

- On March 25, 2022, all shares in SANNcompact GmbH, Waldsee/Germany were acquired.

- On April 26, 2022, all shares in DATA REAL Meßtechnik GmbH, Berlin/Germany were acquired.

- The liquidation of Techem Energy Services Middle East FZCO, Dubai Silicon Oasis, Dubai/United Arab Emirates was completed by deed dated May 24, 2022.

- On August 3, 2022, all shares in TT Thermo Tronic GmbH, Berlin/Germany were acquired.

- On August 12, 2022, all shares in Ditschun Wärmemesstechnik GmbH, Bielefeld/Germany, were acquired.

- On August 12, 2022, all shares in Wärmemessdienst Weise GmbH, Eisenach/Germany, were acquired.

- On August 15, 2022, all shares in ABZ Abrechnungs- und Beratungs-Service Einbeck GmbH, Einbeck/Germany, were acquired.

- On September 14, 2022, all shares in Dietsche GmbH Abrechnungsservice, Bad Krozingen/Germany, were acquired.

- With effect from September 14, 2022, all shares in Kupferschmid Abrechnungsservice GmbH, Villingen-Schwenningen/Germany, were acquired.

During the financial year 2020/2021 the Company made the following changes to the basis of consolidation:

- With a deed dated September 18, 2020, the merger of APJAR-TEVYB s.r.o., Novy Jicin/Czech Republic into Techem spol. s r.o., Prague/Czech Republic was decided for October 1, 2020.

- With a deed dated October 8, 2020, the liquidation of Techem Energy Services India Private Limited, Pune/India, was completed.

- With effect from November 16, 2020, all shares of Kalorex Gesellschaft mbH, Griesheim/Germany and Exakta Wärme- und Wasserzähler Service GmbH, Heppenheim/Germany were acquired. With a merger agreement dated July 6, 2021, Kalorex Gesellschaft mbH was merged into Exakta Wärme- und Wasserzähler Service GmbH.

Finally, Exakta Wärme- und Wasserzähler Service GmbH was renamed into Exakta-Kalorex GmbH, Heppenheim/Germany.

- On December 7, 2020, all shares in Techem Sverige AB, Malmö/Sweden were sold. The transaction resulted in a loss of €51 thousand, which was reported in other expenses.

- Effective December 16, 2020, all shares in VERmax Messtechnik GmbH, Wels/Austria, were acquired.

- On January 4, 2021, all shares in MessTech GmbH, Krumbach/Germany, were acquired.

- On January 5, 2021, all shares in maz mess- und abrechnungs-zentrale gmbh, Oberhausen/Germany, were acquired. maz was merged into BFW Ternes GmbH, Cologne/Germany, on June 9, 2021.

- Effective May 18, 2021, all shares in MATec Wolski Gesellschaft für Meß- und Abrechnungstechnik mbH, Berlin/Germany, were acquired.

Currency translation. The functional currency of each subsidiary is its local currency. As a result, financial information from foreign subsidiaries is translated to Euros as follows: balance sheet figures are translated at the middle rates on the balance sheet date, equity is translated at the historical rates, and profit or loss figures are translated at average rates for the financial year. Currency translation gains or losses are recognized directly in other comprehensive income.

Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date. Gains and losses resulting from such transactions and from the translation at the closing rate of monetary assets and liabilities managed in foreign currency are recognized in the statement of profit or loss.

D. ACCOUNTING POLICIES

The balance sheet items are broken down into current and non-current items, non-current items being items for which the maturity is expected to exceed twelve months.

Cash and cash equivalents. The Company deems all highly liquid financial investments with an original maturity of up to three months to be cash equivalents. These cash equivalents are primarily favorable bank balances realizable at short notice. Additionally, money market funds are included in cash equivalents. These are recognized at fair value through profit or loss (market value), as the "contractual cash flow characteristics test" according to IFRS 9 fails. Gains and losses are recognized in the statement of profit or loss as financial income or finance costs when they are incurred. For cash and cash equivalents, a valuation allowance for expected credit losses is recognized in accordance with the General Approach of IFRS 9.

Trade accounts receivable, contract assets, other assets and other financial assets. Current and non-current receivables (trade accounts receivable, other assets and other financial assets) and contract assets are measured at fair value on the date of recognition and subsequently at amortized cost using the effective interest method (including receivables from installment-based business). The Group applies the Simplified Approach according to IFRS 9 for the calculation of expected credit losses. Therefore, billed trade accounts receivable, contract assets, finance lease receivables and unbilled receivables are subject to allowances for expected credit losses over their entire term. To determine the expected credit losses and incurred losses trade accounts receivable are arranged into groups based on their maturity and are appropriately impaired based on their age.

Most of the Company's installment-based business is in Eastern Europe. The receivables from installment-based business are recognized at their present values.

The Group enters into finance leases as lessor. These leases are primarily leases of heat generation plants and other machinery. To account for these leases, the Company recognizes a receivable equal to the present value of the minimum lease payments. Payments by the lessee are treated as repayment of principal and financial income.

Costs to fulfill a contract result from costs accrued in order to align them with the corresponding recognition of revenue for certain products. The costs to fulfill a contract are recognized as other assets. These are amortized over the contract term and released in the statement of profit or loss into product expenses and purchased services.

Inventories. Inventories are reported at the lower of cost and net realizable value. The cost of inventories is determined mainly on the basis of a weighted average. Potential losses resulting from obsolete or non-saleable inventories are accounted for by means of appropriate write-downs.

Metering and other devices and property, plant and equipment. Metering and other devices comprise devices, which are used in the rental business (including, for example, heat cost allocators, water meters, heat meters, smoke detectors and other devices, which are installed on the customers' premises and used as means for the provision of Techem billing services), devices transferred for use and own tools. Metering and other devices are recognized at cost plus installation costs reduced by depreciation in accordance with IAS 16.

Property, plant and equipment are recognized at cost reduced by depreciation. Gains or losses on the disposal of property, plant and equipment are recognized as other income or other expenses.

Any subsidies received are deducted from the cost of the property, plant and equipment concerned and are recognized over the useful life of the related asset by way of a reduced depreciation charge.

The estimated useful lives used as the basis for straight-line depreciation (pro rata temporis) are as follows:

	Estimated useful life (years)
Metering and other devices	6 to 18
Office furniture and equipment, machinery	2 to 23
Buildings	20 to 50
Leasehold improvements	2 to 20 (or shorter lease term)

If a customer acquires, by corresponding payment, legal title of the metering and other devices when cancelling the rental contract, resulting gains or losses on this disposal are accounted for as other income or other expenses.

Compensatory payments made by the customer when cancelling the rental contract are recognized as other income, if the legal title of the metering and other devices is not transferred to the customer. Provided that the Company does not have any alternative use for the metering devices, their residual values are impaired.

Intangible assets. Purchased intangible assets are recognized at cost.

If the requirements under IAS 38 are satisfied, internally generated intangible assets are also recognized at cost. The costs of internally generated intangible assets mainly include, depending on the project, capitalized own work of employees and the costs of the support by external partners. These mainly result from the implementation, conception, test and project organization phases of the projects.

Intangible assets are primarily amortized on a straight-line basis (pro rata temporis) over the following useful lives:

	Estimated useful life (years)
Software, licenses and technology	2 to 24
Customer relationships/customer agreements	25 to 50
Costs to obtain a contract	approx. 4 to 15
Other trademarks	3 to 15

The classification of the trademark Techem as an intangible asset with an indefinite useful life is based on the fact that Techem has existed as a trademark since 1952. Brand awareness of Techem is very high in the market and Techem does not plan to abandon this trademark. This classification is verified once a year.

Costs to obtain a contract result from variable remuneration of internal staff and from sales or agency commissions to third parties in connection with the conclusion of customer contracts. The costs to obtain a contract are recognized as intangible asset and presented in a separate asset category in the Group financial statements. The costs are amortized on a straight-line-basis over the minimum contract term. For contracts that can be terminated by the customer without penalty at any time, the contract term explicitly stated in the contract is considered the minimum contract term in that context.

Right-of-use assets and lease liabilities. Leases where the Group is the lessee are recognized as a right-of-use asset and corresponding liability at the date on which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Payments relating to short-term leases of machinery, where the Group is the lessee, are recognized as an expense in the statement of profit or loss.

Recoverability of non-current assets. Property, plant and equipment and other non-current assets, including intangible assets, are tested for impairment as soon as events highlight, or there are indicators, that the carrying amount exceeds the recoverable amount. An impairment loss is recognized equal to the amount by which the carrying amount of an asset exceeds its recoverable amount, the recoverable amount being the higher of fair value less costs of disposal or the value in use of the asset concerned. The value in use is defined as the present value of estimated future cash flows to be derived from an asset or a cash generating unit (CGU). In accordance with IFRS 13, the fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For the purposes of determining an impairment, assets are grouped together into the smallest group for which separate cash flows can be identified.

Goodwill, trademark Techem as well as software in progress, which is not yet available for use, are subject to an impairment test at least once a year and are not subject to straight-line amortization. The impairment test is carried out for groups of CGUs. Goodwill, the trademark Techem as well as software in development are measured at their original cost less any accumulated impairment. Impairment losses recognized for goodwill are not reversed.

Investments accounted for using the equity method. Associates are accounted for using the equity method and are recognized initially at acquisition cost. After the date of acquisition, the Company's share of the result from an associate, which is recognized in their statements of profit or loss, is recognized in the Group statement of profit or loss and it increases or decreases the carrying amount of the investment. The Company's share of the result from an associate, which is recognized in their statements of other comprehensive income, is recognized in the Group statement of other comprehensive income and it increases or decreases the carrying amount of the investment. If the Company's share of losses in an associate exceeds its interest in them, further losses are not recognized, unless the Company has incurred obligations on behalf of the associate. The carrying amount of the investment accounted for using the equity method is reduced by profit distributions made by the associate.

Non-current accounts receivable. Non-current non-interest-bearing accounts receivable are recognized at present value. For non-current accounts receivable, a valuation allowance for expected credit losses is recognized in accordance with the Simplified Approach of IFRS 9.

Deferred taxes. Deferred taxes are calculated using the liabilities method. Deferred tax assets or deferred tax liabilities are recognized for temporary differences between the carrying amounts in the consolidated financial statements and the corresponding tax accounts, the result of which will be a future tax refund or tax expense. Deferred tax assets on losses carried forward are recognized to the extent that it is probable that there will be an available taxable profit against which the temporary difference can be applied.

Deferred tax assets or liabilities are calculated using the tax rates expected to apply to the taxable income in the years in which these temporary differences are expected to reverse. If there is a change in the tax rates, the effect on the deferred tax assets and/or liabilities is recognized in the statement of profit or loss in the period in which the new tax rate is enacted.

Provisions. Provisions for pensions and other post-employment benefits are determined in accordance with IAS 19 using the actuarial projected unit credit method. This method takes into account, in particular, the current long-term capital market interest rate and current assumptions regarding future salary and annuity increases in addition to biometric calculation bases. In accordance with IAS 19, the remeasurements of the provisions for pensions are recognized directly in other comprehensive income. The interest element in the pension expense is reported under finance costs.

With the exception of the other personnel-related provisions calculated in accordance with IAS 19, all other provisions are recognized on the basis of IAS 37, providing there is a present legal or constructive obligation as a result of a past event, an outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. The amount recognized is determined based on the full amount required to settle the probable obligation. Non-current provisions are discounted. The interest element is reported under finance costs.

Liabilities. At the time of recognition, liabilities are measured at fair value. They are then subsequently measured at amortized cost using the effective interest method. Non-current non-interest-bearing liabilities are discounted. Liabilities denominated in foreign currencies are translated at the closing rate.

Derivative financial instruments and hedging. In accordance with IFRS 9, all derivative financial instruments are recognized on the balance sheet at fair value in accordance with IFRS 13. On the trade date of a derivative, it is determined whether this derivative is an instrument to maintain fair value, to hedge a planned transaction or to hedge against future cash flow fluctuations relating to a recognized asset or a liability.

Changes in the fair value of the interest rate instruments and the foreign exchange hedging instruments of the Company are recognized as financial income and finance costs. In these financial statements, the term "hedging instrument" is used from a purely economic perspective and not based on the definition of IFRS 9.

Fair value of financial instruments. The fair value of cash and cash equivalents, current receivables and current liabilities is virtually the same as their respective carrying amounts. The fair value of the money market funds and the Notes is based on quoted market prices on active markets at the balance sheet date. The fair value of derivatives is equivalent to their fair value at the balance sheet date that is calculated based on observable market data according to IFRS 13. The fair values of the non-current financial liabilities (except for the Notes) and the non-current liabilities to shareholders are determined in accordance with IFRS 13 (see note 19).

Share-based payment. The Techem 671 Group maintains various share-based compensation plans.

Under the terms of a management participation program, which was set up by one of its main investors, employees of the Techem 671 Group (including the most senior management) were given the opportunity to invest indirectly into the Group with their own cash. This participation program is deemed to be a share-based payment arrangement. It is classified as equity-settled and accounted for in accordance with IFRS 2.

In addition, the employees of the Techem 671 Group received a commitment for a bonus that will be paid out in the event of defined exit scenarios, including an IPO of the Techem 671 Group or parts thereof. The amount of the bonus is based on exit proceeds. This commitment is also classified as equity-settled.

Any expense arising from an equity-settled share-based payment scheme is recognized as personnel expense in profit or loss with a corresponding credit to equity. The distribution of the expense is based on the grant date fair value. This fair value will not change later, i.e. it will not be updated for changes in expectations underlying its determination.

The recognition of expense over time is determined by the vesting conditions of the participation program, particularly service and exit conditions. Exit conditions are classified as non-market vesting conditions.

Borrowing costs. In accordance with IAS 23, borrowing costs are capitalized and thereafter amortized over the useful life of the asset. Borrowing costs, which are not subject to IAS 23, are expensed in the period in which they are incurred.

Research and development. Research costs are expensed as incurred. Costs incurred as part of development projects (mainly being software development) are recognized as intangible assets, if it is considered probable that the project will be commercially successful, is technically feasible and the costs can be reliably determined. Other development costs that do not satisfy these criteria are expensed as incurred.

Recognition of revenue from major business activities. The majority of the contracts with customers in the Group are fixed-price agreements, under which the Group acts as principal. Revenue is measured at the fixed transaction price agreed in the contracts with customers. As the Group uses the practical expedient of IFRS 15, the transaction price is only adjusted for the effects of a significant financing component if the expected period between when the Company transfers goods or services to the customer and when the customer pays for those goods or services is more than one year. In the Group, this can be applicable for installment sales.

Some contracts in the Group include multiple performance obligations. In this case, the transaction price is allocated to each performance obligation based on the relative stand-alone selling prices. If they are not directly observable, they are estimated based on the expected cost plus a margin approach.

For all major products listed below, payment terms may be in advance or in arrears.

Reading and billing services
Under reading and billing agreements, the Company provides reading and billing services based on actual consumption figures. Revenue from reading and billing services is recognized over time as the performance does not create an alternative use to the customer and the Company has an enforceable right to payment for performance completed to date. Revenue for reading and billing services is accrued, using an output-based method of measuring the progress towards complete satisfaction of this performance obligation, to an amount equivalent of the cost of services already rendered plus a profit margin. The calculation is based on the percentage of completion of the billing process of the flats as at the balance sheet date.

If the reading and billing services rendered by the Company are not completed to date and exceed the payment received from the customer, a contract asset is recognized. If the payments received from the customer exceed the services rendered by the Company, a contract liability is recognized.

In the context of some reading and billing agreements, payments from the Company to the customer occur to replace a current agreement with a competitor. This consideration payable to a customer is recognized as other asset in the statement of financial position and released as a reduction of revenue in the statement of profit or loss over the contract term as, with these payments, no distinct good or service is acquired from the customer.

Rental and maintenance services
Under rental agreements, the Company rents meters to customers for a specific period and ensures functionality and operability of the meters during the contractual term. Under maintenance agreements, functionality and operability of the meters are ensured for the customer's meters during the contractual term. Revenue from rental and maintenance services is recognized over time as the customer simultaneously receives and consumes the benefits provided by the Company as the Company performs. The revenue is recognized using an output-based measure of progress towards complete satisfaction of these performance obligations on a straight-line basis over the contractual term.

If rental or maintenance services rendered by the Company exceed the payment received from the customer, a receivable is recognized as the Company's right to consideration is unconditional. If the payments received from the customer exceed the services rendered by the Company, a contract liability is recognized.

In the context of some rental agreements, payments from the Company to the customer occur to replace a current rental agreement with a competitor. This consideration payable to a customer is recognized as other asset in the statement of financial position and released as a reduction of revenue in the statement of profit or loss over the contract term to the extent that no distinct good or service is acquired from the customer. A distinct good or service only exists in the case of the acquisition of functioning meters from a competitor upon payment to the customer and if these meters are used by the Company to provide services to the customer. In that case, the payment to the customer is recognized in the position metering and other devices up to the fair value of the acquired meters.

Sales
Revenue from the sale of goods is recognized at a point in time when control of the goods has been transferred to the customer, being upon delivery. For goods sold, the Company only provides assurance type warranties which do not exceed the legal requirements.

If the goods have been delivered by the Company before the payment is received from the customer, a receivable is recognized as the Company's right to consideration is unconditional. If the payments are received from the customer before the goods have been delivered by the Company, a contract liability is recognized.

Energy Efficiency Solutions (formerly Energy Contracting)
With the segment Energy Efficiency Solutions, the Company mainly delivers energy (e.g. heat or cooling) to customers. The revenue from energy deliveries is recognized over time based on output, as the customer simultaneously receives and consumes the benefits of the energy provided by the Company as the Company performs. The revenue is recognized in an amount that corresponds directly with the value to the customer of the Company's performance completed to date.

If Energy Efficiency Solutions services rendered by the Company exceed the payment received from the customer, a receivable is recognized as the Company's right to consideration is unconditional. If the payments received from the customer exceed the services rendered by the Company, a contract liability is recognized.

Expected deductions from revenue (e.g. cash discounts, quantity or trade discounts, non-contractual deductions) are recognized.

Revenue is reported net of value-added tax and also net of the abovementioned deductions.

Estimations and assumptions. The preparation of the consolidated financial statements under IFRS requires assumptions and estimates to be made, which can have an impact on the valuation and disclosure of assets and liabilities, income and expenses, as well as contingent liabilities.

The fair values of the assets, which were identified and valued or revalued as a result of purchase price allocations, are based on various assumptions, such as the future cash flows of the assets as per the business plan, the assumed royalty rate and the relevant discount rates, adjusted for the Company's business risk.

The revenues from energy deliveries in the segment Energy Efficiency Solutions, as well as the corresponding costs, are determined for the portion not yet invoiced based on a calculation model. It determines the sales not yet invoiced (essentially sales volume and commodity price) on the basis of current price developments and weather conditions, as well as the costs on the basis of the consumption quantities transmitted by the energy supplier.

Assumptions and estimations also relate to the accounting and measurement of provisions. For non-current provisions, the discount rate is an important estimate. It is based on market yields of high-quality, fixed-rate corporate bonds observable on the financial markets at the balance sheet date. For pension provisions, assumptions about life expectancy, future salary and pension increases are made.

Valuation allowances on trade accounts receivable are recognized based on their ageing structure. Additionally, receivables which have been passed to lawyers for recovery are written down. The valuation allowances are calculated using percentages based on historical experience. Currently, future-oriented information plays a minor role.

Allowances for expected credit losses are recorded for billed trade accounts receivable, contract assets, finance lease receivables and unbilled receivables, based on percentages which reflect the historical write-offs. Allowances for expected credit losses on favorable bank balances are based on percentages which have been determined based on the default risks of the respective banks.

The recoverability of goodwill and the trademark Techem is assessed based on the future cash flows as per the business plan of the groups of cash generating units using a discount rate adjusted for the business risk. For further information see note 7.

The useful lives and amortization periods of customer relationships are determined based on historical data. For detailed information see note 7.

Deferred tax assets are recognized to the extent that the recoverability of future tax benefits is probable. The actual usability of deferred tax assets depends on the future actual taxable profit situation. This situation may differ from the estimations at the date of capitalization of the deferred tax assets.

When determining the fair value of financial instruments, assumptions are used that, among other things, are derived from observable market data. For detailed information see note 19.

The valuation of interest and foreign exchange derivatives is dependent on future interest and exchange rate developments and assumptions on which these are based.

For the measurement of share-based compensation in accordance with IFRS 2, the fair value is determined taking into account the corporate planning.

Management participation program (MEP). Through their investment in the management participation program (MEP), employees of Techem 671 Group will share in the proceeds generated in a future exit event. This participation entitlement is based on the value of the company or its equity. In addition, beyond a rather typical investment of shareholders, the MEP provides for vesting conditions that link the claim to the provision of continued services to the Group up to the time of exit. Therefore, the participation program is accounted for as a share-based payment under IFRS 2 in the consolidated financial statements of the Company.

The future payouts in any of the various exit scenarios will be made to plan participants based on conditions that are equally applicable to all shareholders for the instruments held. Instruments are settled according to a predefined order. Neither the exit scenarios nor the leaver scenarios, result in any stand-alone obligation for the Techem 671 Group to settle the MEP, which should be accounted for as a liability under IFRS 2. Therefore, the MEP is classified as equity-settled. Expenses related to the MEP are only recognized to the extent that a benefit was granted to plan participants beyond their original investment. The Company has determined the fair values of the MEP investments at the respective grant dates and compared it to the cash invested by plan participants. Ultimately, the plan participants invested at fair value at inception date. No benefit was granted to the plan participants.

Long-term Incentive Plan (LTIP). In 2022, employees were involved in an LTIP. First of all, this provides for a participation opportunity similar to the participation under the MEP.
In addition, the LTIP contains the commitment of the holding company Luxembourg Investment Company 261 via an exit bonus, which is paid out in the event of defined exit scenarios. However, entitlement only exists if the beneficiary employees are still employed by the company at the time of the exit. The payout amount of the bonus is based on the exit proceeds of the Luxembourg Investment Company 261 and is therefore stock-based. Since the obligation to pay the bonus lies with the Luxembourg Investment Company 261 and thus outside the Techem 671 Group, this commitment is also considered as equity-settled and accounted for in accordance with IFRS 2.

For further details of the valuation, see note 18.

Further explanations concerning estimations and assumptions on which the preparation of this annual report is based are made within the relevant notes.

All assumptions and estimations made are based on the circumstances as at the balance sheet date. The actual future circumstances may differ. When this occurs the assumptions are adjusted, and if applicable, the book values of the respective assets and liabilities are also adjusted.

Change in estimate of revenue and cost accrual – segment Energy Efficiency Solutions
The business model of the segment Energy Efficiency Solutions includes the purchase of energy (e.g. electricity, gas, etc.) from suppliers, which is mostly supplied to the customers in the form of heat through heat generation facilities. Monthly instalments are paid to suppliers and received from customers on a linear basis. However, in the income statement, the relevant revenues and the related costs are mainly accrued and recorded pursuant to a method of estimation. The calculation model determines the sales not yet invoiced (essentially sales volume and commodity price) on the basis of current price developments and weather conditions, as well as the costs on the basis of the consumption quantities transmitted by the energy supplier. The improvement of the processes showed that, on the basis of the information available as a result, more detailed estimates relating to the actual energy consumptions and deliveries are achievable. As a result, a refined calculation model was applied to the accrual of revenues and costs for the financial year ending September 30, 2022. The effect from the change in the model cannot be quantified, as this change was necessary in order to determine appropriate estimates - under the framework conditions existing in the financial year. The effects of the change in these accounting estimates on subsequent periods cannot be disclosed ex-ante, as these depend on future energy consumption and deliveries as well as other parameters that cannot be forecast.

Change in the estimation of the useful lives of water meters, heat meters, cold meters and heat cost allocators

Resulting from the harmonization of the legal calibration periods of metering devices in Germany, the useful lives of water meters, heat meters and cold meters were changed to six years starting from October 1, 2021. Previously, these devices had either slightly lower or slightly higher useful lives, depending on the type. In addition, due to the verification of battery runtimes, the useful lives of heat cost allocator were increased depending on the type to 13.5 or 18 years. The following table shows the impact of this change as of September 30, 2022 and in future periods:

€ thousand	Effects on depreciation [1)]
Period	
FY 2021/2022	(5,082)
FY 2022/2023	(3,388)
FY 2023/2024 – FY 2026/2027	(2,355)
FY 2027/2028	(10,825)
Total	**0**

[1)] Negative amounts meaning a decrease in depreciation and positive amounts meaning an increase in depreciation.

Change in the estimation of the useful life of customer relationships

The customer relationships identified as a result of the acquisition of the Techem Metering Group as of July 31, 2018 as part of the purchase price allocation were previously amortized over a term of 13 (Energy Efficiency Solutions), 22 (Energy Services Germany) and 24 years (Energy Services International). The customer loyalty programs launched in recent years are showing their effect in the year under review and show a sustained decline in churn rate (decline in equipment inventory in the reporting period on the basis of existing business). Accordingly, the useful life of customer relationships was increased to 40 years in the Energy Services Germany and Energy Services International segments and to 25 years in the Energy Efficiency Solutions segment. The following table shows the impact of this change as of September 30, 2022 and in future periods:

€ thousand	Effects on depreciation[1)]
Period	
FY 2021/2022 – FY 2029/2030	(48,100)
FY 2030/2031	(47,597)
FY 2031/2032 – FY 2038/2039	(45,084)
FY 2039/2040	(29,728)
FY 2040/2041	47,048
FY 2041/2042 – FY 2057/2058	ca. 48,5m p.a.
Total	**0**

[1)] Negative amounts meaning a decrease in depreciation and positive amounts meaning an increase in depreciation.

E. STATEMENT OF FINANCIAL POSITION AND PROFIT OR LOSS DISCLOSURES

1. Trade accounts receivable and contract assets

The current trade accounts receivable and contract assets are as follows:

€ thousand	Sep 30, 2022	Sep 30, 2021
Billed receivables	84,732	76,399
Unbilled receivables	134,923	110,338
Finance lease receivables [1]	941	956
Valuation allowances	(4,699)	(3,178)
Trade accounts receivable, net	**215,897**	**184,515**
Contract assets	25,997	26,383
Valuation allowances	(64)	(66)
Contract assets, net	**25,933**	**26,317**

[1] See note 14

Unbilled receivables mainly represent revenue from equipment rental and maintenance agreements as well as energy supply agreements (e.g. heat and cooling). These services have been rendered but have not yet been billed at the balance sheet date.

Contract assets mainly represent unbilled revenue from reading and billing services. These services have partially been rendered but have not yet been completed at the balance sheet date.

In the financial year 2021/2022, receivables in the amount of €1,112 thousand were written off (financial year 2020/2021: €905 thousand). These are included in other expenses. No contract assets were written off in the financial year 2021/2022 (financial year 2020/2021: €0).

The following table shows the maturity breakdown for billed receivables:

€ thousand	Receivables, gross	Credit loss rate	Valuation allowances for expected credit losses [1]
Sep 30, 2022			
Not yet overdue	37,367	0.3%	96
Up to 30 days overdue	13,180	0.3%	36
31 to 90 days overdue	16,140	0.5%	82
91 to 180 days overdue	5,581	16.9%	944
Over 180 days overdue	12,464	21.0%	2,615
Billed receivables	**84,732**		**3,773**
Sep 30, 2021			
Not yet overdue	34,573	0.3%	87
Up to 30 days overdue	12,169	0.7%	88
31 to 90 days overdue	14,147	0.4%	52
91 to 180 days overdue	4,313	13.5%	582
Over 180 days overdue	11,197	18.5%	2,072
Billed receivables	**76,399**		**2,881**

[1] According to the Simplified Approach

In the financial year 2021/2022, the valuation allowances on unbilled receivables and finance lease receivables amount to €926 thousand (credit loss rate: 0.7%). In the financial year 2020/2021, the valuation allowances on unbilled receivables and finance lease receivables amounted to €297 thousand (credit loss rate: 0.3%).

The non-current trade accounts receivable consist of the following positions:

€ thousand	Sep 30, 2022	Sep 30, 2021
Trade accounts receivable	3,083	2,000
Finance lease receivables [1]	3,020	3,820
Valuation allowances	(280)	(209)
Total	**5,823**	**5,611**

[1] See note 14

The non-current trade accounts receivable mainly result from installment-based business in Eastern Europe, with a term of more than one and up to ten years.

The changes in the valuation allowances on trade accounts receivable were as follows:

€ thousand	2021/2022	2020/2021
Valuation allowances at the beginning of the period	**(3,387)**	**(3,367)**
Additions to valuation allowances	(3,445)	(2,052)
Reduction of valuation allowances [1]	1,924	2,097
Change in scope	(35)	(62)
Currency translation	(36)	(3)
Valuation allowances at the end of the period [2]	**(4,979)**	**(3,387)**

[1] Including amounts written-off as uncollectable and valuation allowances released
[2] Including valuation allowances on non-current receivables

The valuation allowances of €4,979 thousand (financial year 2020/2021: €3,387 thousand) relate to the segment Energy Services amounting to €3,140 thousand (financial year 2020/2021: €2,821 thousand) and to the segment Energy Efficiency Solutions amounting to €1,839 thousand (financial year 2020/2021: €566 thousand).

The changes in the valuation allowances on contract assets were as follows:

€ thousand	2021/2022	2020/2021
Valuation allowances at the beginning of the period	**(66)**	**(79)**
Additions to valuation allowances	(214)	(87)
Reduction of valuation allowances [1]	216	102
Change in scope	0	(2)
Valuation allowances at the end of the period	**(64)**	**(66)**

[1] Including amounts written-off as uncollectable and valuation allowances released

2. Receivables from shareholders, other assets and other financial assets – current

€ thousand	Sep 30, 2022	Sep 30, 2021
Receivables from shareholders	**245**	**0**
Prepaid expenses	9,986	8,648
Energy tax	5,089	4,641
Value-added tax claims	2,396	2,882
Payments to customers	1,992	1,699
Other assets recognized from costs incurred to fulfill a contract with a customer	722	565
Other tax receivables	747	444
Advances paid	128	299
Other	530	201
Other assets	**21,590**	**19,379**
Guarantees relating to tenders	615	426
Accounts payable with debit balance	363	273
Receivables from advances	292	400
Receivables related to acquisition activities	217	0
Receivables from hedging instruments	141	0
Receivables from guarantee claims	129	223
Receivables from refunds	0	47
Other	795	730
Other financial assets	**2,552**	**2,099**

As at September 30, 2022, the current receivables from shareholders of €245 thousand include interest receivables from the parent company of the Techem 671 Group which result from a loan agreement between Luxembourg Investment Company 261 S.à r.l. und Techem Energy Services GmbH dated March 3, 2022 with amendment dated August 1, 2022.

No impairment losses were recognized on the other assets recognized from costs incurred to fulfill a contract with a customer in the financial year 2021/2022 (financial year 2020/2021: €0).

3. Receivables from shareholders, other assets and other financial assets – non-current

€ thousand	Sep 30, 2022	Sep 30, 2021
Receivables from shareholders	**9,285**	**0**
Payments to customers	6,260	4,691
Prepaid insurance premiums	1,739	2,688
Accrued transaction costs from refinancing	1,243	1,920
Other assets recognized from costs incurred to fulfill a contract with a customer	663	652
Other	168	168
Other assets	**10,073**	**10,119**
Trade accounts receivable and finance lease receivables [1)]	5,823	5,611
Guarantees relating to tenders	496	442
Other	1,110	790
Other financial assets	**7,429**	**6,843**

[1)] Including valuation allowances on trade accounts receivable and finance lease receivables, see notes 1 and 14

The receivables from shareholders of € 9,285 thousand result from the shareholder loan agreement mentioned in note 2, with the following conditions:

€ thousand	Amount drawn down		Credit line	Interest rate	Repayment date
	Sep 30, 2022	Sep 30, 2021			
Shareholder loan	9,285	0	24,258	6.1%	March 3, 2032

Prepaid insurance premiums, with a maturity date 31 July 2025, cover risks in conjunction with the acquisition of the Techem Metering Group. These costs are released pro rata temporis until the end of maturity in the statement of profit or loss. The current portion of the prepaid insurance premiums of €949 thousand (September 30, 2021: €949 thousand) are recognized under current prepaid expenses.

Accrued transaction costs from refinancing relate to the Revolving Credit Facility, which has been drawn down in cash in the amount of €49,931 thousand as at September 30, 2022 (September 30, 2021: €40,000 thousand) (see note 13). These costs are released pro rata temporis until the end of maturity (January 2025) in the statement of profit or loss. The current portion of the accrued transaction costs from refinancing of €678 thousand (September 30, 2021: €678 thousand) are recognized under current prepaid expenses.

4. Inventories

€ thousand	Sep 30, 2022	Sep 30, 2021
Raw materials and supplies	1,622	879
Merchandise	56,202	48,517
Inventories, gross	**57,824**	**49,396**
Valuation allowances	(1,662)	(1,538)
Inventories, net	**56,162**	**47,858**

In the financial year 2021/2022, a total of €252 thousand (financial year 2020/2021: €734 thousand) was written off and recognized in the statement of profit or loss. The inventory write-offs and valuation allowances are reported under product expenses and purchased services.

Appropriate write-downs are recognized on obsolete or non-saleable inventories.

5. Metering and other devices

€ thousand	
Cost	
Cost, balance as at Oct 1, 2020	**461,976**
Change in scope	5,471
Additions	91,190
Reclassifications	29
Currency translation	(87)
Disposals	(25,794)
Cost, balance as at Sep 30, 2021	**532,785**
Change in scope	15,011
Additions	83,642
Reclassifications	10
Currency translation	(488)
Disposals	(27,838)
Cost, balance as at Sep 30, 2022	**603,122**
Depreciation and impairment	
Depreciation and impairment, balance as at Oct 1, 2020	**126,249**
Additions	72,537
Impairment losses	6,486
Change in scope	(137)
Currency translation	(83)
Disposals	(25,566)
Depreciation and impairment, balance as at Sep 30, 2021	**179,486**
Additions	71,546
Impairment losses	7,136
Currency translation	(288)
Disposals	(27,432)
Depreciation and impairment, balance as at Sep 30, 2022	**230,448**
Carrying amounts	
Metering and other devices carrying amount as at Oct 1, 2020	335,727
Metering and other devices carrying amount as at Sep 30, 2021	353,299
Metering and other devices carrying amount as at Sep 30, 2022	372,674

Changes in scope in the financial year 2021/2022 amounting to €15,011 thousand result from the acquisition of subsidiaries (financial year 2020/2021: €5,806 thousand). For further details, see note 27. In the financial year 2021/2022, no changes in scope resulted from the disposal of subsidiaries (financial year 2020/2021: -€198 thousand).

The impairment losses in the amount of €7,136 thousand (financial year 2020/2021: €6,486 thousand) relate to the impairment of metering devices, mainly resulting from their regular exchange or due to cancellations of rental contracts during the financial year 2021/2022. In the financial year 2021/2022, impairment losses relate exclusively to the segment Energy Services (financial year 2020/2021: segment Energy Services €6,433 thousand and segment Energy Efficiency Solutions €53 thousand).

All impairment losses relating to metering and other devices are included in the position "Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets" of the statement of profit or loss.

