IMPORTANT NOTICE

IMPORTANT NOTICE: You must read the following before continuing. The following applies to the offering memorandum (the "Offering Memorandum") following this notice, whether received by e-mail or otherwise received as a result of electronic communication. You are therefore advised to read this disclaimer 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 PROPOSED OFFER AND SALE OF THE SECURITIES DESCRIBED HEREIN. THE OFFERING MEMORANDUM AND ITS CONTENTS ARE CONFIDENTIAL AND SHOULD NOT BE DISTRIBUTED, PUBLISHED, REPRODUCED (IN WHOLE OR IN PART) OR DISCLOSED BY RECIPIENTS TO ANY OTHER PERSON.

THIS OFFERING (THE "OFFERING") IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") WITHIN THE MEANING OF RULE 144A ("RULE 144A") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR (2) PURCHASING THE NOTES DESCRIBED IN THE OFFERING MEMORANDUM OUTSIDE OF THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT (AND, IF INVESTORS ARE RESIDENT IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA ("EEA"), A QUALIFIED INVESTOR, WITHIN THE MEANING OF ARTICLE 2(e) of REGULATION (EU) 2017/1129).

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS OF OTHER JURISDICTIONS.

THE FOLLOWING OFFERING MEMORANDUM WILL BE ACCESSIBLE IN ELECTRONIC FORMAT AND YOU ACKNOWLEDGE THAT YOU RECEIVED THE OFFERING MEMORANDUM IN A FORM THAT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

Confirmation of your representation. In order to be eligible to view the Offering Memorandum or make an investment decision with respect to the securities described in the Offering Memorandum, investors must be either (1) QIBs or (2) persons who are outside of the United States in an offshore transaction in reliance on Regulation S; provided that investors resident in a EU Member State (a "Member State") are qualified investors (within the meaning of Article 2(e) of Regulation (EU) 2017/1129). The Offering Memorandum is being sent at your request. By accepting this e-mail or other electronic transmission and by accessing the Offering Memorandum, you shall be deemed to have represented to us and the initial purchasers set forth in the Offering Memorandum following this notice (the "Initial Purchasers"), being the senders of the Offering Memorandum; that:

(1) you acknowledge that you are receiving such Offering Memorandum by electronic transmission; and

(2) either you and any customers you represent are:

  (a) QIBs 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; or

  (b) (i) you and any customers you represent are outside the United States and (ii) the e-mail address that you gave us and to which the Offering Memorandum has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States or the District of Columbia; and

(3) if you are a resident in a Member State, you are a qualified investor (within the meaning of Article 2(e) of Regulation (EU) 2017/1129).

Prospective purchasers that are QIBs are hereby notified that the seller of the securities offered under the Offering Memorandum will be relying on the exemption from the provisions of Section 5 of the Securities Act pursuant to Rule 144A.

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 in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the Offering Memorandum to any other person.

Under no circumstances shall the Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The materials relating to the Offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the Offering be made by a licensed broker or dealer and any of the Initial Purchasers of the securities offered under the Offering Memorandum or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by such Initial Purchaser or affiliate thereof on behalf of the issuer in such jurisdiction.

The Offering Memorandum has not been approved by an authorized person in the United Kingdom and is only being distributed to and is only directed at persons who (i) have professional experience in matters relating to investments and are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), (ii) are high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA") in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The Offering Memorandum must not be acted upon by persons who are not relevant persons. Any investment or investment activity to which the Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. No part of the Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person.

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 the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

References to Regulations or Directives include, in relation to the UK, those Regulations or Directives as they form part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 or have been implemented in UK domestic law, as appropriate.

The Offering Memorandum has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Initial Purchasers, any person who controls any Initial Purchaser, the Issuer, the Guarantors (each as defined in the Offering Memorandum) or any of their respective directors, officers, employees, agents or affiliates, accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic form and any version that will be provided to you at a later date upon your request from any Initial Purchaser.

Professional investors and ECPs (as defined below) only target market: Solely for the purposes of each manufacturer's approval process of the Notes, the target market assessment in respect of the securities described in the Offering Memorandum has led to the conclusion that: (i) the target market for such securities is eligible counterparties ("ECPs") and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of such securities to ECPs and professional clients are appropriate. Any person subsequently offering, selling or recommending such securities (a "distributor") should take into consideration the manufacturers' target market assessment; however, and without prejudice to the Issuer's obligations in accordance with MiFID II, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Prohibition of sales to EEA (as defined in the Offering Memorandum) 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 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 2016/97/EU (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended or superseded, the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

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

Prohibition Of Sales To UK Retail Investors: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (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 (the "EUWA"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement 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 Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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

The Offering Memorandum is being distributed for information purposes only and is subject to completion and amendment (which may be material) without notice. The definitive terms of the transaction will be described in the final version of the Offering Memorandum. The Offering Memorandum shall not, and is not intended to, constitute or contain any offer or invitation to sell or the solicitation of any offer to buy and may not be used as, or in connection with, any offer or invitation to sell or a solicitation of any offer to buy any of the securities described therein.

OFFERING MEMORANDUM
STRICTLY CONFIDENTIAL

NOT FOR GENERAL DISTRIBUTION
IN THE UNITED STATES

PFLEIDERER

PCF GmbH

€750,000,000 Sustainability-Linked Senior Secured Notes due 2026
(in a combination of fixed and floating rate notes)

€400,000,000 4¾% Sustainability-Linked Senior Secured Notes due 2026

€350,000,000 Sustainability-Linked Senior Secured Floating Rate Notes due 2026

PCF GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany (the "Issuer"), is hereby offering €400 million in aggregate principal amount of its 4¾% Sustainability-Linked Senior Secured Notes due 2026 (the "Fixed Rate Notes") and €350 million in aggregate principal amount of its Sustainability-Linked Senior Secured Floating Rate Notes due 2026 (the "Floating Rate Notes" and, together with the Fixed Rate Notes, the "Notes"). The Notes will be issued pursuant to an indenture (the "Indenture") to be dated on or around April 22, 2021 (the "Issue Date"). The offering of the Notes is referred to herein as the "Offering."

The Fixed Rate Notes will bear interest at a rate of 4.750% per annum. The Fixed Rate Notes will mature on April 15, 2026. The Issuer will pay interest on the Fixed Rate Notes semi-annually in arrears on April 15 and October 15 of each year, commencing on October 15, 2021. The interest rate on the Fixed Rate Notes will increase by up to 0.2500% on the Step-up Date (as defined herein), unless the Issuer has notified the Trustee (as defined herein) in writing on or prior to the Certification Date (as defined herein) that it has achieved certain sustainability performance targets, which are described in more detail in this offering memorandum. Prior to April 15, 2023, the Issuer may redeem, at its option, all or a portion of the Fixed Rate Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption, plus the applicable "make-whole" premium, as described in this offering memorandum. Prior to April 15, 2023, the Issuer may redeem up to 10% of the aggregate principal amount of the Fixed Rate Notes originally issued (including the aggregate principal amount of any additional Fixed Rate Notes issued) in each calendar year at a redemption price equal to 103.00% of the principal amount thereof. Prior to April 15, 2023, the Issuer may redeem, at its option, up to 40% of the original principal amount of the Fixed Rate Notes with the net proceeds from certain equity offerings at the redemption price set forth in this offering memorandum, provided that, *inter alia*, at least 50% of the original principal amount of the Fixed Rate Notes remains outstanding. At any time on or after April 15, 2023, the Issuer may redeem all or part of the Fixed Rate Notes at the redemption prices set forth in this offering memorandum.

The Floating Rate Notes will bear interest at a rate equal to three-month EURIBOR (subject to a 0% floor) plus 4.750% per annum (the "FRN Margin"), reset quarterly. The Floating Rate Notes will mature on April 15, 2026. The Issuer will pay interest on the Floating Rate Notes quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, commencing on July 15, 2021. The FRN Margin will increase by up to 0.2500% on the Step-up Date, unless the Issuer has notified the Trustee in writing on or prior to the Certification Date that it has achieved certain sustainability performance targets, which are described in more detail in this offering memorandum. Prior to April 15, 2022, the Issuer may redeem, at its option, all or a portion of the Floating Rate Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption, plus the applicable "make-whole" premium, as described in this offering memorandum. At any time on or after April 15, 2022, the Issuer may redeem all or part of the Floating Rate Notes at the redemption prices set forth in this offering memorandum.

In addition, all, but not less than all, of the applicable series of Notes may also be redeemed upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events defined as constituting a change of control, the Issuer may be required to make an offer to purchase all of the outstanding Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest and additional amounts, if any. However, a change of control will not be deemed to have occurred if a specified consolidated net leverage ratio is not exceeded in connection with such event.