6. Property, plant and equipment

€ thousand	Land and buildings	Machinery	Office furniture and equipment	Work in progress	Subsidies	Total
Cost						
Cost, balance as at Oct 1, 2020	**1,008**	**101,913**	**13,526**	**15,093**	**(1,403)**	**130,137**
Change in scope	2	29	(77)	6	0	(40)
Additions	281	6,551	5,458	14,124	(10)	26,404
Reclassifications	335	7,857	1,096	(9,317)	0	(29)
Currency translation	0	1	49	0	0	50
Disposals	(151)	(2,267)	(1,698)	(249)	3	(4,362)
Cost, balance as at Sep 30, 2021	**1,475**	**114,084**	**18,354**	**19,657**	**(1,410)**	**152,160**
Change in scope	44	23	919	0	0	986
Additions	647	4,509	4,836	18,285	(28)	28,249
Reclassifications	269	9,048	519	(9,845)	0	(9)
Currency translation	-2	7	321	0	0	326
Disposals	0	(729)	(2,446)	(412)	108	(3,479)
Cost, balance as at Sep 30, 2022	**2,433**	**126,942**	**22,503**	**27,685**	**(1,330)**	**178,233**
Depreciation and impairment						
Depreciation and impairment, balance as at Oct 1, 2020	**195**	**15,133**	**5,507**	**0**	**(236)**	**20,599**
Change in scope	0	0	(90)	0	0	(90)
Additions	117	8,068	4,383	0	(113)	12,455
Impairment losses	19	414	14	0	0	447
Currency translation	0	1	32	0	0	33
Disposals	(150)	(1,369)	(1,580)	0	3	(3,096)
Depreciation and impairment, balance as at Sep 30, 2021	**181**	**22,247**	**8,266**	**0**	**(346)**	**30,348**
Additions	178	8,680	5,274	0	(116)	14,016
Impairment losses	0	337	0	0	0	337
Reclassifications	0	-1	1	0	0	0
Currency translation	0	4	273	0	0	277
Disposals	0	(663)	(2,227)	0	58	(2,832)
Depreciation and impairment, balance as at Sep 30, 2022	**359**	**30,604**	**11,587**	**0**	**(404)**	**42,146**
Carrying amounts						
PPE carrying amount as at Oct 1, 2020	813	86,780	8,019	15,093	(1,167)	109,538
PPE carrying amount as at Sep 30, 2021	1,294	91,837	10,088	19,657	(1,064)	121,812
PPE carrying amount as at Sep 30, 2022	2,074	96,338	10,916	27,685	(926)	136,087

Changes in scope in the financial year 2021/2022 amounting to €986 thousand result from the acquisition of subsidiaries (financial year 2020/2021: €97 thousand). For further details, see note 27. In the financial year 2021/2022, no changes in scope resulted from the disposal of subsidiaries (financial year 2020/2021: -€47 thousand).

The subsidies include investment subsidies and grants paid to Techem Solutions GmbH, which reduce the cost of the corresponding property, plant and equipment. The reduction in cost is recognized over the useful life of the related asset by way of a reduced depreciation charge.

In the financial year 2021/2022, impairment losses amount to €337 thousand (financial year 2020/2021: €447 thousand). All the impairment losses related to the segment Energy Services, while in the financial year 2020/2021 €414 thousand related to the segment Energy Efficiency Solutions and €33 thousand related to the segment Energy Services.

All impairment losses relating to property, plant and equipment are included in the position “Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets” of the statement of profit or loss.

7. Intangible assets

€ thousand	Goodwill	Customer relationships	Software, licenses and other intangible assets	Costs to obtain a contract	Intangible assets in development	Total
Cost						
Cost, balance as at Oct 1, 2020	**2,378,432**	**2,162,957**	**355,251**	**22,937**	**24,339**	**4,943,916**
Change in scope	9,130	19,810	318	0	0	29,258
Additions	0	0	10,091	5,678	15,258	31,027
Reclassifications	0	0	15,163	0	(15,163)	0
Currency translation	335	48	30	(28)	2	387
Disposals	0	0	(4,556)	(1,828)	(41)	(6,425)
Cost, balance as at Sep 30, 2021	**2,387,897**	**2,182,815**	**376,297**	**26,759**	**24,395**	**4,998,163**
Change in scope	21,035	50,614	1,096	0	0	72,745
Additions	0	0	9,920	7,853	21,480	39,253
Reclassifications	0	0	15,872	0	(15,872)	0
Currency translation	6,803	1,371	897	(83)	0	8,988
Disposals	0	-26	(155)	(4,789)	(155)	(5,125)
Cost, balance as at Sep 30, 2022	**2,415,735**	**2,234,774**	**403,927**	**29,740**	**29,848**	**5,114,024**
Amortization and impairment						
Amortization and impairment, balance as at Oct 1, 2020	**124,106**	**213,362**	**44,113**	**5,447**	**0**	**387,028**
Additions	0	99,051	21,284	5,975	0	126,310
Impairment losses	0	0	21	0	0	21
Change in scope	0	(13)	(22)	0	0	(35)
Currency translation	0	4	(5)	(26)	0	(27)
Disposals	0	0	(4,403)	(1,828)	0	(6,231)
Amortization and impairment, balance as at Sep 30, 2021	**124,106**	**312,404**	**60,988**	**9,568**	**0**	**507,066**
Additions	0	51,585	24,059	6,170	0	81,814
Currency translation	0	193	237	(63)	0	367
Disposals	0	0	(45)	(4,789)	0	(4,834)
Amortization and impairment, balance as at Sep 30, 2022	**124,106**	**364,182**	**85,239**	**10,886**	**0**	**584,413**
Carrying amounts						
Intangible assets carrying amount as at Oct 1, 2020	2,254,326	1,949,595	311,138	17,490	24,339	4,556,888
Intangible assets carrying amount as at Sep 30, 2021	2,263,791	1,870,411	315,309	17,191	24,395	4,491,097
Intangible assets carrying amount as at Sep 30, 2022	2,291,629	1,870,592	318,688	18,854	29,848	4,529,611

The position software, licenses and other intangible assets also includes the trademarks. As at September 30, 2022, the trademark Techem has a book value of €215,230 thousand (September 30, 2021: €214,615 thousand) and has an indefinite useful life. Other trademarks have a book value amounting to €1,470 thousand as at September 30, 2022 (September 30, 2021: €580 thousand). They have a useful life of mainly 15 years. In addition, it also includes technologies and software, which were identified as a result of the acquisition of the Techem Metering Group. They amount to €42,467 thousand as at September 30, 2022 (September 30, 2021: €49,747 thousand). Furthermore, this position includes internally generated intangible assets. As at September 30, 2022, the carrying amount of internally generated intangible assets is €54,303 thousand (additions: €18,955 thousand; disposals: -€119 thousand; cumulative historical cost: €70,928 thousand; amortization and impairment: €5,706 thousand; cumulative amortization: €16,624 thousand). As at September 30, 2021, the carrying amount of internally generated intangible assets was €41,173 thousand (additions: €15,785 thousand; disposals: -€32 thousand; cumulative historical cost: €52,091 thousand; amortization and impairment: €3,700 thousand; cumulative amortization: €10,918 thousand).

Change in scope in the financial year 2021/2022 amounting to €72,745 thousand results from the acquisition of subsidiaries (financial year 2020/2021: €29,429 thousand). For further details, see note 27. In the financial year 2021/2022, no changes in scope resulted from the disposal of subsidiaries (financial year 2020/2021: -€136 thousand).

In the financial year 2021/2022, no impairment losses were booked (financial year 2020/2021: €21 thousand). In the financial year 2020/2021impairment losses fully related to other intangible assets of the segment Energy Efficiency Solutions.

All impairment losses relating to intangible assets are included in the position "Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets" of the statement of profit or loss.

The carrying amounts of customer relationships, recognized in the financial statements of the Group, arise from the following companies:

€ thousand	**Remaining useful life (years)**	**Sep 30, 2022**	**Sep 30, 2021**
Techem Energy Services GmbH, Germany	approx. 36	1,675,970	1,722,741
Techem Solutions GmbH, Germany	approx. 21	28,293	29,651
BFW Ternes GmbH, Germany	approx. 48	21,168	18,548
SANNcompact GmbH, Germany	approx. 50	13,131	0
bautec Energiemanagement GmbH, Germany	approx. 36	11,310	11,626
Techem SAS, France	approx. 36	10,407	10,698
Techem Messtechnik Ges.m.b.H., Austria	approx. 36	10,289	10,576
Techem (Schweiz) AG, Switzerland	approx. 36	10,195	9,247
Techem Danmark A/S, Denmark	approx. 36	8,464	8,701
Techem S.r.l., Italy	approx. 36	8,390	8,624
Other companies[1)]	approx. 20 to 50	72,975	39,999
Total		**1,870,592**	**1,870,411**

1) Including customer relationships from acquisitions, for further details see note 27.

The useful life of the customer relationships is between 25 to 50 years, based on historical customer loyalty. Regarding the change in the useful life of the customer relationships identified during the purchase price allocation for the acquisition of the Techem Metering Group on July 31, 2018 see note D.

In accordance with IAS 36, goodwill and other intangible assets with an indefinite useful life (trademark Techem) as well as software in progress, which is not yet available for use, are subject to an annual impairment test at the balance sheet date. If there are new indicators during the course of a year that a group of CGUs ("cash generating unit") may be impaired, an additional impairment test is carried out for this group of CGUs.

The impairment test is carried out as described below:

The goodwill as well as the other intangible assets with an indefinite useful life are assigned to the appropriate groups of CGUs. Energy Services Germany, Energy Services International and Energy Efficiency Solutions each represent one group of CGUs. The classification of groups of CGUs follows the internal control structure of management.

For each group of CGUs, the recoverable amount is determined. The recoverable amount is measured as the higher of a CGU's fair value less costs of disposal and its value in use. If the carrying amount of a group of CGUs exceeds the calculated recoverable amount an impairment loss must be recognized.

Energy Services Germany. The recoverable amount of Energy Services Germany is determined on the basis of value in use. The future cash flows of this group of CGUs are calculated based on the five-year plan of Energy Services Germany. The cash flows for subsequent periods are based on the assumption of a 1.5 percent growth rate (financial year 2020/2021: 1.0 percent) and a constant cost ratio. These future cash flows are then discounted to present value. The discount rate used (weighted average cost of capital – "WACC") was determined using the capital asset pricing model ("CAPM") and results in a weighted average rate before tax of 5.78 percent for the group of CGUs Energy Services Germany (financial year 2020/2021: 6.05 percent).

The five-year plan of Energy Services Germany is based on the following assumptions:

- The growth in revenue results from a systematic further development of the existing products as well as from an extension of the existing product portfolio and services. Thereby, positive effects are also expected from future regulatory measures relating to climate change.
- This growth rate includes a contract termination rate that corresponds to the market conditions. The average increase in prices of services is in line with moderate market developments.
- In addition to the increasing revenue, quality improvements and cost savings have a positive impact on EBIT as a result of the continuous optimization of internal activities and further digitalization of operating processes within the value-enhancing program ENERGIZE-T.
- The planned investments are based on a regular replacement of metering devices and smoke detectors and a moderate increase resulting from new business. Investments will mainly be made in metering devices as well as smoke detectors and SMART readers, which are operated using radio technology. As a result, the plan includes an increase in depreciation on metering and other devices.

All the changes in key assumptions, which are assumed to be reasonably possible by the management of the Company, were examined and no cases were identified, by which the carrying amount of this group of CGUs would exceed its recoverable amount.

Energy Services International. The recoverable amount of Energy Services International is determined on the basis of value in use. The future cash flows of this group of CGUs are calculated based on the five-year plan of Energy Services International. The cash flows for subsequent periods are based on the assumption of a 1.5 percent growth rate (financial year 2020/2021: 1.0 percent) and a constant cost ratio. These future cash flows are then discounted to present value. The discount rate used (weighted average cost of capital – "WACC") was determined using the capital asset pricing model and results in a weighted average rate before tax of 6.73 percent for the group of CGUs Energy Services International (financial year 2020/2021: 6.57 percent).

The five-year plan of Energy Services International is based on the following assumptions:

- In the mature international markets, a slight but constant growth is expected. This growth is driven by price increases while some countries are faced with price pressure.
- For some countries, a stronger growth is expected in the next five years as a result of the introduction of the European Energy Efficiency Directive (EED), especially in Spain and Poland beginning with the financial year 2022/2023 and beginning with the financial year 2023/2024 additionally in France.

- Additional growth is expected through strengthening of the sales team by regional expansion as well as the introduction of new products and services in some countries (e.g. EV car charging) and also from future regulatory measures relating to climate change.

- The main driver of the growth in EBIT is the market growth in the EU countries as a result of the introduction of the EED. In addition, cost savings are expected in the next five years, for example through reduced reading costs as a result of the increase in remote reading (Techem Smart System, hereinafter also referred to as TSS), which will be reflected in the results in the coming years and will be tracked in the Operational Excellence program.

- The planned investments are based on the regular replacement of metering devices in the respective countries and increased investments in rental equipment as a result of the EED waves mentioned above and the TSS roll-out. This results in an increase in annual depreciation.

All the changes in key assumptions, which are assumed to be reasonably possible by the management of the Company, were examined and no cases were identified, by which the carrying amount of this group of CGUs would exceed its recoverable amount.

Energy Efficiency Solutions. The recoverable amount of Energy Efficiency Solutions is determined on the basis of fair value less costs of disposal, which are assumed to be 1 percent of the fair value. Due to investments in areas of growth the calculation of value in use is based on the future cash flows from the ten-year plan of Energy Efficiency Solutions. Cash flows beyond the ten-year period are extrapolated using a growth rate of 1.5 percent (financial year 2020/2021: 1.0 percent) and a constant cost ratio. The total future cash flows are then discounted using the WACC after tax 4.65 percent (financial year 2020/2021: 4.52 percent).

The business plan of Energy Efficiency Solutions until the financial year 2031/2032 is based on the following assumptions:

- The growth in EBIT is mainly based on the growth of new business in the real estate sector (existing buildings of housing and commercial property) and the new buildings sector (especially real estate development business). For the customer segment "existing buildings", an increase is planned which assumes a further increase in the importance of energy efficiency and CO2 avoidance for customers.

- One of the main sales drivers is next to the extension of the contracting business also the entry to the EV Charging and SmartMetering business, as well as metering point operation in Germany.

- With regard to safeguarding of the existing business (avoiding churn), a conservative planning assumption is made of a fuse rate of 60% for expiring contracts.

- For the energy price development of the main energy source (i.e. natural gas) as well as other energy sources (i.e. heating oil, long-distance heating, biomethane and wooden pellets) the level of prices at the beginning of the planning was assumed and continued. The energy margin was left constant in the existing business, but was fixed at the calculated margin for contracts under construction that had already been concluded. No margin was recognized for new business.

- The planned investments are based on specific investment ratios used in the construction of heat generation plants, which are driven by the new business acquired and the safeguarding of the existing business. With increasing investments, a strong increase in depreciation on machinery is expected in the coming years.

All the changes in key assumptions, which are assumed to be reasonably possible by the management of the Company, were examined and no cases were identified, by which the carrying amount of this group of CGUs would exceed its recoverable amount.

The carrying amounts of the goodwill and the intangible assets with indefinite useful life (trademark Techem) are assigned to the groups of CGUs as follows:

€ thousand	Sep 30, 2022		Sep 30, 2021	
	Goodwill	Trademark	Goodwill	Trademark
Energy Services Germany	1,895,780	168,636	1,875,342	168,638
Energy Services International	381,008	34,032	373,608	33,415
Energy Efficiency Solutions	14,841	12,562	14,841	12,562
Total	**2,291,629**	**215,230**	**2,263,791**	**214,615**

The increase in goodwill in the Energy Services Germany segment amounting to €20,478 thousand resulted from the acquisition of subsidiaries in the financial year 2021/2022 (financial year 2020/2021: €4,966 thousand. For further details, see note 27.

8. Investments accounted for using the equity method

The Group financial statements include an investment accounted for using the equity method: the associated company Energieversorgungsgesellschaft Klinikum Ludwigsburg mbH (EKL).

The breakdown of the investments accounted for using the equity method is as follows:

€ thousand	Sep 30, 2022	Sep 30, 2021
Balance at the beginning of the period	**5,625**	**5,403**
Net share of gain from associated company EKL	503	622
Dividend received	(249)	(400)
Balance at the end of the period	**5,879**	**5,625**

The share of profit or loss of investments accounted for using the equity method, as presented in the statement of profit or loss, is as follows:

€ thousand	Sep 30, 2022	Sep 30, 2021
Net share of gain from associated company EKL	503	622

9. Deferred taxes

Deferred taxes are broken down as follows:

€ thousand	Sep 30, 2022[1)]	Sep 30, 2021
Deferred tax assets resulting from:		
Provisions for pensions	2,665	4,842
Tax losses carried forward	6,038	5,055
Other provisions	2,136	2,163
Property, plant and equipment	1,902	1,773
Contract liabilities	2,539	2,117
Lease Liabilities	2,251	1,492
Interest rate instruments	19	3,369
Other timing differences	1,885	1,881
Write-down on net losses carried forward	(5,315)	(4,985)
Offsetting	(14,120)	(17,658)
Total deferred tax assets	**0**	**49**
Deferred tax liabilities resulting from:		
Intangible assets	(647,936)	(654,643)
Metering and other devices	(89,029)	(84,987)
Financial liabilities – effective interest measurement/ transaction costs	(8,115)	(10,657)
Contract assets	(8,018)	(10,074)
Costs to obtain a contract	(5,217)	(4,941)
Finance leases	(2,468)	(2,082)
Other provisions	(1,764)	(682)
Right-of-use-assets	(1,304)	(1,264)
Other timing differences	(1,749)	(708)
Offsetting	14,120	17,658
Total deferred tax liabilities	**(751,480)**	**(752,380)**
Net deferred tax assets (+), deferred tax liabilities (-)	**(751,480)**	**(752,331)**

1) The presentation has been more closely aligned with the requirements of IAS 12.81(g) for better transparency. The previous year was correspondingly changed.

Deferred tax liabilities on intangible assets include deferred tax liabilities on customer relationships, technologies and software amounting to €541,914 thousand as at September 30, 2022 (September 30, 2021: €559,517 thousand), which result from the step-ups and the recognition of assets due to the purchase price allocation in conjunction with the acquisition of the Techem Metering Group on July 31, 2018. They are reduced as a result of the amortization of the assets over their useful lives. They will not affect cash in future. For the trademark Techem, deferred tax liabilities of €64,440 thousand were recognized as at September 30, 2022 (September 30, 2021: €64,342 thousand).

As at September 30, 2022 and September 30, 2021, the other timing differences shown under deferred tax assets relate mainly to the balance sheet items trade accounts receivables.

A tax group exists between Techem 672 mbH, Techem 673 mbH, Techem 674 mbH, Techem 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Energy Services GmbH, Techem Solutions GmbH, Techem X GmbH and bautec Energiemanagement GmbH for the tax period 2022. The basis for the calculation of deferred taxes for the tax group is the tax rate of 29.94 percent.

With retroactive effect from October 1, 2021, there is a further tax group between DMG Beteiligungsgesellschaft mbH, BFW Ternes GmbH, Exakta-Kalorex GmbH and MessTech GmbH. From January 1, 2022, MATec Wolski Gesellschaft für Meß- und Abrechnungstechnik mbH was retroactively included for the 2022 assessment period. The underlying tax rate for this tax group is 29.55 percent.

As at September 30, 2022, the amount of €1,017 thousand (September 30, 2021: €737 thousand) of the deferred tax assets resulting from provisions for pensions amounting to €2,665 thousand (September 30, 2021: €4,842 thousand), was directly recognized in equity.

The deferred taxes include no non-current deferred tax assets and non-current deferred tax liabilities of €728,450 thousand.

At the balance sheet date, there were tax losses carried forward of approximately €25,209 thousand (September 30, 2021: €22,378 thousand), of which €22,558 thousand (September 30, 2021: €21,091 thousand) were not recognized as deferred tax assets due to uncertain usability. The current estimate of the write-downs on the net tax losses carried forward may change depending on the financial performance of the Company and tax legislation in future years, which may necessitate an adjustment to the write-downs.

The unused tax losses of €22,558 thousand (September 30, 2021: €21,091 thousand) for which no deferred tax asset has been recognized, mainly relate to the following entities:

	Expiring within (years)	**Sep 30, 2022**	**Sep 30, 2021**
Techem Energy Services S.L., Spain	unlimited	7,445	5,795
Techem Norge AS, Norway	unlimited	6,325	5,863
Techem AB, Sweden	unlimited	4,828	5,174
Techem do Brasil Serviços de Medição de Àgua Ltda., Brazil	unlimited	1,810	1,737
Techem 671 mbH, Germany	unlimited	2,049	1,498
Other		101	1,024
Total		**22,558**	**21,091**

As at September 30, 2022, deferred tax liabilities of €186,420 thousand (September 30, 2021: €187,307 thousand) were not recognized for temporary differences associated with investments in subsidiaries as the Company is able to control the timing of the reversal of the temporary differences and it is probable that these temporary differences will not reverse in the foreseeable future.

10. Contract liabilities, liabilities to shareholders, sundry liabilities and other financial liabilities – current

€ thousand	Sep 30, 2022	Sep 30, 2021
Contract liabilities	**56,089**	**53,103**
Liabilities to shareholders	**49,628**	**46,782**
Other taxes	6,945	6,302
Advances received	823	159
Deferred income	126	87
Other	33	158
Sundry liabilities	**7,927**	**6,706**
Accounts receivable with credit balance	7,504	11,966
Guarantee deposits received	4,728	4,640
Liabilities from acquisition of fully consolidated companies[1)]	2,100	1,000
Liabilities from swap interest	1,448	2,868
Liabilities from hedging instruments [2)]	100	11,238
Other	5,118	3,420
Other financial liabilities	**20,998**	**35,132**

[1)] in the financial year 2020/2021 reported as "other"
[2)] For details see section F. OTHER DISCLOSURES - „Concentration of risk"

The contract liabilities mainly comprise reading and billing services as well as rental and maintenance services, which are billed in advance.

As at September 30, 2022, the current liabilities to shareholders of €49,628 thousand include interest liabilities to the parent company of the Techem 671 Group, which result from a loan agreement between Luxembourg Investment Company 261 S.à r.l. and Techem Verwaltungsgesellschaft 672 mbH dated July 26, 2018. As at September 30, 2021, the current liabilities to shareholder amounted to €46,782 thousand, which were capitalized in the course of the financial year by increasing the total facility of the shareholder loan.

The other taxes primarily include payroll tax and value-added tax.

11. Contract liabilities, liabilities to shareholders, sundry liabilities and other financial liabilities – non-current

€ thousand	Sep 30, 2022	Sep 30, 2021
Contract liabilities	**4,993**	**4,015**
Liabilities to shareholders	**1,627,142**	**1,533,834**
Deferred income	251	276
Other	3	0
Sundry liabilities	**254**	**276**
Trade accounts payable	28	0
Liabilities from acquisition of fully consolidated companies	595	0
Guarantee deposits received	531	527
Other	290	224
Other financial liabilities	**1,444**	**751**

The liabilities to shareholders of €1,627,142 thousand result from the shareholder loan agreement mentioned in note 10, with the following conditions:

€ thousand	Amount drawn down		Total facility	Interest rate	Repayment date
	Sep 30, 2022	Sep 30, 2021			
Shareholder loan	1,627,142	1,533,834	1,627,142	6.0%	July 26, 2033

The shareholder loan is a subordinated unsecured loan.

The increase in the shareholder loan results from the capitalization of interest for the interest period April 1, 2021 to March 31,2022.

12. Financial liabilities – current

€ thousand	Sep 30, 2022	Sep 30, 2021
Loans [1]..	51,009	40,326
Interest payable [1]...	16,498	15,541
Financial liabilities	**67,507**	**55,867**

[1] See note 13

13. Financial liabilities – non-current

€ thousand	Sep 30, 2022	Sep 30, 2021
Notes...	1,498,213	1,495,336
Loans...	1,118,729	1,109,580
Financial liabilities	**2,616,942**	**2,604,916**

On July 30, 2018, Blitz F18-674 GmbH (later renamed Techem Verwaltungsgesellschaft 674 mbH) issued Senior Notes (due 2026) in an aggregate principal amount of €465,000 thousand. The proceeds of the Senior Notes were used to fund the consideration payable for the acquisition of the Techem Metering Group and to pay fees and expenses incurred in connection with the acquisition and the related financing.

Additionally, on July 31, 2018, the 2017 Senior Facilities Agreement of Techem Metering Group was amended, restated and merged with the Initial Senior Facilities Agreement, which was executed on July 19, 2018 by Blitz F18-675 GmbH (later renamed Techem Verwaltungsgesellschaft 675 mbH). At the time, the resulting Senior Facilities Agreement comprised the Facility B in a nominal amount of €2,340,000 thousand and the Revolving Credit Facility in a nominal amount of €275,000 thousand (both due 2025).

Facility B comprised two tranches, Facility B1 and B2. Amounts under Facility B2 were utilized by Techem Verwaltungsgesellschaft 675 mbH and applied in or towards:

- financing or refinancing the consideration paid for the acquisition of the Techem Metering Group;
- refinancing or discharging any of the existing debt of the Techem Metering Group and paying any related breakage costs, redemption premium, make-whole costs and other fees, costs and expenses payable in connection with such refinancing or discharge; and
- financing or refinancing the payments of costs incurred in connection with the acquisition of the Techem Metering Group and all other fees, costs and expenses relating thereto.

The amount of Facility B1 was equal to certain amounts which had been outstanding under the 2017 Senior Facilities Agreement and had historically been utilized by Techem Energy Metering Service GmbH & Co. KG (meanwhile all assets and liabilities of this company moved over by way of succession to Techem Metering GmbH) and Techem GmbH.

In January 2019, the Company repurchased its Senior Notes in an aggregate principal amount of €51,100 thousand on a voluntary basis.

On July 24, 2019, the Company agreed a repricing of its Facility B. As a result of this, the margin existing at that time was reduced from 375 basis points to 350 basis points. For that purpose, Facilities B1 and B2 in an unchanged principal amount were rolled over into the new Facility B3. This resulted in modification gains of €18,583 thousand due to the revaluation of Facility B. On August 16, 2019, the Company made a partial repayment of its Facility B in an amount of €50,000 thousand on a voluntary basis.

On January 29, 2020, the Company carried out a refinancing and a further repricing of Facility B, in connection with which Techem Verwaltungsgesellschaft 674 mbH issued Senior Secured Notes in an aggregate amount of €1,145,000 thousand (due in July 2025). The proceeds of the Senior Secured Notes were used in full to partially repay the existing Facility B. As a result of the refinancing and repricing, Facility B3 in a principal amount of €1,145,000 thousand was rolled over into the new Facility B4. This resulted in modification gains of €26,143 thousand due to the revaluation of Facility B. Offsetting this, accrued transaction costs and revaluation adjustments amounting to a total of €23,274 thousand were recognized as expense relating to the repayment of the Facility B in the amount of €1,145,000 thousand. Furthermore, the maturity dates of Facility B and the Senior Secured Notes were synchronized to July 2025. In the following, the conditions are explained in detail.

In September 2021, Senior Notes in a nominal amount of €50,000 thousand were repaid (redemption).

As at September 30, 2022, Facility B is fully drawn down with a nominal amount of €1,145,000 thousand. Of the Revolving Credit Facility, €220,115 thousand are not unutilized (utilized commitments being €49,931 thousand drawn as cash and €4,954 thousand drawn by way of guarantees). In the financial year 2021/2022, there were cumulative drawings of €109,931 thousand and cumulative repayments of €100,000 thousand of the Revolving Credit Facility (both in cash). The outstanding principle amount of the Senior Secured Notes is €1,145,000 thousand, the remaining outstanding principle amount of the Senior Notes is €363,900 thousand as at September 30, 2022.

For both facilities, interest is based on EURIBOR for loans in Euro and LIBOR for non-Euro loans. Until July 2020, the relevant margin according to the current Senior Facilities Agreement was 287.5 basis points for Facility B and 275 basis points for the Revolving Credit Facility. Afterwards, the relevant margin may vary between 287.5 basis points and 237.5 basis points regarding Facility B and between 275 basis points and 175 basis points regarding the Revolving Credit Facility, depending on the Senior Secured Net Leverage Ratio in respect of the most recently completed twelve-month period preceding the interest payment. In the event of a negative EURIBOR, the “zero-floor” applies and the margin is not reduced. Effective August 24, 2022, the margin of the Facility B reduced to 237.5 basis points and the margin of the Revolving Credit Facility reduced to 175 basis points due to the Senior Secured Net Leverage Ratio test (before, these margins were 262.5 and 200 basis points). The Company has entered into payer swap agreements to hedge the interest rate risks. The payer swaps in the amount of €1,600,000 thousand were fixed in 2018 with a term until October 2022. In December 2022, an interest rate cap in the amount of €440,000 thousand was concluded to partially hedge the variable-interest Facility B (€1,145,000 thousand).

The Senior Secured Notes have a fixed coupon rate of 2.000%. The Senior Notes have a fixed coupon rate of 6.000%. As at September 30, 2022, accrued interest on the Notes amounts to €8,410 thousand.

The loan agreement specifies certain limits for the Senior Secured Net Leverage Ratio. If the ratio lies above these limits, a certain percentage of an excess cash flow, which is also defined in the agreement and must also be adjusted by extraordinary effects, has to be used for mandatory prepayments of the Facility B. This excess cash flow has to be calculated yearly for the preceding twelve-month period. Interest payments on the Facility B are currently made on the basis of the six-month-EURIBOR. As at September 30, 2022, accrued interest on the loans of the Senior Facilities Agreement amounts to €8,089 thousand.

The liabilities under the Senior Facilities Agreement, the Senior Secured Notes and certain hedging agreements are secured on a first-priority basis. The obligations rank pari passu in right of payment with any obligation that is not subordinated.

The liabilities under the Senior Facilities Agreement and the Senior Secured Notes are guaranteed on a senior basis by Techem Verwaltungsgesellschaft 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Energy Services GmbH and Techem Solutions GmbH.

Techem Verwaltungsgesellschaft 674 mbH, Techem Verwaltungsgesellschaft 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Vermögensverwaltung GmbH & Co. KG, Techem Energy Services GmbH and Techem Solutions GmbH have granted the following liens and security interests on an equal and ratable basis to secure the Senior Credit Facilities and the Senior Secured Notes:

- a limited recourse first-priority pledge over the shares of Techem Verwaltungsgesellschaft 675 mbH;
- a first-priority pledge over the shares of Techem Metering GmbH;
- a first-priority pledge over the shares of capital stock of each of Techem GmbH, Techem Energy Services GmbH and Techem Solutions GmbH; and
- first-priority pledges of the main bank accounts held by Techem Verwaltungsgesellschaft 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Energy Services GmbH and Techem Solutions GmbH.

The Senior Notes are guaranteed on a senior subordinated basis by Techem Verwaltungsgesellschaft 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Energy Services GmbH and Techem Solutions GmbH.

The Senior Notes are secured by:

- a first-priority pledge over the shares of Techem Verwaltungsgesellschaft 674 mbH; and
- a second-priority pledge over the shares of Techem Verwaltungsgesellschaft 675 mbH.

The pledged shares had the following book values according to local GAAP before consolidation as at September 30, 2022: Techem Verwaltungsgesellschaft 674 mbH (€563,099 thousand; directly owned by Techem Verwaltungsgesellschaft 673 mbH), Techem Verwaltungsgesellschaft 675 mbH (€2,323,671 thousand; directly owned by Techem Verwaltungsgesellschaft 674 mbH), Techem Metering GmbH (€3,966,794 thousand; directly owned by Techem Verwaltungsgesellschaft 675 mbH), Techem GmbH (€1,952,736 thousand; directly owned by Techem Metering GmbH), Techem Energy Services GmbH (€179,442 thousand; directly and indirectly owned by Techem GmbH) and Techem Solutions GmbH (€35,066 thousand; directly owned by Techem Energy Services GmbH).

In addition to the pledged shares, the financial obligations are secured by cash at bank which is assigned for security purposes and amounts to €3,432 thousand as at September 30, 2022.

Under the financing arrangements, covenants have to be complied with and have to be reported to the participating banks. The covenants are compiled with based on current figures as at September 30, 2022.

In the financial year 2021/2022, the average interest rate for the financial year is 3.63 percent (p.a.).

14. Leases

The Company as lessee

The Company leases various properties, IT equipment and cars. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Typically, lease contracts are concluded for fixed periods with additional termination or prolongation options for one or both parties. In some cases, indefinite contract periods with termination options for one or both parties are agreed.

Under the financing arrangements, restrictions regarding lease agreements must be observed. As at September 30, 2022, the Company complies with the restrictions.

Right-of-use assets resulting from leases where the Group is the lessee are as follows:

€ thousand	Sep 30, 2022	Sep 30, 2021
Right-of-use assets relating to land and buildings	90,792	93,774
Right-of-use assets relating to office furniture and equipment	15,604	17,596
Right-of-use assets	**106,396**	**111,370**

Additions to the right-of-use assets during the financial year 2021/2022 amount to €14,813 thousand (financial year 2020/2021: €76,827 thousand). Further additions result from the change in scope amounting to €3,210 thousand, which relate to the acquisition of subsidiaries. For further details, see note 27.

The consolidated statement of profit or loss shows the following amounts relating to leases:

€ thousand	2021/2022	2020/2021
Depreciation charge for right-of-use assets relating to:		
Land and buildings	11,302	11,986
Office furniture and equipment	10,721	9,344
Total depreciation charge for right-of-use assets	**22,023**	**21,330**
Impairment losses on right-of-use assets relating to:		
Land and buildings	0	113
Total impairment losses on right-of-use assets	**0**	**113**
Interest expense on lease liabilities	**3,100**	**2,963**
Expenses relating to variable lease payments not included in lease liabilities	**315**	**13**
Expenses relating to short-term leases (recognized in the position “Other expenses” in the statement of profit or loss)	**238**	**593**

In the financial year 2021/2022 no impairment losses for right of use assets have been recognized.
All the impairment losses in the financial year 2021/2022 related to the segment Energy Services. The impairment losses on right-of-use assets are included in the position “Depreciation and impairment losses on metering and other devices for rent, property, plant and equipment, intangible assets and right-of-use assets” of the statement of profit or loss.

The total cash outflow for leases (incl. interest payments) for the financial year 2021/2022 was €23,584 thousand (financial year 2020/2021: €22,506 thousand).

For further information regarding future undiscounted cash flows (gross), see section F. OTHER DISCLOSURES – “Concentration of risk”.

As at September 30, 2022, the valuation of extension and termination options qualified as not reasonably certain to be exercised are not included in the lease liabilities and may lead to potential future cash outflows amounting to €33,927 thousand (undiscounted) compared to the current assumptions in the calculation of the lease liabilities (financial year 2020/2021: €38,824 thousand).

In the financial year 2021/2022, the changes in initial assumptions regarding the exercise of extension and termination options resulted in a decrease in lease liabilities and right-of-use assets by €93 thousand (undiscounted) (financial year 2020/2021: €6,225 thousand).

As at the balance sheet date, the Company is committed to certain leases for vehicles, which have not yet commenced at this date. In the financial year 2022/2023, the initial measurement of the right-of-use assets and the lease liabilities from these leases is expected to amount to €5,807 thousand.

The Company as lessor

The Company enters into finance leases as lessor. These leases are primarily leases of heat generation plants and other technical equipment. To account for these leases, the Company recognizes a receivable equal to the present value of the minimum lease payments. Payments by the lessee are treated as repayment of principal and financial income.

The consolidated statement of profit or loss shows the following amounts relating to finance leases:

€ thousand	**2021/2022**	**2020/2021**
Selling profit/ loss	23	77
Finance income on the net investment in the lease	211	259

The following table shows the total gross capital investment in finance leases and the present value of outstanding minimum lease payments:

€ thousand	**Sep 30, 2022**	**Sep 30, 2021**
Total gross capital investment	4,651	5,606
Financial income not yet recognized	(690)	(830)
Net capital investment	**3,961**	**4,776**
Present value of the residual value	0	0
Present value of minimum lease payments	**3,961**	**4,776**
Finance lease receivables - current [1]	**941**	**956**
Finance lease receivables - non-current [1]	**3,020**	**3,820**

[1] See note 1

The maturity breakdown for the total gross capital investment and the present value of the minimum lease payments is as follows:

€ thousand	**September 30, 2022**		**September 30, 2021**	
	Total gross capital investment	**Present value of minimum lease payments**	**Total gross capital investment**	**Present value of minimum lease payments**
Maturity				
Up to one year	1,108	941	1,169	956
Between one and two years	906	784	1,107	944
Between two and three years	752	664	905	785
Between three and four years	356	291	709	627
Between four and five years	245	191	346	285
More than five years	1,284	1,090	1,370	1,179
Total	**4,651**	**3,961**	**5,606**	**4,776**

15. Other provisions – current

€ thousand	**Oct 1, 2020**	Change in scope	Utilizations	Additions	Reversals	Reclass. from non-current to current	**Sep 30, 2021**
Personnel	19,551	8	(17,392)	21,413	(869)	0	22,711
Warranties	4,216	95	(2,041)	2,245	(462)	27	4,080
Restructuring	1,821	0	(260)	0	0	0	1,561
Legal fees	357	5	(283)	372	(207)	0	244
Maintenance services	424	0	(185)	431	0	0	670
Other	5,430	113	(1,757)	4,400	(938)	94	7,342
Other provisions	**31,799**	**221**	**(21,918)**	**28,861**	**(2,476)**	**121**	**36,608**

€ thousand	**Oct 1, 2021**	Change in scope	Utilizations	Additions	Reversals	Reclass. from non-current to current	**Sep 30, 2022**
Personnel	22,711	376	(19,133)	25,237	(1,067)	4	28,128
Warranties	4,080	73	(1,285)	1,706	(90)	39	4,523
Restructuring	1,561	0	(38)	0	0	0	1,523
Legal fees	244	0	(238)	295	(44)	0	257
Maintenance services	670	0	(550)	160	0	0	280
Other	7,342	199	(4,654)	3,182	(949)	659	5,779
Other provisions	**36,608**	**648**	**(25,898)**	**30,580**	**(2,150)**	**702**	**40,490**

The change in scope of the financial year 2021/2022 results from the acquisition of subsidiaries. For further details, see note 27.

The personnel provisions mainly relate to provisions for variable remuneration and outstanding vacation entitlements. Additionally, provisions for time credits of employees are included, which result from overtime worked.

The provision for warranties mainly relates to obligations due to defective devices, incorrect billing and faulty installation services.

The restructuring provision mainly relates to a program to optimize the functional areas in Germany. The restructuring provision is calculated according to the social plan, which was agreed with the worker's council, based on a certain number of full-time employees multiplied by the average personnel costs or the individual personnel costs (as applicable). For various initiatives, especially the actual numbers of employees concerned, the individual salaries or the number of people resigning by themselves can deviate from the assumptions above.

Maintenance service provisions have been recognized in order to allow for the exchange of equipment under maintenance agreements. The provisions only relate to cases where devices covered by maintenance agreements are defective or have exceeded their legal calibration term but have not yet been exchanged by the Company as at the balance sheet date.

In the financial year 2021/2022, the amount reported under "Other" mainly relates to provisions for contributions to associations, for expansion and maintenance obligations, for damage claims, for renovation obligations and for tax audits.

Net exchange differences are not disclosed separately because they are not material. They are included in the "Reversals" column.

16. Other provisions – non-current

€ thousand	Oct 1, 2020	Change in scope	Utilizations	Additions	Reversals	Reclass. from non-current to current	Unwinding of discount/ discounting	Sep 30, 2021
Partial retirement and anniversary bonuses ...	6,561	14	0	347	(332)	0	93	6,683
Other.............................	6,317	20	(65)	449	(2,798)	(121)	195	3,997
Other provisions	**12,878**	**34**	**(65)**	**796**	**(3,130)**	**(121)**	**288**	**10,680**

€ thousand	Oct 1, 2021	Change in scope	Utilizations	Additions	Reversals	Reclass. from non-current to current	Unwinding of discount/ discounting	Sep 30, 2022
Partial retirement and anniversary bonuses	6,683	0	(277)	25	(122)	(4)	123	6,428
Other.................................	3,997	0	(724)	223	(27)	(698)	(35)	2,736
Other provisions	**10,680**	**0**	**(1,001)**	**248**	**(149)**	**(702)**	**88**	**9,164**

Generally, a discount rate of 4.81 percent was applied to the provisions (the risk premium was taken into account in the measurement of future cash outflows).

In the financial year 2021/2022, the amount reported under „Other" mainly relates to provisions for general overhauls, for claims and for future tax audits.

Net exchange differences are not disclosed separately because they are not material. They are included in the „Reversals" column.

17. Provisions for pensions

The pension plans of the subsidiaries vary depending on the legal, tax and economic situation in each country.

Most of the pension schemes in place in Germany as well as in other countries are defined benefit plans, some of which are funded and others unfunded.

There are pension schemes in place for former members of the senior management of Techem Energy Services GmbH and Techem GmbH, with a separate scheme for each person. These pension schemes are based on the pensionable remuneration of each employee and the employee's period of service. In addition, the Company has set up a relief fund.

There are also pension plans in place for all active and some former employees of Techem (Schweiz) AG. According to the pension scheme in Switzerland those plans are funded, respectively reinsured. The pension plans comprise retirement pensions as well as risk benefits (invalidity and death). The retirement pensions are determined based on the retirement assets and a conversion rate. Risk benefits are defined as a fixed percentage of insured salary.

The provisions for pensions are computed on the basis of independent actuarial reports. The provisions for defined benefit obligations are determined using the standard international method known as the Projected Unit Credit Method (in Germany, in conjunction with the Prof. Dr. Heubeck 2018 G mortality tables).

The funded obligations are supported by suitable qualified insurance policies (pledged reinsurances) that meet the conditions for plan assets. Accordingly, plan assets are offset against the provisions.

The amount of pension obligations is subject to risks arising in connection with the change in life expectancy, the future amount of pension adjustments and the development of capital market interest rates. To cover those risks, insurance policies (reinsurances) have been taken out for some of the defined benefit pension obligations. The reinsurances are mostly not traded on an active market.

The following table shows the pension obligations for each reporting period:

€ thousand	Sep 30, 2022	Sep 30, 2021
Present value of funded obligations	21,025	23,023
Fair value of plan assets	(18,935)	(17,388)
Deficit	**2,090**	**5,635**
Present value of unfunded obligations	11,924	16,257
Balance	**14,014**	**21,892**

The following table shows the change in the present value of the defined benefit obligations, the change in the fair value of plan assets as well as the change in net liability:

€ thousand	Defined benefit obligation	Plan asset	Net liability
Balance as at Oct 1, 2020	**41,907**	**(17,291)**	**24,616**
Remeasurements [1]	(1,002)	(104)	(1,106)
Exchange rate differences on foreign plans	(76)	45	(31)
Derecognition of obligations/ plan assets covered by insurance companies	(745)	745	0
Employees moving from/ to other companies	(245)	245	0
Current service costs [2]	862	0	862
Past service costs [2]	(738)	0	(738)
Interest costs/income [2]	145	(60)	85
Pension payments	(1,337)	74	(1,263)
Employer contributions to plan assets	0	(533)	(533)
Employee contributions to plan assets	509	(509)	0
Balance as at Sep 30, 2021	**39,280**	**(17,388)**	**21,892**
Remeasurements [1]	(7,739)	399	(7,340)
Exchange rate differences on foreign plans	(2,339)	(1,868)	471
Derecognition of obligations/ plan assets covered by insurance companies	(579)	579	0
Employees moving from/ to other companies	(503)	503	0
Addition from acquisition of fully consolidated companies	31	0	31
Current service costs [2]	890	0	890
Past service costs [2]	(184)	0	(184)
Interest costs/income [2]	191	(72)	119
Pension payments	(1,340)	74	(1,266)
Employer contributions to plan assets	0	(599)	(599)
Employee contributions to plan assets	563	(563)	0
Balance as at Sep 30, 2022	**32,949**	**(18,935)**	**14,014**

[1] Positions recognized in other comprehensive income
[2] Positions recognized in profit or loss

Since all the pension obligations relating to the employees of Techem (Schweiz) AG which retired during the year under review are covered by the insurance company, both the present value of the funded obligation and the fair value of the plan assets were each reduced by €579 thousand in the financial year 2021/2022 (financial year 2020/2021: €745 thousand each).

The current service costs and past service costs are included in the personnel expenses. The interest costs and the returns on plan assets are included in the financial result. Remeasurements are recognized in other comprehensive income.

The breakdown of the remeasurements is as follows:

€ thousand	Sep 30, 2022	Sep 30, 2021
Actuarial gains/ losses from changes in financial assumptions	(8,020)	(495)
Actuarial gains/ losses from changes in demographic assumptions	13	(884)
Experience gains/ losses	255	377
Gains/ losses from changes related to plan assets	411	(104)
Remeasurements, recognized in other comprehensive income	**(7,341)**	**(1,106)**

The basic assumptions applied in the computation of the provisions for pensions are as follows (average values):

%	Sep 30, 2022	Sep 30, 2021
Discount rate	2.89%	0.48%
Salary increases	2.09%	1.85%
Annuity increases	0.78%	0.87%

As at September 30, 2022, an average discount rate of 3.65 percent, salary increases of 3 percent and annuity increases of 2 percent were applied to German defined benefit obligations. For defined benefit obligations of Techem (Schweiz) AG, an average discount rate of 2.3 percent, salary increases of 1.5 percent and annuity increases of 0 percent were applied as at September 30, 2022.

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

Assumption	Change in assumption	Impact on defined benefit obligation
Discount rate	Increase by 0.25 percentage points	Decrease by 2.6%
	Decrease by 0.25 percentage points	Increase by 2.9%
Salary increases	Increase by 1.0 percentage points	Increase by 0.6%
	Decrease by 1.0 percentage points	Decrease by 0.6%
Annuity increases	Increase by 1.0 percentage points	Increase by 6.1%
	Decrease by 1.0 percentage points	Decrease by 2.3%
Life expectancy	Increase by 1 year	Increase by 2.3%
	Decrease by 1 year	Decrease by 2.2%

The method applied when determining the sensitivities is consistent to that applied when calculating the obligation at the balance sheet date.

In the financial year 2021/2022, the expenses for contribution-based pension schemes amounted to €14,674 thousand (financial year 2020/2021: €13,895 thousand), thereof for the German entities €12,731 thousand (financial year 2020/2021: €12,226 thousand), mainly relating to the employer's contribution to the statutory pension scheme.

In the financial year 2022/2023, contributions to the plan assets are expected to amount to €1,221 thousand.

The weighted average duration of the pension plans is 12.5 years (financial year 2020/2021: 14.6 years).

The maturity analysis of the benefit payments is as follows:

Maturity	< 1 year	1-2 years	2-5 years	> 5 years
€ thousand	1,796	1,838	6,250	37,129

18. Equity

Share capital. As at September 30, 2022, the share capital of Techem Verwaltungsgesellschaft 671 mbH remains unchanged at €100,000 (September 30, 2021: €100,000). The share capital of the Company is divided into 49,999 shares A, 50,000 shares B and 1 share C, each having a nominal value of €1. The share capital has been paid in full.

Capital reserves. As at September 30, 2022, the capital reserves include a paid-in capital of €563,127,044 (September 30, 2021: €563,127,044).

Retained earnings. Retained earnings contain the net result of the financial year, the net results generated in the past and the cumulative other comprehensive income, consisting of exchange differences, of remeasurements of provisions for pensions as well as of income taxes on other comprehensive income.

Capital management disclosures. Among its objectives, Techem 671 Group endeavors to secure its equity base over the long-term and generate an appropriate return on capital employed. However, in this regard, the equity as per the Group's balance sheet is only an indirect management criterion, whereas revenue as well as EBIT/EBITDA are direct management criteria, whereby the Company believes that EBIT reflects the capital intensity of the business best.

The following table shows the change in equity and financial liabilities:

€ thousand	Sep 30, 2022	Sep 30, 2021	Change (%)	Oct 1, 2020
Equity attributable to owners of the parent	86,342	85,896		168,242
Non-controlling interest	0	0		0
Equity	**86,342**	**85,896**	**0.52**	**168,242**
as percentage of total equity and financial liabilities	*2.99*	*3.00*		*5.74*
Financial liabilities (current)	67,507	55,867		57,130
Financial liabilities (non-current)	2,616,942	2,604,916		2,641,659
Lease liabilities (current)	16,929	17,507		17,828
Lease liabilities (non-current)	95,541	98,388		47,737
Financial liabilities	**2,796,919**	**2,776,678**	**0.73**	**2,764,354**
as percentage of total equity and financial liabilities	*97.01*	*97.00*		*94.26*
Total equity and financial liabilities	**2,883,261**	**2,862,574**	**0.72**	**2,932,596**

Share-based payments/ management participation program (MEP). In March 2019, the main investors implemented a management participation program (MEP). This program provides an opportunity to plan participants to invest indirectly in the Group and to share in any increase in value through their own investment. For this purpose, plan participants acquire a package that consists of a portion of the shareholder loan (see note 11) as well shares A and B issued by Techem Verwaltungsgesellschaft 671 mbH. A total of 3,575 shares A and 253 shares B were sold to plan participants as at September 30, 2021. In the financial year 2021/2022 no shares were sold to plan participants. Through their investment plan participants will share in the capital proceeds generated in a future exit event (IPO or trade sale of the group). The claim represented by the investment is subject to vesting conditions which require services to be provided to the group until an exit occurs (service condition). If plan participants leave before such exit, they may forfeit all or part of their entitlement. The investment will then fall back to the investor and may be issued to other or new plan participants. The management participation program is accounted for as equity-settled share-based payment.

The fair value of the shares granted is measured at grant date. Shares A and B held under the terms of the MEP are treated as options and are valued using an option pricing model. All other assumptions were derived consistently from the impairment test. The total value of the MEP shares A and B held corresponded to the own investment made by plan participants.

For the existing plan participants of the MEP, no expenses have to be recorded either in the period, in which the share are granted, or in any future periods.

In spring 2022, the so called LTIP was launched as a further share-based program. This initially provides for an opportunity to participate on the same terms as in the MEP above. In this respect, the statements made in this regard apply.

In addition, the members of the Techem 671 Group received commitments via an exit bonus, which will be paid out in the event of defined exit scenarios. In addition to certain sale scenarios relating to the shares of Luxembourg Investment Company 261 in the Techem 671 Group, in which the main investors give at least control, the IPO of Luxembourg Investment Company 261 S.à r.l. or one of its subsidiaries is considered to be an exit. The bonus entitlement reflects participation in the increase in value of the Luxembourg Investment Company 261 and the Techem 671 Group since the respective grant date, based on an agreed basic amount. The bonus is additionally determined by a time factor. The later the exit takes place, the lower the bonus becomes ceteris paribus. Luxembourg Investment Company 261 may pay the bonus in cash or shares in Techem 671 Group.

The fair value of the bonus commitment at the grant date is based on an agreed base amount as a result of a simulation of the increase in value up to the expected exit date. Based on a starting value, which was consistently derived to the impairment test, the possible increase in value up to the assumed exit event was determined by means of a Monte Carlo simulation and the basic amount multiplied by the increase in value in %.

The derived total value for the shares held under the LTIP (including exit bonus) essentially corresponded to the plan participants' own investment. For the existing plan participants of the LTIP, no expenses have to be recorded either in the period, in which the share are granted, or in any future periods.

19. Categories of financial assets and financial liabilities

Financial assets only contain debt instruments. According to the “SPPI test”, the financial assets except for money market funds generate cash flows that are solely payments of principal and interest. Furthermore, according to the “Business model test” these financial instruments’ cash flows solely result from collecting contractual cash flows (IFRS 9.4.1.2). Therefore, the financial assets except for the money market funds are recorded at amortized costs. As the “SPPI-test” for the money market funds fails they are measured at fair value through profit or loss.

The following table provides an overview of carrying amounts and fair values of the financial instruments in the Techem 671 Group in accordance with IFRS 9 and IFRS 7:

€ thousand	Sep 30, 2022 Carrying amount	Sep 30, 2022 Fair value	Sep 30, 2021 Carrying amount	Sep 30, 2021 Fair value
Financial assets				
Category: Financial assets measured at amortized cost				
Measurement at amortized cost				
Cash and cash equivalents (excl. money market funds) [1]	28,864	28,864	41,293	41,293
Trade accounts receivable (current)	215,897	215,897	184,515	184,515
Other financial assets (current) [2]	2,411	2,411	2,099	2,099
Other financial assets (non-current)	7,429	7,429	6,843	6,843
Other financial assets (non-current) from shareholders	9,285	7,581	0	0
Category: Financial assets at fair value through profit or loss				
Measurement at fair value				
Hedging instruments not subject to hedge accounting	141	141	0	0
Financial liabilities				
Category: Financial liabilities measured at amortized cost				
Measurement at amortized cost				
Trade accounts payable (current)	48,028	48,028	49,065	49,065
Trade accounts payable (non-current)	28	28	0	0
Other financial liabilities (current) [3]	20,898	20,898	23,894	23,894
Other financial liabilities (non-current) [4]	1,416	1,416	751	751
Financial liabilities (current)	67,507	67,507	55,867	55,867
Financial liabilities (non-current)	2,616,942	2,384,910	2,604,916	2,723,075
Liabilities to shareholders (current)	49,628	49,628	46,782	46,782
Liabilities to shareholders (non-current)	1,627,142	1,292,058	1,533,834	1,636,190
Category: Financial liabilities at fair value through profit or loss				
Measurement at fair value				
Hedging instruments not subject to hedge accounting	100	100	11,238	11,238

[1] As at September 30, 2022, money market funds to the amount of €0 thousand (September 30, 2021: €0 thousand) are reported in the category „Financial assets at fair value through profit or loss".

[2] As at September 30, 2022, the balance sheet item also includes currency swaps of €141 thousand (September 30, 2021: €0 thousand), which are reported in the category „Financial liabilities at fair value through profit or loss".

[3] As at September 30, 2022, the balance sheet item also includes interest rate instruments of €64 thousand and currency swaps of €36 thousand (September 30, 2021: €11.238 thousand and €0 thousand), which are reported in the category „Financial liabilities at fair value through profit or loss".

[4] As at September 30, 2022, the balance sheet item also includes non-current trade accounts payable of €28 thousand (September 30, 2021: €0 thousand). They are reported in the category „Financial liabilities measured at amortized cost".

Non-current other financial assets are broken down as follows:

€ thousand	Sep 30, 2022		Sep 30, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade accounts receivable	2,983	2,983	1,947	1,947
Finance lease receivables	2,840	2,840	3,664	3,664
Guarantees relating to tenders	496	496	442	442
Other	1,110	1,110	790	790
Total	**7,429**	**7,429**	**6,843**	**6,843**

Non-current financial liabilities are broken down as follows:

€ thousand	Sep 30, 2022		Sep 30, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans	1,118,729	1,049,121	1,109,580	1,207,796
Notes	1,498,213	1,335,789	1,495,336	1,515,279
Total	**2,616,942**	**2,384,910**	**2,604,916**	**2,723,075**

The table below analyses financial instruments measured at fair value by fair value hierarchy in accordance with IFRS 7 and IFRS 13. The different levels have been defined as follows:

level 1: financial instruments traded in active markets for which unchanged quoted prices are taken as measurement
level 2: measurement is made by means of valuation methods with parameters derived directly or indirectly from observable market data
level 3: measurement is made by means of valuation methods with parameters that are not based on observable market data

€ thousand	Level 1	Level 2	Level 3	Total
Sep 30, 2022				
Hedging instruments not subject to hedge accounting	0	141	0	141
Financial assets	**0**	**141**	**0**	**141**
Hedging instruments not subject to hedge accounting	0	100	0	100
Financial liabilities	**0**	**100**	**0**	**100**
Sep 30, 2021				
Hedging instruments not subject to hedge accounting	0	11,238	0	11,238
Financial liabilities	**0**	**11,238**	**0**	**11,238**

For financial assets and liabilities measured at fair value, no transfers between Level 1 and 2 of the fair value hierarchy occurred in the financial year 2021/2022.

It is assumed that the fair values of all current items are approximately equivalent to their carrying amounts. The main reason for this is the short maturity of these instruments.

For non-current other financial assets, non-current trade accounts payable and non-current other financial liabilities the carrying amounts are approximately equivalent to their fair values.

The fair value of money market funds is based on quoted market prices on an active market at the balance sheet date.

The fair values of hedging instruments not subject to hedge accounting (interest rate swaps) are determined using the mark-to-market valuation method. They are then adjusted by the own credit risk of the Techem 671 Group (or the counterparty credit risk). The expected exposure to the credit risk is calculated on the basis of mark-to-market valuations made by the counterparty. To determine the credit risk or rather the probability of default and the loss given default, Techem CDS spreads are used. The credit risk is discounted using term adequate risk-free interest rates.

The fair values of the Notes are their respective quoted market prices as at September 30, 2022.

The fair value of non-current financial liabilities (loans), measured at amortized cost, is determined using the discounted cash flow method, calculating the present value of expected future cash flows. The discount rates used are term adequate risk-adjusted discount rates. The risk adjustment is made based on the CDS spreads of Techem.

The fair value of non-current liabilities to shareholders, measured at amortized cost, is determined using the discounted cash flow method, calculating the present value of expected future cash flows. The discount rate used is the internal rate of return of Techem Senior Notes as at September 30, 2022.

The respective fair values of the Notes mentioned above fall into Level 1 of the fair value hierarchy. The aforementioned fair values of the non-current financial liabilities (excluding the Notes) and non-current liabilities to shareholders are attributed to Level 2.

Net gains or losses on financial instruments of the Techem 671 Group consist of the following:

€ thousand	Financial assets measured at amortized cost	Financial assets at fair value through profit or loss	Financial liabilities measured at amortized cost	Financial liabilities at fair value through profit or loss
2021/2022				
Other expenses	(2,631)[1]	0	0	0
Financial income from shareholders	0	0	272	0
Financial income	783 [2]	141	0	11,174[4]
Finance costs	(148)	(47)	(185,659)[3]	(9,938)[5]
Net result	**(1,996)**	**(94)**	**(185,387)**	**1,236**
2020/2021				
Other expenses	(845)[1]	0	0	0
Financial income	520 [2]	0	0	11,397[4]
Finance costs	(437)	(13)	(184,269)[3]	(11,293)[5]
Net result	**(762)**	**(13)**	**(184,269)**	**104**

1) Other expenses include losses resulting from additions to valuation allowances on trade accounts receivable and contract assets and losses resulting from write-offs of trade accounts receivable and contract assets as well as gains from the reversal of valuation allowances on trade accounts receivable and contract assets.

2) Financial income includes interest income, mainly resulting from installment-based business and from finance leases, which are measured using the effective interest method.

3) Finance costs include interest expenses, mainly resulting from bank loans, shareholder loans and Notes, which are measured using the effective interest method.

4) These are gains on hedging instruments measured at fair value. For details see note 25.

5) In the financial year 2021/2022, finance costs include only interest expenses on hedging instruments measured at fair value.

The following table shows the development of loans, Notes, lease liabilities and liabilities to shareholders:

€ thousand	**Loans (non-current)**	**Financial liabilities (current)**	**Notes**	**Lease liabilities**	**Liabilities to shareholders**	**Total**
Carrying amount as at Sep 30, 2020	**1,100,382**	**57,130**	**1,541,277**	**65,565**	**1,489,975**	**4,254,329**
Proceeds from borrowings	23	40,116	0	0	0	40,139
Repayments of borrowings	(59)	(40,215)	(50,000)	0	0	(90,274)
Repayments of lease liabilities	0	0	0	(19,543)	0	(19,543)
Interest paid	0	(93,064)	0	(2,963)	0	(96,027)
Cash effective items	**(36)**	**(93,163)**	**(50,000)**	**(22,506)**	**0**	**(165,705)**
Change in scope	522	421	0	648	0	1,591
Interest expense	0	91,475	0	2,963	90,641	185,079
Additions	0	0	0	76,827	0	76,827
Disposals	0	0	0	(7,716)	0	(7,716)
Currency translation	1	4	0	114	0	119
Release of transaction costs	8,711	0	4,059	0	0	12,770
Non-cash effective items	**9,234**	**91,900**	**4,059**	**72,836**	**90,641**	**268,670**
Carrying amount as at Sep 30, 2021	**1,109,580**	**55,867**	**1,495,336**	**115,895**	**1,580,616**	**4,357,294**
Proceeds from borrowings	0	110,102	0	0	0	110,102
Repayments of borrowings	(3,971)	(100,000)	0	0	0	(103,971)
Repayments of lease liabilities	0	0	0	(20,485)	0	(20,485)
Interest paid	0	(87,707)	0	(3,100)	0	(90,807)
Cash effective items	**(3,971)**	**(77,605)**	**0**	**(23,585)**	**0**	**(105,161)**
Change in scope	3,566	1,105	0	3,210	0	7,881
Interest expense	0	88,135	0	3,100	96,154	187,389
Additions	0	0	0	14,813	0	14,813
Disposals	0	0	0	(1,149)	0	(1,149)
Currency translation	(2)	5	0	186	0	189
Release of transaction costs	9,556	0	2,877	0	0	12,433
Non-cash effective items	**13,120**	**89,245**	**2,877**	**20,160**	**96,154**	**221,556**
Carrying amount as at Sep 30, 2022	**1,118,729**	**67,507**	**1,498,213**	**112,470**	**1,676,770**	**4,473,689**

20. Revenue

€ thousand	**2021/2022**	**2020/2021**
Geographical region		
Germany	686,805	625,471
Other countries	212,824	193,147
Major product and service lines		
Energy Services		
Reading and billing services	386,401	363,031
Rental and associated service revenue	246,324	236,964
Sales	82,538	79,722
Maintenance services	39,045	37,149
Other	4,172	3,818
Energy Efficiency Solutions	141,149	97,934
Revenue	**899,629**	**818,618**

In the financial year 2021/2022, revenue recognized over time amounted to €785,265 thousand (financial year 2020/2021: €711,167 thousand) and revenue recognized at a point in time amounted to €114,364 thousand (financial year 2020/2021: €107,451 thousand).

The sources of revenue were as follows:

€ thousand	**2021/2022**	**2020/2021**
Revenue from contracts with customers	899,040	818,408
Revenue from other sources	589	210
Revenue	**899,629**	**818,618**

Revenue recognized in the financial year 2021/2022 that was included in the contract liability balance as at October 1, 2021 amounted to €52,735 thousand (October 1, 2020: €49,026 thousand).

The following table provides an overview of amounts of the transaction prices allocated to the performance obligations that are unsatisfied (or partially unsatisfied):

€ thousand	Up to one year	Between one year and five years	Between five years and ten years	Over ten years	Total
Sep 30, 2022					
Reading and billing services	87,756	158,148	62,154	425	308,483
Rental and associated service revenue	199,384	454,617	194,776	4,588	853,365
Other	1,213	2,168	80	0	3,461
Total	**288,353**	**614,933**	**257,010**	**5,013**	**1,165,309**
Sep 30, 2021					
Reading and billing services	80,326	133,961	46,729	1,614	262,630
Rental and associated service revenue	189,384	428,893	190,617	4,512	813,406
Other	753	1,362	42	0	2,157
Total	**270,463**	**564,216**	**237,388**	**6,126**	**1,078,193**

The Company has elected not to disclose transaction prices allocated to performance obligations that are unsatisfied (or partially unsatisfied) if they are part of a contract with an original expected duration of one year or less. This mainly relates to sales, maintenance agreements as well as short-term reading and billing agreements.

Furthermore, transaction prices allocated to the performance obligations that are unsatisfied (or partially unsatisfied) of the product and service line Energy Efficiency Solutions are not disclosed as permitted under IFRS 15. For these products and services, the Company recognizes revenue in the amount to which the Company has a right to invoice as it has a right to the consideration from the customer in an amount that corresponds directly with the value to the customer of its performance completed to date.

21. Capitalized internal work

€ thousand	2021/2022	2020/2021
Capitalized internal work from installation	10,148	8,265
Capitalized internal work from projects	15,353	13,431
Capitalized costs to obtain a contract and costs to fulfill a contract	4,795	4,385
Other	500	158
Capitalized internal work	**30,796**	**26,239**

Capitalized internal work from installation relates to the rental business and is capitalized within metering and other devices.

Capitalized internal work from projects refers to the internally generated intangible assets, for example development of the digital infrastructure, new device technologies in the course of the digitization process and the construction of technical facilities (see also Note 24).

22. Other income

€ thousand	**2021/2022**	**2020/2021**
Gains on cancellation of rental contracts	5,382	5,646
Gains on foreign exchange	592	391
Gains on the disposal of fixed and intangible assets	359	778
Other	4,882	3,082
Other income	**11,215**	**9,897**

The gains on foreign exchange arose primarily as a result of differences between foreign exchange rates on the dates the foreign-currency receivables/payables were recognized and those on the dates of payment or those used in remeasurement at the balance sheet date. Other income mainly includes income from acquisitions (asset deals).

23. Product expenses and purchased services

€ thousand	**2021/2022**	**2020/2021**
Material expenses	(133,536)	(109,567)
External workforce	(57,456)	(58,176)
Commercial representatives and other commissions	(2,115)	(2,050)
Replacement expenses	(1,421)	(2,686)
Research and development costs	(97)	(73)
Other	(5,827)	(6,091)
Product expenses and purchased services	**(200,452)**	**(178,643)**

24. Other expenses

€ thousand	**2021/2022**	**2020/2021**
IT	(29,990)	(30,991)
Consultancy	(20,218)	(21,652)
Travel and car expenses	(9,546)	(6,858)
Advertising and promotion	(6,018)	(6,240)
Communication costs	(4,957)	(4,643)
Property expenses	(3,380)	220
Insurances	(3,167)	(3,210)
Office costs	(2,717)	(2,173)
Valuation allowances and write-offs on receivables and contract assets	(2,631)	(845)
Research and development costs	(2,427)	(1,946)
Training and education	(2,213)	(1,333)
Recruiting	(2,010)	(1,064)
Temporary workforce	(1,880)	(1,797)
Losses on foreign exchange	(708)	(430)
Losses on the disposal of fixed and intangible assets	(111)	(48)
Other	(4,883)	(3,589)
Other expenses	**(96,856)**	**(86,599)**

[1)] in the financial year 2020/2021 shown included in "Other"

In the financial year 2021/2022, the above mentioned research and development costs amount to €2,427 thousand (financial year 2020/2021: €1,946 thousand), further research and development costs are included in personnel expenses amounting to €17,924 thousand (financial year 2020/2021: €15,693 thousand) and in product expenses amounting to

€97 thousand (financial year 2020/2021: €73 thousand). The increase in research and development costs included in personnel costs and other expenses is due to the opportunities offered by digitization. In cooperation with industrial partners, Techem develops device technologies as well as the necessary end and system devices for consumption reading, smoke detection (smoke detectors) and for automated and complete digitized stationary remote reading (digital infrastructure) as well as for remote monitoring of heating systems. In addition, Techem supports several Germany-wide research projects.

25. Financial income and finance costs

€ thousand	2021/2022	2020/2021
Gains on foreign exchange resulting from intercompany loans	2,241	1,316
Interest income	925	542
Gains on hedging instruments measured at fair value	11,315	11,397
Total financial income	**14,481**	**13,255**
Interest expense on shareholder loans	(96,154)	(90,641)
Interest expense	(55,449)	(55,541)
Interest expense on Notes	(47,611)	(52,993)
Losses on foreign exchange resulting from intercompany loans	(2,437)	(1,180)
Interest expense on provisions	(279)	(433)
Losses on hedging instruments measured at fair value	(47)	0
Other finance costs	(1)	(13)
Total finance costs	**(201,978)**	**(200,801)**
Financial income and finance costs	**(187,497)**	**(187,546)**

In the financial year 2021/2022, interest income from installment-based business amounts to €444 thousand (financial year 2020/2021: €437 thousand).

26. Income taxes

€ thousand	2021/2022	2020/2021
Current income taxes		
Germany	(34,532)	(24,751)
Other countries	(11,026)	(10,112)
Total income taxes	**(45,558)**	**(34,863)**
Deferred taxes		
Addition/ utilization or reversal of deferred taxes on tax losses carried forward	652	(131)
Tax effect from temporary differences	18,715	24,466
Total deferred taxes	**19,367**	**24,335**
Total tax expense	**(26,191)**	**(10,528)**

As the significant part of the earnings before tax is generated in Germany, the Group weighted average tax rate is 29.94 percent (see note 9).

Deferred taxes have been calculated using the relevant enacted tax rate.

Income tax liabilities amounted to €17,677 thousand as at September 30, 2022 (September 30, 2021: €9,391 thousand). Income tax liabilities increased by €8,286 thousand, as a result of the year-on-year increase in taxable income of the German Techem 672 tax group with unchanged income tax advance payments of the German Techem 672 tax group in the amount of €24,135 thousand for the financial years 2021 to 2022. On the other hand, a provision for the financial year 2021/2022 of €12,720 thousand was recorded for the German Techem 672 tax group.

For the following German companies Techem 671 mbH, Techem 672 mbH, Techem 673 mbH, Techem 674 mbH, Techem 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Energy Services GmbH, Techem Solutions GmbH, bautec Energiemanagement GmbH, Techem Verwaltungs GmbH and Techem Vermögensverwaltung GmbH & Co. KG, a tax audit will begin at the end of 2022. The main audit areas are corporation tax, trade tax and value added tax for the assessment periods 2017 to 2019.

The following table shows the reconciliation from the weighted average tax rate for the Group to the effective tax rate:

	2021/2022		2020/2021	
	€ thousand	%	€ thousand	%
Earnings before tax	**11,239**		**(72,903)**	
Expected income tax	**(3,365)**	**29.9**	**21,856**	**30.0**
Non-deductible interest expense	(29,249)	260.3	(33,493)	(45.9)
Permanent differences	(4,544)	40.4	(3,755)	(5.2)
Differences from differing tax rates	3,761	(33.5)	3,336	4.6
Change in tax rate for deferred taxes	1,085	(9.7)	1,600	2.2
Taxes unrelated to the reporting period	2,715	(24.2)	957	1.3
Reversed/ unrecognized deferred tax assets on tax losses carried forward	(528)	4.7	(672)	(0.9)
Other	3,934	(35.0)	(357)	(0.5)
Effective tax expense and tax rate	**(26,191)**	**232,9**	**(10,528)**	**(14.4)**

As a result of the German interest barrier rule, the interest expense is not tax-deductible in full. The non-deductible portion of interest expense is therefore accumulated as interest carried forward. As at September 30, 2022, the interest carried forward amounts to €419,202 thousand (September 30, 2021: €321,580 thousand). No deferred taxes were recognized on the interest carried forward due to the uncertainty that it can be used during the planning period of five years.