The Notes will (i) be general senior obligations of the Issuer, (ii) rank *pari passu* in right of payment with any existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including the obligations of the Issuer under the New Revolving Credit Facility (as defined herein) and certain hedging obligations, (iii) rank senior in right of payment to any existing and future indebtedness or obligation of the Issuer that is expressly subordinated in right of payment to the Notes (if any), (iv) be effectively subordinated to any existing or future indebtedness of the Issuer that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness, and (v) be structurally subordinated to any existing or future obligations of the subsidiaries of the Issuer that do not guarantee the Notes, including obligations to trade creditors.

On the Issue Date, subject to the Agreed Security Principles, the Notes will be guaranteed on a senior secured basis (the "Notes Guarantees" and, each, a "Notes Guarantee") by the Guarantors (as defined herein). The Issuer and the Guarantors will also guarantee, on a senior secured basis, the New Revolving Credit Facility. The Notes Guarantee of each Guarantor will (i) be a general senior obligation of such Guarantor, (ii) rank *pari passu* in right of payment with any existing and future indebtedness of such Guarantor that is not subordinated in right of payment to the Notes Guarantees, including obligations under the New Revolving Credit Facility and certain hedging obligations, (iii) rank senior in right of payment to any existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to the Notes Guarantees, (iv) be effectively subordinated to any existing and future indebtedness of such Guarantor that is secured by property and assets that do not secure the Notes Guarantees, to the extent of the value of the property and assets securing such indebtedness (if any), and (v) be structurally subordinated to any existing or future obligations of the subsidiaries of the Issuer that are not Guarantors, including obligations to trade creditors.

On the Issue Date, subject to the Agreed Security Principles, the Notes and the Notes Guarantees will be secured by the Collateral (as defined herein). The Collateral will also secure the New Revolving Credit Facility, certain hedging obligations and certain other future indebtedness permitted under the Indenture on a first-priority basis. Pursuant to the terms of the Intercreditor Agreement, liabilities in respect of the New Revolving Credit Facility, certain hedging obligations and certain other future indebtedness permitted under the Indenture that are secured by the Collateral will be repaid with the proceeds from a distressed disposal of, or the enforcement of, the Collateral in priority to the Notes. The validity and enforceability of the Notes Guarantees and the security interests and the liability of each Guarantor will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests.*" The Collateral and the Notes Guarantees may be released in certain circumstances.

The Notes will initially be issued in the form of global notes in registered form. The Notes will be in registered form in minimum denominations of €100,000 and integral multiples of €1,000 above €100,000. See "*Book-Entry, Delivery and Form.*" We expect the Notes to be delivered to investors in book-entry form through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"), on or about the Issue Date.

There is currently no public market for the Notes. Application will be made to The International Stock Exchange Authority Limited (the "Authority") for the listing of and permission to deal in the Notes on the Official List of The International Stock Exchange (the "Exchange"). There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.

Investing in the Notes involves a high degree of risk. See "Risk Factors" beginning on page 34.

Issue Price of the Fixed Rate Notes: 100.000% plus accrued interest, if any, from the Issue Date.

Issue Price of the Floating Rate Notes: 100.000% plus accrued interest, if any, from the Issue Date.

The Notes and the Notes Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the laws of any other jurisdiction, 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 Securities Act. In the United States, the Offering is being made only to qualified institutional buyers ("QIBs") within the meaning of Rule 144A ("Rule 144A") under the Securities Act in compliance with Rule 144A under the Securities Act. You are hereby notified that the Initial Purchasers (as defined herein) of the Notes may be relying on the exemption from certain provisions of the Securities Act provided by Rule 144A thereunder. Outside the United States, the Offering is being made in offshore transactions in reliance on Regulation S ("Regulation S") under the Securities Act. For additional information about eligible offerees and transfer restrictions, see "*Plan of Distribution*" and "*Transfer Restrictions.*

Joint Global Coordinator and Joint Physical Bookrunners

Goldman Sachs Bank Europe SE
(Sole Sustainability Structuring Advisor)

Credit Suisse

Joint Senior Bookrunners

BofA Securities **Deutsche Bank** **J.P. Morgan**

Joint Bookrunner

Commerzbank

The date of this offering memorandum is April 15, 2021.

TABLE OF CONTENTS

IMPORTANT INFORMATION

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the Notes described in this offering memorandum and should be used solely for the purposes for which it has been produced. Distribution of this offering memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to the purchase of Notes is unauthorized and any disclosure of any of the contents of this offering memorandum without our prior written consent is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and agrees to not make copies of this offering memorandum or any documents referred to in this offering memorandum.

In making an investment decision, prospective investors must rely solely on the information contained in this offering memorandum and their own examination of the Issuer and its subsidiaries and businesses and the terms of the Offering, including the merits and risks involved. Neither we nor any of the Initial Purchasers has authorized any other person to provide different information to any investor or potential investor and we do not take responsibility for any information that others may give to you. In addition, neither we nor any of the Initial Purchasers, the Trustee, the Security Agent, nor any of their respective agents, are making any representation to prospective investors regarding the legality of an investment in the Notes, and prospective investors should not construe anything in this offering memorandum as legal, business or tax advice. Prospective investors should consult their own advisers as to legal, tax, business, financial and related aspects of an investment in the Notes. Prospective investors must comply with all laws applicable in any jurisdiction in which they buy, offer or sell the Notes or possess or distribute this offering memorandum; neither we nor any of the Initial Purchasers, the Trustee or the Security Agent shall have any responsibility for any of the foregoing legal requirements. See "*Transfer Restrictions*."

We are offering the Notes in reliance on an exemption from registration under the Securities Act for an offer and sale of securities that does not involve a public offering. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. Prospective purchasers should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. If you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under "*Transfer Restrictions*."

This offering memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, nor may this offering memorandum be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

We reserve the right to withdraw this offering at any time. We are making this offering subject to the terms described in this offering memorandum and the purchase agreement relating to the Notes entered into between us and the Initial Purchasers. We and the Initial Purchasers may reject any offer to purchase the Notes in whole or in part, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes for which it has subscribed. The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Notes.

This offering memorandum contains summaries of various documents governing the Notes, believed to be accurate, of some of the terms of specific documents, but reference is made to the actual documents for the complete information contained in those documents. You should contact the Issuer or the Initial Purchasers with any questions about this Offering. All summaries contained herein are qualified in their entirety by this reference. The contents of any website, including the websites of the Sponsors, the Issuer or any member of Pfleiderer, do not form any part of this offering memorandum.

The information contained in "*Exchange Rate Information*," "*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 and estimates, released by third-party industry publications. Although the Issuer accepts responsibility for the accurate extraction and summarization of such information and data, the Issuer has not independently verified the accuracy of such information and data and it accepts no further responsibility in respect of such information and data.

In addition, the information set forth in relation to sections of this offering memorandum describing clearing arrangements, including under "*Description of the Notes*" and "*Book-Entry, Delivery and Form*," is subject to any change in, or reinterpretation of, the rules, regulations and procedures of Euroclear and Clearstream currently in effect. While the Issuer accepts responsibility for accurately summarizing the information concerning Euroclear and Clearstream as of the date of this offering memorandum, it accepts no further responsibility in respect of such information.

The Initial Purchasers, the Trustee and the Security Agent make no representation or warranty, express or implied, as to, and assume no responsibility for, the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by any of the Initial Purchasers, the Trustee or the Security Agent as to the past or the future.

By receiving this offering memorandum, you acknowledge that you have had an opportunity to ask questions of us, and that you have received all answers you deem necessary to verify the accuracy and completeness of the information contained in this offering memorandum. You also acknowledge that you have not relied on any of the Initial Purchasers in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

Interests in the Notes will be available initially in book-entry form. We expect that the Notes sold will be issued in the form of one or more global notes. The global notes will be deposited and registered in the name of a common depositary for Euroclear and Clearstream. Transfers of interests in the global notes will be effected through records maintained by Euroclear and Clearstream, respectively, and their respective participants. The Notes will not be issued in definitive registered form except under the circumstances described in the section "*Book-Entry, Delivery and Form*."

There is currently no market for the Notes. Application will be made to The International Stock Exchange Authority Limited (the "Authority") for the listing of and permission to deal in the Notes on the Official List of The International Stock Exchange (the "Exchange"). There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the 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.

None of the U.S. Securities and Exchange Commission (the "SEC"), any U.S. state securities commission nor any non-U.S. securities authority or other authority has approved or disapproved of the Notes or determined whether this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense in the United States.

In connection with the offering of the notes, the initial purchasers are acting exclusively for the Issuer and no one else. Accordingly, in connection with the offering of the Notes, the initial purchasers will not be responsible to anyone other than the Issuer for providing the protections (regulatory or otherwise) afforded to their clients or for the giving of advice in relation to the offering of the Notes.

The Issuer, having made all reasonable enquiries, confirms that, to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), this offering memorandum contains all information that is material in the context of the issuance and offering of the Notes and the Notes Guarantees, that the information contained in this offering memorandum is true and accurate in all material respects and is not misleading in any material respect and that there are no other facts the omission of which would make this offering memorandum or any such information misleading in any material respect. The information contained in this offering memorandum is accurate as of the date hereof. The Issuer accordingly accepts responsibility for the information contained in this offering memorandum.

If you are in any doubt about the contents of this offering memorandum you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. It should be remembered that the price of securities and the income from them can go down as well as up and that investing in the Notes involves substantial risks. See "*Risk Factors*."

STABILIZATION

IN CONNECTION WITH THIS OFFERING, GOLDMAN SACHS BANK EUROPE SE (THE "STABILIZATION MANAGER") OR ANY PERSONS ACTING ON ITS BEHALF IT MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT NOT OTHERWISE

PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER, THERE IS NO OBLIGATION ON THE STABILIZATION MANAGER OR ANY PERSONS ACTING ON ITS BEHALF TO DO THIS. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF ALLOTMENT OF THE NOTES.

NOTICE TO U.S. INVESTORS

The Offering is being made in the United States in reliance upon an exemption from registration under the Securities Act for an offer and sale of the Notes and the Notes Guarantees, which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See "*Transfer Restrictions*."

This offering memorandum is being provided (1) to a limited number of U.S. investors that the Issuer reasonably believes to be "QIBs" under Rule 144A for informational use solely in connection with their consideration of the purchase of the Notes and the Notes Guarantees and (2) outside the United States in connection with offshore transactions complying with Regulation S. Prospective investors are hereby notified that the sellers of the Notes and the Notes Guarantees may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. The Notes and the Notes Guarantees described in this offering memorandum have not been registered with, recommended by or approved by the SEC, any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC or any state securities commission in the United States or any such other securities commission or authority passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

NOTICE TO CERTAIN EUROPEAN INVESTORS

European Economic Area

This offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of the Notes. The expression "Prospectus Regulation" means Regulation (EU) 2017/1129 (as amended or superseded), and includes any relevant implementing measure in each member state ("EU Member State") of the European Economic Area (the "EEA").

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

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "qualified investor" as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

For the purposes of this section, the expression an "offer of notes to the public" in relation to any Notes in any EU Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that EU Member State by any measure implementing the Prospectus Regulation in that EU Member State.

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

Germany

The Offering is not a public offering in the Federal Republic of Germany. The Notes may not be offered and sold in the Federal Republic of Germany except in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (*Wertpapierprospektgesetz*) (as amended, the "German Securities Prospectus Act"), the Prospectus Regulation and any other laws applicable in Germany. No application will be made under German law to permit a public offer of the Notes in the Federal Republic of 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 Prospectus Regulation. The Notes must not be distributed within Germany by way of a public offer, public advertisement or in any similar manner, and this offering memorandum and any other document relating to the Notes, as well as information contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of Notes to the public in Germany. Consequently, in Germany the Notes will only be available to, and this offering memorandum and any other offering material in relation to the Notes is directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 3 of the German Securities Prospectus Act in connection with Article 2 lit. e of the Prospectus Regulation or who are subject of another exemption in accordance with Article 1 of the Prospectus Regulation. Any resale of the Notes in Germany may only be made in accordance with the German Securities Prospectus Act, the Prospectus Regulation and other applicable laws.

Poland

This offering memorandum is not a prospectus or information memorandum and, as such, has not been and will not be approved by the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) (the "KNF") nor has any competent authority of another Relevant Member State notified, nor will any competent authority of another Relevant Member State notify the KNF of its approval. Accordingly, this offering memorandum may not be made available to the public, nor may the Notes otherwise be offered for sale in Poland other than in circumstances that constitute an exemption from the requirement to prepare a prospectus or information memorandum under the Prospectus Regulation and/or the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies of July 29, 2005, as amended (the "Public Offering Act").

Canada

This Offering Memorandum constitutes an "exempt offering document" as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Notes. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or on the merits of the Notes and any representation to the contrary is an offence. The Notes may be sold only to Canadian purchasers purchasing, or deemed to be purchasing, as principal that are "accredited investors", as such term is defined in Section 1.1 of National Instrument 45-106 Prospectus Exemptions or, in Ontario, as such term is defined in Section 73.3(1) of the Securities Act (Ontario), and are "permitted clients", as such term is defined in section 1.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Each Canadian purchaser who purchases the Notes will be deemed to have represented to the Issuers, the Initial Purchasers and to each dealer from whom a purchase confirmation is received, as applicable, that the purchaser (i) is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (ii) is an "accredited investor"; and (iii) is a "permitted client". Any resale of Notes acquired by a Canadian purchaser in the Offering (as defined below) must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the Notes outside of Canada. 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. Canadian purchasers are advised that this document has been prepared in reliance on Section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"). Pursuant to section 3A.3 of NI 33-105, this document is exempt from the requirement that the Issuers and the Initial Purchasers in the Offering provide Canadian purchasers with certain conflicts of interest disclosure pertaining to "connected issuer" and/or "related issuer" relationships as would otherwise be required pursuant to subsection 2.1(1) of NI 33-105. Upon receipt of this offering memorandum, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Notes 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.*

United Kingdom

This offering memorandum is for distribution only to, and is directed solely at, persons who (i) are outside the United Kingdom, (ii) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (iii) are persons falling within Articles 49(2)(a) to (d) of the Financial Promotion Order or (iv) are persons to whom an invitation or inducement to engage in investment banking 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 Notes may otherwise be lawfully 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. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents.

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

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (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 (the "EUWA"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement 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 Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

UK MiFIR product governance / Professional investors and ECPs only target market: Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018

("UK MiFIR"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

CERTAIN DEFINITIONS

Except as otherwise specified, as used in this offering memorandum:

- "*Agreed Security Principles*" means the agreed security principles as set forth in the New Revolving Credit Facility Agreement and the Indenture;
- "*Basic products*" means wood boards without any special enhancement, such as raw chipboard and raw MDF/HDF, which come in a variety of standardized formats and thicknesses;
- "*Calculation Agent*" means Deutsche Bank AG, London Branch;
- "*Central and Eastern Europe*" means, collectively, Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Slovenia, Croatia, Albania, Montenegro, Serbia and Bosnia and Herzegovina;
- "*Certification Date*" has the meaning ascribed to it under "*Description of the Notes—Principal, Maturity and Interest*";
- "*Clearstream*" means Clearstream Banking S.A., or any successor securities clearing agency;
- "*Collateral*" has the meaning ascribed to it under "*Description of the Notes—Security*";
- "*DPLTA*" has the meaning given to such term in "*Certain Relationships and Related Party Transactions—The Domination and Profit and Loss Transfer Agreement*";
- "*Engineered Wood Products*" means one of our two divisions, which primarily produces engineered wood products and laminates in Germany and sells its products to customers, who are primarily located in the DACH region and across Western Europe;
- "*ESG*" means environmental, social and corporate governance;
- "*EURIBOR*" means the euro interbank offered rate for deposits in euro published by the European Money Markets Institute (or any other person which takes over the administration of such rate);
- "*euro*" or "€" means the lawful currency of the European Monetary Union;
- "*Euroclear*" means Euroclear Bank SA/NV, or any successor securities clearing agency;
- "*European Union*" and "*EU*" means an economic and political union of 27 Member States;
- "*Existing Credit Facilities*" means the Existing Term Loan and the Existing Revolving Credit Facilities;
- "*Existing Credit Facilities Agreement*" means the senior facilities agreement originally dated as of April 13, 2017 by and between, among others, the Parent, as parent, the Issuer, as the company, and Deutsche Bank Luxembourg S.A., as facility agent, as amended and restated on July 31, 2018;
- "*Existing Euro-denominated Revolving Credit Facility*" means the €50 million euro-denominated revolving facility made available under the Existing Credit Facilities Agreement;
- "*Existing PLN-denominated Revolving Credit Facility*" means the PLN 211.48 million PLN-denominated revolving facility made available under the Existing Credit Facilities Agreement;
- "*Existing Revolving Credit Facilities*" means the Existing Euro-denominated Revolving Credit Facility and the Existing PLN-denominated Revolving Credit Facility, together;
- "*Existing Term Loan*" means the existing €445 million term loan made available under the Existing Credit Facilities Agreement;
- "*External Reviewer*" means a qualified provider of third-party assurance or attestation services (e.g. auditing firm) appointed by the Issuer to review the Issuer's performance with respect to the Sustainability Key Performance Indicators;
- "*Fixed Rate Notes*" means the €400 million in aggregate principal amount of 4¾% sustainability-linked senior secured notes due 2026 offered hereby;
- "*Floating Rate Notes*" means the €350 million in aggregate principal amount of sustainability-linked senior secured floating rate notes due 2026 offered hereby;