The permanent differences mainly relate to trade tax add-backs relating to interest expense both in the financial year 2021/2022 and in the financial year 2020/2021.

Other differences in the financial year 2021/2022 mainly result from the derecognition of deferred taxes from the elimination of temporary differences in previous years.

The changes in tax rate for deferred taxes in the financial year 2021/2022 mainly result from changes in the trade tax rate from 14.15 percent to 14.11 percent.

27. Acquisitions

In the financial year 2021/2022, all the shares in the following companies were acquired:

- ALPHA MESS Bergisch-Land Verwaltungs GmbH, Wuppertal/Germany and ALPHA MESS Bergisch-Land GmbH & Co. KG, Wuppertal/Germany, (hereinafter also referred to as “ALPHA MESS“),
- MESSWERT Unternehmen für Messdienstleistungen AG, Cologne/Germany, (hereinafter also referred to as “MESSWERT“),
- E-BS Energy Billing Service S.r.l, Castenaso (BO)/Italy, (hereinafter also referred to as “E-BS“),
- ares e-count GmbH, Berlin/Germany, (hereinafter also referred to as “ares“),
- SANNcompact GmbH, Waldsee/Germany, (hereinafter also referred to as “SANNcompact“),
- DATA REAL Meßtechnik GmbH, Berlin/Germany, (hereinafter also referred to as “DATA REAL“),
- TT Thermo Tronic GmbH, Berlin/Germany, (hereinafter also referred to as “TT“),
- Ditschun Wärmemesstechnik GmbH, Bielefeld/Germany, (hereinafter also referred to as “Ditschun“),
- Wärmemessdienst Weise GmbH, Eisenach/Germany, (hereinafter also referred to as “Weise“),
- ABZ Abrechnungs- und Beratungs-Service Einbeck GmbH, Einbeck/Germany, (hereinafter also referred to as “ABZ“),
- Dietsche GmbH Abrechnungsservice, Bad Krozingen/Germany, (hereinafter also referred to as “Dietsche“),
- Kupferschmid Abrechnungsservice GmbH, Villingen-Schwenningen/Germany, (hereinafter also referred to as “Kupferschmid“).

Furthermore, the businesses of Delta-t Messdienst Uwe Schwalm, Groß-Umstadt/Germany, (hereinafter also referred to as“Schwalm“), TN Heiz- und Betriebskosten GmbH, Berlin/ Germany, (hereinafter also referred to as“TN“), Delta-t Messdienst Ralf Paulmann, Ilsede/ Germany, (last tranche; hereinafter also referred to as “Paulmann“), and CALORSYS Magyarország Kft., Budapest//Hungary, (last tranche; hereinafter also referred to as“CALORSYS“) were acquired by way of asset deals. The main intention regarding these acquisitions is to strengthen the core business at local level. The business of ALPHA MESS, MESSWERT, E-BS, ares, SANNcompact, DATA REAL, TT, Ditschun, Weise, ABZ, Dietsche, Kupfer-schmid, Schwalm, TN, Paulmann and CALORSYS comprises primarily the reading, consumption-based billing of energy and water consumption as well as the rental and the sale of the respective devices. A purchase price totaling €68,120 thousand was paid for the acquisition of these companies.

The accounting for these acquisitions is provisional because the determination of the contractually agreed purchase prices has partly not yet been completed (as a closing balance sheet needs to be drawn up in accordance with the purchase agreement) and in case of the asset deals mainly because the transfer of part of the customer contracts is expected to take place after the balance sheet date. For the reasons mentioned, in particular the recorded amount of goodwill and the fixed and intangible assets may still change.

The following table shows the total purchase price and the net cash outflow relating to the above acquisitions:

€ thousand	Sep 30, 2022
Total purchase price	**68,120**
Less: cash and cash equivalents acquired	(5,344)
Less: offsetting with receivables against former owners	(1,301)
Less: contingent considerations[1)]	(2,695)
Add: contingent considerations paid (relating to the acquisition in the financial year 2021)	1,001
Net cash outflow relating to the acquisitions[2)]	**59,781**

1) The contingent considerations result from earn-out clauses whose occurrence depends on the level of the customer contract termination rate or on the level of revenues of the company in the years after the acquisition. The amounts were determined based on the best estimate of the expected cash outflows.
2) Significant cash outflows related with the acquisitions result from the purchase of SANNcompact (€11,794 thousand) and Ditschun (€8,333 thousand).

The breakdown of the net assets acquired is as follows:

€ thousand	Fair value
Cash and cash equivalents	5,343
Metering and other devices	15,011
Customer relationships and trademarks	51,592
Other assets (current and non-current) [1)]	8,924
Liabilities (current and non-current)	(16,015)
Deferred tax liabilities (net)	(16,205)
Net assets acquired[2)]	**48,650**
Goodwill[3)]	21,035
Correction of the gain from a bargain purchase	10
Gain from a bargain purchase[4)]	(1,575)
Total purchase price	**68,120**

1) including trade receivables (gross) of €1,788 thousand and allowances for these trade receivables of €34 thousand. The book value of these receivables correspond to their fair value.
2) The acquired net assets of SANNcompact and Ditschun mainly result from customer relationships and trademarks in the amount of €13,470 thousand and €7,681 thousand respectively, liabilities (current and non-current) in the amount of €4,681 thousand and €1,531 thousand respectively, as well as deferred tax liabilities in the amount of €3,909 thousand and €2,741 thousand respectively. Furthermore, trade receivables were acquired in the gross amount of €256 thousand and €68 thousand respectively. Allowances for these receivables were built in the amount of €5 thousand and €3 thousand. The book value of these receivables correspond to its fair value.
3) thereof €3,061 thousand of SANNcompact and €3,550 thousand of Ditschun.
4) The gain from a bargain purchase was reported in other income. The amount mainly comes from the fair value valuation of the customer relationships performed during the purchase price allocations.

The goodwill of €21,035 thousand mainly comprises intangible assets, which cannot be identified separately and mainly reflects expected future growth of earnings as a result of synergies and the increase in the market share in the respective region. It is not tax-deductible.

If the acquired companies and businesses had been part of the Techem 671 Group since October 1, 2021, Group revenues would have amounted to €903,429 thousand and Group net loss to €14,279 thousand. Since joining the Group, the acquisitions generated total revenues of €7,606 thousand and total net loss of €905 thousand in the reporting period (thereof €1.703 thousand revenues and €240 thousand net loss of SANNcompact as well as €317 thousand revenues and €84 thousand net loss of Ditschun).

Costs directly attributable to the acquisitions amounted to €879 thousand, which were recognized in other expenses.

F. OTHER DISCLOSURES

Segment reporting

The segment reporting in accordance with IFRS 8 Operating Segments is prepared due to the issuance of Notes in July 2018 by Techem Verwaltungsgesellschaft 674 mbH and the issuance of Notes in January 2020 by Techem Verwaltungsgesellschaft 675 mbH which are traded in a public market. Both companies are indirect subsidiaries of Techem Verwaltungsgesellschaft 671 mbH.

Within the segment Energy Services, the Company provides its customers, which mainly comprise service providers in the housing and real-estate industry, with measurement, sub-meter reading and billing services relating to energy and water consumption. The reading and billing services are subject to seasonal fluctuations, which impact the results of operations accordingly.

The Company rents and sells metering devices, which are necessary to provide the services. Rental contracts for the metering devices have a term of up to ten years.

The Company also offers maintenance services required for the devices. Maintenance services are included in the rental contracts. For sold devices the maintenance service is offered in separate maintenance contracts.

Techem’s supplementary services include the planning, installation and maintenance of smoke detectors. The smoke detectors are usually rented to customers. In addition, the Company offers a smoke detector service.

In addition, Techem, in cooperation with SGS Institut Fresenius, offers legionella analysis services in Germany.

The segment Energy Efficiency Solutions represents a further development of our previous segment Energy Contracting. The segment Energy Efficiency Solutions provides its customers with services in relation to the planning, financing, construction and operation of heat generation plants. The plants are maintained continuously. Gas, oil, long-distance heating and electricity are provided to the customers. In the short financial year 2020, the business unit water technology, which comprises the professional operation of water treatment facilities, was transferred from the segment Energy Services to the segment Energy Efficiency Solutions.

Consolidation entries are included under "Other".

The accounting principles applied are the same as those applied for the Group. The economic development of the Group and its segments is managed by means of financial ratios. The financial ratios relevant to the management are revenue and EBIT/EBITDA, whereby the company believes that EBIT reflects the capital intensity of the business best.

Investments in fixed assets are cash-effective additions to metering and other devices, to property, plant and equipment and to intangible assets.

Intragroup transactions are carried out at market prices.

Techem has no customer with a share in revenue exceeding 10 percent.

To obtain external segment revenues by geographical area, the revenues are allocated to the region where they were recognized. Non-current assets are reported based on their location. Non-current assets comprise metering and other devices, property, plant and equipment, intangible assets, right-of-use assets, non-current other assets and investments accounted for using the equity method.

As a result of similar economic characteristics in the form of similar EBIT-margins for products and services, similar products and services as well as similar distribution and customer structures, the operating segments Energy Services Germany and Energy Services International are aggregated into a single reportable segment.

Segment information is as follows:

€ thousand	Energy Services	Energy Efficiency Solutions	Other	Group
2021/2022				
External revenue	758,480	141,149	0	899,629
Intragroup revenue	3,086	431	(3,517)	0
Revenue	**761,566**	**141,580**	**(3,517)**	**899,629**
EBIT	**188,975**	**9,258**	**0**	**198,233**
EBITDA	**373,110**	**21,995**	**0**	**395,105**
Depreciation and impairment losses	**(184,135)**	**(12,737)**	**0**	**(196,872)**
thereof impairment losses	*(7,136)*	*(337)*	*0*	*(7,473)*
EBIT				**198,233**
Share of profit of investments accounted for using the equity method				503
Financial income				14,481
Finance costs				(201,978)
Loss before tax				**11,239**
Investments in fixed assets	**(218,196)**	**(24,900)**	**0**	**(243,096)**
2020/2021				
External revenue	720,685	97,933	0	818,618
Intragroup revenue	2,729	303	(3,032)	0
Revenue	**723,414**	**98,236**	**(3,032)**	**818,618**
EBIT	**121,924**	**(7,903)**	**0**	**114,021**
EBITDA	**348,553**	**5,913**	**0**	**354,466**
Depreciation and impairment losses	**(226,629)**	**(13,816)**	**0**	**(240,445)**
thereof impairment losses	*(7,279)*	*(488)*	*0*	*(7,767)*
EBIT				**114,021**
Share of profit of investments accounted for using the equity method				622
Financial income				13,255
Finance costs				(200,801)
Loss before tax				**(72,903)**
Investments in fixed assets	**(163,207)**	**(21,329)**	**0**	**(184,536)**

Revenue and non-current assets by region:

€ thousand	Germany	Other countries	Group
2021/2022			
Revenue	**686,805**	**212,824**	**899,629**
2020/2021			
Revenue	**625,471**	**193,147**	**818,618**
Sep 30, 2022			
Segmental non-current assets	**4,564,437**	**596,283**	**5,160,720**
Receivables from shareholders			9,285
Other financial assets			7,429
Deferred tax assets			0
Total non-current assets			**5,177,434**
Sep 30, 2021			
Segmental non-current assets	**4,521,142**	**572,180**	**5,093,322**
Other financial assets			6,843
Deferred tax assets			49
Total non-current assets			**5,100,214**

In the financial year 2021/2022, the item "Other countries" includes 97.3% of sales revenues from European countries (financial year 2020/2021: 97.4%). As at September 30, 2022, the item "Other countries" includes non-current assets from European countries of 98,1% (September 30, 2021: 98,0%).

Other financial obligations / Financial guarantees

The following table shows other financial obligations and financial guarantees except for those related to the financial liabilities (see note 13):

€ thousand	Up to one year	Between one year and five years	Over five years	Total
Sep 30, 2022				
Financial obligations due to purchase of fixed assets	10,752	0	0	10,752
Financial obligations due to purchase of intangible assets	1,918	0	0	1,918
Financial obligations due to energy supply contracts	119,625	33,221	78	152,924
Other financial obligations.....	**132,295**	**33,221**	**78**	**165,594**
Sep 30, 2021				
Financial obligations due to purchase of fixed assets	7,313	0	0	7,313
Financial obligations due to purchase of intangible assets	1,123	0	0	1,123
Financial obligations due to energy supply contracts	32,480	26,270	456	59,206
Other financial obligations.....	**40,916**	**26,270**	**456**	**67,642**

As at September 30, 2022, there are further commitments resulting from financial guarantees issued by the Techem 671 Group in the amount of €184 thousand (September 30, 2021: €804 thousand).

Concentration of risk

Credit risks. The Company offers its services to a large number of customers active in various sectors and geographical regions. The Company grants credit terms to eligible customers and believes it is not exposed to an unreasonable concentration of risks.

Imminent or actual irrecoverable receivables are accounted for by write-downs depending on the age of the receivable concerned. Several dunning stages are also used. When a certain dunning stage is reached, legal action is initiated. Furthermore, allowances for expected credit losses are recorded with respect to trade accounts receivable, contract assets, finance lease receivables and unbilled receivables.

As at September 30, 2022, the total of trade accounts receivable, including receivables from finance lease (each current and non-current), is €221,719 thousand (maximum default risk) (September 30, 2021: €190,126 thousand).

The maximum default risk arising from money market funds is their fair value and amounts to €1,486 thousand as at September 30, 2022 (September 30, 2021: €0 thousand).

Liquidity risk. The Company has secured its financing by long-term loan agreements (Term Loan B due in July 2025 and the Revolving Credit Facility due in January 2025) and the issuance of Notes (Senior Secured Notes due in July 2025 and Senior Notes due in July 2026). The budget of the Company shows a positive development of the financial position, financial result and cash flows. Therefore, the Company is not exposed to liquidity risk (see note 13).

The following table provides an overview of the maturity analysis for future cash flows of the financial liabilities. The future cash flows are undiscounted cash flows including interest payments:

€ thousand	Up to one year	Between one year and five years	More than five years	Total
Sep 30, 2022				
Financial liabilities	145,213	2,899,432	0	3,044,645
Liabilities to shareholders [1]	98,984	396,209	2,203,693	2,698,886
Trade accounts payable	48,028	0	0	48,028
Lease liabilities	20,175	49,883	64,711	134,769
Hedging instruments not subject to hedge accounting	64	0	0	64
Other financial liabilities	19,415	1,394	49	20,858
Total	**331,879**	**3,346,918**	**2,268,453**	**5,947,250**
Sep 30, 2021				
Financial liabilities	114,228	2,893,783	0	3,008,011
Liabilities to shareholders [1]	93,308	373,489	2,217,412	2,684,209
Trade accounts payable	49,065	0	0	49,065
Lease liabilities	20,406	48,030	70,592	139,028
Hedging instruments not subject to hedge accounting	11,601	2,911	0	14,512
Other financial liabilities	21,026	702	49	21,777
Total	**309,634**	**3,318,915**	**2,288,053**	**5,916,602**

[1] It is assumed that the accrued interest is paid at the end of each interest period.

Interest rate risk and interest rate management. Interest rate risks arise from the fact that a large part of the financial liabilities is subject to a floating rate of interest (see note 13). There are no risks arising from the coronavirus pandemic and the war in Ukraine.

Interest rate risk is analyzed centrally and managed by the Treasury department. Interest rate risk items are separated from the liquidity commitment in individual hedge agreements with the help of interest rate derivatives, such as interest rate swaps, and are managed as an overall portfolio to balance the risks. Interest rate derivatives are used exclusively to optimize credit terms and limit interest rate risks as part of the Company's financing strategies and are not used for trading or speculation purposes.

Hedging instruments are used in the Group to hedge interest rate risks on variable cash flows. As the swaps fix the variable cash flows on the loan, they are cash flow hedges, which are not subject to hedge accounting.

The Company pursues a conservative strategy in hedging financial risks. In accordance with internal guidelines of the Company, the use of derivatives is restricted to the hedging of existing risks. The Company only uses hedging instruments that are measurable and have a transparent risk profile.

The Indentures of the Senior Notes include termination options, which are derivatives according to IFRS. These derivates have to be separated from financial liabilities. The termination options can be exercised by the issuer of the Notes in steps until July 30, 2023, each time taking into consideration a staggered premium on the principal amount. However, the value to be recorded as at September 30, 2022, is €0 because the options are not in-the-money.

All derivatives are measured at fair value in accordance with IFRS 13. This is determined using the mark-to-market method (for interest rate swaps), including a credit risk adjustment relating to the counterparty or the Company itself (see note 19). The market values of interest rate swaps are reported as other financial liabilities.

Interest rate instruments not subject to hedge accounting. Changes in market value are recognized in the statement of profit or loss, but do not affect cash.

As at September 30, 2022, the Company had payer swaps with a total nominal value of €1,600,000 thousand related to the Facility B and the Revolving Credit Facility of the Senior Facilities Agreement, which swap the three-month EURIBOR against a four-year fixed interest rate of 0.167%. These payer swaps were fixed in 2018 with a term until October 2022. In December 2022, an interest rate cap in the amount of €440,000 thousand was concluded to partially hedge the variable-interest Facility B (€1,145,000 thousand).

The aforementioned payer swaps have the following market values and maturities:

€ thousand	Sep 30, 2022		Sep 30, 2021	
	Nominal amount	**Market value**	**Nominal amount**	**Market value**
Interest rate swaps [1]				
Up to one year	1,600,000	(64)	0	0
Between one year and five years	0	0	1,600,000	(11,238)
More than five years	0	0	0	0
Total	**1,600,000**	**(64)**	**1,600,000**	**(11,238)**

[1] In this table interest rate swaps are presented according to their contractual term. Liabilities from hedging instruments are shown under current other financial liabilities because the instruments can be cancelled at any time.

As at September 30, 2022, Facility B has been drawn down with a nominal amount of €1,145,000 thousand. In addition, the Revolving Credit Facility has been drawn down with a nominal amount of €49,931 thousand as cash. Consequently, these loans with variable interest charges are fully secured by the interest rate swaps (the interest charge is currently based on the 6-month EURIBOR plus a margin). The over-hedging amounts to €405,069 thousand. If the 3-month EURIBOR had been higher by one percentage point in the financial year 2021/2022, the Group net loss would not have changed due to the unchanged fair value of the interest rate instruments as a result of the short remaining term (all other variables remaining constant).

Currency risk and currency management. A large part of the revenues was generated in the euro-area and was not subject to major currency risks. However, currency risks may originate from loans that Techem Energy Services GmbH grants to its subsidiaries outside the euro-area as part of intercompany financings.

As at September 30, 2022, the following foreign exchange hedging instruments not subject to hedge accounting exist:

€ thousand	Sep 30, 2022		Sep 30, 2021	
	Nominal amount	**Market value**	**Nominal amount**	**Market value**
Currency swaps [1]				
Danish Krone	9,418	9,413	8,526	8,525
Swiss Franc	6,993	7,127	6,080	6,095
Bulgarian Lewa	3,119	3,119	0	0
Romanian Lei	940	930	0	0
Czech Koruna	932	936	1,200	1,196
Hungarian Forint	368	351	486	469
Total	**21,770**	**21,876**	**16,292**	**16,285**

[1] The contractual terms of the currency swaps ended in October 2022 each.

Employees

Details regarding personnel expenses are as follows:

€ thousand	**2021/2022**	**2020/2021**
Salaries and wages	216,267	201,593
Social security contributions and expenses for retirement and other benefits	32,959	33,453
Personnel expenses	**249,226**	**235,046**

	2021/2022	**2020/2021**
Average number of employees		
Germany	2,544	2,426
Other countries	1,453	1,386
Employees	**3,997**	**3,812**
Average number of employees of investments accounted for using the equity method	13	13
Total employees	**4,010**	**3,825**

Transactions with related parties

The parent company of Techem Verwaltungsgesellschaft 671 mbH is Luxembourg Investment Company 261 S.à r.l. in Luxemburg. The ultimate parent company is Partners Group Premier Access L.P., Edinburgh/Scotland.

Key management personnel of the Techem 671 Group consists of the managing directors of Techem Verwaltungsgesellschaft 671 mbH. In the financial year 2021/2022, Matthias Hartmann, Dr.-Ing. Carsten Sürig and Nicolai Kuß were still managing directors of Techem 671 mbH. They were paid by Techem GmbH and additionally had responsibilities for other Group companies.

In the financial year 2021/2022, the remuneration of the key management personnel amounted to €3,753 thousand (financial year 2020/2021: €3,556 thousand), which only comprises short-term employee benefits. The remuneration mentioned above includes outstanding payments of €2,030 thousand (financial year 2020/2021: €770 thousand), for which provisions were recognized at the balance sheet date. These outstanding payments solely relate to the variable remuneration, which is based on individual non-financial and financial performance indicators. Provisions recognized as at September 30, 2021 were fully utilized in the financial year 2021/2022. Members of the key management personnel participate in MEP and LTIP, which was set up by the main investors (see note 18). No personnel expense has to be recognized related to that participation. As part of their investment plan, key management personnel indirectly hold a portion of the shareholder loan (see note 11) in the amount of €1,193 thousand (financial year 2020/2021: €1,193 thousand).

As at September 30, 2022, Techem 671 mbH recognized non-current liabilities to shareholders amounting to €1,627,142 thousand (September 30, 2021: €1,533,834 thousand), which result from a subordinated loan between the Luxembourg Investment Company 261 S.à r.l. and Techem Verwaltungsgesellschaft 672 mbH from July 26, 2018 (see note 11), as well as a non-current receivable in the amount of €9,285 thousand (September 30, 2021: €0 thousand). The receivable relates to the utilization of the credit line in the amount of €24,258 thousand, is due in 2032 and bears an interest of 6.08 percent In the financial year 2021/2022, interest expenses in the amount of €96,154 thousand (financial year 2020/2021: €90,641 thousand) were incurred relating to the shareholder loan as well as interest income in the amount of €272 thousand was earned on the receivable. As at September 30, 2022, the current interest liabilities with regards to the shareholder loan amount to €49,628 thousand (September 30, 2021: €46,782 thousand) whereas the current interest receivables amount to €245 thousand. As at March 31, 2022, the unpaid interest of €93,308 thousand for the interest period from April 1, 2021 to March 31, 2022 was capitalized in accordance with the loan agreement (see note 11).

Auditors' fees (section 314 (1) No. 9 German Commercial Code (HGB))

In the financial year 2021/2022 , the following fees for the Group auditor, PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, are included:

€ thousand	**2021/2022**
Fees for:	
Year-end audit services	637
Other confirmation services	53
Services for tax consultancy	58
Total fees	**748**

The audit fees for year-end audit services include the fees for the audit of the stand-alone year-end accounts and the Group accounts of the Company as well as the fees for the audit of the stand-alone year-end accounts of several subsidiaries in Germany. The other confirmation services comprise the audit of the sustainability report for the financial year 2020/2021. The services for tax consultancy mainly relate to tax consultancy in connection with tax returns and tax audits.

Events after the balance sheet date

In December 2022, an interest rate cap in the amount of €440,000 thousand was concluded to partially hedge the variable-interest Facility B (€1,145,000 thousand).

Currently, the Revolving Credit Facility is utilized with €80,000 thousand in cash (September 30, 2022: €49,931 thousand).

Exemption from disclosure requirements

Techem Verwaltungsgesellschaft 671 mbH has obliged itself through a complete chain of profit-and-loss transfer agreements or letters of comfort to cover the losses of the following corporate entities so that they exercise the exemption options available under section 264 (3) German Commercial Code (HGB) with regard to disclosures in their year-end accounts for the financial year 2021/2022:

- Techem Verwaltungsgesellschaft 672 mbH
- Techem Verwaltungsgesellschaft 673 mbH
- Techem Verwaltungsgesellschaft 674 mbH
- Techem Verwaltungsgesellschaft 675 mbH
- Techem Metering GmbH
- Techem GmbH
- Techem Energy Services GmbH
- Techem Solution GmbH
- Techem X GmbH
- bautec Energiemanagement GmbH
- DMG Beteiligungsgesellschaft mbH
- BFW Ternes GmbH
- Exakta-Kalorex GmbH
- MessTech GmbH
- MATec Wolski Gesellschaft für Meß- und Abrechnungstechnik mbH
- ALPHA MESS Bergisch-Land GmbH
- MESSWERT Unternehmen für Messdienstleistungen GmbH
- ares e-count GmbH
- SANNcompact GmbH
- DATA REAL Meßtechnik GmbH
- TT Thermo Tronic GmbH
- Ditschun Wärmemesstechnik GmbH
- Wärmemessdienst Weise GmbH
- ABZ Abrechnungs- und Beratungs-Service Einbeck GmbH

These companies do not prepare notes to their financial statements (if applicable) and management reports (if applicable) and do not publish their year-end accounts.

The subsidiaries Techem Verwaltungsgesellschaft 672 mbH, Techem Verwaltungsgesellschaft 673 mbH, Techem Verwaltungsgesellschaft 674 mbH, Techem Verwaltungsgesellschaft 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Vermögensverwaltung GmbH & Co. KG, Techem Energy Services GmbH and DMG Beteiligungsgesellschaft mbH have to prepare Group financial statements. Due to the fact that their accounts are included in these Group accounts presented herewith, these subsidiaries do not have to prepare subgroup financial statements as these Group financial statements have a discharging effect in accordance with section 291 German Commercial Code.

Eschborn, December 23, 2022

Techem Verwaltungsgesellschaft 671 mbH

Matthias Hartmann | Dr.-Ing. Carsten Sürig | Nicolai Kuß

Auditor’s Report - Techem Verwaltungsgesellschaft 671 mbH, Eschborn – Consolidated financial statements for the financial year from October 1, 2021 to September 30, 2022

The following translation of the independent auditor’s report (Bestätigungsvermerk des unabhängigen Abschlussprüfers) has been issued in accordance with Section 322 of the German Commercial Code (Handelsgesetzbuch) on the consolidated financial statements and group management report (Konzernlagebericht) of Techem Verwaltungsgesellschaft 671 mbH, Eschborn, as of and for the financial year ended September 30, 2022. The group management report is neither included nor incorporated by reference in this Offering Memorandum. Please note, only the German language version of the auditor’s report including the complete set of consolidated financial statements and group management report is authoritative.

INDEPENDENT AUDITOR’S REPORT

To Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Audit Opinions

We have audited the consolidated financial statements of Techem Verwaltungsgesellschaft 671 mbH, Eschborn, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2022 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 October 2021 to 30 September 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Techem Verwaltungsgesellschaft 671 mbH for the financial year from 1 October 2021 to 30 September 2022.

In our opinion, on the basis of the knowledge obtained in the audit,

the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 September 2022, and of its financial performance for the financial year from 1 October 2021 to 30 September 2022, and

the accompanying group management report as a whole provides an appropriate view of the Group’s position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report“ section of our auditor’s report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Responsibilities of the Executive Directors for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined 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 executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

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 whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 and this group management report.

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 and of the group management report, 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 audit opinions. 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 of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 be able 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 present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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 deficiencies in internal control that we identify during our audit.

Frankfurt am Main, 23 December 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thomas Tilgner Wirtschaftsprüfer (German Public Auditor)	ppa. Samuel Artzt Wirtschaftsprüfer (German Public Auditor)

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Consolidated financial statements

for the financial year from
October 1, 2020 to September 30, 2021

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Consolidated statement of financial position as at September 30, 2021

(€ thousand)	Note	September 30, 2021 Audited	September 30, 2020 Audited
Cash and cash equivalents	**19**	41,293	153,631
Trade accounts receivable	**1, 19**	184,515	172,749
Contract assets	**1**	26,317	26,866
Other assets	**2**	19,379	14,380
Other financial assets	**2, 19**	2,099	6,842
Inventories	**4**	47,858	44,738
Income tax receivables		1,514	623
Total current assets		**322,975**	**419,829**
Metering and other devices	**5**	353,299	335,727
Property, plant and equipment	**6**	121,812	109,538
Intangible assets	**7**	4,491,097	4,556,888
Right-of-use assets	**14**	111,370	62,947
Investments accounted for using the equity method	**8**	5,625	5,403
Other assets	**3**	10,119	10,925
Other financial assets	**3, 19**	6,843	7,404
Deferred tax assets	**9**	49	111
Total non-current assets		**5,100,214**	**5,088,943**
Total assets		**5,423,189**	**5,508,772**
Trade accounts payable	**19**	49,065	43,881
Contract liabilities	**10**	53,103	49,137
Liabilities to shareholders	**10, 19**	46,782	44,099
Sundry liabilities	**10**	6,706	11,086
Other financial liabilities	**10, 19**	35,132	49,428
Financial liabilities	**12, 19**	55,867	57,130
Lease liabilities	**14, 19**	17,507	17,828
Other provisions	**15**	36,608	31,799
Income tax liabilities	26	9,391	86,374
Total current liabilities		**310,161**	**390,762**
Financial liabilities	**13, 19**	2,604,916	2,641,659
Lease liabilities	**14, 19**	98,388	47,737
Contract liabilities	**11**	4,015	4,423
Liabilities to shareholders	**11, 19**	1,533,834	1,445,876
Sundry liabilities	**11**	276	329
Other financial liabilities	**11, 19**	751	1,393
Provisions for pensions	**17**	21,892	24,616
Other provisions	**16**	10,680	12,878
Deferred tax liabilities	**9**	752,380	770,857
Total non-current liabilities		**5,027,132**	**4,949,768**
Share capital	**18**	100	100
Capital reserves	**18**	563,127	563,127
Retained earnings	**18**	(477,331)	(394,985)
Equity attributable to owners of the parent		**85,896**	**168,242**
Non-controlling interest		**0**	**0**
Total equity	**18**	**85,896**	**168,242**
Total liabilities and equity		**5,423,189**	**5,508,772**

(The accompanying notes are an integral part of these financial statements.)

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Consolidated statement of profit or loss and other comprehensive income (consolidated statement of comprehensive income) for the financial year from October 1, 2020 to September 30, 2021

(€ thousand)	Note	October 1, 2020 – September 30, 2021 Audited	April 1, 2020 – September 30, 2020 Audited
Statement of profit or loss			
Revenue	**20**	818,618	317,126
Capitalized internal work	**21**	26,239	8,840
Other income	**22**	9,897	4,405
Product expenses and purchased services	**23**	(178,643)	(57,258)
Personnel expenses		(235,046)	(109,126)
Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets		(240,445)	(116,694)
Other expenses	**24**	(86,599)	(41,869)
Earnings before interest and tax (EBIT)		**114,021**	**5,424**
Share of profit of investments accounted for using the equity method	**8**	622	180
Financial income	**25**	13,255	1,321
Finance costs	**25**	(200,801)	(100,157)
Loss before tax		**(72,903)**	**(93,232)**
Income taxes	**26**	(10,528)	10,431
Net loss		**(83,431)**	**(82,801)**
Attributable to:			
- Owners of the parent		(83,431)	(82,865)
- Non-controlling interest		0	64
Other comprehensive income			
Net loss		**(83,431)**	**(82,801)**
Exchange differences		244	(2,169)
Other comprehensive income that is recycled through the statement of profit or loss on specified event		**244**	**(2,169)**
Remeasurements of provisions for pensions	**17**	1,106	(2,413)
Income taxes on other comprehensive income		(265)	656
Other comprehensive income that is not recycled through the statement of profit or loss		**841**	**(1,757)**
Total other comprehensive income		**1,085**	**(3,926)**
Total comprehensive income		**(82,346)**	**(86,727)**
Attributable to:			
- Owners of the parent		(82,346)	(86,714)
- Non-controlling interest		0	(13)
Total comprehensive income		**(82,346)**	**(86,727)**

(The accompanying notes are an integral part of these financial statements.)

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Consolidated statement of cash flows for the financial year from October 1, 2020 to September 30, 2021

(€ thousand)	Note	October 1, 2020 – September 30, 2021 Audited	April 1, 2020 – September 30, 2020 Audited
Cash flows from operating activities			
Loss before tax		**(72,903)**	**(93,232)**
Share of profit of investments accounted for using the equity method		(622)	(180)
Financial income		(13,255)	(1,321)
Finance costs		200,801	100,157
Earnings before interest and tax (EBIT)		**114,021**	**5,424**
Depreciation on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets		232,678	113,431
Impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets		7,767	3,263
EBITDA		**354,466**	**122,118**
Adjusted for:			
Gains on disposal of fixed and intangible assets		(730)	(202)
Loss on sale of subsidiary		51	0
Subtotal		**353,787**	**121,916**
Changes in working capital		**(9,115)**	**52,288**
Changes in trade accounts receivable		(2,474)	21,230
Changes in contract assets		823	67,691
Changes in unbilled receivables		(9,098)	(14,627)
Changes in inventories		(3,181)	(12,078)
Changes in trade accounts payable		4,815	(9,928)
Changes in other receivables		**535**	**(5,552)**
Changes in tax claims (energy tax)		(283)	(1,005)
Changes in tax claims (VAT)		(2,560)	190
Changes in prepaid expenses		(306)	(635)
Changes in non-current operating receivables		513	720
Changes in other receivables		3,171	(4,822)
Changes in other liabilities		**(7,835)**	**(32,491)**
Changes in salaries and wages		(11)	(297)
Changes in other tax liabilities		(3,951)	(4,137)
Changes in deferred income		(120)	0
Changes in contract liabilities		2,626	(37,858)
Changes in other liabilities		(6,379)	9,801
Changes in provisions		**379**	**(4,359)**
Changes in maintenance service provisions		246	(257)
Changes in provisions for personnel expenses		3,134	(3,381)
Changes in pension provisions		(1,669)	(737)
Changes in warranty provisions		(259)	220
Changes in provisions for restructuring		(260)	(1,055)
Changes in provisions for legal fees		(118)	(40)
Changes in other provisions		(695)	891
Cash generated by operating activities		**337,751**	**131,802**
Income taxes paid		(112,933)	(17,895)
Net cash generated by operating activities		**224,818**	**113,907**

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Consolidated statement of cash flows for the financial year from October 1, 2020 to September 30, 2021 (cont'd)

(€ thousand)	Note	October 1, 2020 – September 30, 2021 Audited	April 1, 2020 – September 30, 2020 Audited
Net cash generated by operating activities		**224,818**	**113,907**
Cash flows from investing activities			
Change in fixed and intangible assets		**(146,202)**	**(58,946)**
Purchase of fixed and intangible assets		(148,622)	(59,811)
Proceeds from disposal of fixed and intangible assets		2,420	865
Changes in investments and loans		**400**	**500**
Dividends received from investments accounted for using the equity method	**8**	400	500
Changes in the scope of consolidation		**(26,184)**	**0**
Cash outflow from acquisition of subsidiaries	**27**	(25,873)	0
Cash outflow from disposal of subsidiaries		(311)	0
Cash flows used in investing activities		**(171,986)**	**(58,446)**
Free Cash Flow		**52,832**	**55,461**
Cash flows from financing activities			
Net change in debt		**(69,678)**	**(70,042)**
Proceeds from borrowings	**13, 19**	40,139	90,000
Repayments of borrowings	**13, 19**	(90,274)	(150,000)
Repayments of lease liabilities	**14, 19**	(19,543)	(10,042)
Finance cost paid/ financial income received		**(95,511)**	**(47,908)**
Interest paid	**19**	(96,027)	(45,524)
Interest received		516	297
Transaction cost relating to Refinancing	**13**	0	(2,681)
Net cash used in financing activities		**(165,189)**	**(117,950)**
Change in cash and cash equivalents		**(112,357)**	**(62,489)**
Cash and cash equivalents at the beginning of the period		**153,631**	**216,405**
Currency effects of cash and cash equivalents		19	(285)
Cash and cash equivalents at the end of the period		**41,293**	**153,631**

(The accompanying notes are an integral part of these financial statements.)