- "*GDP*" means gross domestic product;
- "*Global Notes*" means the Regulation S Global Note and the Rule 144A Global Note;
- "*Guarantors*" means Pfleiderer Deutschland GmbH, Pfleiderer Neumarkt GmbH, Pfleiderer Gütersloh GmbH, Pfleiderer Baruth GmbH and Silekol sp.z o.o.;
- "*HDF*" means high-density fiberboard, as more fully described in "*Business—Engineered Wood Products—Our Products*";
- "*High value-added products*" means strongly enhanced boards, such as MFB, HPL and lacquered MFB and HPL, which have been given advanced surface treatment, significant functionality and a wide variety of decorative features for designs and finishes;
- "*HPL*" means high pressure laminate, as more fully described in "*Business—Engineered Wood Products—Our Products*";
- "*IFRS*" means International Financial Reporting Standards, as adopted by the EU;
- "*Indenture*" means the indenture to be dated on or about the Issue Date relating to the Notes, as described in "*Description of the Notes*";
- "*Installed capacity*" means the maximum sustained output of a business or facility. In this offering memorandum, installed capacity refers to the maximum sustained output that we are able to produce with our installed equipment;
- "*Intercreditor Agreement*" means the intercreditor agreement to be dated prior to the Issue Date between, among others, the Issuer, the Guarantors, the Trustee, the Security Agent, the facility agent named therein and the lenders under the New Revolving Credit Facility. We expect the Trustee to accede to the Intercreditor Agreement on or about the Issue Date;
- "*Issue Date*" means April 22, 2021;
- "*Issuer*" means PCF GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) under the laws of Germany, established by conversion through change of legal form (from Pfleiderer AG) with effect as of February 26, 2013 and registered with the commercial register of the local court of Nuremberg (*Amtsgericht Nürnberg*) under HRB 30135;
- "*MDF*" means medium-density fiberboard, as more fully described in "*Business—Engineered Wood Products—Our Products*";
- "*MFB*" means melamine-faced board, as more fully described in "*Business—Engineered Wood Products—Our Products*";
- "*MUF*" means melamine-urea formaldehyde, as more fully described in "*Business—Silekol—Our Products*";
- "*MUPF*" means melamine-urea-phenol formaldehyde, as more fully described in "*Business—Silekol—Our Products*";
- "*New Revolving Credit Facility*" means the new €65.0 million multi-currency revolving credit facility made available under the New Revolving Credit Facility Agreement;
- "*New Revolving Credit Facility Agreement*" means the revolving credit facility agreement to be dated on or prior to the Issue Date among, *inter alios*, the Issuer, the Guarantors, the Security Agent, the facility agent named therein and the lenders party thereto;
- "*Notes*" means the Fixed Rate Notes and the Floating Rate Notes, collectively;
- "*Notes Guarantees*" means the guarantees of the Notes on a senior secured basis issued by the Guarantors;
- "*Offering*" means the offering of the Notes as described in this offering memorandum;
- "*Panel East*" means the Parent's lower margin engineered wood products business that is based in Poland and sells its products to customers in Central and Eastern European end-markets. Panel East will not be part of the Restricted Group;
- "*Panel East Resin Supply Agreement*" has the meaning given to such term in "*Certain Relationships and Related Party Transactions*";

- "*Parent*" means Pfleiderer Group B.V. & Co KG, a *besloten vennootschap* & limited partner (*besloten vennootschap & Compagnie Kommanditgesellschaft*) organized under the laws of Germany, owning 100% of the share capital of the Issuer;
- "*Paying Agent*" means Deutsche Bank AG, London Branch;
- "*Percentage of Recycled Wood Used*" means the share of recycled wood included in our products, measured as tons of recycled wood used (including both post-consumer material and internal rejects) *divided by* tons of total woods used (i.e., the sum of pre- and post-consumer recycled and fresh wood), expressed as a percentage;
- *"Pfleiderer,"* the *"Group," "we," "us"* and *"our"* means the Issuer and its Engineered Wood Products and Silekol divisions and exclude the Parent and Panel East;
- "*PLN*" or "*Polish zloty*" means the lawful currency of Poland;
- "*QIB*" means "qualified institutional buyer" within the meaning of Rule 144A;
- "*RCB*" means raw chipboard, as more fully described in "*Business—Engineered Wood Products—Our Products*";
- "*Registrar*" means Deutsche Bank Luxembourg S.A.;
- "*Regulation S*" means Regulation S under the Securities Act;
- "*Restricted Group*" means the parties restricted by the covenants contained in the Indenture and described in "*Description of the Notes*." On the Issue Date, the Restricted Group will be the Issuer and its subsidiaries;
- "*Rule 144A*" means Rule 144A under the Securities Act;
- "*Scope 1 & 2 Greenhouse Gas Emissions*" means Scope 1 Greenhouse Gas Emissions and Scope 2 Greenhouse Gas Emissions, together;
- "*Scope 1 Greenhouse Gas Emissions*" means direct emissions from sources owned or controlled by a reporting company, as set forth in the Greenhouse Gas Protocol, a partnership between the World Resources Institute and the Business Council for Sustainable Development.
- "*Scope 2 Greenhouse Gas Emissions"* means indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by a reporting company, as set forth in the Greenhouse Gas Protocol, a partnership between the World Resources Institute and the Business Council for Sustainable Development.
- "*SEC*" means the U.S. Securities and Exchange Commission;
- "*Second Party Opinion*" means the opinion provided by ISS Corporate Solutions on the alignment of our Key Performance Indicators (and our related sustainability performance targets) with the Sustainability-Linked Bond Principles 2020, as administered by ICMA;
- "*Securities Act*" means the United States Securities Act of 1933, as amended;
- "*Securitization Program*" means the €60 million securitization program arranged by Commerzbank Aktiengesellschaft through asset-backed commercial paper and medium-term note programs with Silvertower, initially dated as of October 15, 2012, and amended from time to time.
- "*Security Agent*" means Deutsche Bank AG, London Branch;
- "*Security Documents*" has the meaning given to such term in "*Description of the Notes—Security*";
- "*Services Agreements*" has the meaning given to such term in "*Certain Relationships and Related Party Transactions*";
- "*SG&A*" refers primarily to selling and administrative expenses comprising compensation and associated costs for administrative functions such as finance, legal, IT, HR, internal audit and general management;
- "*Silekol*" means one of our two divisions, which produces resins and other chemicals in Poland and sells its products to customers in Central and Eastern Europe as well as to the Engineered Wood Products division and Panel East;