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Consolidated statement of changes in equity for the financial year from October 1, 2020 to September 30, 2021

(€ thousand)	Note	Share capital	Capital reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total equity
		Audited	**Audited**	**Audited**	**Audited**	**Audited**	**Audited**
Balance as at April 1, 2020	**18**	**100**	**563,127**	**(308,271)**	**254,956**	**13**	**254,969**
Net loss		0	0	(82,865)	**(82,865)**	64	**(82,801)**
Other comprehensive income		0	0	(3,849)	**(3,849)**	(77)	**(3,926)**
Exchange differences		*0*	*0*	*(2,092)*	***(2,092)***	*(77)*	***(2,169)***
Remeasurements of provisions for pensions		*0*	*0*	*(2,413)*	***(2,413)***	*0*	***(2,413)***
Income taxes on other comprehensive income		*0*	*0*	*656*	***656***	*0*	***656***
Balance as at September 30, 2020	**18**	**100**	**563,127**	**(394,985)**	**168,242**	**0**	**168,242**
Balance as at October 1, 2020	**18**	**100**	**563,127**	**(394,985)**	**168,242**	**0**	**168,242**
Net loss		0	0	(83,431)	**(83,431)**	0	**(83,431)**
Other comprehensive income		0	0	1,085	**1,085**	0	**1,085**
Exchange differences		*0*	*0*	*244*	***244***	*0*	***244***
Remeasurements of provisions for pensions		*0*	*0*	*1,106*	***1,106***	*0*	***1,106***
Income taxes on other comprehensive income		*0*	*0*	*(265)*	***(265)***	*0*	***(265)***
Balance as at September 30, 2021	**18**	**100**	**563,127**	**(477,331)**	**85,896**	**0**	**85,896**

(The accompanying notes are an integral part of these financial statements.)

Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Notes to the consolidated financial statements

for the financial year from
October 1, 2020 to September 30, 2021

A. THE COMPANY

Techem Verwaltungsgesellschaft 671 mbH (hereinafter also referred to as "Techem 671 mbH") was incorporated on April 13, 2018. Its object is the administration of its own assets. Techem 671 mbH is registered in the commercial register in Frankfurt a. M./Germany with the registration number HRB 111571.

The head office of Techem 671 mbH is located in Eschborn/Germany (Hauptstraße 89, 65760 Eschborn).

The business activities of the Techem Verwaltungsgesellschaft 671 mbH Group (hereinafter also referred to as "Company", "Group" or "Techem 671 Group") comprise the two business segments Energy Services and Energy Efficiency Solutions (formerly Energy Contracting). The Group is a service provider for smart and sustainable buildings. The business segment Energy Services offers consumption-based billing services using metering and other devices with a focus on the reduction in process and energy costs as well as the increase in energy efficiency and the avoidance of CO_2 emissions. The business segment Energy Efficiency Solutions provides solutions for professional energy management in the market segments of housing and commercial property.

The parent company of Techem 671 mbH is Luxembourg Investment Company 261 S.à r.l., Luxemburg. The ultimate parent company is Partners Group Premier Access L.P., Edinburgh/Scotland.

B. BASIS OF PRESENTATION

These consolidated financial statements incorporate the financial statements of Techem 671 mbH and its subsidiaries. In the previous year, the balance sheet date was changed to the 30th of September as it corresponds better to the Company's business model (this resulted in a short financial year from April 1, 2020 to September 30, 2020). A year-on-year comparison of the financial information of Techem 671 mbH and its subsidiaries is only possible to a limited extend as the current financial year 2020/2021 includes twelve months while the comparative period comprises only six months. The short financial year 2020 contains the months with the lower revenues within the annual cyclical development of Techem's business.

The consolidated financial statements of Techem 671 Group for the year ended September 30, 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the European Union (EU). In addition, the supplementary regulations in accordance with section 315(e) German Commercial Code have been applied. In accordance with IFRS, the consolidated financial statements have generally been prepared using the historical cost measurement basis. In line with IFRS, a different basis has been used in the measurement of purchase price allocations, money market funds, financial instruments, leases, provisions for pensions and other post-employment benefits.

The measurement of assets and liabilities and the disclosure of contingent assets and liabilities at the relevant balance sheet dates, as well as the amount of income and expenses for the period under review, are influenced by estimates and assumptions made in the preparation of the consolidated financial statements in accordance with IFRS. Although these estimates and assumptions have been made with the best knowledge of the management of the Company (specifically in the case of accrued revenues, provisions and intangible assets), actual figures may ultimately vary from these estimates.

Unless stated otherwise, all amounts are shown in thousands of Euros (€ thousand). Rounding may lead to discrepancies of ± one unit in the tables.

All standards of the IASB and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which have to be applied in the EU, that were subject to mandatory application as at September 30, 2021, have been applied by the Company in its consolidated financial statements.

An amendment of the authorized consolidated financial statements after issue is possible in case of major errors.

The following table presents a revised standard which has to be applied for the first time in the financial year 2020/2021:

Standard		**Date of mandatory application** [1]	**Adopted by EU Commission** [2]	**Impact**
IFRS 16	Amendments to IFRS 16 Leases – Covid-19-Related Rent Concessions	Jun 1, 2020	Yes	no significant impact

[1] For financial years commencing on or after this date
[2] As at December 10, 2021

The above mentioned revised standard has no significant impact on the financial statements of the Company in the financial year 2020/2021.

The following new or revised standards and annual improvements to standards have been published. However, they must be applied for the first time for financial years beginning on or after January 1, 2021 and have not been applied early by the Company:

Standard		**Date of mandatory application** [1]	**Adopted by EU Commission** [2]	**Impact**
IAS 1	Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	Jan 1, 2023	Outstanding	no significant impact
IAS 1	Amendments to IAS 1 Presentation of Financial Statements – Disclosure of Accounting Policies	Jan 1, 2023	Outstanding	no significant impact
IAS 8	Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	Jan 1, 2023	Outstanding	no significant impact
IAS 12	Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Jan 1, 2023	Outstanding	no significant impact
IAS 16	Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use	Jan 1, 2022	Yes	N.A.
IAS 37	Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts: Cost of Fulfilling a Contract	Jan 1, 2022	Yes	no significant impact
IFRS 3	Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework	Jan 1, 2022	Yes	no significant impact
IFRS 4	Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9	Jan 1, 2021	Yes	N.A.
IFRS 9/ IAS 39/ IFRS 7/ IFRS 4/ IFRS 16	Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases – Interest Rate Benchmark Reform – Phase 2	Jan 1, 2021	Yes	no significant impact
IFRS 16	Amendments to IFRS 16 Leases – Covid-19-Related Rent Concessions beyond 30 June 2021	Apr 1, 2021	Yes	no significant impact
IFRS 17	Insurance Contracts	Jan 1, 2023	Yes	N.A.
IFRS 17	Amendments to IFRS 17 Insurance Contracts - Initial Application of IFRS 17 and IFRS 9: Comparative Information	Jan 1, 2023	Outstanding	N.A.
	Annual Improvements 2018-2020	Jan 1, 2022	Yes	no significant impact

[1] For financial years commencing on or after this date
[2] As at December 10, 2021

All the above mentioned new or revised standards and annual improvements to standards, which have an impact on the Company will be applied by the Company as soon as application is mandatory.

C. ACCOUNTING PRINCIPLES

Principles of consolidation. Techem 671 mbH and all German and non-German subsidiaries which can be controlled directly or indirectly by Techem 671 mbH are included in the consolidated financial statements. Subsidiaries are all entities which are controlled by the Techem 671 Group. The Techem 671 Group controls an entity when it has power over the entity, when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the variable returns.

Investments in associates over which the Company has significant influence are accounted for using the equity method.

All single-entity financial statements fully consolidated into the Techem 671 Group are prepared in accordance with uniform accounting policies.

Subsidiaries acquired by the Company are accounted for using the acquisition method. The acquisition costs are equivalent to the fair value of the assets given up on the date of acquisition. For each business combination the assets, liabilities and contingent liabilities identified as part of the business combination are measured at their fair values on the date of acquisition regardless of the extent of the non-controlling interest. The excess of acquisition costs over the Group's share in the fair value of the net assets is recognized as goodwill. If the Group's share in the fair value of the net assets exceeds the acquisition cost, the remaining excess from a bargain purchase is recognized in the statement of profit or loss. Costs directly attributable to the acquisition are recognized in the statement of profit or loss.

When the Group sells shares in a subsidiary and ceases to have control, the difference between the book value of the subsidiary (from a Group perspective) and the disposal proceeds (after deducting costs of disposal) are recognized in the statement of profit or loss. In addition, any amounts previously recognized in other comprehensive income relating to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to the statement of profit or loss.

Consolidation of an entity begins on the date on which control over the entity is obtained by the Company. It ceases when the Group loses that control.

All intercompany gains and losses, revenue, income and expenses, loans, receivables and payables, provisions, contingent liabilities and other financial obligations are eliminated. Deferred taxes are recognized using the liabilities method for all temporary differences between the assets and liabilities tax bases and their carrying amounts.

Basis of consolidation and shareholdings	Shareholding %
Techem Verwaltungsgesellschaft 672 mbH, Eschborn/Germany (hereinafter also referred to as „Techem 672 mbH“)	100.0
Techem Verwaltungsgesellschaft 673 mbH, Eschborn/Germany (hereinafter also referred to as „Techem 673 mbH“)	100.0
Techem Verwaltungsgesellschaft 674 mbH, Eschborn/Germany (hereinafter also referred to as „Techem 674 mbH“)	100.0
Techem Verwaltungsgesellschaft 675 mbH, Eschborn/Germany (hereinafter also referred to as „Techem 675 mbH“)	100.0
Techem Metering GmbH, Eschborn/Germany	100.0
Techem Energie GmbH, Eschborn/Germany	100.0
Techem GmbH, Eschborn/Germany	100.0
Techem Energy Services GmbH, Eschborn/Germany	100.0
Techem Solutions GmbH, Eschborn/Germany	100.0
bautec Energiemanagement GmbH, Eschborn/Germany	100.0
Techem Verwaltungs GmbH, Eschborn/Germany	100.0
Techem Vermögensverwaltung GmbH & Co. KG, Eschborn/Germany	100.0
Techem X GmbH, Eschborn/Germany	100.0
DMG Beteiligungsgesellschaft mbH, Eschborn/Germany (formerly: GWE Gesellschaft für wirtschaftliche Energieversorgung mbH)	100.0
BFW Ternes GmbH, Cologne/Germany	100.0
Exakta-Kalorex GmbH, Heppenheim/Germany	100,0
MessTech GmbH, Krumbach/ Germany	100,0
MATec Wolski Gesellschaft für Meß- und Abrechnungstechnik mbH, Berlin/ Germany	100,0
Energieversorgungsgesellschaft Klinikum Ludwigsburg mbH, Ludwigsburg/Germany [1)]	33.33
Techem Messtechnik Ges.m.b.H., Innsbruck/Austria	100.0
Techem Wassertechnik Ges.m.b.H., Wels/Austria	100.0
VERmax Messtechnik GmbH, Wels/Austria	100,0
Techem Energy Services B.V., Breda/Netherlands	100.0
Techem (Schweiz) AG, Urdorf/Switzerland	100.0
„Techem” Techniki Pomiarowe Sp. z o.o., Poznan/Poland	100.0
Techem Services Sp. z o.o., Katowice/Poland	100.0
Techem S.r.l., Rome/Italy	100.0
Techem Kft., Budapest/Hungary	100.0
Techem Services EOOD, Sofia/Bulgaria	100.0
Techem spol. s r.o., Prague/Czech Republic	100.0
Techem AB, Helsingborg/Sweden	100.0
Techem spol. s r.o., Bratislava/Slovakia	100.0
Techem Calorlux S.à r.l., Bereldange/Luxemburg	100.0
Caloribel S. A., Brussels/Belgium	100.0
Techem Energy Services S.R.L., Bucharest/Romania	100.0
Techem do Brasil Serviços de Medição de Àgua Ltda., São Paulo/Brazil	100.0
Techem Danmark A/S, Aarhus/Denmark	100.0
Techem Energy Services Middle East FZCO, Dubai Silicon Oasis, Dubai/United Arab Emirates[2)]	100.0
Techem Energy Services LLC, Dubai/United Arab Emirates [3)]	49.0
Techem SAS, Le Plessis Robinson/France	100.0
Techem Norge AS, Oslo/Norway	100.0
Techem Energy Services S.L., Madrid/Spain	100.0

[1)] Consolidated using the equity method
[2)] In liquidation
[3)] The subsidiary is fully consolidated since according to contractual agreements between the shareholders Techem 671 Group has control.

Changes to the basis of consolidation

During the financial year 2020/2021 the Company made the following changes to the basis of consolidation:

- With a deed dated September 18, 2020, the merger of APJAR-TEVYB s.r.o., Novy Jicin/Czech Republic into Techem spol. s r.o., Prague/Czech Republic was decided for October 1, 2020.
- With a deed dated October 8, 2020, the liquidation of Techem Energy Services India Private Limited, Pune/India, was completed.
- With effect from November 16, 2020, all shares of Kalorex Gesellschaft mbH, Griesheim/Germany and Exakta Wärme- und Wasserzähler Service GmbH, Heppenheim/Germany were acquired. With a merger agreement dated July 6, 2021, Kalorex Gesellschaft mbH was merged into Exakta Wärme- und Wasserzähler Service GmbH. Finally, Exakta Wärme- und Wasserzähler Service GmbH was renamed into Exakta-Kalorex GmbH, Heppenheim/Germany.
- On December 7, 2020, all shares in Techem Sverige AB, Malmö/Sweden were sold. The transaction resulted in a loss of €51 thousand, which was reported in other expenses.

- Effective December 16, 2020, all shares in VERmax Messtechnik GmbH, Wels/Austria, were acquired.

- On January 4, 2021, all shares in MessTech GmbH, Krumbach/Germany, were acquired.

- On January 5, 2021, all shares in maz mess- und abrechnungs-zentrale gmbh, Oberhausen/Germany, were acquired. maz was merged into BFW Ternes GmbH, Cologne/Germany, on June 9, 2021.

- Effective May 18, 2021, all shares in MATec Wolski Gesellschaft für Meß- und Abrechnungstechnik mbH, Berlin/Germany, were acquired.

During the short financial year 2020 the Company made the following changes to the basis of consolidation:

- With a certificate of incorporation dated April 30, 2020, Techem Energy Services GmbH, Eschborn/Germany founded Techem X GmbH, Eschborn/Germany. The two companies have a profit and loss transfer agreement since July 3, 2020. Techem X is part of the German tax group.

Currency translation. The functional currency of each subsidiary is its local currency. As a result, financial information from foreign subsidiaries is translated to Euros as follows: balance sheet figures are translated at the middle rates on the balance sheet date, equity is translated at the historical rates, and profit or loss figures are translated at average rates for the financial year. Currency translation gains or losses are recognized directly in other comprehensive income.

Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date. Gains and losses resulting from such transactions and from the translation at the closing rate of monetary assets and liabilities managed in foreign currency are recognized in the statement of profit or loss.

D. ACCOUNTING POLICIES

The balance sheet items are broken down into current and non-current items, non-current items being items for which the maturity is expected to exceed twelve months.

Cash and cash equivalents. The Company deems all highly liquid financial investments with an original maturity of up to three months to be cash equivalents. These cash equivalents are primarily favorable bank balances realizable at short notice. Additionally, money market funds are included in cash equivalents. These are recognized at fair value through profit or loss (market value), as the "contractual cash flow characteristics test" according to IFRS 9 fails. Gains and losses are recognized in the statement of profit or loss as financial income or finance costs when they are incurred. For cash and cash equivalents, a valuation allowance for expected credit losses is recognized in accordance with the General Approach of IFRS 9.

Trade accounts receivable, contract assets, other assets and other financial assets. Current and non-current receivables (trade accounts receivable, other assets and other financial assets) and contract assets are measured at fair value on the date of recognition and subsequently at amortized cost using the effective interest method (including receivables from installment-based business). The Group applies the Simplified Approach according to IFRS 9 for the calculation of expected credit losses. Therefore, billed trade accounts receivable, contract assets, finance lease receivables and unbilled receivables are subject to allowances for expected credit losses over their entire term. To determine the expected credit losses and incurred losses trade accounts receivable are arranged into groups based on their maturity and are appropriately impaired based on their age.

Most of the Company's installment-based business is in Eastern Europe. The receivables from installment-based business are recognized at their present values.

The Group enters into finance leases as lessor. These leases are primarily leases of heat generation plants and other machinery. To account for these leases, the Company recognizes a receivable equal to the present value of the minimum lease payments. Payments by the lessee are treated as repayment of principal and financial income.

Costs to fulfill a contract result from costs accrued in order to align them with the corresponding recognition of revenue for certain products. The costs to fulfill a contract are recognized as other assets. These are amortized over the contract term and released in the statement of profit or loss into product expenses and purchased services.

Inventories. Inventories are reported at the lower of cost and net realizable value. The cost of inventories is determined mainly on the basis of a weighted average. Potential losses resulting from obsolete or non-saleable inventories are accounted for by means of appropriate write-downs.

Metering and other devices and property, plant and equipment. Metering and other devices comprise devices, which are used in the rental business (including, for example, heat cost allocators, water meters, heat meters, smoke detectors and other devices, which are installed on the customers' premises and used as means for the provision of Techem billing services), devices transferred for use and own tools. Metering and other devices are recognized at cost plus installation costs reduced by depreciation in accordance with IAS 16.

Property, plant and equipment are recognized at cost reduced by depreciation. Gains or losses on the disposal of property, plant and equipment are recognized as other income or other expenses.

Any subsidies received are deducted from the cost of the property, plant and equipment concerned and are recognized over the useful life of the related asset by way of a reduced depreciation charge.

The estimated useful lives used as the basis for straight-line depreciation (pro rata temporis) are as follows:

	Estimated useful life (years)
Metering and other devices	6 to 15
Office furniture and equipment, machinery	2 to 24
Buildings	20 to 50
Leasehold improvements	2 to 20 (or shorter lease term)

If a customer acquires, by corresponding payment, legal title of the metering and other devices when cancelling the rental contract, resulting gains or losses on this disposal are accounted for as other income or other expenses.

Compensatory payments made by the customer when cancelling the rental contract are recognized as other income, if the legal title of the metering and other devices is not transferred to the customer. Provided that the Company does not have any alternative use for the metering devices, their residual values are impaired.

Intangible assets. Purchased intangible assets are recognized at cost.

If the requirements under IAS 38 are satisfied, internally generated intangible assets are also recognized at cost. The costs of internally generated intangible assets mainly include, depending on the project, capitalized own work of employees and the costs of the support by external partners. These mainly result from the implementation, conception, test and project organization phases of the projects.

Intangible assets are primarily amortized on a straight-line basis (pro rata temporis) over the following useful lives:

	Estimated useful life (years)
Software, licenses and technology	2 to 24
Customer relationships/customer agreements	13 to 50
Costs to obtain a contract	approx. 4 to 15
Other trademarks	3 to 15

The classification of the trademark Techem as an intangible asset with an indefinite useful life is based on the fact that Techem has existed as a trademark since 1952. Brand awareness of Techem is very high in the market and Techem does not plan to abandon this trademark. Nevertheless, this classification is verified once a year.

Costs to obtain a contract result from variable remuneration of internal staff and from sales or agency commissions to third parties in connection with the conclusion of customer contracts. The costs to obtain a contract are recognized as intangible asset and presented in a separate asset category in the Group financial statements. The costs are amortized on a straight-line-basis over the minimum contract term. For contracts that can be terminated by the customer without penalty at any time, the contract term explicitly stated in the contract is considered the minimum contract term in that context.

Right-of-use assets and lease liabilities. Leases where the Group is the lessee are recognized as a right-of-use asset and corresponding liability at the date on which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company’s incremental borrowing rate.

Payments relating to short-term leases of machinery, where the Group is the lessee, are recognized as an expense in the statement of profit or loss.

Recoverability of non-current assets. Property, plant and equipment and other non-current assets, including intangible assets, are tested for impairment as soon as events highlight, or there are indicators, that the carrying amount exceeds the recoverable amount. An impairment loss is recognized equal to the amount by which the carrying amount of an asset exceeds its recoverable amount, the recoverable amount being the higher of fair value less costs of disposal or the value in use of the asset concerned. The value in use is defined as the present value of estimated future cash flows to be derived from an asset or a cash generating unit (CGU). In accordance with IFRS 13, the fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For the purposes of determining an impairment, assets are grouped together into the smallest group for which separate cash flows can be identified.

Goodwill, trademark Techem as well as software in progress, which is not yet available for use, are subject to an impairment test at least once a year and are not subject to straight-line amortization. The impairment test is carried out for groups of CGUs. Goodwill, the trademark Techem as well as software in development are measured at their original cost less any accumulated impairment. Impairment losses recognized for goodwill are not reversed.

Investments accounted for using the equity method. Associates are accounted for using the equity method and are recognized initially at acquisition cost. After the date of acquisition, the Company’s share of the result from an associate, which is recognized in their statements of profit or loss, is recognized in the Group statement of profit or loss and it increases or decreases the carrying amount of the investment. The Company’s share of the result from an associate, which is recognized in their statements of other comprehensive income, is recognized in the Group statement of other comprehensive income and it increases or decreases the carrying amount of the investment. If the Company’s share of losses in an associate exceeds its interest in them, further losses are not recognized, unless the Company has incurred obligations on behalf of the associate. The carrying amount of the investment accounted for using the equity method is reduced by profit distributions made by the associate.

Non-current accounts receivable. Non-current non-interest-bearing accounts receivable are recognized at present value. For non-current accounts receivable, a valuation allowance for expected credit losses is recognized in accordance with the Simplified Approach of IFRS 9.

Deferred taxes. Deferred taxes are calculated using the liabilities method. Deferred tax assets or deferred tax liabilities are recognized for temporary differences between the carrying amounts in the consolidated financial statements and the corresponding tax accounts, the result of which will be a future tax refund or tax expense. Deferred tax assets on losses carried forward are recognized to the extent that it is probable that there will be an available taxable profit against which the temporary difference can be applied.

Deferred tax assets or liabilities are calculated using the tax rates expected to apply to the taxable income in the years in which these temporary differences are expected to reverse. If there is a change in the tax rates, the effect on the deferred tax assets and/or liabilities is recognized in the statement of profit or loss in the period in which the new tax rate is enacted.

Provisions. Provisions for pensions and other post-employment benefits are determined in accordance with IAS 19 using the actuarial projected unit credit method. This method takes into account, in particular, the current long-term capital market interest rate and current assumptions regarding future salary and annuity increases in addition to biometric calculation bases. In accordance with IAS 19, the remeasurements of the provisions for pensions are recognized directly in other comprehensive income. The interest element in the pension expense is reported under finance costs.

With the exception of the other personnel-related provisions calculated in accordance with IAS 19, all other provisions are recognized on the basis of IAS 37, providing there is a present legal or constructive obligation as a result of a past event, an outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. The amount recognized is determined based on the full amount required to settle the probable obligation. Non-current provisions are discounted. The interest element is reported under finance costs.

Liabilities. At the time of recognition, liabilities are measured at fair value. They are then subsequently measured at amortized cost using the effective interest method. Non-current non-interest-bearing liabilities are discounted. Liabilities denominated in foreign currencies are translated at the closing rate.

Derivative financial instruments and hedging. In accordance with IFRS 9, all derivative financial instruments are recognized on the balance sheet at fair value in accordance with IFRS 13. On the trade date of a derivative, it is determined whether this derivative is an instrument to maintain fair value, to hedge a planned transaction or to hedge against future cash flow fluctuations relating to a recognized asset or a liability.

Changes in the fair value of the interest rate instruments and the foreign exchange hedging instruments of the Company are recognized as financial income and finance costs. In these financial statements, the term “hedging instrument” is used from a purely economic perspective and not based on the definition of IFRS 9.

Fair value of financial instruments. The fair value of cash and cash equivalents, current receivables and current liabilities is virtually the same as their respective carrying amounts. The fair value of the money market funds and the Notes is based on quoted market prices on active markets at the balance sheet date. The fair value of derivatives is equivalent to their fair value at the balance sheet date that is calculated based on observable market data according to IFRS 13. The fair values of the non-current financial liabilities (except for the Notes) and the non-current liabilities to shareholders are determined in accordance with IFRS 13 (see note 19).

Share-based payment. Under the terms of a management participation program, which was set up by one of its main investors, employees of the Techem 671 Group (including the most senior management) were given the opportunity to invest indirectly into the Group with their own cash. This participation program is deemed to be a share-based payment arrangement. It is classified as equity-settled and accounted for in accordance with IFRS 2.

Any expense arising from an equity-settled share-based payment scheme is recognized as personnel expense in profit or loss with a corresponding credit to equity. The distribution of the expense is based on the grant date fair value. This fair value will not change later, i.e. it will not be updated for changes in expectations underlying its determination.

The recognition of expense over time is determined by the vesting conditions of the participation program, particularly service and exit conditions. Exit conditions are classified as non-market vesting conditions.

Borrowing costs. In accordance with IAS 23, borrowing costs are capitalized and thereafter amortized over the useful life of the asset. Borrowing costs, which are not subject to IAS 23, are expensed in the period in which they are incurred.

Research and development. Research costs are expensed as incurred. Costs incurred as part of development projects (mainly being software development) are recognized as intangible assets, if it is considered probable that the project will be commercially successful, is technically feasible and the costs can be reliably determined. Other development costs that do not satisfy these criteria are expensed as incurred.

Recognition of revenue from major business activities. The majority of the contracts with customers in the Group are fixed-price agreements, under which the Group acts as principal. Revenue is measured at the fixed transaction price agreed in the contracts with customers. As the Group uses the practical expedient of IFRS 15, the transaction price is only adjusted for the effects of a significant financing component if the expected period between when the Company transfers goods or services to the customer and when the customer pays for those goods or services is more than one year. In the Group, this can be applicable for installment sales.
Some contracts in the Group include multiple performance obligations. In this case, the transaction price is allocated to each performance obligation based on the relative stand-alone selling prices. If they are not directly observable, they are estimated based on the expected cost plus a margin approach.
For all major products listed below, payment terms may be in advance or in arrears.

Reading and billing services
Under reading and billing agreements, the Company provides reading and billing services based on actual consumption figures. Revenue from reading and billing services is recognized over time as the performance does not create an alternative use to the customer and the Company has an enforceable right to payment for performance completed to date. Revenue for reading and billing services is accrued, using an output-based method of measuring the progress towards complete satisfaction of this performance obligation, to an amount equivalent of the cost of services already rendered plus a profit margin. The calculation is based on the percentage of completion of the billing process of the flats as at the balance sheet date.

If the reading and billing services rendered by the Company are not completed to date and exceed the payment received from the customer, a contract asset is recognized. If the payments received from the customer exceed the services rendered by the Company, a contract liability is recognized.

In the context of some reading and billing agreements, payments from the Company to the customer occur to replace a current agreement with a competitor. This consideration payable to a customer is recognized as other asset in the statement of financial position and released as a reduction of revenue in the statement of profit or loss over the contract term as, with these payments, no distinct good or service is acquired from the customer.

Rental and maintenance services
Under rental agreements, the Company rents meters to customers for a specific period and ensures functionality and operability of the meters during the contractual term. Under maintenance agreements, functionality and operability of the meters are ensured for the customer's meters during the contractual term. Revenue from rental and maintenance services is recognized over time as the customer simultaneously receives and consumes the benefits provided by the Company as the Company performs. The revenue is recognized using an output-based measure of progress towards complete satisfaction of these performance obligations on a straight-line basis over the contractual term.

If rental or maintenance services rendered by the Company exceed the payment received from the customer, a receivable is recognized as the Company's right to consideration is unconditional. If the payments received from the customer exceed the services rendered by the Company, a contract liability is recognized.

In the context of some rental agreements, payments from the Company to the customer occur to replace a current rental agreement with a competitor. This consideration payable to a customer is recognized as other asset in the statement of financial position and released as a reduction of revenue in the statement of profit or loss over the contract term to the extent that no distinct good or service is acquired from the customer. A distinct good or service only exists in the case of the acquisition of functioning meters from a competitor upon payment to the customer and if these meters are used by the Company to provide services to the customer. In that case, the payment to the customer is recognized in the position metering and other devices up to the fair value of the acquired meters.

Sales
Revenue from the sale of goods is recognized at a point in time when control of the goods has been transferred to the customer, being upon delivery. For goods sold, the Company only provides assurance type warranties which do not exceed the legal requirements.

If the goods have been delivered by the Company before the payment is received from the customer, a receivable is recognized as the Company's right to consideration is unconditional. If the payments are received from the customer before the goods have been delivered by the Company, a contract liability is recognized.

Energy Efficiency Solutions (formerly Energy Contracting)
With the segment Energy Efficiency Solutions, the Company mainly delivers energy (e.g. heat or cooling) to customers. The revenue from energy deliveries is recognized over time based on output, as the customer simultaneously receives and consumes the benefits of the energy provided by the Company as the Company performs. The revenue is recognized in an amount that corresponds directly with the value to the customer of the Company's performance completed to date.

If Energy Efficiency Solutions services rendered by the Company exceed the payment received from the customer, a receivable is recognized as the Company's right to consideration is unconditional. If the payments received from the customer exceed the services rendered by the Company, a contract liability is recognized.

Expected deductions from revenue (e.g. cash discounts, quantity or trade discounts, non-contractual deductions) have been recognized.

Revenue is reported net of value-added tax and also net of the abovementioned deductions.

Estimations and assumptions. The preparation of the consolidated financial statements under IFRS requires assumptions and estimates to be made, which can have an impact on the valuation and disclosure of assets and liabilities, income and expenses, as well as contingent liabilities.

The Company expects that the measures to contain Covid-19 will have no significant impact on the estimations and assumptions of Techem. The influence factors resulting from the Covid-19 pandemic are taken into account within the risk assessment (see section F. OTHER DISCLOSURES - "Concentration of risk").

The fair values of the assets, which were identified and valued or revalued as a result of purchase price allocations, are based on various assumptions, such as the future cash flows of the assets as per the business plan, the assumed royalty rate and the relevant discount rates, adjusted for the Company's business risk.

The revenue from energy deliveries of the segment Energy Efficiency Solutions as well as the corresponding costs are determined based on a calculation model, which calculates sales and purchase volumes partially taking into consideration certain estimations (e.g. degree days, utilization rates).

Assumptions and estimations also relate to the accounting and measurement of provisions. For non-current provisions, the discount rate is an important estimate. It is based on market yields of high-quality, fixed-rate corporate bonds observable on the financial markets at the balance sheet date. For pension provisions, assumptions about life expectancy, future salary and pension increases are made.

Valuation allowances on trade accounts receivable are recognized based on their ageing structure. Additionally, receivables which have been passed to lawyers for recovery are written down. The valuation allowances are calculated using percentages based on historical experience. Currently, future-oriented information plays a minor role.

Allowances for expected credit losses are recorded for billed trade accounts receivable, contract assets, finance lease receivables and unbilled receivables, based on percentages which reflect the historical write-offs. Allowances for expected credit losses on favorable bank balances are based on percentages which have been determined based on the default risks of the respective banks.

The recoverability of goodwill and the trademark Techem is assessed based on the future cash flows as per the business plan of the groups of cash generating units using a discount rate adjusted for the business risk. For further information see note 7.

The useful lives and amortization periods of customer relationships are determined based on historical data. For detailed information see note 7.

Deferred tax assets are recognized to the extent that the recoverability of future tax benefits is probable. The actual usability of deferred tax assets depends on the future actual taxable profit situation. This situation may differ from the estimations at the date of capitalization of the deferred tax assets.

When determining the fair value of financial instruments, assumptions are used that, among other things, are derived from observable market data. For detailed information see note 19.

The valuation of interest and foreign exchange derivatives is dependent on future interest and exchange rate developments and assumptions on which these are based.

Through their investment in the management participation program (MEP), employees of Techem 671 Group will share in the proceeds generated in a future exit event. Since the related claim is based on the value of the company and its equity, respectively, the MEP is considered a share-based payment within the scope of IFRS 2. In addition, beyond a rather typical investment of shareholders, the MEP provides for vesting conditions that link the claim to the provision of continued services to the Group up to the time of exit. Therefore, the participation program is accounted for as a share-based payment under IFRS 2 in the consolidated financial statements of the Company.

The future payouts in any of the various exit scenarios will be made to plan participants based on conditions that are equally applicable to all shareholders for the instruments held. Instruments are settled according to a predefined order. Neither the exit scenarios nor the leaver scenarios, result in any stand-alone obligation for the Techem 671 Group to settle the MEP, which should be accounted for as a liability under IFRS 2. Therefore, the MEP is classified as equity-settled. Expenses related to the MEP are only recognized to the extent that a benefit was granted to plan participants beyond their original investment. The Company has determined the fair values of the MEP investments at the respective grant dates and compared it to the cash invested by plan participants. Ultimately, the plan participants invested at fair value at inception date. No benefit was granted to the plan participants. For further details of the valuation, see note 18.

Further explanations concerning estimations and assumptions on which the preparation of this annual report is based are made within the relevant notes.

All assumptions and estimations made are based on the circumstances as at the balance sheet date. The actual future circumstances may differ. When this occurs the assumptions are adjusted, and if applicable, the book values of the respective assets and liabilities are also adjusted.

Change in estimate of revenue and cost accrual – segment Energy Efficiency Solutions

As part of continuously improving the processes of the Group and strengthening its internal controls, the intra-annual performance recording and reporting of the segment Energy Efficiency Solutions (EES) was reviewed and additional analytical tools were implemented. Techem's EES business model includes the purchase of energy (e.g. electricity, gas, etc.) from suppliers, which is mostly supplied to the customers in the form of heat through heat generation facilities. Monthly instalments are paid to suppliers and received from customers on a linear basis. However, in the income statement, the relevant revenues and the related costs are mainly accrued and recorded pursuant to a method of estimation which reflects the seasonal nature of energy consumption and heat supply. The improvement of the processes showed that, on the basis of the information available as a result, more detailed estimates relating to the actual energy consumptions and deliveries are achievable. As a result, a refined calculation model was applied to the accrual of revenues and costs for the financial year ending September 30, 2021. The resulting cumulative effects on the financial statements as of and for the year ended September 30, 2021 are a reduction in total comprehensive income in the low single-digit million range. The effects of the change in these accounting estimates on subsequent periods cannot be disclosed ex-ante, as these depend on future energy consumption and deliveries as well as other parameters that cannot be forecast.