- "*Silekol Transfer*" has the meaning given to such term in "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Our Results of Operations—The Optimization of Our Corporate Structure—The Silekol Transfer"*;
- "*Sponsor*" or "*SVPGlobal*" means Strategic Value Partners, LLC and, where applicable, the funds, limited partnerships and accounts managed or advised by it or its affiliates and any vehicles owned or controlled by such funds, limited partnerships and accounts;
- "*Sustainability Key Performance Indicators*" means the Percentage of Recycled Wood Used and our Scope 1 & 2 Greenhouse Gas Emissions, the selected sustainability key performance indicators pursuant to the Sustainability-Linked Financing Framework. Pursuant to the Sustainability-Linked Financing Framework, we have committed to (a) to increase our Percentage of Recycled Wood Used to at least (i) 669.3 kT, or 44%, by the end of 2022 based on total wood used of 1,533.6 kT in the year ending December 31, 2022, and (ii) 772.8 kT, or 50%, by the end of 2025 based on total wood used of 1,545.6 kT in the year ending December 31, 2025, in each case from our 2020 baseline of 545.5 kT, or 40.3%, based on total wood used of 1,354.6 kT in the year ended December 31, 2020 and (b) to reduce our Scope 1 & 2 Greenhouse Gas Emissions by at least (i) 18,493 tons, or 8.4%, to 201,670 tons by the end of 2022 and (ii) 46,234 tons, or 21.0%, to at least 173,930 tons by the end of 2025, in each case from our 2020 baseline of 220,164 tons;
- "*Sustainability-Linked Financing Framework*" means the sustainability-linked bond framework that we adopted in connection with the Transactions, which was published on our website at www.pfleiderer.com.
- "*Testing Date*" means December 31, 2022;
- "*Transactions*" refers to the Offering, the entry into the New Revolving Credit Facility Agreement and the application of the proceeds from the Offering as set forth under "*Use of Proceeds*";
- "*Transfer Agent*" means Deutsche Bank Luxembourg S.A.;
- "*Trustee*" means Deutsche Trustee Company Limited;
- "*UF*" means urea formaldehyde, as more fully described in "*Business—Silekol—Our Products*";
- "*UMF*" means urea-melamine formaldehyde, as more fully described in "*Business—Silekol—Our Products*";
- "*United Kingdom*" or "*UK*" means the United Kingdom of Great Britain and Northern Ireland;
- "*United States*" or "*U.S.*" means the United States of America, its territories and possessions, including each state of the United States of America and the District of Columbia;
- "*Utilization rate*" or "*capacity utilization*" means the extent to which a business or facility uses its installed capacity. In this offering memorandum, references to our utilization rate are to the comparison between the actual output that we produced with our installed equipment and the maximum potential output which we could have produced had our installed capacity been fully utilized;
- "*U.S. dollar*" or "*$*" means the lawful currency of the United States;
- "*U.S. Exchange Act*" means the United States Securities Exchange Act of 1934, as amended;
- "*Value-added products*" means enhanced boards, such as chipboard, MFB and lacquered high-density fiberboard, which have been given basic surface treatment, moderate functionality and decorative features;
- "*Western Europe*" means, collectively, Germany, the United Kingdom, the Netherlands, France, Italy, Switzerland, Sweden, Austria, Norway, Denmark and Belgium; and
- "*Wood Products Supply and Distribution Agreement*" has the meaning given to such term in "*Certain Relationships and Related Party Transaction*

FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements, which are based on our assumptions, opinions, estimates, projections and forecasts which involve known and unknown operational, business, economic, regulatory and other risks, uncertainties and other factors that could cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such estimated financial information. These forward-looking have been made in good faith, based on numerous assumptions that, while considered reasonable by the Issuer at the time of preparation, may or may not prove to be correct or necessarily take place. In particular, all statements other than statements of historical facts included in this offering memorandum including, without limitation, statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, may be deemed to be forward-looking statements. Words such as "believe," "expect," "anticipate," "may," "assume," "plan," "intend," "will," "should," "estimate," "risk" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements.

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

Many factors may cause our results of operations, financial condition, liquidity and the development of the industry in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this offering memorandum. Factors that could cause such differences in actual results include, in particular:

- the cyclicality of our main end-markets and demand fluctuations for our products based on global or regional economic or political conditions;
- the continued impact of the COVID-19 pandemic;
- competition in our industry;
- overcapacity in our markets;
- failure to successfully anticipate or respond to changes in consumer tastes and trends in a timely manner;
- an increase in prices of raw materials and other supplies;
- our inability to pass on price increases for raw materials or other inputs to our customers;
- our inability to retain or replace our key customers or maintain or raise prices in the future due to potential further consolidation and internal growth among our customer base;
- our inability to retain or replace our key suppliers;
- the availability of, or any significant increase in the cost of, transportation;
- uncertainties and variability in demand by customers;
- our inability to generate sufficient cash flow to fund our capital expenditure requirements;
- changes in the regulatory framework for the energy sector, in particular in Germany and the European Union;
- negative reclassifications by the EU REACH Committee of chemicals or other materials used in our production processes;
- the impact of environmental, health and safety laws and regulations;
- the impact of laws, regulations or other issues related to climate change;
- the collection and processing of personal data in our daily business, and any leakage of such data;
- interruptions in operations at our production facilities;

- the risks and costs associated with the optimization of our corporate structure and our separation from the Panel East division;
- our inability to achieve the cost savings measures and price improvement initiatives included as adjustments to *Pro Forma* Adjusted EBITDA;
- the disposition of certain assets in the future, including potentially our Silekol division;
- higher employment costs;
- labor disruptions;
- our dependence on qualified personnel in key positions and employees having special technical knowledge;
- our obligations to our employees relating to retirement and other obligations;
- any damage, threat to, or impairment of our brands and our intellectual property rights;
- interruptions to our information and communication technology;
- warranty and product liability claims;
- any shortfalls in our insurance coverage;
- legal proceedings brought against us;
- competition and antitrust laws;
- the failure of our risk management and internal controls to prevent or detect violations of law;
- the failure of our compliance system to prevent irregularities in business activities, including in respect of anti-corruption and regulations and economic sanctions programs;
- risks related to our operations being conducted in many different countries;
- legal, political and economic uncertainty surrounding the recent exit of the United Kingdom from the European Union;
- our inability to integrate acquired businesses or joint ventures and the incurrence of debt to consummate the acquisitions or investments;
- currency rate and interest rate fluctuations;
- changes in accounting standards or inaccurate estimates or assumptions in the application of accounting policies;
- complex tax laws, and changes in tax laws or challenges to our tax position;
- additional tax liabilities as a result of pending and future tax audits and changes in fiscal regulations;
- our inability to fully deduct interest expenses on our financial liabilities;
- requirements to write down goodwill and brands; and
- other risks associated with the Notes and our structure as discussed under "*Risk Factors*."

We disclose important factors that could cause our actual results to differ materially from our expectations in "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*." Other sections of this offering memorandum describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a competitive and constantly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors. We cannot assess the impact of all 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, you should not place undue reliance on forward-looking statements as a prediction of actual results.

TRADEMARKS AND TRADE NAMES

We own or have rights to several trademarks or trade names that we use in conjunction with the operation of our businesses, including "Pfleiderer," "Thermopal," "Duropal," "DecoBoard," "PrimeBoard," and "Silekol." Each trademark, trade name or service mark of any other company appearing in this offering memorandum is the property of its respective holder. Solely for convenience, the trademarks, trade names and copyrights referred to in this offering memorandum are listed without the ™, ® and © symbols.

PRESENTATION OF INDUSTRY AND MARKET DATA

This offering memorandum contains statistics, data, estimates and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to our business and end-markets. Unless otherwise indicated, such information is based on our analysis of multiple sources, including industry publications, surveys and industry reports prepared by consultants, internal surveys and customer feedback. These third-party sources include a market study dated February 25, 2021 (the "Market Study") that Pfleiderer commissioned from a leading international third-party consultancy firm and certain other statistical and industry information. The Market Study is based on primary interviews conducted with customers, industry experts and other market participants, secondary market research and internal financial and operational information supplied by, or on behalf of, Pfleiderer.

To the extent that information presented in this offering memorandum was taken from third-party sources, such information has been accurately reproduced by us in this offering memorandum, and, as far as we are aware and are able to ascertain from information published by relevant third parties, no material facts have been omitted which would render the information provided inaccurate or misleading. Market studies, statistics, estimates and analyses are, however, inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions, are frequently based on information and assumptions that may not be accurate or technically correct, and their methodology may be forward-looking and speculative. In particular, market studies, statistics, estimates and analyses are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. We have not independently verified the figures, market data and other information used by third parties in the studies, publications and financial information reproduced herein, or the external sources on which our estimates are based, including the Market Study. We therefore assume no liability for and offer no guarantee of the accuracy of the data from studies and third party sources contained in this offering memorandum or for the accuracy of third party data on which our estimates are based.

In addition, this offering memorandum includes estimates on the share of gross sales generated in the DACH region by our Engineered Wood Products division that is represented by the renovation and replacement segment and the new construction costumer segment. Such information is based on third-party industry sources as well as our internal assessments, observations and estimates. We believe that our estimates of market and industry data and the information we have derived from such data, as well as our estimates on the share of net sales represented by the renovation and replacement segment and the new construction costumer segment help investors to better understand the industry and markets in which we operate and our position within them. Our own estimates have not been independently verified. While we assume that our own market and industry observations are reliable, we give no warranty for the accuracy of our own estimates and the information derived from them. They may differ from estimates made by our competitors or from other independent sources. While we are not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and are subject to change based on various factors, including those discussed under "*Risk Factors*" in this offering memorandum.

The market projections and other forward-looking statements in this offering memorandum are not guarantees of future performance. Actual events and circumstances could differ materially from current expectations and numerous factors could cause or contribute to such differences. See "*Risk Factors*" and "*Forward-Looking Statements*."

SUSTAINABILITY-LINKED FINANCING FRAMEWORK

In connection with the Offering, we adopted a framework relating to our sustainability strategy and targets to foster best market practices and present a unified and coherent suite of sustainability linked financing instruments (the "Sustainability-Linked Financing Framework") in accordance with the Sustainability-Linked Bonds Principles (the "SLBP") administered by the International Capital Markets Association (ICMA) and the Sustainability-Linked Loan Principles (the "SLLP") administered by the Loan Market Association (LMA). We have developed the Sustainability-Linked Financing Framework together with ISS Corporate Solutions. The Sustainability-Linked Financing Framework was reviewed by ISS Corporate Solutions, which provided the Second Party Opinion, and was published on our website at www.pfleiderer.com. The Second Party Opinion is not incorporated into and does not form part of this offering memorandum. While we believe that the Second Party Opinion is reasonable, neither we nor the Initial Purchasers make any representation about the suitability of the Second Party Opinion or the Notes to fulfill any environmental and sustainability criteria. Investors should conduct their own assessment of the Notes from a sustainability perspective. The contents of our website, including any references made to information accessible therein, do not form part of, and are not incorporated by reference into, this offering memorandum.

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

PRESENTATION OF FINANCIAL INFORMATION

Historical Financial Information

The financial information included in this offering memorandum has been extracted from the audited consolidated financial statements of the Issuer as of and for the years ended December 31, 2018, 2019 and 2020, including the related notes thereto, which have been prepared in accordance with IFRS (the "Consolidated Financial Statements"), and from internal and external accounting records of the Issuer or its subsidiaries, or has been calculated on the basis of figures from the above-mentioned sources. The Consolidated Financial Statements have been audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft. See "*Independent Auditors*" for a description of the report of our independent auditors on the Consolidated Financial Statements.

The Consolidated Financial Statements are the first financial statements of the Issuer and accordingly the adoption of IFRS has been undertaken in accordance with IFRS 1 and Pfleiderer's transition date to IFRS was January 1, 2018. On March 6, 2020, we completed the Silekol Transfer. See "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Our Results of Operations—The Optimization of Our Corporate Structure—The Silekol Transfer.*" Since the Silekol Transfer constituted a common control transaction, the Issuer has elected to apply carryover basis accounting rules. Consequently, for all periods presented in the Consolidated Financial Statements, all assets acquired and liabilities assumed by the Issuer from the Silekol Transfer have been accounted for by using the historical book values of Silekol's assets and liabilities previously recognized by Pfleiderer Polska Sp Z.o.o, Silekol's former direct parent entity as of January 1, 2018, which is the start of the earliest reporting period presented in the Consolidated Financial Statements. As a result, the Consolidated Financial Statements represent for all periods the corporate structure of Pfleiderer as if the Silekol Transfer had been completed on January 1, 2018. In addition, the Issuer has adopted IFRS 16 (Leases) as of January 1, 2018. Historically, the financial results of (i) the Issuer and its subsidiaries (excluding Silekol), were presented as a separate reportable segment, the "Core West" segment, in the Parent's consolidated financial statements for the year ended December 31, 2018 and in the Parent's accounting records for the years ended December 31, 2019 and 2020 and (ii) Silekol division was (a) presented as a separate reportable segment, the "Silekol" segment, in the Parent's consolidated financial statements and accounting records for the years ended December 31, 2019 and 2020 and (b) part of the "Core East" segment in the Parent's consolidated financial statements for the year ended December 31, 2018. This offering memorandum only includes the Consolidated Financial Statements and does not include the consolidated historical financial statements or accounting records of the Parent. The Consolidated Financial Statements are not directly comparable to the consolidated historical financial statements of the Parent for any period.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgments in addition to those involved in preparing the Consolidated Financial Statements. IFRS requires 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 notes to the Consolidated Financial Statements included in this offering memorandum and in the section "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

The financial information included in this offering memorandum was not prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). There could be significant differences between IFRS, as applied by us, and U.S. GAAP. We neither describe the differences between IFRS and U.S. GAAP nor reconcile our IFRS financial statements to U.S. GAAP. Accordingly, such information is not available to investors, and investors should consider this in making their investment decision. The financial information included in this offering memorandum is not intended to comply with SEC reporting requirements. Compliance with such requirements would require the modification, reformulation or exclusion of certain financial measures. In addition, changes would be required in the presentation of certain other information.

Unaudited As Adjusted Financial Information

We also present in this offering memorandum certain unaudited historical financial information for the two months ended February 28, 2020 and 2021, for the years ended December 31, 2012 to December 31, 2017, as well as for the rolling twelve months ended March 31, 2019, June 30, 2019, September 30 2019, March 31, 2020, June 30 2020 and September 30, 2020. In addition, in this offering memorandum we also present certain as adjusted financial information as of and for the year ended December 31, 2020, including as adjusted senior secured net debt, as adjusted total net debt and as adjusted cash interest expense, which has been prepared to illustrate the effect of the Transactions on the Issuer's debt position and cash interest expense as if the

Transactions had occurred (i) on December 31 2020, in the case of as adjusted financial information derived from information included on our statement of financial position, and (ii) on January 1, 2020, in the case of as adjusted financial information derived from information included on our statement of profit or loss and statement of other comprehensive income. See also "*Summary—Summary Financial and Other Data*." The unaudited as adjusted financial data presented herein does not purport to project our results as of any future date or for any future period. The unaudited historical financial information, the adjustments to the Issuer's unaudited as well as audited historical financial information as well as the unaudited as adjusted financial data set forth in this offering memorandum are based on available information and certain assumptions and estimates that we believe are reasonable and may differ materially from the actual adjusted amounts. These as adjusted measures are not financial measures defined in accordance with IFRS and, as such, may not be comparable to similarly titled measures used by other companies.

The unaudited as adjusted financial information included herein should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Consolidated Financial Statements included elsewhere in this offering memorandum.

Neither the unaudited historical financial information nor the adjustments to the historical financial information nor the resulting as adjusted financial information has been audited or reviewed in accordance with applicable auditing standards, and this financial data has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act or the Prospectus Regulation. The unaudited as adjusted financial information is not directly comparable to the historical consolidated financial information of Pfleiderer presented in this offering memorandum.

Our Divisions

Our operations are organized into two divisions: Engineered Wood Products and Silekol. Through our Engineered Wood Products division, we offer our customers an extensive range of high value-added, value-added, basic and ancillary engineered wood- and wood products in a variety of finishes, functionalities and designs. Through our Silekol division, we offer a broad range of specialty and industrial resins and other chemicals to external customers, our Engineered Wood Products Division and Panel East. We present our two divisions in the Consolidated Financial Statements for each of the reporting periods ended December 31, 2018, 2019 and 2020.

In this offering memorandum, references to total consolidated net sales are to total net sales generated from our Engineered Wood Products division and our Silekol division, excluding inter-division sales but including sales to Panel East. References to inter-division sales are to sales between the Engineered Wood Products and the Silekol divisions. References to external net sales are to sales of products from the Engineered Wood Products and Silekol divisions to external customers (not including Panel East), net of sales reductions (such as bonuses for customers, cash discounts and refunds). References to sale of products (gross) are to sales of products from the Engineered Wood Products and Silekol divisions to external customers (not including Panel East) excluding the impact of sales reductions (such as bonuses for customers, cash discounts and refunds). References to sales to Panel East are to sales from our Engineered Wood Products and Silekol division to Panel East.

Non-IFRS Measures

This offering memorandum contains certain non-IFRS measures and ratios, including Gross Profit (excluding D&A, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDA, *Pro Forma* Adjusted EBITDA, *Pro Forma* Adjusted EBITDA margin, capital expenditures, Adjusted EBITDA *less* maintenance capital expenditure, Adjusted EBITDA *less* maintenance capital expenditure margin, Adjusted Free Cash Flow and other measures and ratios that are not required by, or presented in accordance with, IFRS (collectively, the "Non-IFRS Measures"). In addition, EBITDA, Adjusted EBITDA and *Pro Forma* Adjusted EBITDA as presented in this offering memorandum differ from the definition of "Consolidated EBITDA" that will be contained in the Indenture. Such Non-IFRS Measures are presented based on information derived from the Consolidated Financial Statements, our historical accounting records and our internal accounting system.