E. STATEMENT OF FINANCIAL POSITION AND PROFIT OR LOSS DISCLOSURES

1. Trade accounts receivable and contract assets

The current trade accounts receivable and contract assets are as follows:

€ thousand	Sep 30, 2021	Sep 30, 2020
Billed receivables	76,399	73,648
Unbilled receivables	110,338	101,271
Finance lease receivables [1]	956	944
Valuation allowances	(3,178)	(3,114)
Trade accounts receivable, net	**184,515**	**172,749**
Contract assets	26,383	26,945
Valuation allowances	(66)	(79)
Contract assets, net	**26,317**	**26,866**

[1] See note 14

Unbilled receivables mainly represent revenue from equipment rental and maintenance agreements as well as energy supply agreements (e.g. heat and cooling). These services have been rendered but have not yet been billed at the balance sheet date.

Contract assets mainly represent unbilled revenue from reading and billing services. These services have partially been rendered but have not yet been completed at the balance sheet date.

In the financial year 2020/2021, receivables in the amount of €905 thousand were written off (short financial year 2020: €460 thousand). These are included in other expenses. No contract assets were written off in the financial year 2020/2021 (short financial year 2020: €0).

The following table shows the maturity breakdown for billed receivables:

€ thousand	Receivables, gross	Credit loss rate	Valuation allowances for expected credit losses [1]
Sep 30, 2021			
Not yet overdue	34,573	0.3%	87
Up to 30 days overdue	12,169	0.7%	88
31 to 90 days overdue	14,147	0.4%	52
91 to 180 days overdue	4,313	13.5%	582
Over 180 days overdue	11,197	18.5%	2,072
Billed receivables	**76,399**		**2,881**
Sep 30, 2020			
Not yet overdue	30,815	0.6%	170
Up to 30 days overdue	25,971	0.7%	171
31 to 90 days overdue	5,974	0.7%	39
91 to 180 days overdue	3,014	18.8%	567
Over 180 days overdue	7,874	23.0%	1,813
Billed receivables	**73,648**		**2,760**

[1] According to the Simplified Approach

In the financial year 2020/2021, the valuation allowances on unbilled receivables and finance lease receivables amount to €297 thousand (credit loss rate: 0.3%). In the short financial year 2020, the valuation allowances on unbilled receivables and finance lease receivables amounted to €354 thousand (credit loss rate: 0.4%).

The non-current trade accounts receivable consist of the following positions:

€ thousand	Sep 30, 2021	Sep 30, 2020
Trade accounts receivable [1]	2,000	1,949
Finance lease receivables [2]	3,820	4,464
Valuation allowances	(209)	(253)
Total	**5,611**	**6,160**

[1] For the short financial year 2020, assets amounting to €574 thousand were reclassified to other non-current financial assets.
[2] See note 14

The non-current trade accounts receivable mainly result from installment-based business in Eastern Europe, with a term of more than one and up to ten years.

The changes in the valuation allowances on trade accounts receivable were as follows:

€ thousand	2020/2021	2020
Valuation allowances at the beginning of the period	**(3,367)**	**(2,869)**
Additions to valuation allowances	(2,052)	(1,503)
Reduction of valuation allowances [1]	2,097	995
Change in scope	(62)	0
Currency translation	(3)	10
Valuation allowances at the end of the period [2]	**(3,387)**	**(3,367)**

[1] Including amounts written-off as uncollectable and valuation allowances released
[2] Including valuation allowances on non-current receivables

The valuation allowances of €3,387 thousand (short financial year 2020: €3,367 thousand) relate to the segment Energy Services amounting to €2,821 thousand (short financial year 2020 €2,788 thousand) and to the segment Energy Efficiency Solutions amounting to €566 thousand (short financial year 2020 €579 thousand).

The changes in the valuation allowances on contract assets were as follows:

€ thousand	2020/2021	2020
Valuation allowances at the beginning of the period	**(79)**	**(256)**
Additions to valuation allowances	(87)	(29)
Reduction of valuation allowances [1]	102	206
Change in scope	(2)	0
Valuation allowances at the end of the period	**(66)**	**(79)**

[1] Including amounts written-off as uncollectable and valuation allowances released

2. Other assets and other financial assets – current

€ thousand	Sep 30, 2021	Sep 30, 2020
Prepaid expenses	8,648	7,344
Energy tax	4,641	4,358
Value-added tax claims	2,882	316
Payments to customers	1,699	1,136
Other assets recognized from costs incurred to fulfill a contract with a customer	565	523
Other tax receivables	444	338
Advances paid	299	241
Other	201	124
Other assets	**19,379**	**14,380**
Guarantees relating to tenders	426	512
Receivables from advances	400	339
Accounts payable with debit balance	273	5,246
Receivables from guarantee claims	223	310
Receivables from refunds	47	55
Other	730	380
Other financial assets	**2,099**	**6,842**

No impairment losses were recognized on the other assets recognized from costs incurred to fulfill a contract with a customer in the financial year 2020/2021 (short financial year 2020: €0).

3. Other assets and other financial assets – non-current

€ thousand	Sep 30, 2021	Sep 30, 2020
Payments to customers	4,691	3,683
Prepaid insurance premiums	2,688	3,637
Accrued transaction costs from refinancing	1,920	2,598
Other assets recognized from costs incurred to fulfill a contract with a customer	652	789
Other	168	218
Other assets	**10,119**	**10,925**
Trade accounts receivable and finance lease receivables [1) 2)]	5,611	6,160
Guarantees relating to tenders	442	460
Other	790	784
Other financial assets	**6,843**	**7,404**

[1)] Including valuation allowances on trade accounts receivable and finance lease receivables, see notes 1 and 14
[2)] For the short financial year 2020, assets amounting to €574 thousand were reclassified from non-current trade accounts receivable and finance lease receivables to other positions of other non-current financial assets

Prepaid insurance premiums, with a maturity date 31 July 2025, cover risks in conjunction with the acquisition of the Techem Metering Group. These costs are released pro rata temporis until the end of maturity in the statement of profit or loss. The current portion of the prepaid insurance premiums of €949 thousand (September 30, 2020: €949 thousand) are recognized under current prepaid expenses.

Accrued transaction costs from refinancing relate to the Revolving Credit Facility, which has been drawn down in cash in the amount of €40,000 thousand as at September 30, 2021 (September 30, 2020: €40,000 thousand) (see note 13). These costs are released pro rata temporis until the end of maturity (January 2025) in the statement of profit or loss. The current portion of the accrued transaction costs from refinancing of €678 thousand (September 30, 2020: €678 thousand) are recognized under current prepaid expenses.

4. Inventories

€ thousand	Sep 30, 2021	Sep 30, 2020
Raw materials and supplies	879	921
Merchandise	48,517	45,075
Inventories, gross	**49,396**	**45,996**
Valuation allowances	(1,538)	(1,258)
Inventories, net	**47,858**	**44,738**

In the financial year 2020/2021, a total of €734 thousand (short financial year 2020: €85 thousand) was written off and recognized in the statement of profit or loss. The inventory write-offs and valuation allowances are reported under product expenses and purchased services.

Appropriate write-downs are recognized on obsolete or non-saleable inventories.

5. Metering and other devices

€ thousand	
Cost	
Cost, balance as at Apr 1, 2020	**433,602**
Additions	36,434
Reclassifications	24
Currency translation	2
Disposals	(8,086)
Cost, balance as at Sep 30, 2020	**461,976**
Change in scope	5,471
Additions	91,190
Reclassifications	29
Currency translation	(87)
Disposals	(25,794)
Cost, balance as at Sep 30, 2021	**532,785**
Depreciation and impairment	
Depreciation and impairment, balance as at Apr 1, 2020	**97,069**
Additions	34,652
Impairment losses	2,540
Currency translation	(1)
Disposals	(8,011)
Depreciation and impairment, balance as at Sep 30, 2020	**126,249**
Additions	72,537
Impairment losses	6,486
Change in scope	(137)
Currency translation	(83)
Disposals	(25,566)
Depreciation and impairment, balance as at Sep 30, 2021	**179,486**
Carrying amounts	
Metering and other devices carrying amount as at Apr 1, 2020	336,533
Metering and other devices carrying amount as at Sep 30, 2020	335,727
Metering and other devices carrying amount as at Sep 30, 2021	353,299

Changes in scope in the financial year 2020/2021 amounting to €5,806 thousand results from the acquisition of subsidiaries. For further details, see note 27. The disposal of the subsidiary Techem Sverige AB, Malmö/Sweden in the financial year 2020/2021 resulted in a total change in scope of -€198 thousand.

The impairment losses in the amount of €6,486 thousand (short financial year 2020: €2,540 thousand) relate to the impairment of metering devices, mainly resulting from their regular exchange or due to cancellations of rental contracts during the financial year 2020/2021. In the financial year 2020/2021, impairment losses amounting to €6,433 thousand (short financial year 2020:

€2,538 thousand) relate to the segment Energy Services and €53 thousand (short financial year 2020: €2 thousand) relate to the segment Energy Efficiency Solutions.
All impairment losses relating to metering and other devices are included in the position "Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets" of the statement of profit or loss.

6. Property, plant and equipment

€ thousand	Land and buildings	Machinery	Office furniture and equipment	Work in progress	Subsidies	Total
Cost						
Cost, balance as at Apr 1, 2020	**899**	**95,385**	**11,456**	**14,424**	**(1,403)**	**120,761**
Additions	109	1,466	2,122	6,876	0	10,573
Reclassifications	0	5,295	720	(6,039)	0	(24)
Currency translation	0	(5)	(83)	(2)	0	(90)
Disposals	0	(228)	(689)	(166)	0	(1,083)
Cost, balance as at Sep 30, 2020	**1,008**	**101,913**	**13,526**	**15,093**	**(1,403)**	**130,137**
Change in scope	2	29	(77)	6	0	(40)
Additions	281	6,551	5,458	14,124	(10)	26,404
Reclassifications	335	7,857	1,096	(9,317)	0	(29)
Currency translation	0	1	49	0	0	50
Disposals	(151)	(2,267)	(1,698)	(249)	3	(4,362)
Cost, balance as at Sep 30, 2021	**1,475**	**114,084**	**18,354**	**19,657**	**(1,410)**	**152,160**
Depreciation and impairment						
Depreciation and impairment, balance as at Apr 1, 2020	**153**	**11,309**	**4,076**	**0**	**(180)**	**15,358**
Additions	42	3,888	2,168	0	(56)	6,042
Impairment losses	0	74	0	0	0	74
Currency translation	0	(4)	(67)	0	0	(71)
Disposals	0	(134)	(670)	0	0	(804)
Depreciation and impairment, balance as at Sep 30, 2020	**195**	**15,133**	**5,507**	**0**	**(236)**	**20,599**
Change in scope	0	0	(90)	0	0	(90)
Additions	117	8,068	4,383	0	(113)	12,455
Impairment losses	19	414	14	0	0	447
Currency translation	0	1	32	0	0	33
Disposals	(150)	(1,369)	(1,580)	0	3	(3,096)
Depreciation and impairment, balance as at Sep 30, 2021	**181**	**22,247**	**8,266**	**0**	**(346)**	**30,348**
Carrying amounts						
PPE carrying amount as at Apr 1, 2020	746	84,076	7,380	14,424	(1,223)	105,403
PPE carrying amount as at Sep 30, 2020	813	86,780	8,019	15,093	(1,167)	109,538
PPE carrying amount as at Sep 30, 2021	1,294	91,837	10,088	19,657	(1,064)	121,812

Changes in scope in the financial year 2020/2021 amounting to €97 thousand results from the acquisition of subsidiaries. For further details, see note 27. The disposal of the subsidiary Techem Sverige AB, Malmö/Sweden, in the financial year 2020/2021, resulted in a total change in scope of -€47 thousand.

The subsidies include investment subsidies and grants paid to Techem Solutions GmbH, which reduce the cost of the corresponding property, plant and equipment. The reduction in cost is recognized over the useful life of the related asset by way of a reduced depreciation charge.

In the financial year 2020/2021, impairment losses amount to €447 thousand (short financial year 2020: €74 thousand). In the financial year 2020/2021, €414 thousand relate to the segment Energy Efficiency Solutions and €33 thousand relate to the segment Energy Services, while in the short financial year 2020 all the impairment losses related to the segment Energy Efficiency Solutions.

All impairment losses relating to property, plant and equipment are included in the position "Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets" of the statement of profit or loss.

7. Intangible assets

€ thousand	Goodwill	Customer relationships	Software, licenses and other intangible assets	Costs to obtain a contract	Software in development	Total
Cost						
Cost, balance as at Apr 1, 2020	**2,379,935**	**2,163,268**	**351,483**	**20,398**	**19,636**	**4,934,720**
Additions	0	0	1,569	3,144	8,092	12,805
Reclassifications	0	0	3,081	0	(3,081)	0
Currency translation	(1,503)	(311)	(180)	(10)	(9)	(2,013)
Disposals	0	0	(702)	(595)	(299)	(1,596)
Cost, balance as at Sep 30, 2020	**2,378,432**	**2,162,957**	**355,251**	**22,937**	**24,339**	**4,943,916**
Change in scope	9,130	19,810	318	0	0	29,258
Additions	0	0	10,091	5,678	15,258	31,027
Reclassifications	0	0	15,163	0	(15,163)	0
Currency translation	335	48	30	(28)	2	387
Disposals	0	0	(4,556)	(1,828)	(41)	(6,425)
Cost, balance as at Sep 30, 2021	**2,387,897**	**2,182,815**	**376,297**	**26,759**	**24,395**	**4,998,163**
Amortization and impairment						
Amortization and impairment, balance as at Apr 1, 2020	**124,106**	**163,999**	**33,712**	**3,548**	**0**	**325,365**
Additions	0	49,391	10,490	2,503	0	62,384
Impairment losses	0	0	649	0	0	649
Currency translation	0	(28)	(42)	(9)	0	(79)
Disposals	0	0	(696)	(595)	0	(1,291)
Amortization and impairment, balance as at Sep 30, 2020	**124,106**	**213,362**	**44,113**	**5,447**	**0**	**387,028**
Additions	0	99,051	21,284	5,975	0	126,310
Impairment losses	0	0	21	0	0	21
Change in scope	0	(13)	(22)	0	0	(35)
Currency translation	0	4	(5)	(26)	0	(27)
Disposals	0	0	(4,403)	(1,828)	0	(6,231)
Amortization and impairment, balance as at Sep 30, 2021	**124,106**	**312,404**	**60,988**	**9,568**	**0**	**507,066**
Carrying amounts						
Intangible assets carrying amount as at Apr 1, 2020	2,255,829	1,999,269	317,771	16,850	19,636	4,609,355
Intangible assets carrying amount as at Sep 30, 2020	2,254,326	1,949,595	311,138	17,490	24,339	4,556,888
Intangible assets carrying amount as at Sep 30, 2021	2,263,791	1,870,411	315,309	17,191	24,395	4,491,097

The position software, licenses and other intangible assets also includes the trademarks. As at September 30, 2021, the trademark Techem has a book value of €214,615 thousand (September 30, 2020: €214,586 thousand) and has an indefinite useful life. Other trademarks have a book value amounting to €580 thousand as at September 30, 2021 (September 30, 2020: €291 thousand). They have a useful life of mainly 15 years. In addition, it also includes technologies and software, which were identified as a result of the acquisition of the Techem Metering Group. They amount to €49,747 thousand as at September 30, 2021 (September 30, 2020: €57,813 thousand). Furthermore, this position includes internally generated intangible assets. As at September 30, 2021, the carrying amount of internally generated intangible assets is €41,173 thousand (additions: €15,785 thousand; disposals: -€32 thousand; cumulative historical cost: €52,091 thousand; amortization and impairment: €3,700 thousand; disposal amortization: -€0 thousand; cumulative amortization: €10,918 thousand). As at September 30, 2020, the carrying amount of internally generated intangible assets was €29,120 thousand (additions: €5,540 thousand; disposals: -€43 thousand; cumulative historical cost: €36,338 thousand; amortization and impairment: €1,734 thousand; disposal amortization: -€19 thousand; cumulative amortization: €7,218 thousand).

Change in scope in the financial year 2020/2021 amounting to €29,429 thousand results from the acquisition of subsidiaries. For further details, see note 27. The disposal of the subsidiary Techem Sverige AB, Malmö/Sweden in the financial year 2020/2021 resulted in a total change in scope of -€136 thousand.

In the financial year 2020/2021, impairment losses amount to €21 thousand (short financial year 2020: €649 thousand) and relate to other intangible assets of the segment Energy Efficiency Solutions. In the short financial year 2020, all impairment losses related to other intangible assets of the segment Energy Services.

All impairment losses relating to intangible assets are included in the position "Depreciation and impairment losses on metering and other devices, property, plant and equipment, intangible assets and right-of-use assets" of the statement of profit or loss.

The carrying amounts of customer relationships, recognized in the financial statements of the Group, arise from the following companies:

€ thousand	**Remaining useful life (years)**	**Sep 30, 2021**	**Sep 30, 2020**
Techem Energy Services GmbH, Germany	approx. 19	1,722,741	1,814,214
Techem Solutions GmbH, Germany	approx. 10	29,651	32,667
BFW Ternes GmbH, Germany	approx. 49	18,548	18,930
bautec Energiemanagement GmbH, Germany	approx. 19	11,626	12,243
Techem SAS, France	approx. 21	10,698	11,211
Techem Messtechnik Ges.m.b.H., Austria	approx. 21	10,576	11,084
Techem (Schweiz) AG, Switzerland	approx. 21	9,247	9,726
Techem Danmark A/S, Denmark	approx. 21	8,701	9,106
Techem S.r.l., Italy	approx. 21	8,624	9,038
Other companies	approx. 21 to 50	39,999[1)]	21,376
Total		**1,870,411**	**1,949,595**

[1)] Including customer relationships from acquisitions in the financial year 2020/2021, for further details see note 27

The useful life of the customer relationships is between 13 to 50 years, based on historical customer loyalty.

In accordance with IAS 36, goodwill and other intangible assets with an indefinite useful life (trademark Techem) as well as software in progress, which is not yet available for use, are subject to an annual impairment test at the balance sheet date. If there are new indicators during the course of a year that a group of CGUs ("cash generating unit") may be impaired, an additional impairment test is carried out for this group of CGUs.

The impairment test is carried out as described below:

The goodwill as well as the other intangible assets with an indefinite useful life are assigned to the appropriate groups of CGUs. Energy Services Germany, Energy Services International and Energy Efficiency Solutions each represent one group of CGUs. The classification of groups of CGUs follows the internal control structure of management.

For each group of CGUs, the recoverable amount is determined. The recoverable amount is measured as the higher of a CGU's fair value less costs of disposal and its value in use. If the carrying amount of a group of CGUs exceeds the calculated recoverable amount an impairment loss must be recognized.

Energy Services Germany. The recoverable amount of Energy Services Germany is determined on the basis of value in use. The future cash flows of this group of CGUs are calculated based on the five-year plan of Energy Services Germany. The cash flows for subsequent periods are based on the assumption of a 1.0 percent growth rate (as in the previous year) and a constant cost ratio. These future cash flows are then discounted to present value. The discount rate used (weighted average cost of capital – "WACC") was determined using the capital asset pricing model ("CAPM") and results in a weighted average rate before tax of 6.05 percent for the group of CGUs Energy Services Germany (short financial year 2020: 6.58 percent).

The five-year plan of Energy Services Germany is based on the following assumptions:

- The growth in revenue results from a systematic further development of the existing products as well as from an extension of the existing product portfolio and services. Thereby, positive effects are also expected from future regulatory measures relating to climate change.
- This growth is slowed down by a contract termination rate that corresponds to the market conditions. The average increase in prices of services is in line with moderate market developments.
- In addition to the increasing revenue, quality improvements and cost savings have a positive impact on EBIT as a result of the optimization of internal activities and the digitalization of operating processes within the value-enhancing program *ENERGIZE-T*.
- The planned investments are based on a regular replacement of metering devices and smoke detectors and a moderate increase resulting from new business. Investments will mainly be made in metering devices as well as smoke detectors and SMART readers, which are operated using radio technology. As a result, the plan includes an increase in depreciation on metering and other devices.

As at September 30, 2021, the recoverable amount of Energy Services Germany exceeds its carrying amount by €808,984 thousand.

The key assumptions, on the basis of which the recoverable amount of Energy Services Germany was determined, are as follows:

%	**Sep 30, 2021**	**Sep 30, 2020**
WACC before tax	6.05	6.58
Sustainable growth rate	1.00	1.00
Planned growth in EBIT (average in the five-year plan)	20.17	20.37
Planned growth in EBITDA (average in the five-year plan)	9.08	8.56

The following table shows all the changes in key assumptions, which are assumed to be reasonably possible by the management of the Company, in order for the recoverable amount to be equal to the carrying amount as at September 30, 2021. The sensitivity analysis assumes that only one key assumption changes while the other key assumptions remain unchanged.

Percentage points	**Sep 30, 2021**	**Sep 30, 2020**
WACC before tax	+0.94	+0.73
Planned growth in EBIT (average in the five-year plan)	-7.77	-5.45
Planned growth in EBITDA (average in the five-year plan)	-2.65	-1.73

No other reasonably possible changes in key assumptions were identified, by which the carrying amount of this group of CGUs would exceed its recoverable amount.

Energy Services International. The recoverable amount of Energy Services International is determined on the basis of value in use. The future cash flows of this group of CGUs are calculated based on the five-year plan of Energy Services International. The cash flows for subsequent periods are based on the assumption of a 1.0 percent growth rate (as in the previous year) and a constant cost ratio. These future cash flows are then discounted to present value. The discount rate used (weighted average cost of capital – "WACC") was determined using the capital asset pricing model and results in a weighted average rate before tax of 6.57 percent for the group of CGUs Energy Services International (short financial year 2020: 7.65 percent).

The five-year plan of Energy Services International is based on the following assumptions:

- In the mature international markets, a slight but constant growth is expected. This growth is driven by price increases in some countries while other countries are faced with price pressure.
- For some countries, a stronger growth is expected in the next five years as a result of the introduction of the European Energy Efficiency Directive (EED), especially beginning with the financial year 2021/2022 in Spain and Poland and beginning with the financial year 2022/2023 in France.
- Additional growth is expected through a strengthening of the sales team as well as the introduction of new products in some countries (e.g. EV car charging) as well as from future regulatory measures relating to climate change.
- The main driver of the growth in EBIT is the market growth in the EU countries as a result of the introduction of the EED. In addition, cost savings are expected in the next five years, for example through reduced reading costs as a result of the increase in remote reading (Techem Smart System, hereinafter also referred to as TSS), which will be reflected in the results in the coming years and will be tracked in the Operational Excellence program.
- The planned investments are based on the regular replacement of metering devices in the respective countries and increased investments in rental equipment as a result of the EED waves mentioned above and the TSS roll-out. This results in an increase in annual depreciation.

All the changes in key assumptions, which are assumed to be reasonably possible by the management of the Company, were examined and no cases were identified, by which the carrying amount of this group of CGUs would exceed its recoverable amount.

Energy Efficiency Solutions. The recoverable amount of Energy Efficiency Solutions is determined on the basis of fair value less costs of disposal, which are assumed to be 1 percent of the fair value. To calculate the fair value, the future cash flows are based on the ten-year plan of Energy Efficiency Solutions. Additionally, expansion investments are included in the calculation. Cash flows beyond the ten-year period are extrapolated using a growth rate of 1.0 percent (as in the previous year). The total future cash flows are then discounted using the WACC after tax of 4.52 percent (short financial year 2020: 4.93 percent).

The business plan of Energy Efficiency Solutions until the financial year 2030/2031 is based on the following assumptions:

- The growth in EBIT is mainly based on the growth of new business in the real estate sector (existing buildings of housing and commercial property) and the new buildings sector (especially real estate development business). For the customer segment "existing buildings", an increase is planned which results from a sales realignment and the implementation of a strategy to use a digital platform. This also assumes a further increase in the importance of energy efficiency and thus CO_2 avoidance for customers.
- Beginning with the financial year 2020/2021, a key revenue driver is the platform-based acquisition of contracting business, which requires no investment and has a high up-selling potential.
- Through the digital platform strategy, the administrative overhead costs are expected to remain constant while the portfolio growth will be increasing. Additionally, the digital platform strategy is expected to contribute to the increase in energy efficiency and profitability of the existing plants.
- The growth of EBIT relating to new business is supported by an enhanced average duration of existing contracts. It is planned that 90% of expiring contracts will be extended due to the new central function customer management.
- Historical price levels are assumed for the main energy source (i.e. natural gas) as well as other energy sources (i.e. heating oil, long-distance heating, biomethane and wooden pellets).
- The planned investments are based on specific investment ratios used in the construction of heat generation plants, which are driven by the new business acquired and the safeguarding of the existing business as well as by proposed projects in conjunction with the platform strategy. With increasing investments, a strong increase in depreciation on machinery is expected in the coming years.
- As a result of the change in the gas procurement contracts in the financial year 2019/2020, the (accrued) liabilities as at balance sheet date reduced in comparison with the prior years as the energy obtained during the year was mainly paid to the suppliers at the financial year-end. This assumption was applied for all future periods for the purposes of the impairment test of Energy Efficiency Solutions.

The fair value measurement for the CGU Energy Efficiency Solutions is to some extent based on unobservable inputs and is overall categorized as Level 3 of the fair value hierarchy in accordance with IFRS 13.

As at September 30, 2021, the recoverable amount of Energy Efficiency Solutions exceeds its carrying amount by €36,438 thousand.

The key assumptions, on the basis of which the recoverable amount of Energy Efficiency Solutions was determined, are as follows:

%	**Sep 30, 2021**	**Sep 30, 2020**
WACC after tax	4.52	4.93
Sustainable growth rate	1.00	1.00
Planned growth in EBIT (average in the ten-year plan)	31.53	22.00
Planned growth in EBITDA (average in the ten-year plan)	20.77	19.56

The following table shows all the changes in key assumptions, which are assumed to be reasonably possible by the management of the Company, in order for the recoverable amount to be equal to the carrying amount as at September 30, 2021. The sensitivity analysis assumes that only one key assumption changes while the other key assumptions remain unchanged.

Percentage points	**Sep 30, 2021**	**Sep 30, 2020**
WACC after tax	+0.74	+0.74
Planned growth in EBIT (average in the ten-year plan)	-0.99	-1.09
Planned growth in EBITDA (average in the ten-year plan)	-0.43	-0.48

No other reasonably possible changes in key assumptions were identified, by which the carrying amount of this CGU would exceed its recoverable amount.

The carrying amounts of the goodwill and the intangible assets with indefinite useful life (trademark Techem) are assigned to the groups of CGUs as follows:

€ thousand	Sep 30, 2021		Sep 30, 2020	
	Goodwill	Trademark	Goodwill	Trademark
Energy Services Germany	1,875,342	168,638	1,870,213	168,638
Energy Services International	373,608	33,415	369,272	33,386
Energy Efficiency Solutions	14,841	12,562	14,841	12,562
Total	**2,263,791**	**214,615**	**2,254,326**	**214,586**

In the short financial year 2020, the business unit water technology, which comprises the professional operation of water treatment facilities, was taken over by Energy Efficiency Solutions from Energy Services Germany. As a result, the goodwill amounting to €14,841 thousand and the trademark Techem amounting to €1,338 thousand were reclassified from the group of CGUs Energy Services Germany to the group of CGUs Energy Efficiency Solutions.

8. Investments accounted for using the equity method

The Group financial statements include an investment accounted for using the equity method: the associated company Energieversorgungsgesellschaft Klinikum Ludwigsburg mbH (EKL).

The breakdown of the investments accounted for using the equity method is as follows:

€ thousand	Sep 30, 2021	Sep 30, 2020
Balance at the beginning of the period	**5,403**	**5,723**
Net share of gain from associated company EKL	622	180
Dividend received	(400)	(500)
Balance at the end of the period	**5,625**	**5,403**

The share of profit or loss of investments accounted for using the equity method, as presented in the statement of profit or loss, is as follows:

€ thousand	Sep 30, 2021	Sep 30, 2020
Net share of gain from associated company EKL	622	180

9. Deferred taxes

Deferred taxes are broken down as follows:

€ thousand	Sep 30, 2021	Sep 30, 2020
Deferred tax assets resulting from:		
Provisions for pensions	4,842	5,644
Tax losses carried forward	5,055	5,271
Interest rate instruments	3,369	6,800
Contract liabilities.	799	808
Other timing differences	5,582	6,556
Write-down on net losses carried forward	(4,985)	(5,070)
Offsetting	(14,613)	(19,898)
Total deferred tax assets	**49**	**111**
Deferred tax liabilities resulting from:		
Step-ups of assets	(654,643)	(678,096)
Metering and other devices	(83,955)	(81,220)
Financial liabilities – effective interest measurement/ transaction costs	(10,657)	(13,482)
Contract assets	(7,218)	(7,276)
Costs to obtain a contract	(4,671)	(4,756)
Finance leases	(1,989)	(2,393)
Other timing differences	(3,860)	(3,532)
Offsetting	14,613	19,898
Total deferred tax liabilities	**(752,380)**	**(770,857)**
Net deferred tax assets (+), deferred tax liabilities (-)	**(752,331)**	**(770,746)**

Deferred tax liabilities on step-ups of assets include deferred tax liabilities on customer relationships, technologies and software amounting to €559,517 thousand as at September 30, 2021 (September 30, 2020: €592,384 thousand), which result from the step-ups and the recognition of assets due to the purchase price allocation in conjunction with the acquisition of the Techem Metering Group on July 31, 2018. They are reduced as a result of the amortization of the assets over their useful lives. They will not affect cash in future. For the trademark Techem, deferred tax liabilities of €64,342 thousand were recognized as at September 30, 2021 (September 30, 2020: €64,462 thousand).

As at September 30, 2021 and September 30, 2020, the other timing differences shown under deferred tax assets relate mainly to the balance sheet items property, plant and equipment and other provisions and the other timing differences shown under deferred tax liabilities on both reporting dates mainly relate to other provisions, property, plant and equipment and inventories.

A tax group exists between Techem 672 mbH, Techem 673 mbH, Techem 674 mbH, Techem 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Energy Services GmbH, Techem Solutions GmbH, Techem X GmbH and bautec Energiemanagement GmbH for the tax period 2021. The basis for the calculation of deferred taxes for the tax group is the tax rate of 29.98 percent.

As at September 30, 2021, the amount of €737 thousand (September 30, 2020: €999 thousand) of the deferred tax assets resulting from provisions for pensions amounting to €4,842 thousand (September 30, 2020: €5,644 thousand), was directly recognized in equity.

The deferred taxes include non-current deferred tax assets of €36 thousand and non-current deferred tax liabilities of €713,478 thousand.

At the balance sheet date, there were tax losses carried forward of approximately €22,378 thousand (September 30, 2020: €23,174 thousand), of which €21,091 thousand (September 30, 2020: €21,979 thousand) were not recognized as deferred tax assets due to uncertain usability. The current estimate of the write-downs on the net tax losses carried forward may change depending on the financial performance of the Company and tax legislation in future years, which may necessitate an adjustment to the write-downs.

The unused tax losses of €21,091 thousand (September 30, 2020: €21,979 thousand) for which no deferred tax asset has been recognized, mainly relate to the following entities:

€ thousand	Expiring within (years)	Sep 30, 2021	Sep 30, 2020
Techem Norge AS, Norway	unlimited	5,863	5,212
Techem Energy Services S.L., Spain	unlimited	5,795	5,541
Techem AB, Sweden	unlimited	5,174	4,996
Techem do Brasil Serviços de Medição de Àgua Ltda., Brazil	unlimited	1,737	1,586
Techem 671 mbH, Germany	unlimited	1,498	1,111
Techem Sverige AB, Sweden[1)]	unlimited	0	3,436
Other		1,024	97
Total		**21,091**	**21,979**

1) Sold in the financial year 2020/2021; for explanations see Section C

As at September 30, 2021, deferred tax liabilities of €187,307 thousand (September 30, 2020: €188,911 thousand) were not recognized for temporary differences associated with investments in subsidiaries as the Company is able to control the timing of the reversal of the temporary differences and it is probable that these temporary differences will not reverse in the foreseeable future.

10. Contract liabilities, liabilities to shareholders, sundry liabilities and other financial liabilities – current

€ thousand	Sep 30, 2021	Sep 30, 2020
Contract liabilities	**53,103**	**49,137**
Liabilities to shareholders	**46,782**	**44,099**
Other taxes	6,302	10,313
Deferred income	87	153
Advances received	159	127
Other	158	493
Sundry liabilities	**6,706**	**11,086**
Liabilities from hedging instruments [1)]	11,238	22,635
Accounts receivable with credit balance	11,966	16,626
Guarantee deposits received	4,640	4,819
Liabilities from swap interest	2,868	2,382
Other	4,420	2,966
Other financial liabilities	**35,132**	**49,428**

[1)] For details see section F. OTHER DISCLOSURES - „Concentration of risk"

The contract liabilities mainly comprise reading and billing services as well as rental and maintenance services, which are billed in advance.

As at September 30, 2021, the current liabilities to shareholders of €46,782 thousand include interest liabilities to the parent company of the Techem 671 Group, which result from a loan agreement between Luxembourg Investment Company 261 S.à r.l. and Techem Verwaltungsgesellschaft 672 mbH dated July 26, 2018. As at September 30, 2020, the current liabilities to shareholder amounted to €44,099 thousand, which were capitalized in the course of the financial year by increasing the total facility of the shareholder loan.

The other taxes primarily include payroll tax and value-added tax.

11. Contract liabilities, liabilities to shareholders, sundry liabilities and other financial liabilities – non-current

€ thousand	Sep 30, 2021	Sep 30, 2020
Contract liabilities	**4,015**	**4,423**
Liabilities to shareholders	**1,533,834**	**1,445,876**
Deferred income	276	329
Sundry liabilities	**276**	**329**
Trade accounts payable	0	629
Guarantee deposits received	527	541
Other	224	223
Other financial liabilities	**751**	**1,393**

The liabilities to shareholders of €1,533,834 thousand result from the shareholder loan agreement mentioned in note 10, with the following conditions:

€ thousand	Amount drawn down		Total facility	Interest rate	Repayment date
	Sep 30, 2021	Sep 30, 2020			
Shareholder loan	1,533,834	1,445,876	1,533,834	6.0%	July 26, 2033

The shareholder loan is a subordinated unsecured loan.

The increase in the shareholder loan results from the capitalization of interest for the interest period April 1, 2020 to March 31,2021.

12. Financial liabilities – current

€ thousand	Sep 30, 2021	Sep 30, 2020
Loans [1]	40,326	40,000
Interest payable [1]	15,541	17,130
Financial liabilities	**55,867**	**57,130**

[1] See note 13

13. Financial liabilities – non-current

€ thousand	Sep 30, 2021	Sep 30, 2020
Notes	1,495,336	1,541,277
Loans	1,109,580	1,100,382
Financial liabilities	**2,604,916**	**2,641,659**

On July 30, 2018, Blitz F18-674 GmbH (later renamed Techem Verwaltungsgesellschaft 674 mbH) issued Senior Notes (due 2026) in an aggregate principal amount of €465,000 thousand. The proceeds of the Senior Notes were used to fund the consideration payable for the acquisition of the Techem Metering Group and to pay fees and expenses incurred in connection with the acquisition and the related financing.

Additionally, on July 31, 2018, the 2017 Senior Facilities Agreement of Techem Metering Group was amended, restated and merged with the Initial Senior Facilities Agreement, which was executed on July 19, 2018 by Blitz F18-675 GmbH (later renamed Techem Verwaltungsgesellschaft 675 mbH). At the time, the resulting Senior Facilities Agreement comprised the Facility B in a nominal amount of €2,340,000 thousand and the Revolving Credit Facility in a nominal amount of €275,000 thousand (both due 2025).

Facility B comprised two tranches, Facility B1 and B2. Amounts under Facility B2 were utilized by Techem Verwaltungsgesellschaft 675 mbH and applied in or towards:

(a) financing or refinancing the consideration paid for the acquisition of the Techem Metering Group;
(b) refinancing or discharging any of the existing debt of the Techem Metering Group and paying any related breakage costs, redemption premium, make-whole costs and other fees, costs and expenses payable in connection with such refinancing or discharge; and
(c) financing or refinancing the payments of costs incurred in connection with the acquisition of the Techem Metering Group and all other fees, costs and expenses relating thereto.

The amount of Facility B1 was equal to certain amounts which had been outstanding under the 2017 Senior Facilities Agreement and had historically been utilized by Techem Energy Metering Service GmbH & Co. KG (meanwhile all assets and liabilities of this company moved over by way of succession to Techem Metering GmbH) and Techem GmbH.

In January 2019, the Company repurchased its Senior Notes in an aggregate principal amount of €51,100 thousand on a voluntary basis.

On July 24, 2019, the Company agreed a repricing of its Facility B. As a result of this, the margin existing at that time was reduced from 375 basis points to 350 basis points. For that purpose, Facilities B1 and B2 in an unchanged principal amount were rolled over into the new Facility B3. This resulted in modification gains of €18,583 thousand due to the revaluation of Facility B. On August 16, 2019, the Company made a partial repayment of its Facility B in an amount of €50,000 thousand on a voluntary basis.

On January 29, 2020, the Company carried out a refinancing and a further repricing of Facility B, in connection with which Techem Verwaltungsgesellschaft 674 mbH issued Senior Secured Notes in an aggregate amount of €1,145,000 thousand (due in July 2025). The proceeds of the Senior Secured Notes were used in full to partially repay the existing Facility B. As a result of the refinancing and repricing, Facility B3 in a principal amount of €1,145,000 thousand was rolled over into the new Facility B4. This resulted in modification gains of €26,143 thousand due to the revaluation of Facility B. Offsetting this, accrued transaction costs and revaluation adjustments amounting to a total of €23,274 thousand were recognized as expense relating to the repayment of the Facility B in the amount of €1,145,000 thousand. Furthermore, the maturity dates of Facility B and the Senior Secured Notes were synchronized to July 2025. In the following, the conditions are explained in detail.

In September 2021, Senior Notes in a nominal amount of €50,000 thousand were repaid (redemption).

As at September 30, 2021, Facility B is fully drawn down with a nominal amount of €1,145,000 thousand. Of the Revolving Credit Facility, €231,786 thousand are not unutilized (utilized commitments being €40,000 thousand drawn as cash and €3,214 thousand drawn by way of guarantees). The outstanding principle amount of the Senior Secured Notes is €1,145,000 thousand, the remaining outstanding principle amount of the Senior Notes is €363,900 thousand as at September 30, 2021.

For both facilities, interest is based on EURIBOR for loans in Euro and LIBOR for non-Euro loans. Until July 2020, the relevant margin according to the current Senior Facilities Agreement was 287.5 basis points for Facility B and 275 basis points for the Revolving Credit Facility. Afterwards, the relevant margin may vary between 287.5 basis points and 237.5 basis points regarding Facility B and between 275 basis points and 175 basis points regarding the Revolving Credit Facility, depending on the Senior Secured Net Leverage Ratio in respect of the most recently completed twelve-month period preceding the interest payment. In case of a negative EURIBOR the margin will not be reduced. Effective May 27, 2021, the margin of the Facility B reduced to 237.5 basis points and the margin of the Revolving Credit Facility reduced to 175 basis points due to the Senior Secured Net Leverage Ratio test (before, these margins were 262.5 and 200 basis points). The Company has entered into payer-swap-agreements with a nominal amount of €1,600,000 thousand to hedge the interest rate risks. The Senior Secured Notes have a fixed coupon rate of 2.000%. The Senior Notes have a fixed coupon rate of 6.000%. As at September 30, 2021, accrued interest on the Notes amounts to €8,410 thousand.

The loan agreement specifies certain limits for the Senior Secured Net Leverage Ratio. If the ratio lies above these limits, a certain percentage of an excess cash flow, which is also defined in the agreement and must also be adjusted by extraordinary effects, has to be used for mandatory prepayments of the Facility B. This excess cash flow has to be calculated yearly for the preceding twelve-month period. Interest payments on the Facility B are currently made on the basis of the six-month-EURIBOR. As at September 30, 2021, accrued interest on the loans of the Senior Facilities Agreement amounts to €7,126 thousand.

The liabilities under the Senior Facilities Agreement, the Senior Secured Notes and certain hedging agreements are secured on a first-priority basis. The obligations rank pari passu in right of payment with any obligation that is not subordinated.

The liabilities under the Senior Facilities Agreement and the Senior Secured Notes are guaranteed on a senior basis by Techem Verwaltungsgesellschaft 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Energy Services GmbH and Techem Solutions GmbH.

Techem Verwaltungsgesellschaft 674 mbH, Techem Verwaltungsgesellschaft 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Vermögensverwaltung GmbH & Co. KG, Techem Energy Services GmbH and Techem Solutions GmbH have granted the following liens and security interests on an equal and ratable basis to secure the Senior Credit Facilities and the Senior Secured Notes:

(a) a limited recourse first-priority pledge over the shares of Techem Verwaltungsgesellschaft 675 mbH;
(b) a first-priority pledge over the shares of Techem Metering GmbH;
(c) a first-priority pledge over the shares of capital stock of each of Techem GmbH, Techem Energy Services GmbH and Techem Solutions GmbH; and
(d) first-priority pledges of the main bank accounts held by Techem Verwaltungsgesellschaft 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Energy Services GmbH and Techem Solutions GmbH.

The Senior Notes are guaranteed on a senior subordinated basis by Techem Verwaltungsgesellschaft 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Energy Services GmbH and Techem Solutions GmbH.

The Senior Notes are secured by:

(a) a first-priority pledge over the shares of Techem Verwaltungsgesellschaft 674 mbH; and
(b) a second-priority pledge over the shares of Techem Verwaltungsgesellschaft 675 mbH.

The pledged shares had the following book values according to local GAAP before consolidation as at September 30, 2021: Techem Verwaltungsgesellschaft 674 mbH (€563,099 thousand; directly owned by Techem Verwaltungsgesellschaft 673 mbH), Techem Verwaltungsgesellschaft 675 mbH (€2,323,671 thousand; directly owned by Techem Verwaltungsgesellschaft 674 mbH), Techem Metering GmbH (€3,966,859 thousand; directly owned by Techem Verwaltungsgesellschaft 675 mbH), Techem GmbH (€1,952,736 thousand; directly owned by Techem Metering GmbH), Techem Energy Services GmbH (€179,442 thousand; directly and indirectly owned by Techem GmbH) and Techem Solutions GmbH (€35,066 thousand; directly owned by Techem Energy Services GmbH).

In addition to the pledged shares, the financial obligations are secured by cash at bank which is assigned for security purposes and amounts to €21,637 thousand as at September 30, 2021.

Under the financing arrangements, covenants have to be complied with and have to be reported to the participating banks. The covenants are compiled with based on current figures as at September 30, 2021.

In the financial year 2020/2021, the average interest rate for the financial year is 3.75 percent (p.a.).

14. Leases

The Company as lessee

The Company leases various properties, IT equipment and cars. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Typically, lease contracts are concluded for fixed periods with additional termination or prolongation options for one or both parties. In some cases, indefinite contract periods with termination options for one or both parties are agreed.

Under the financing arrangements, restrictions regarding lease agreements must be observed. As at September 30, 2021, the Company complies with the restrictions.

Right-of-use assets resulting from leases where the Group is the lessee are as follows:

€ thousand	**Sep 30, 2021**	**Sep 30, 2020**
Right-of-use assets relating to land and buildings	93,774	45,999
Right-of-use assets relating to office furniture and equipment	17,596	16,948
Right-of-use assets	**111,370**	**62,947**

Additions to the right-of-use assets during the financial year 2020/2021 amount to €76,827 thousand (short financial year 2020: €10,348 thousand). Further additions result from the change in scope amounting to €765 thousand, which relate to the acquisition of subsidiaries. For further details, see note 27.

The consolidated statement of profit or loss shows the following amounts relating to leases:

€ thousand	**2020/2021**	**2020**
Depreciation charge for right-of-use assets relating to:		
Land and buildings	11,986	6,287
Office furniture and equipment	9,344	4,066
Total depreciation charge for right-of-use assets	**21,330**	**10,353**
Impairment losses on right-of-use assets relating to:		
Land and buildings	113	0
Office furniture and equipment	0	0
Total impairment losses on right-of-use assets	**113**	**0**
Interest expense on lease liabilities	**2,963**	**1,258**
Expenses relating to variable lease payments not included in lease liabilities	**13**	**186**
Expenses relating to short-term leases (recognized in the position “Other expenses” in the statement of profit or loss)	**593**	**145**

In the financial year 2020/2021, all the impairment losses related to the segment Energy Services. The impairment losses on right-of-use assets are included in the position “Depreciation and impairment losses on metering and other devices for rent, property, plant and equipment, intangible assets and right-of-use assets” of the statement of profit or loss.

The total cash outflow for leases (incl. interest payments) for the financial year 2020/2021 was €22,506 thousand (short financial year 2020: €11,300 thousand).

For further information regarding future undiscounted cash flows (gross), see section F. OTHER DISCLOSURES – “Concentration of risk”.

As at September 30, 2021, potential future lease payments amounting to €38,824 thousand (undiscounted) are not included in the lease liabilities as it is not reasonably certain that the lease agreements will be extended.

In the financial year 2020/2021, the changes in initial assumptions regarding the exercise of extension and termination options resulted in a decrease in lease liabilities and right-of-use assets by €6,225 thousand (undiscounted).

As at the balance sheet date, the Company is committed to certain leases for vehicles, which have not yet commenced at this date. In the financial year 2021/2022, the initial measurement of the right-of-use assets and the lease liabilities from these leases is expected to amount to €4,269 thousand.

The Company as lessor

The Company enters into finance leases as lessor. These leases are primarily leases of heat generation plants and other technical equipment. To account for these leases, the Company recognizes a receivable equal to the present value of the minimum lease payments. Payments by the lessee are treated as repayment of principal and financial income.

The consolidated statement of profit or loss shows the following amounts relating to finance leases:

€ thousand	**2020/2021**	**2020**
Selling profit/ loss	77	26
Finance income on the net investment in the lease	259	147

The following table shows the total gross capital investment in finance leases and the present value of outstanding minimum lease payments:

€ thousand	**Sep 30, 2021**	**Sep 30, 2020**
Total gross capital investment	5,606	6,455
Financial income not yet recognized	(830)	(1,047)
Net capital investment	**4,776**	**5,408**
Present value of the residual value	0	0
Present value of minimum lease payments	**4,776**	**5,408**
Finance lease receivables - current [1)]	**956**	**944**
Finance lease receivables - non-current [1)]	**3,820**	**4,464**

[1)] See note 1

The maturity breakdown for the total gross capital investment and the present value of the minimum lease payments is as follows:

€ thousand	**September 30, 2021**		**September 30, 2020**	
	Total gross capital investment	**Present value of minimum lease payments**	**Total gross capital investment**	**Present value of minimum lease payments**
Maturity				
Up to one year	1,169	956	1,185	944
Between one and two years	1,107	944	1,090	887
Between two and three years	905	785	1,028	871
Between three and four years	709	627	826	711
Between four and five years	346	285	631	550
More than five years	1,370	1,179	1,695	1,445
Total	**5,606**	**4,776**	**6,455**	**5,408**

15. Other provisions – current

€ thousand	**Apr 1, 2020**	Change in scope	Utilizations	Additions	Reversals	Reclass. from non-current to current	**Sep 30, 2020**
Personnel	22,953	0	(17,840)	16,288	(1,850)	0	19,551
Warranties	3,999	0	(692)	933	(24)	0	4,216
Restructuring	2,274	0	(1,055)	0	0	602	1,821
Legal fees	398	0	(318)	319	(42)	0	357
Maintenance services	682	0	(347)	89	0	0	424
Other	5,665	0	(1,231)	2,596	(1,626)	26	5,430
Other provisions	**35,971**	**0**	**(21,483)**	**20,225**	**(3,542)**	**628**	**31,799**

€ thousand	**Oct 1, 2020**	Change in scope	Utilizations	Additions	Reversals	Reclass. from non-current to current	**Sep 30, 2021**
Personnel	19,551	8	(17,392)	21,413	(869)	0	22,711
Warranties	4,216	95	(2,041)	2,245	(462)	27	4,080
Restructuring	1,821	0	(260)	0	0	0	1,561
Legal fees	357	5	(283)	372	(207)	0	244
Maintenance services	424	0	(185)	431	0	0	670
Other	5,430	113	(1,757)	4,400	(938)	94	7,342
Other provisions	**31,799**	**221**	**(21,918)**	**28,861**	**(2,476)**	**121**	**36,608**

The change in scope of the financial year 2020/2021 results from the acquisition of subsidiaries (€348 thousand) and from the disposal of the subsidiary Techem Sverige AB, Malmö/Sweden, (-€127 thousand). For further details regarding the acquisitions, see note 27.

The personnel provisions mainly relate to provisions for variable remuneration and outstanding vacation entitlements. Additionally, provisions for time credits of employees are included, which result from overtime worked.

The provision for warranties mainly relates to obligations due to defective devices, incorrect billing and faulty installation services.

The restructuring provision mainly relates to a program to optimize the functional areas in Germany. The restructuring provision is calculated according to the social plan, which was agreed with the worker's council, based on a certain number of full-time employees multiplied by the average personnel costs or the individual personnel costs (as applicable). For various initiatives, especially the actual numbers of employees concerned, the individual salaries or the number of people resigning by themselves can deviate from the assumptions above.

Maintenance service provisions have been recognized in order to allow for the exchange of equipment under maintenance agreements. The provisions only relate to cases where devices covered by maintenance agreements are defective or have exceeded their legal calibration term but have not yet been exchanged by the Company as at the balance sheet date.

In the financial year 2020/2021, the amount reported under “Other” mainly relates to provisions for contributions to associations, exchange of devices, which are not in scope of maintenance agreements, renovations as well as provisions for reading and other services. Additionally, since the financial year 2020/2021, the item also includes provisions for the acquisition of CO_2 emission allowances, since the group must acquire emission allowances for the consumption of fossil fuels for the first time from this reporting period and submit them to the DEHSt (Deutsche Emissionshandelsstelle).

Net exchange differences are not disclosed separately because they are not material. They are included in the “Reversals” column.

16. Other provisions – non-current

€ thousand	**Apr 1, 2020**	Change in scope	Utilizations	Additions	Reversals	Reclass. from non-current to current	Unwinding of discount/ discounting	**Sep 30, 2020**
Partial retirement and anniversary bonuses.........	6,301	0	(5)	431	(226)	0	60	6,561
Restructuring	565	0	0	0	0	(602)	37	0
Other....................................	5,022	0	0	1,000	(63)	(26)	384	6,317
Other provisions.................	**11,888**	**0**	**(5)**	**1,431**	**(289)**	**(628)**	**481**	**12,878**

€ thousand	**Oct 1, 2020**	Change in scope	Utilizations	Additions	Reversals	Reclass. from non-current to current	Unwinding of discount/ discounting	**Sep 30, 2021**
Partial retirement and anniversary bonuses.........	6,561	14	0	347	(332)	0	93	6,683
Other....................................	6,317	20	(65)	449	(2,798)	(121)	195	3,997
Other provisions.................	**12,878**	**34**	**(65)**	**796**	**(3,130)**	**(121)**	**288**	**10,680**

The change in scope of the financial year 2020/2021 of €34 thousand results from the acquisition of subsidiaries. For further details, see note 27.

Generally, a discount rate of 0.91 percent was applied to the provisions (the risk premium was taken into account in the measurement of future cash outflows).

In the financial year 2020/2021, the amount reported under „Other" mainly relates to provisions for general overhauls, renovations and dismantling. The reversal in the reporting period mainly relates to provisions regarding renovation obligations for the office building in Eschborn, which no longer apply after the previous rental contract was terminated and a new rental contract was entered into.

Net exchange differences are not disclosed separately because they are not material. They are included in the „Reversals" column.

17. Provisions for pensions

The pension plans of the subsidiaries vary depending on the legal, tax and economic situation in each country.

Most of the pension schemes in place in Germany as well as in other countries are defined benefit plans, some of which are funded and others unfunded.

There are pension schemes in place for former members of the senior management of Techem Energy Services GmbH and Techem GmbH, with a separate scheme for each person. These pension schemes are based on the pensionable remuneration of each employee and the employee's period of service. In addition, the Company has set up a relief fund.

There are also pension plans in place for all active and some former employees of Techem (Schweiz) AG. According to the pension scheme in Switzerland those plans are funded, respectively reinsured. The pension plans comprise retirement pensions as well as risk benefits (invalidity and death). The retirement pensions are determined based on the retirement assets and a conversion rate. Risk benefits are defined as a fixed percentage of insured salary.

The provisions for pensions are computed on the basis of independent actuarial reports. The provisions for defined benefit obligations are determined using the standard international method known as the Projected Unit Credit Method (in Germany, in conjunction with the Prof. Dr. Heubeck 2018 G mortality tables).

The funded obligations are supported by suitable qualified insurance policies (pledged reinsurances) that meet the conditions for plan assets. Accordingly, plan assets are offset against the provisions.

The amount of pension obligations is subject to risks arising in connection with the change in life expectancy, the future amount of pension adjustments and the development of capital market interest rates. To cover those risks, insurance policies (reinsurances) have been taken out for some of the defined benefit pension obligations. The reinsurances are mostly not traded on an active market.

The following table shows the pension obligations for each reporting period:

€ thousand	Sep 30, 2021	Sep 30, 2020
Present value of funded obligations	23,023	24,378
Fair value of plan assets	(17,388)	(17,291)
Deficit	**5,635**	**7,087**
Present value of unfunded obligations	16,257	17,529
Balance	**21,892**	**24,616**

The following table shows the change in the present value of the defined benefit obligations, the change in the fair value of plan assets as well as the change in net liability:

€ thousand	Defined benefit obligation	Plan asset	Net liability
Balance as at Apr 1, 2020	**40,426**	**(17,462)**	**22,964**
Remeasurements [1]	2,575	(162)	2,413
Exchange rate differences on foreign plans	(428)	283	(145)
Derecognition of obligations/ plan assets covered by insurance companies	(402)	402	0
Employees moving from/ to other companies	(203)	203	0
Current service costs [2]	454	0	454
Interest costs/income [2]	185	(64)	121
Pension payments	(958)	37	(921)
Employer contributions to plan assets	0	(270)	(270)
Employee contributions to plan assets	258	(258)	0
Balance as at Sep 30, 2020	**41,907**	**(17,291)**	**24,616**
Remeasurements [1]	(1,002)	(104)	(1,106)
Exchange rate differences on foreign plans	(76)	45	(31)
Derecognition of obligations/ plan assets covered by insurance companies	(745)	745	0
Employees moving from/ to other companies	(245)	245	0
Current service costs [2]	862	0	862
Past service costs [2]	(738)	0	(738)
Interest costs/income [2]	145	(60)	85
Pension payments	(1,337)	74	(1,263)
Employer contributions to plan assets	0	(533)	(533)
Employee contributions to plan assets	509	(509)	0
Balance as at Sep 30, 2021	**39,280**	**(17,388)**	**21,892**

[1] Positions recognized in other comprehensive income
[2] Positions recognized in profit or loss

Since all the pension obligations relating to the employees of Techem (Schweiz) AG which retired during the year under review are covered by the insurance company, both the present value of the funded obligation and the fair value of the plan assets were each reduced by €745 thousand in the financial year 2020/2021 (short financial year 2020: €402 thousand each).

The current service costs and past service costs are included in the personnel expenses. The interest costs and the returns on plan assets are included in the financial result. Remeasurements are recognized in other comprehensive income.

The breakdown of the remeasurements is as follows:

€ thousand	Sep 30, 2021	Sep 30, 2020
Actuarial gains/ losses from changes in financial assumptions	(495)	2,897
Actuarial gains/ losses from changes in demographic assumptions	(884)	(42)
Experience gains/ losses	377	(280)
Gains/ losses from changes related to plan assets	(104)	(162)
Remeasurements, recognized in other comprehensive income	**(1,106)**	**2,413**

The basic assumptions applied in the computation of the provisions for pensions are as follows (average values):

%	Sep 30, 2021	Sep 30, 2020
Discount rate	0.48%	0.36%
Salary increases	1.85%	1.85%
Annuity increases	0.87%	0.88%

As at September 30, 2021, an average discount rate of 0.65 percent was applied to German defined benefit obligations. For defined benefit obligations of Techem (Schweiz) AG, an average discount rate of 0.25 percent was applied as at September 30, 2021. The discount rates applying to non-German defined benefit obligations were between 0.25 percent and 1.9 percent as at September 30, 2021.

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

Assumption	Change in assumption	Impact on defined benefit obligation
Discount rate	Increase by 0.25 percentage points	Decrease by 3.2 %
	Decrease by 0.25 percentage points	Increase by 3.6 %
Salary increases	Increase by 1.0 percentage points	Increase by 0.9 %
	Decrease by 1.0 percentage points	Decrease by 1.0 %
Annuity increases	Increase by 1.0 percentage points	Increase by 8.0 %
	Decrease by 1.0 percentage points	Decrease by 3.3 %
Life expectancy	Increase by 1 year	Increase by 3.4 %
	Decrease by 1 year	Decrease by 3.3 %

The method applied when determining the sensitivities is consistent to that applied when calculating the obligation at the balance sheet date.

In the financial year 2020/2021, the expenses for contribution-based pension schemes amounted to €13,895 thousand (short financial year 2020: €6,724 thousand), thereof for the German entities €12,226 thousand (short financial year 2020: €5,788 thousand), mainly relating to the employer's contribution to the statutory pension scheme.

In the financial year 2021/2022, contributions to the plan assets are expected to amount to €1,071 thousand.

The weighted average duration of the pension plans is 14.6 years (short financial year 2020: 17.1 years).

The maturity analysis of the benefit payments is as follows:

Maturity	< 1 year	1-2 years	2-5 years	> 5 years
€ thousand	1,791	1,960	5,663	34,432

18. Equity

Share capital. As at September 30, 2021, the share capital of Techem Verwaltungsgesellschaft 671 mbH remains unchanged at €100,000 (September 30, 2020: €100,000). The share capital of the Company is divided into 49,999 shares A, 50,000 shares B and 1 share C, each having a nominal value of €1. The share capital has been paid in full.

Capital reserves. As at September 30, 2021, the capital reserves include a paid-in capital of €563,127,044 (September 30, 2020: €563,127,044).

Retained earnings. Retained earnings contain the net result of the financial year, the net results generated in the past and the cumulative other comprehensive income, consisting of exchange differences, of remeasurements of provisions for pensions as well as of income taxes on other comprehensive income.

Capital management disclosures. Among its objectives, Techem 671 Group endeavors to secure its equity base over the long-term and generate an appropriate return on capital employed. However, in this regard, the equity as per the Group's balance sheet is only an indirect management criterion, whereas revenue, EBIT/EBITDA and free cash flow are direct management criteria, whereby the Company believes that EBIT reflects the capital intensity of the business best.

The following table shows the change in equity and financial liabilities:

€ thousand	**Sep 30, 2021**	**Sep 30, 2020**	**Change (%)**	**Apr 1, 2020**
Equity attributable to owners of the parent	85,896	168,242		254,956
Non-controlling interest	0	0		13
Equity	**85,896**	**168,242**	**(48.94)**	**254,969**
as percentage of total equity and financial liabilities	*3.00*	*5.74*		*8.30*
Financial liabilities (current)	55,867	57,130		114,364
Financial liabilities (non-current)	2,604,916	2,641,659		2,635,869
Lease liabilities (current)	17,507	17,828		18,049
Lease liabilities (non-current)	98,388	47,737		48,944
Financial liabilities	**2,776,678**	**2,764,354**	**(0.45)**	**2,817,226**
as percentage of total equity and financial liabilities	*97.00*	*94.26*		*91.70*
Total equity and financial liabilities	**2,862,574**	**2,932,596**	**(2.39)**	**3,072,195**

Share-based payments/ management participation program (MEP). In March 2019, the main investors implemented a management participation program (MEP). This program provides an opportunity to plan participants to invest indirectly in the Group and to share in any increase in value through their own investment. For this purpose, plan participants acquire a package that consists of a portion of the shareholder loan (see note 11) as well shares A and B issued by Techem Verwaltungsgesellschaft 671 mbH. A total of 3,575 shares A and 253 shares B were sold to plan participants as at September 30, 2021 (September 30, 2020: 2,319 shares A and 124 shares B were sold to plan participants). Through their investment plan participants will share in the capital proceeds generated in a future exit event (IPO or trade sale of the group). The claim represented by the investment is subject to vesting conditions which require services to be provided to the group until an exit occurs (service condition). If plan participants leave before such exit, they may forfeit all or part of their entitlement. The investment will then fall back to the investor and may be issued to other or new plan participants. The management participation program is accounted for as equity-settled share-based payment.

The fair value of the shares granted is measured at grant date. Shares A and B held under the terms of the MEP are treated as options and are valued using an option pricing model. Shares A and B were last granted in October and November 2020. The life of the options was estimated to be 6.25 years. All other assumptions were derived consistently from the impairment test. The total value of the MEP shares A and B held corresponded to the own investment made by plan participants.

For the existing plan participants of the MEP, no expenses have to be recorded either in the period, in which the share are granted, or in any future periods.

19. Categories of financial assets and financial liabilities

Financial assets only contain debt instruments. According to the “SPPI test”, the financial assets except for money market funds generate cash flows that are solely payments of principal and interest. Furthermore, according to the “Business model test” these financial instruments’ cash flows solely result from collecting contractual cash flows (IFRS 9.4.1.2). Therefore, the financial assets except for the money market funds are recorded at amortized costs. As the “SPPI-test” for the money market funds fails they are measured at fair value through profit or loss.

The following table provides an overview of carrying amounts and fair values of the financial instruments in the Techem 671 Group in accordance with IFRS 9 and IFRS 7:

€ thousand	Sep 30, 2021		Sep 30, 2020	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Category: Financial assets measured at amortized cost				
Measurement at amortized cost				
Cash and cash equivalents (excl. money market funds) [1)].........	41,293	41,293	150,033	150,033
Trade accounts receivable (current)...	184,515	184,515	172,749	172,749
Other financial assets (current)..	2,099	2,099	6,842	6,842
Other financial assets (non-current)...	6,843	6,843	7,404	7,404
Category: Financial assets at fair value through profit or loss				
Measurement at fair value				
Cash equivalents (money market funds)..................................	0	0	3,598	3,598
Financial liabilities				
Category: Financial liabilities measured at amortized cost				
Measurement at amortized cost				
Trade accounts payable (current)...	49,065	49,065	43,881	43,881
Trade accounts payable (non-current)......................................	0	0	629	629
Other financial liabilities (current) [2)]...	23,894	23,894	26,793	26,793
Other financial liabilities (non-current) [3)].................................	751	751	764	764
Financial liabilities (current)...	55,867	55,867	57,130	57,130
Financial liabilities (non-current)...	2,604,916	2,723,075	2,641,659	2,751,988
Liabilities to shareholders (current)..	46,782	46,782	44,099	44,099
Liabilities to shareholders (non-current)..................................	1,533,834	1,636,190	1,445,876	1,320,041
Category: Financial liabilities at fair value through profit or loss				
Measurement at fair value				
Hedging instruments not subject to hedge accounting............	11,238	11,238	22,635	22,635

[1)] As at September 30, 2021, money market funds to the amount of €0 thousand (September 30, 2020: €3,598 thousand) are reported in the category „Financial assets at fair value through profit or loss”.

[2)] As at September 30, 2021, the balance sheet item also includes interest rate instruments of €11,238 thousand (September 30, 2020: €22,635 thousand), which are reported in the category „Financial liabilities at fair value through profit or loss”.

[3)] As at September 30, 2021, the balance sheet item also includes non-current trade accounts payable of €0 thousand (September 30, 2020: €629 thousand). They are reported in the category „Financial liabilities measured at amortized cost”.

Non-current other financial assets are broken down as follows:

€ thousand	Sep 30, 2021		Sep 30, 2020	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Trade accounts receivable [1]	1,947	1,947	1,901	1,901
Finance lease receivables	3,664	3,664	4,259	4,259
Guarantees relating to tenders	442	442	460	460
Other	790	790	784	784
Total	**6,843**	**6,843**	**7,404**	**7,404**

[1] For the short financial year 2020, assets amounting to €574 thousand were reclassified from non-current trade accounts receivable to other non-current financial assets.

Non-current financial liabilities are broken down as follows:

€ thousand	Sep 30, 2021		Sep 30, 2020	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Loans	1,109,580	1,207,796	1,100,382	1,232,683
Notes	1,495,336	1,515,279	1,541,277	1,519,305
Total	**2,604,916**	**2,723,075**	**2,641,659**	**2,751,988**

The table below analyses financial instruments measured at fair value by fair value hierarchy in accordance with IFRS 7 and IFRS 13. The different levels have been defined as follows:

- level 1: financial instruments traded in active markets for which unchanged quoted prices are taken as measurement
- level 2: measurement is made by means of valuation methods with parameters derived directly or indirectly from observable market data
- level 3: measurement is made by means of valuation methods with parameters that are not based on observable market data

€ thousand	**Level 1**	**Level 2**	**Level 3**	**Total**
Sep 30, 2021				
Hedging instruments not subject to hedge accounting	0	11,238	0	11,238
Financial liabilities	**0**	**11,238**	**0**	**11,238**
Sep 30, 2020				
Cash equivalents (money market funds)	3,598	0	0	3,598
Financial assets	**3,598**	**0**	**0**	**3,598**
Hedging instruments not subject to hedge accounting	0	22,635	0	22,635
Financial liabilities	**0**	**22,635**	**0**	**22,635**

For financial assets and liabilities measured at fair value, no transfers between Level 1 and 2 of the fair value hierarchy occurred in the financial year 2020/2021.

It is assumed that the fair values of all current items are approximately equivalent to their carrying amounts. The main reason for this is the short maturity of these instruments.

For non-current other financial assets, non-current trade accounts payable and non-current other financial liabilities the carrying amounts are approximately equivalent to their fair values.

The fair value of money market funds is based on quoted market prices on an active market at the balance sheet date.

The fair values of hedging instruments not subject to hedge accounting (interest rate swaps) are determined using the mark-to-market valuation method. They are then adjusted by the own credit risk of the Techem 671 Group (or the counterparty credit risk). The expected exposure to the credit risk is calculated on the basis of mark-to-market valuations made by the counterparty. To determine the credit risk or rather the probability of default and the loss given default, Techem CDS spreads are used. The credit risk is discounted using term adequate risk-free interest rates.
The fair values of the Notes are their respective quoted market prices as at September 30, 2021.

The fair value of non-current financial liabilities (loans), measured at amortized cost, is determined using the discounted cash flow method, calculating the present value of expected future cash flows. The discount rates used are term adequate risk-adjusted discount rates. The risk adjustment is made based on the CDS spreads of Techem.

The fair value of non-current liabilities to shareholders, measured at amortized cost, is determined using the discounted cash flow method, calculating the present value of expected future cash flows. The discount rate used is the internal rate of return of Techem Senior Notes as at September 30, 2021.

The respective fair values of the Notes mentioned above fall into Level 1 of the fair value hierarchy. The aforementioned fair values of the non-current financial liabilities (excluding the Notes) and non-current liabilities to shareholders are attributed to Level 2.

Net gains or losses on financial instruments of the Techem 671 Group consist of the following:

€ thousand	**Financial assets measured at amortized cost**	**Financial assets at fair value through profit or loss**	**Financial liabilities measured at amortized cost**	**Financial liabilities at fair value through profit or loss**
2020/2021				
Other expenses	(845) [1]	0	0	0
Financial income	520 [2]	0	0	11,397 [4]
Finance costs	(437)	(13)	(184,269) [3]	(11,293) [5]
Net result	**(762)**	**(13)**	**(184,269)**	**104**
2020				
Other expenses	(791) [1]	0	0	0
Financial income	299 [2]	0	0	0
Finance costs	(323)	(8)	(92,448) [3]	(4,526) [5]
Net result	**(815)**	**(8)**	**(92,448)**	**(4,526)**

[1] Other expenses include losses resulting from additions to valuation allowances on trade accounts receivable and contract assets and losses resulting from write-offs of trade accounts receivable and contract assets as well as gains from the reversal of valuation allowances on trade accounts receivable and contract assets.
[2] Financial income includes interest income, mainly resulting from installment-based business and from finance leases, which are measured using the effective interest method.
[3] Finance costs include interest expenses, mainly resulting from bank loans, shareholder loans and Notes, which are measured using the effective interest method.
[4] These are gains on hedging instruments measured at fair value. For details see note 25.
[5] In the financial year 2020/2021, finance costs include only interest expenses on hedging instruments measured at fair value. In the short financial year 2020, finance costs included interest expenses on hedging instruments measured at fair value of €4,550 thousand and net gains on hedging instruments measured at fair value of €24 thousand. For details see note 25.

The following table shows the development of loans, Notes, lease liabilities and liabilities to shareholders:

€ thousand	Loans (non-current)	Financial liabilities (current)	Notes	Lease liabilities	Liabilities to shareholders	Total
Carrying amount as at Apr 1, 2020..	**1,096,155**	**114,364**	**1,539,714**	**66,993**	**1,445,876**	**4,263,102**
Proceeds from borrowings	0	90,000	0	0	0	90,000
Repayments of borrowings..............	0	(150,000)	0	0	0	(150,000)
Repayments of lease liabilities	0	0	0	(10,042)	0	(10,042)
Interest paid	0	(44,266)	0	(1,258)	0	(45,524)
Cash effective items.......................	**0**	**(104,266)**	**0**	**(11,300)**	**0**	**(115,566)**
Interest expense	0	47,032	0	1,258	44,099	92,389
Additions..	0	0	0	10,348	0	10,348
Disposals..	0	0	0	(1,754)	0	(1,754)
Currency translation	0	0	0	20	0	20
Release of transaction costs	4,227	0	1,563	0	0	5,790
Non-cash effective items	**4,227**	**47,032**	**1,563**	**9,872**	**44,099**	**106,793**
Carrying amount as at Sep 30, 2020	**1,100,382**	**57,130**	**1,541,277**	**65,565**	**1,489,975**	**4,254,329**
Proceeds from borrowings	23	40,116	0	0	0	40,139
Repayments of borrowings..............	(59)	(40,215)	(50,000)	0	0	(90,274)
Repayments of lease liabilities	0	0	0	(19,543)	0	(19,543)
Interest paid	0	(93,064)	0	(2,963)	0	(96,027)
Cash effective items.......................	**(36)**	**(93,163)**	**(50,000)**	**(22,506)**	**0**	**(165,705)**
Change in scope...............................	522	421	0	648	0	1,591
Interest expense	0	91,475	0	2,963	90,641	185,079
Additions..	0	0	0	76,827	0	76,827
Disposals..	0	0	0	(7,716)	0	(7,716)
Currency translation	1	4	0	114	0	119
Release of transaction costs	8,711	0	4,059	0	0	12,770
Non-cash effective items	**9,234**	**91,900**	**4,059**	**72,836**	**90,641**	**268,670**
Carrying amount as at Sep 30, 2021	**1,109,580**	**55,867**	**1,495,336**	**115,895**	**1,580,616**	**4,357,294**

20. Revenue

€ thousand	2020/2021	2020
Geographical region		
Germany	625,471	233,083
Other countries	193,147	84,043
Major product and service lines		
Energy Services		
Reading and billing services	363,031	122,081
Rental and associated service revenue	236,964	115,066
Sales	79,722	32,364
Maintenance services	37,149	17,782
Other	3,818	904
Energy Efficiency Solutions	97,934	28,929
Revenue	**818,618**	**317,126**

In the financial year 2020/2021, revenue recognized over time amounted to €711,167 thousand (short financial year 2020: €272,163 thousand) and revenue recognized at a point in time amounted to €107,451 thousand (short financial year 2020: €44,963 thousand).