We believe the Non-IFRS Measures provide supplemental information which may be useful in the review of the Issuer's financial performance described in this offering memorandum and are useful metrics for investors to understand our results of operations and profitability because they permit investors to evaluate our profitability from underlying operating activities. We also use these measures internally to establish forecasts, budgets and operational goals to manage and monitor our business, as well as to evaluate our underlying historical performance. For a description of how the Non-IFRS Measures are calculated from our consolidated results of operations and a reconciliation of the Non-IFRS Measures to our results of operations for the periods presented in this offering memorandum, see "*Summary—Summary Financial and Other Data*."

We believe the Non-IFRS Measures facilitate operating performance comparisons between periods and among other companies in industries similar to ours because they remove the effect of variation in capital structures, taxation, and non-cash depreciation, amortization and impairment charges, which may be unrelated to operating performance. We believe the Non-IFRS Measures better reflect our underlying operating performance because they exclude the impact of items which are not related to our core results of operations, including certain one-off or non-recurring items. The Non-IFRS Measures or comparable measures are frequently used by securities analysts, investors and other interested parties in their evaluation of companies comparable to us, many of which present EBITDA-related performance measures when reporting their results.

The Non-IFRS Measures presented in this offering memorandum are based on assumptions, opinions, estimates, projections and forecasts which involve known and unknown operational, business, economic, regulatory and other risks, uncertainties and other factors that could cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such Non-IFRS financial measures. These Non-IFRS measures have been prepared, in good faith, based on numerous assumptions that, while considered reasonable by the Issuer at the time of preparation, may or may not prove to be correct or necessarily take place.

In addition, the Non-IFRS Measures have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results or any directly comparable financial measures prepared in accordance with IFRS as set forth in the Consolidated Financial Statements. Some of these limitations are:

- not all of them reflect our cash expenditures and they do not reflect our future requirements for capital expenditures on contractual commitments;
- they may include cost savings which are based on various assumptions that we consider reasonable, but these cost savings may not be achieved in the expected timeframe, or at all, as a result of future unexpected changes in our business or other factors;
- assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the interest expense or cash requirements necessary to service interest or principal payments on our debt;
- they do not reflect any cash income taxes that we may be required to pay;
- they are not adjusted for all non-cash income or expense items that are reflected in our consolidated statements of profit or loss and other comprehensive income;
- they do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations;
- some of the non-recurring items that we eliminate in calculating certain EBITDA-based measures reflect cash payments that were made, or will in the future be made; and
- other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Because of these limitations, the Non-IFRS Measures should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our IFRS results and using the Non-IFRS Measures only supplementally to evaluate our performance. See "*Summary—Summary Financial and Other Data*," "*Selected Consolidated Financial Information*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Consolidated Financial Statements and the notes thereto included elsewhere in this offering memorandum.

Exchange Rate Information

Although most of our net sales and costs base are denominated in euro, a portion of our net sales are denominated in other currencies. The individual financial statements of each subsidiary of Pfleiderer are presented in its functional currency. For the purposes of the Consolidated Financial Statements, the results and financial position of Pfleiderer are expressed in euro, the presentational currency for Pfleiderer. For more information on our currency exchange rate exposure, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risk—Currency Exchange Rate Exposure*."

The results of operations and cash flows of subsidiaries which have non-euro functional currencies are translated at the average monthly exchange rates during the year. The statement of financial position of each subsidiary which has a non-euro functional currency is translated at year-end exchange rates, with the exception of equity balances which are translated at historic rates. The resulting exchange differences are recognized in a separate currency translation reserve within equity and are reported in other comprehensive income.

As of the end of the reporting period, assets and liabilities of foreign operations are translated into the functional currency at the exchange rate as of the reporting date. The income and expenses of foreign operations are translated into the functional currency at the exchange rates as of the dates of the transactions. Foreign currency differences are recognized in other comprehensive income accumulated in reserve. At the time of disposal of a foreign operation, any accumulated currency-translation differences are transferred to profit or loss as part of the gain or loss on disposal.

Rounding

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

EXCHANGE RATE INFORMATION

The following table presents, for the periods set forth below, the high, low, average and period end Bloomberg Composite Rate (London) expressed as U.S. dollars per €1.00. The Bloomberg Composite Rate (London) is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate (London) is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates presented herein may differ from the actual rates used in the preparation of the Consolidated Financial Statements and the operating and financial information appearing in this offering memorandum. None of the Issuer, the Guarantors or the Initial Purchasers represent that the U.S. dollars amounts referred to below could be or could have been converted into euro at any particular rate indicated or any other rate. The average rate for a year means the average of the Bloomberg Composite Rates (London) on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates (London) during that month, or shorter period, as the case may be. The Bloomberg Composite Rate of the U.S. dollar on April 9, 2021 was $1.1900 per €1.00.

	U.S. dollars per €1.00			
	Period end	Average	High	Low
Year				
2016	1.0520	1.1069	1.1532	1.0389
2017	1.2022	1.1300	1.2026	1.0427
2018	1.1452	1.1811	1.2492	1.1245
2019	1.1229	1.1195	1.1533	1.0903
2020	1.2225	1.1418	1.2289	1.0667
Monthly				
November 2020	1.1954	1.1834	1.1957	1.1628
December 2020	1.2225	1.2170	1.2289	1.2045
January 2021	1.2132	1.2173	1.2300	1.2075
February 2021	1.2080	1.2095	1.2213	1.1961
March 2021	1.1750	1.1899	1.2080	1.1718
April 2021 (through April 9, 2021)	1.1900	1.1844	1.1922	1.1761

SUMMARY

This summary highlights information contained elsewhere in this offering memorandum and does not contain all the information that may be important to prospective investors. The following summary should be read in conjunction with, and it is qualified in its entirety by, the more detailed information included elsewhere in this offering memorandum. Prospective investors should carefully read this offering memorandum in its entirety, including the Consolidated Financial Statements and the notes thereto included elsewhere in this offering memorandum, as well as the "Description of the Notes" and the other considerations that are important to their decision to invest in the Notes outlined under "Risk Factors," "Business" and "Disclosure Regarding Forward-Looking Statements."

Following the optimization of our corporate structure in March 2020, our current perimeter comprises the Engineered Wood Products and Silekol divisions, which we operate together through the Issuer. In this "Summary," unless the context requires otherwise, references to "Pfleiderer," the "Group," "we," "us" and "our" are to the Issuer and its Engineered Wood Products and Silekol divisions and exclude the Parent and Panel East. See also "—The Optimization of Our Corporate Structure."

Overview

With an operating history of over 125 years, Pfleiderer is a leading manufacturer of premium engineered wood products and laminates for fast-growing, high-end applications in the Western European kitchen, furniture and construction end-markets. Pfleiderer is also a leading producer of industrial and specialty resins for sales to Central and Eastern European customers and for internal use in our panel production.

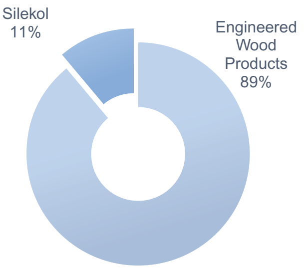
In the year ended December 31, 2020, we generated €776.7 million in net sales and €152.0 million in *Pro Forma* Adjusted EBITDA (19.3% *Pro Forma* Adjusted EBITDA margin) as well as €71.0 million in Adjusted Free Cash Flow. As of December 31, 2020, we employed approximately 2,200 people, serving a loyal and diversified customer base of over 1,700 customers.

Our business comprises two divisions, Engineered Wood Products and Silekol, which represented 89% and 11%, respectively, of our consolidated net sales in 2020. With a market share of 14% by net sales in 2020, our Engineered Wood Products division is the second largest manufacturer of premium engineered wood products and laminates in the DACH region, which comprises Germany, Europe's largest wood panel market, as well as Austria and Switzerland. Our Silekol division is the third largest resin manufacturer by volume in Central and Eastern Europe.

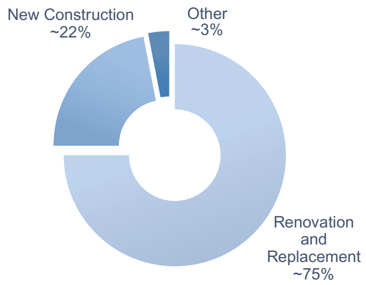
We primarily produce value-added and high value-added engineered wood products, which accounted for 78% of gross sales from our Engineered Wood Products division in the year ended December 31, 2020. We sell our premium engineered wood products predominantly to customers in the fast-growing premium kitchen and the robust and growing furniture end-markets, which together generated approximately 60% of our Engineered Wood Products division's gross sales in the year ended December 31, 2020. In the year ended December 31, 2020, 91% of the external gross sales of our Engineered Wood Products division were to customers located in Western Europe, which has allowed us to benefit from stable and growing market environments. We estimate that in the same year we generated approximately 75% of gross sales in our Engineered Wood Products division from the renovation and replacement segment. The renovation and replacement segment has historically been resilient to cyclical fluctuations in economic conditions and has contributed to our stable revenue generation and gross margins.