The sources of revenue were as follows:

€ thousand	2020/2021	2020
Revenue from contracts with customers	818,408	316,841
Revenue from other sources	210	285
Revenue	**818,618**	**317,126**

Revenue recognized in the financial year 2020/2021 that was included in the contract liability balance as at October 1, 2020 amounted to €49,026 thousand.

The following table provides an overview of amounts of the transaction prices allocated to the performance obligations that are unsatisfied (or partially unsatisfied):

€ thousand	Up to one year	Between one year and five years	Between five years and ten years	Over ten years	Total
Sep 30, 2021					
Reading and billing services	80,326	133,961	46,729	1,614	262,630
Rental and associated service revenue	189,384	428,893	190,617	4,512	813,406
Other	753	1,362	42	0	2,157
Total	**270,463**	**564,216**	**237,388**	**6,126**	**1,078,193**
Sep 30, 2020					
Reading and billing services	68,117	136,224	45,529	1,995	251,865
Rental and associated service revenue	180,689	426,187	178,540	6,181	791,597
Other	187	334	94	0	615
Total	**248,993**	**562,745**	**224,163**	**8,176**	**1,044,077**

The Company has elected not to disclose transaction prices allocated to performance obligations that are unsatisfied (or partially unsatisfied) if they are part of a contract with an original expected duration of one year or less. This mainly relates to sales, maintenance agreements as well as short-term reading and billing agreements.

Furthermore, transaction prices allocated to the performance obligations that are unsatisfied (or partially unsatisfied) of the product and service line Energy Efficiency Solutions are not disclosed as permitted under IFRS 15. For these products and services, the Company recognizes revenue in the amount to which the Company has a right to invoice as it has a right to the consideration from the customer in an amount that corresponds directly with the value to the customer of its performance completed to date.

21. Capitalized internal work

€ thousand	2020/2021	2020
Capitalized internal work from installation	8,265	2,075
Capitalized internal work from projects	13,431	4,638
Capitalized costs to obtain a contract and costs to fulfill a contract	4,385	2,124
Other	158	3
Capitalized internal work	**26,239**	**8,840**

Capitalized internal work from installation relates to the rental business and is capitalized within metering and other devices.

Capitalized internal work from projects refers to the internally generated intangible assets, for example development of the digital infrastructure, new device technologies in the course of the digitization process and the construction of technical facilities (see also Note 24).

22. Other income

€ thousand	2020/2021	2020
Gains on cancellation of rental contracts	5,646	2,209
Gains on the disposal of fixed and intangible assets	778	218
Gains on foreign exchange	391	154
Other	3,082	1,824
Other income	**9,897**	**4,405**

The gains on foreign exchange arose primarily as a result of differences between foreign exchange rates on the dates the foreign-currency receivables/payables were recognized and those on the dates of payment or those used in remeasurement at the balance sheet date.

23. Product expenses and purchased services

€ thousand	2020/2021	2020
Material expenses	(109,567)	(27,688)
External workforce	(58,176)	(24,681)
Replacement expenses	(2,686)	(652)
Commercial representatives and other commissions	(2,050)	(550)
Research and development costs	(73)	0
Other	(6,091)	(3,687)
Product expenses and purchased services	**(178,643)**	**(57,258)**

24. Other expenses

€ thousand	**2020/2021**	**2020**
IT	(30,991)	(14,176)
Consultancy	(21,652)	(9,671)
Travel and car expenses	(6,858)	(3,027)
Advertising and promotion	(6,240)	(2,709)
Communication costs	(4,643)	(2,014)
Insurances	(3,210)	(1,596)
Office costs	(2,173)	(1,048)
Research and development costs	(1,946)	(370)
Temporary workforce	(1,797)	(1,074)
Training and education	(1,333)	(868)
Recruiting	(1,064)	(601)
Valuation allowances and write-offs on receivables and contract assets	(845)	(791)
Losses on foreign exchange	(430)	(513)
Losses on the disposal of fixed and intangible assets	(48)	(16)
Other	(3,369)	(3,395)
Other expenses	**(86,599)**	**(41,869)**

In the financial year 2020/2021, the above mentioned research and development costs amount to €1,946 thousand (short financial year 2020: €370 thousand), further research and development costs are included in personnel expenses amounting to €15,693 thousand (short financial year 2020: €1,926 thousand) and in product expenses amounting to €73 thousand (short financial year 2020: €0 thousand). The increase in research and development costs included in personnel costs and other expenses is due to the opportunities offered by digitization. In cooperation with industrial partners, Techem develops device technologies as well as the necessary end and system devices for consumption reading, smoke detection (smoke detectors) and for automated and complete digitized stationary remote reading (digital infrastructure) as well as for remote monitoring of heating systems. In addition, Techem supports several Germany-wide research projects.

25. Financial income and finance costs

€ thousand	**2020/2021**	**2020**
Gains on foreign exchange resulting from intercompany loans	1,316	989
Interest income	542	299
Gains on hedging instruments measured at fair value	11,397	33
Total financial income	**13,255**	**1,321**
Interest expense on shareholder loans	(90,641)	(44,099)
Interest expense	(55,541)	(29,282)
Interest expense on Notes	(52,993)	(25,304)
Losses on foreign exchange resulting from intercompany loans	(1,180)	(788)
Interest expense on provisions	(433)	(666)
Losses on hedging instruments measured at fair value	0	(9)
Other finance costs	(13)	(9)
Total finance costs	**(200,801)**	**(100,157)**
Financial income and finance costs	**(187,546)**	**(98,836)**

In the financial year 2020/2021, interest income from installment-based business amounts to €437 thousand (short financial year 2020: €237 thousand).

26. Income taxes

€ thousand	2020/2021	2020
Current income taxes		
Germany	(24,751)	(15,850)
Other countries	(10,112)	(5,092)
Total income taxes	**(34,863)**	**(20,942)**
Deferred taxes		
Addition/ utilization or reversal of deferred taxes on tax losses carried forward	(131)	57
Tax effect from temporary differences	24,466	31,316
Total deferred taxes	**24,335**	**31,373**
Total tax expense	**(10,528)**	**10,431**

As the significant part of the earnings before tax is generated in Germany, the Group weighted average tax rate is 29.98 percent (see note 9).

Deferred taxes have been calculated using the relevant enacted tax rate.

Income tax liabilities amounted to €9,391 thousand as at September 30, 2021 (September 30, 2020: €86,374 thousand). Income tax liabilities decreased by €76,983 thousand, mainly as a result of advance income tax payments by the German tax group in the amount of €100,825 thousand for the financial years 2019 to 2021. Offsetting this, a provision for the financial year 2020/2021 of €24,690 thousand was recorded for the German tax group.

The following table shows the reconciliation from the weighted average tax rate for the Group to the effective tax rate:

	2020/2021		2020	
	€ thousand	%	€ thousand	%
Earnings before tax	**(72,903)**		**(93,232)**	
Expected income tax	**21,856**	**30.0**	**28,007**	**30.0**
Non-deductible interest expense	(33,493)	(45.9)	(16,192)	(17.4)
Permanent differences	(3,755)	(5.2)	(2,140)	(2.3)
Differences from differing tax rates	3,336	4.6	1,575	1.7
Change in tax rate for deferred taxes	1,600	2.2	(10)	0.0
Taxes unrelated to the reporting period	957	1.3	(22)	0.0
Reversed/ unrecognized deferred tax assets on tax losses carried forward	(672)	(0.9)	(315)	(0.3)
Other	(357)	(0.5)	(472)	(0.5)
Effective tax expense and tax rate	**(10,528)**	**(14.4)**	**10,431**	**11.2**

As a result of the German interest barrier rule, the interest expense is not tax-deductible in full. The non-deductible portion of interest expense is therefore accumulated as interest carried forward. As at September 30, 2021, the interest carried forward amounts to €321,580 thousand (September 30, 2020: €209,981 thousand). No deferred taxes were recognized on the interest carried forward due to the uncertainty that it can be used during the planning period of five years.

The permanent differences mainly relate to trade tax add-backs relating to interest expense both in the financial year 2021/2020 and in the short financial year 2020.

The changes in tax rate for deferred taxes in the financial year 2020/2021 mainly result from changes in the trade tax rate from 14.21 percent to 14.15 percent.

27. Acquisitions

In the financial year 2020/2021, all the shares in Kalorex Gesellschaft mbH, Griesheim/Germany, (hereinafter also referred to as "Kalorex"), EXAKTA Wärme- und Wasserzähler Service GmbH, Heppenheim/Germany, (hereinafter also referred to as "EXAKTA"), VERmax Messtechnik GmbH, Wels/Austria, (hereinafter also referred to as "VERmax"), MessTech GmbH, Krumbach/Germany, (hereinafter also referred to as "MessTech"), maz mess- und abrechnungs- zentrale gmbh, Oberhausen/Germany, (hereinafter also referred to as "maz") and MATec Wolski Gesellschaft für Mess- und Abrechnungstechnik mbh, Berlin/Germany, (hereinafter also referred to as "MATec Wolski") were acquired. Furthermore, the businesses of CALORSYS Magyarország Kft., Budapest/Hungary, (hereinafter also referred to as "CALORSYS") and of Delta-t Messdienst Ralf Paulmann, Ilsede/Germany, (hereinafter also referred to as "Paulmann" were acquired by way of asset deals. The main intention regarding these acquisitions is to strengthen the core business at local level. The business of these acquisitions comprises primarily the reading, consumption-based billing of energy and water consumption as well as the rental and the sale of the respective devices. A purchase price totaling €27,925 thousand was paid for the acquisition of these companies.

The accounting for these acquisitions is provisional because the determination of the contractually agreed purchase prices has partly not yet been completed (as a closing balance sheet needs to be drawn up in accordance with the purchase agreement) and in case of the asset deals mainly because the transfer of part of the customer contracts is expected to take place after the balance sheet date. For the reasons mentioned, in particular the recorded amount of goodwill and the fixed and intangible assets may still change .

The following table shows the total purchase price and the net cash outflow relating to the above acquisitions:

€ thousand	**Sep 30, 2021**
Total purchase price	**27,925**
Less: cash and cash equivalents acquired	(1,002)
Less: contingent considerations	(1,000)
Less: outstanding purchase price payments	(50)
Net cash outflow relating to the acquisition	**25,873**

The breakdown of the net assets acquired is as follows:

€ thousand	**Fair value**
Cash and cash equivalents	1,002
Metering and other devices	5,806
Customer relationships and trademarks	20,278
Other assets (current and non-current) [1)]	2,037
Liabilities (current and non-current)	(4,475)
Deferred tax liabilities (net)	(5,671)
Net assets acquired	**18,977**
Goodwill	9,130
Gain from a bargain purchase	(182)
Total purchase price	**27,925**

[1)] including trade receivables (gross) of €512 thousand and allowances for these trade receivables of €64 thousand

The goodwill of €9,130 thousand mainly comprises intangible assets, which cannot be identified separately and mainly reflects expected future growth of earnings as a result of synergies and the increase in the market share in the respective region. It is not tax-deductible.

If the acquired companies and businesses had been part of the Techem 671 Group since October 1, 2020, Group revenues would have amounted to €821,345 thousand and Group net loss to €82,802 thousand for the financial year 2020/2021. Since joining the Group, the acquisitions generated total revenues of €4,624 thousand and total net loss of €46 thousand in the reporting period.

Costs directly attributable to the acquisitions amounted to €306 thousand, which were recognized in other expenses.

There were no acquisitions in the short financial year 2020.

F. OTHER DISCLOSURES

Segment reporting

The segment reporting in accordance with IFRS 8 Operating Segments is prepared due to the issuance of Notes in July 2018 by Techem Verwaltungsgesellschaft 674 mbH and the issuance of Notes in January 2020 by Techem Verwaltungsgesellschaft 675 mbH which are traded in a public market. Both companies are indirect subsidiaries of Techem Verwaltungsgesellschaft 671 mbH.

Within the segment Energy Services, the Company provides its customers, which mainly comprise service providers in the housing and real-estate industry, with measurement, sub-meter reading and billing services relating to energy and water consumption. The reading and billing services are subject to seasonal fluctuations, which impact the results of operations accordingly.

The Company rents and sells metering devices, which are necessary to provide the services. Rental contracts for the metering devices have a term of up to ten years.

The Company also offers maintenance services required for the devices. Maintenance services are included in the rental contracts. For sold devices the maintenance service is offered in separate maintenance contracts.

Techem's supplementary services include the planning, installation and maintenance of smoke detectors. The smoke detectors are usually rented to customers. In addition, the Company offers a smoke detector service.

In addition, Techem, in cooperation with SGS Institut Fresenius, offers legionella analysis services in Germany.

The segment Energy Efficiency Solutions represents a further development of our previous segment Energy Contracting. The segment Energy Efficiency Solutions provides its customers with services in relation to the planning, financing, construction and operation of heat generation plants. The plants are maintained continuously. Gas, oil, long-distance heating and electricity are provided to the customers. In the short financial year 2020, the business unit water technology, which comprises the professional operation of water treatment facilities, was transferred from the segment Energy Services to the segment Energy Efficiency Solutions.

GWE Gesellschaft für wirtschaftliche Energieversorgung mbH was renamed to DMG Beteiligungsgesellschaft mbH in November 2020 and was reallocated to the segment Energy Services from the segment "Other". The prior year figures have been adjusted accordingly.

Consolidation entries are included under "Other".

The accounting principles applied are the same as those applied for the Group. The economic development of the Group and its segments is managed by means of financial ratios. The financial ratios relevant to the management are revenue, EBIT/EBITDA and free cash flow, whereby the company believes that EBIT reflects the capital intensity of the business best.

Investments are cash-effective additions to metering and other devices, to property, plant and equipment and to intangible assets.

Intragroup transactions are carried out at market prices.

Techem has no customer with a share in revenue exceeding 10 percent.

To obtain external segment revenues by geographical area, the revenues are allocated to the region where they were recognized. Non-current assets are reported based on their location. Non-current assets comprise metering and other devices, property, plant and equipment, intangible assets, right-of-use assets, non-current other assets and investments accounted for using the equity method.

As a result of similar economic characteristics in the form of similar EBIT-margins for products and services, similar products and services as well as similar distribution and customer structures, the operating segments Energy Services Germany and Energy Services International are aggregated into a single reportable segment.

Segment information is as follows:

€ thousand	Energy Services	Energy Efficiency Solutions	Other	Group
2020/2021				
External revenue	720,685	97,933	0	818,618
Intragroup revenue	2,729	303	(3,032)	0
Revenue	**723,414**	**98,236**	**(3,032)**	**818,618**
EBIT	**121,924**	**(7,903)**	**0**	**114,021**
EBITDA	**348,553**	**5,913**	**0**	**354,466**
Depreciation and impairment losses	**(226,629)**	**(13,816)**	**0**	**(240,445)**
thereof impairment losses	*(7,279)*	*(488)*	*0*	*(7,767)*
EBIT				**114,021**
Share of profit of investments accounted for using the equity method				622
Financial income				13,255
Finance costs				(200,801)
Loss before tax				**(72,903)**
Investments	**(127,293)**	**(21,329)**	**0**	**(148,622)**
2020				
External revenue	288,197	28,929	0	317,126
Intragroup revenue	1,668	177	(1,845)	0
Revenue	**289,865**	**29,106**	**(1,845)**	**317,126**
EBIT	**4,794**	**630**	**0**	**5,424**
EBITDA	**115,037**	**7,081**	**0**	**122,118**
Depreciation and impairment losses	**(110,243)**	**(6,451)**	**0**	**(116,694)**
thereof impairment losses	*(3,187)*	*(76)*	*0*	*(3,263)*
EBIT				**5,424**
Share of profit of investments accounted for using the equity method				180
Financial income				1,321
Finance costs				(100,157)
Loss before tax				**(93,232)**
Investments	**(50,957)**	**(8,854)**	**0**	**(59,811)**

Revenue and non-current assets by region:

€ thousand	Germany	Other countries	Group
2020/2021			
Revenue	**625,471**	**193,147**	**818,618**
2020			
Revenue	**233,083**	**84,043**	**317,126**
Sep 30, 2021			
Segmental non-current assets	**4,521,142**	**572,180**	**5,093,322**
Other financial assets			6,843
Deferred tax assets			49
Total non-current assets			**5,100,214**
Sep 30, 2020			
Segmental non-current assets	**4,524,290**	**557,138**	**5,081,428**
Other financial assets			7,404
Deferred tax assets			111
Total non-current assets			**5,088,943**

In the financial year 2020/2021, the item "Other countries" includes 97.4% of sales revenues from European countries (short financial year 2020: 98%). As at September 30, 2021, the item "Other countries" includes non-current assets from European countries of 98% (September 30, 2020: 98%).

Other financial obligations / Financial guarantees

The following table shows other financial obligations and financial guarantees except for those related to the financial liabilities (see note 13):

€ thousand	Up to one year	Between one year and five years	Over five years	Total
Sep 30, 2021				
Financial obligations due to purchase of fixed assets	7,313	0	0	7,313
Financial obligations due to purchase of intangible assets	1,123	0	0	1,123
Financial obligations due to energy supply contracts	32,480	26,270	456	59,206
Other financial obligations	**40,916**	**26,270**	**456**	**67,642**
Sep 30, 2020				
Financial obligations due to purchase of fixed assets	8,847	0	0	8,847
Financial obligations due to purchase of intangible assets	932	0	0	932
Financial obligations due to energy supply contracts	20,913	21,632	589	43,134
Other financial obligations	**30,692**	**21,632**	**589**	**52,913**

As at September 30, 2021, there are further commitments resulting from financial guarantees issued by the Techem 671 Group in the amount of €804 thousand (September 30, 2020: €200 thousand).

Concentration of risk

Credit risks. The Company offers its services to a large number of customers active in various sectors and geographical regions. The Company grants credit terms to eligible customers and believes it is not exposed to an unreasonable concentration of risks.

Imminent or actual irrecoverable receivables are accounted for by write-downs depending on the age of the receivable concerned. Several dunning stages are also used. When a certain dunning stage is reached, legal action is initiated. Furthermore, allowances for expected credit losses are recorded with respect to trade accounts receivable, contract assets, finance lease receivables and unbilled receivables.

As at September 30, 2021, the total of trade accounts receivable, including receivables from finance lease (each current and non-current), is €190,126 thousand (maximum default risk) (September 30, 2020: €179,483 thousand).

The maximum default risk arising from money market funds is their fair value and amounts to €0 thousand as at September 30, 2021 (September 30, 2020: €3,598 thousand).

Liquidity risk. The Company has secured its financing by long-term loan agreements (Term Loan B due in July 2025 and the Revolving Credit Facility due in January 2025) and the issuance of Notes (Senior Secured Notes due in July 2025 and Senior Notes due in July 2026). The budget of the Company shows a positive development of the financial position, financial result and cash flows. Therefore, the Company is not exposed to liquidity risk (see note 13).

The following table provides an overview of the maturity analysis for future cash flows of the financial liabilities. The future cash flows are undiscounted cash flows including interest payments:

€ thousand	**Up to one year**	**Between one year and five years**	**More than five years**	**Total**
Sep 30, 2021				
Financial liabilities	114,228	2,893,783	0	3,008,011
Liabilities to shareholders [1)]	93,308	373,489	2,217,412	2,684,209
Trade accounts payable	49,065	0	0	49,065
Lease liabilities	20,406	48,030	70,592	139,028
Hedging instruments not subject to hedge accounting	11,601	2,911	0	14,512
Other financial liabilities	21,026	702	49	21,777
Total	**309,634**	**3,318,915**	**2,288,053**	**5,916,602**
Sep 30, 2020				
Financial liabilities	118,698	2,604,000	438,734	3,161,432
Liabilities to shareholders [1)]	87,957	352,071	2,178,213	2,618,241
Trade accounts payable	43,881	655	0	44,536
Lease liabilities	19,943	37,937	15,536	73,416
Hedging instruments not subject to hedge accounting	9,555	12,016	0	21,571
Other financial liabilities	24,409	180	584	25,173
Total	**304,443**	**3,006,859**	**2,633,067**	**5,944,369**

[1)] It is assumed that the accrued interest is paid at the end of each interest period.

Interest rate risk and interest rate management. Interest rate risks arise from the fact that a large part of the financial liabilities is subject to a floating rate of interest (see note 13).

Interest rate risk is analyzed centrally and managed by the Treasury department. Interest rate risk items are separated from the liquidity commitment in individual hedge agreements with the help of interest rate derivatives, such as interest rate swaps, and are managed as an overall portfolio to balance the risks. Interest rate derivatives are used exclusively to optimize credit terms and limit interest rate risks as part of the Company's financing strategies and are not used for trading or speculation purposes.

Hedging instruments are used in the Group to hedge interest rate risks on variable cash flows. As the swaps fix the variable cash flows on the loan, they are cash flow hedges, which are not subject to hedge accounting.

The Company pursues a conservative strategy in hedging financial risks. In accordance with internal guidelines of the Company, the use of derivatives is restricted to the hedging of existing risks. The Company only uses hedging instruments that are measurable and have a transparent risk profile.

The Indentures of the Senior Notes include termination options, which are derivatives according to IFRS. These derivates have to be separated from financial liabilities. The termination options can be exercised by the issuer of the Notes in steps until July 30, 2023, each time taking into consideration a staggered premium on the principal amount. However, the value to be recorded as at September 30, 2021, is €0 because the options are not in-the-money.

All derivatives are measured at fair value in accordance with IFRS 13. This is determined using the mark-to-market method (for interest rate swaps), including a credit risk adjustment relating to the counterparty or the Company itself (see note 19). The market values of interest rate swaps are reported as other financial liabilities.

Interest rate instruments not subject to hedge accounting. Changes in market value are recognized in the statement of profit or loss, but do not affect cash.

As at September 30, 2021, the Company has payer-swaps with a total nominal value of €1,600,000 thousand related to the Facility B and the Revolving Credit Facility of the Senior Facilities Agreement. These interest rate instruments swap the three-month EURIBOR against a four-year fixed interest rate of 0.167%.

The aforementioned payer-swaps have the following market values and maturities:

€ thousand	Sep 30, 2021		Sep 30, 2020	
	Nominal amount	**Market value**	**Nominal amount**	**Market value**
Interest rate swaps [1]				
Up to one year	0	0	0	0
Between one year and five years	1,600,000	(11,238)	1,600,000	(22,635)
More than five years	0	0	0	0
Total	**1,600,000**	**(11,238)**	**1,600,000**	**(22,635)**

[1] In this table interest rate swaps are presented according to their contractual term. Liabilities from hedging instruments are shown under current other financial liabilities because the instruments can be cancelled at any time.

As at September 30, 2021, Facility B has been drawn down with a nominal amount of €1,145,000 thousand. In addition, the Revolving Credit Facility has been drawn down with a nominal amount of €40,000 thousand as cash. Consequently, these loans with variable interest charges are fully secured by the interest rate swaps (the interest charge is currently based on the 6-month EURIBOR plus a margin). The over-hedging amounts to €415,000 thousand. If the 3-month EURIBOR had been higher by one percentage point in the financial year 2020/2021, the Group net loss would have been reduced by €11,333 thousand due to a positive change in the fair value of the interest rate instruments (all other variables remaining constant).

Currency risk and currency management. A large part of the revenues was generated in the euro-area and was not subject to major currency risks. However, currency risks may originate from loans that Techem Energy Services GmbH grants to its subsidiaries outside the euro-area as part of intercompany financings.

As at September 30, 2021, the following foreign exchange hedging instruments not subject to hedge accounting exist:

€ thousand	Sep 30, 2021		Sep 30, 2020	
	Nominal amount	**Market value**	**Nominal amount**	**Market value**
Currency swaps [1]				
Danish Krone	8,526	8,525	0	0
Swiss Franc	6,080	6,095	0	0
Czech Koruna	1,200	1,196	0	0
Hungarian Forint	486	469	0	0
Total	**16,292**	**16,285**	**0**	**0**

[1] The contractual terms of the currency swaps ended in October 2021 each.

Risks associated with Covid-19 disease. The worldwide Covid-19 pandemic is categorized as “emergency situation” at Techem. According to the management of Techem, the Company is adequately prepared for the Covid-19 pandemic, is resiliently positioned and reacts to this situation with robust measures. All the employees of Techem are regularly informed about, how high the risk of infection is and how they as well as third parties can protect themselves against the Covid-19 infection. The current spread of the Covid-19 disease is continuously recorded and assessed by the Corona emergency staff of the Company. Accordingly, the internal current risk assessments and current safety measures are compared with the evaluations and assessments of the Robert Koch-Institute. To coordinate the measures in the Group, the Corona emergency staff was assembled, which is coordinated by the Head of Quality & Methods and which is technically supported by an external BCM consultancy firm (Business Continuity Management). Within the incident management, possible incidents are collected and necessary actions are initiated. The Covid-19 crisis management is also prepared should the situation in Germany further deteriorate. In principle, appropriate precautions have been taken at all locations in Germany and abroad. If necessary, local peculiarities were also taken into consideration. The local planning regarding the pandemic is carried out in coordination with the centralized Corona emergency staff based on the individual circumstances at each location. Business critical circumstances are identified and secured against default risks. In addition, a continuous exchange of information between the Company and its shareholders takes place. Within this scope, the analysis of the actions to be taken as well as the evaluation of mitigation measures related to operating activities and measures related to liquidity protection (based on different scenarios) take place.

In the financial year 2020/2021, the Covid-19 pandemic did not have any material impact on the financial position and results of operations of the Group. However, additional costs were incurred during that period relating to Covid-19. These costs amounted to €4,721 thousand and mainly related to the purchase of safety/ protective equipment and disinfectants as well as the provision of a home office allowance for employees working from home. It is expected that the government's measures to contain the Covid-19 pandemic will not have a material impact on the economic activities of Techem given the infrastructure-like nature of its business and given that in Germany almost 80% of meters can be read remotely. In addition, the preparation of corresponding billings can be performed remotely. Recently, the inventory was also increased to ensure product availability. At the moment, there are no indications of significant changes in the payment behavior of our customers. As the situation evolves, the Covid-19 measures and the overall impact of Covid-19 on the operations and financial performance of the Company are continuously assessed.

Employees

Details regarding personnel expenses are as follows:

€ thousand	**2020/2021**	**2020**
Salaries and wages	201,593	92,851
Social security contributions and expenses for retirement and other benefits	33,453	16,275
Personnel expenses	**235,046**	**109,126**

	2020/2021	**2020**
Average number of employees		
Germany	2,426	2,366
Other countries	1,386	1,337
Employees	**3,812**	**3,703**
Average number of employees of investments accounted for using the equity method	13	11
Total employees	**3,825**	**3,714**

Transactions with related parties

The parent company of Techem Verwaltungsgesellschaft 671 mbH is Luxembourg Investment Company 261 S.à r.l. in Luxemburg. The ultimate parent company is Partners Group Premier Access L.P., Edinburgh/Scotland.

Key management personnel of the Techem 671 Group consists of the managing directors of Techem Verwaltungsgesellschaft 671 mbH. Both in the short financial year 2020 and in the financial year 2020/2021, Matthias Hartmann, Dr.-Ing. Carsten Sürig and Nicolai Kuß were managing directors of Techem 671 mbH. They were paid by Techem GmbH and additionally had responsibilities for other Group companies.

In the financial year 2020/2021, the remuneration of the key management personnel amounted to €3,556 thousand (short financial year 2020: €1,609 thousand), which only comprises short-term employee benefits. The remuneration mentioned above includes outstanding payments of €770 thousand (short financial year 2020: €865 thousand), for which provisions were recognized at the balance sheet date. These outstanding payments solely relate to the variable remuneration, which is based on individual non-financial and financial performance indicators. Provisions recognized as at September 30, 2020 were fully utilized in the financial year 2020/2021. Members of the key management personnel participate in the management participation program (MEP), which was set up by the main investors (see note 18). No personnel expense has to be recognized related to that participation. As part of their investment plan, key management personnel indirectly hold a portion of the shareholder loan (see note 11) in the amount of €1,193 thousand (short financial year 2020: €1,042 thousand).

As at September 30, 2021, Techem 671 mbH recognized non-current liabilities to shareholders amounting to €1,533,834 thousand (September 30, 2020: €1,445,876 thousand), which result from a subordinated loan with the parent company Luxembourg Investment Company 261 S.à r.l. (see note 11). In the financial year 2020/2021, interest expenses in the amount of €90,641 thousand (short financial year 2020: €44,099 thousand) were incurred relating to the shareholder loan. As at September 30, 2021, the current liabilities to shareholders amount to €46,782 thousand (September 30, 2020: €44,099 thousand). As at March 31, 2021, the unpaid interest of €87,958 thousand for the interest period from April 1, 2020 to March 31, 2021 was capitalized in accordance with the loan agreement (see note 11).

Auditors' fees (section 314 (1) No. 9 German Commercial Code (HGB))

In the financial year 2020/2021 , the following fees for the Group auditor, PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, are included:

€ thousand	**2020/2021**
Fees for:	
Year-end audit services	390
Other confirmation services	(9)
Services for tax consultancy	66
Other services	10
Total fees	**457**

The audit fees for year-end audit services include the fees for the audit of the stand-alone year-end accounts and the Group accounts of the Company as well as the fees for the audit of the stand-alone year-end accounts of several subsidiaries in Germany. The other confirmation services comprise reversals of provisions from the prior year. The services for tax consultancy mainly relate to tax consultancy in connection with tax returns and tax audits. The other services mainly relate to consulting services in connection with the change of the balance sheet date as at 30 September 2020.

Events after the balance sheet date

Effective October 4, 2021, all the shares in ALPHA MESS Bergisch-Land Verwaltungs GmbH, Wuppertal/Germany, and ALPHA MESS Bergisch-Land GmbH & Co. KG, Wuppertal/Germany, were acquired. Also effective October 4, 2021, all the shares in MESSWERT Unternehmen für Messdienstleistungen AG, Cologne/Germany, were acquired. Furthermore, effective November 17, 2021, all the shares in E-BS Energy Billing Service S.r.l., Castenaso (BO)/Italy, were acquired. Furthermore, effective December 1, 2021, the business of Delta-t Messdienst Uwe Schwalm, Groß-Umstadt/Germany, (hereinafter also referred to as "Schwalm") was acquired by way of an asset deal. The business of these acquisitions comprises primarily the reading, consumption-based billing of energy and water consumption as well as the rental and the sale of the respective devices. A purchase price totaling €11,562 thousand was paid for the acquisition of these companies and the business of Schwalm. The purchase prices are important for the financial position.

The Revolving Credit Facility was drawn down as cash in additional amounts of €20,000 thousand on December 7, 2021, and €35,000 thousand on December 22, 2021.

Exemption from disclosure requirements

All the German corporate entities with a profit and loss transfer agreement have exercised the exemption options available under section 264 (3) German Commercial Code (HGB) with regard to disclosures for the financial year 2020/2021. Based on these exemption options, Techem Verwaltungsgesellschaft 673 mbH, Techem Verwaltungsgesellschaft 674 mbH, Techem Verwaltungsgesellschaft 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Energy Services GmbH, Techem Solutions GmbH, Techem X GmbH and bautec Energiemanagement GmbH do not prepare notes to their financial statements (if applicable) and management reports (if applicable) and do not publish their year-end accounts.

Techem Verwaltungsgesellschaft 672 mbH does also not prepare notes to its financial statements and does not publish its year-end accounts. To be able to exercise the exemption options available under section 264 (3) German Commercial Code (HGB), Techem Verwaltungsgesellschaft 671 mbH has committed with a letter of comfort to be liable for all obligations of Techem Verwaltungsgesellschaft 672 mbH for the entire financial year 2021/2022, which were incurred until balance sheet date September 30, 2021. Furthermore, Techem Verwaltungsgesellschaft 671 mbH has committed to finance Techem Verwaltungsgesellschaft 672 mbH to the extent necessary, so that they can fulfil the aforementioned obligations towards their creditors.

The subsidiaries Techem Verwaltungsgesellschaft 672 mbH, Techem Verwaltungsgesellschaft 673 mbH, Techem Verwaltungsgesellschaft 674 mbH, Techem Verwaltungsgesellschaft 675 mbH, Techem Metering GmbH, Techem GmbH, Techem Vermögensverwaltung GmbH & Co. KG, Techem Energy Services GmbH and DMG Beteiligungsgesellschaft mbH have to prepare Group financial statements. Due to the fact that their accounts are included in these Group accounts presented herewith, these subsidiaries do not have to prepare subgroup financial statements as these Group financial statements have a discharging effect in accordance with section 291 German Commercial Code.

Eschborn, December 23, 2021

Techem Verwaltungsgesellschaft 671 mbH

Matthias Hartmann Dr.-Ing. Carsten Sürig Nicolai Kuß

Auditor’s Report - Techem Verwaltungsgesellschaft 671 mbH, Eschborn – Consolidated financial statements for the financial year from October 1, 2020 to September 30, 2021

The following translation of the independent auditor's report (Bestätigungsvermerk des unabhängigen Abschlussprüfers) has been issued in accordance with Section 322 of the German Commercial Code (Handelsgesetzbuch) on the consolidated financial statements and group management report (Konzernlagebericht) of Techem Verwaltungsgesellschaft 671 mbH, Eschborn, as of and for the financial year ended September 30, 2021. The group management report is neither included nor incorporated by reference in this Offering Memorandum. Please note, only the German language version of the auditor’s report including the complete set of consolidated financial statements and group management report is authoritative.

INDEPENDENT AUDITOR’S REPORT

To Techem Verwaltungsgesellschaft 671 mbH, Eschborn

Audit Opinions

We have audited the consolidated financial statements of Techem Verwaltungsgesellschaft 671 mbH, Eschborn, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2021 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 October 2020 to 30 September 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Techem Verwaltungsgesellschaft 671 mbH for the financial year from 1 October 2020 to 30 September 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 September 2021, and of its financial performance for the financial year from 1 October 2020 to 30 September 2021, and

the accompanying group management report as a whole provides an appropriate view of the Group’s position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report“ section of our auditor’s report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Responsibilities of the Executive Directors for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined 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 executive directors are responsible for assessing the Group’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

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 whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 and this group management report.

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 and of the group management report, 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 audit opinions. 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 of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 be able 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 present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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 deficiencies in internal control that we identify during our audit.

Frankfurt am Main, 23 December 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thomas Tilgner	ppa. Samuel Artzt
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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€500,000,000 % Senior Secured Notes due 2029

OFFERING MEMORANDUM

, 2024