The following graphs illustrate the breakdown of our sales by division, segment and country for the year ended December 31, 2020.

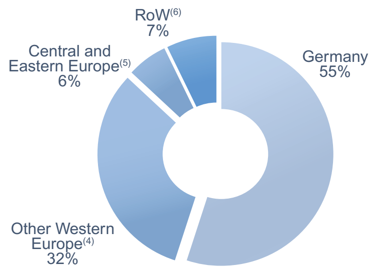
Net Sales By Division(1)



Gross Sales By Segment(2)



Gross Sales By Country(3)



(1) Based on net sales to external customers and Panel East.

(2) Based on management estimates derived from the analysis of the segment exposure as prepared by a leading consulting firm for gross sales (excluding the impact of sales reductions, such as bonuses for customers, cash discounts and refunds) generated in the DACH region by our Engineered Wood Products division from the sale of products to external customers excluding (i) inter-division sales from our Engineered Wood Products division to our Silekol division and (ii) sales to Panel East.

(3) Based on consolidated gross sales (excluding the impact of sales reductions, such as bonuses for customers, cash discounts and refunds) generated from the sale of products to external customers excluding (i) inter-division sales and (ii) sales to Panel East.

(4) Other Western European countries comprise the United Kingdom, the Netherlands, France, Italy, Switzerland, Sweden, Austria, Norway, Denmark and Belgium.

(5) Central and Eastern Europe comprises Poland, Slovakia and the Czech Republic.

(6) Rest of World ("RoW") comprises the remaining jurisdictions in which our customers are located.

Our leading market position and strong focus on attractive end-markets is supported by our efficient and well-invested production facilities. Our Engineered Wood Products division operates five highly automated manufacturing plants, which are strategically located across Germany in close proximity to our customers in our key market, the DACH region. We believe that the close proximity of our plants to key customers in Germany provides us with an important competitive advantage due to the limited ability to profitably transport engineered wood products over long distances. Silekol's resin production plant is located in Poland, which provides cost-efficient access to both Western and Central and Eastern European markets.

Our operations have historically generated industry-leading margins and free cash flow conversion and benefit from a lean and flexible cost structure. The success of our business is underpinned by, among others, a high share of higher-margin value- and high-value added products, economies of scale, a high degree of automation, backward integration within both chemicals and electricity, as well as our as high share of recycled wood usage, which helps reduce our raw material procurement costs.

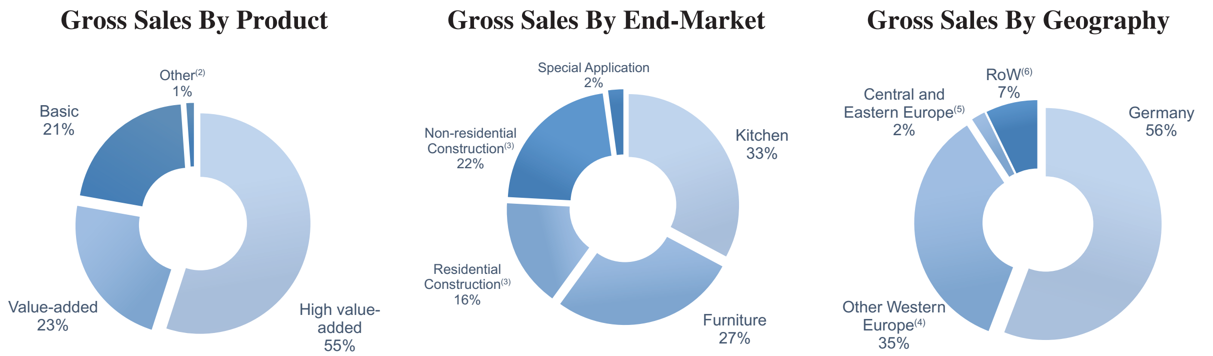
We continuously strive to operate our business with a view to sustainability and protecting the environment, which is well-aligned with our focus on high product quality, superior customer service, and staying at the forefront of product innovation. In connection with the Offering, we adopted the Sustainability-Linked Financing Framework, pursuant to which we have committed to increasing the Percentage of Recycled Wood Used in our operations to at least 44% by the end of 2022 and 50% by the end of 2025, in each case from approximately 40% in 2020. We have also committed to reduce our Scope 1 & 2 Greenhouse Gas Emissions to 201.7 kT by the end of 2022 and to 173.9 kT by the end of 2025, in each case from 220.2 kT in 2020. Adopting the Sustainability-Linked Financing Framework will allow us to leverage our existing sustainability expertise to meet ambitious timelines and targets to further improve our sustainability performance in a way that is relevant, core and material to our business.

Historically, our Parent operated our business through three divisions: Engineered Wood Products, Silekol and Panel East. Following the take-private of our Parent by SVPGlobal in September 2019, we have optimized our corporate structure to focus on our core divisions, Engineered Wood Products and Silekol, which we are now operating together through the Issuer. Panel East is being managed independently by our Parent. We believe that these changes in our corporate structure have enabled us to focus on the core strengths of the Engineered Wood Products and Silekol divisions and position us well for the next phase of our growth. In 2019 and 2020, our management team also implemented a comprehensive series of cost savings and efficiency initiatives. These initiatives, together with the optimization of our corporate structure, have allowed us to benefit from more efficient operations, a highly flexible cost base and a stronger competitive profile in our premium end-markets. All of this has strongly enhanced our credit profile as demonstrated by our resilient performance during the recent COVID-19 pandemic in 2020.

Our Engineered Wood Products division is a leading wood panel and laminate producer in Western Europe. Through this division, we focus on producing a broad range of value-added and high-value added engineered wood products. We sell these products under the Pfleiderer, Duropal and Thermopal brands. We serve customers primarily in the kitchen, furniture and construction end-markets. We focus primarily on the residential sector, with a focus on the renovation and replacement segment, including shops, hotels, hospitals, nursing homes and restaurants. For the year ended December 31, 2020, our Engineered Wood Products division generated net sales of €687.9 million (including inter-division sales to our Silekol division). In the same year, our Engineered Wood Products division generated *Pro Forma* Adjusted EBITDA of €133.3 million, *Pro Forma* Adjusted EBITDA margin of 19.0% and *Pro Forma* Adjusted EBITDA *less* capital expenditure margin of 14.6%.

The following graphs illustrate the breakdown of our Engineered Wood Products division's gross sales by type of product, end-market and geography for the year ended December 31, 2020.

Engineered Wood Products(1)



(1) Based on gross sales (excluding the impact of sales reductions, such as bonuses for customers, cash discounts and refunds) generated from the sale of products to external customers, excluding (i) inter-division sales from our Engineered Wood Products division to our Silekol division and (ii) sales to Panel East.

(2) "Other" consists of sales generated from not clustered products, chemicals and other products, which represented 0.1% of the gross sales generated by our Engineered Wood Products division in the year ended December 31, 2020.

(3) Based on management estimates derived from the analysis of the breakdown as prepared by a leading consulting firm.

(4) Other Western European countries comprise the United Kingdom, the Netherlands, France, Italy, Switzerland, Sweden, Austria, Norway, Denmark and Belgium.

(5) Central and Eastern Europe comprises Poland, Slovakia and the Czech Republic.

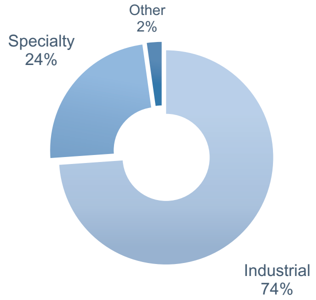
(6) Rest of World ("RoW") comprises the remaining jurisdictions in which our customers are located.

Our Silekol division manufactures a full spectrum of resins, with a focus on specialty resins, which have higher margins compared to industrial resins. In 2020, we sold our resins to over 200 external customers, primarily in the German and Polish wood-based panel production, packaging, construction and building materials industries. We also sell our resins to Panel East on an arm's length basis. In addition, our Silekol division operates as a vertically integrated in-house resins manufacturer and supplies resins to our Engineered Wood Products division for use in manufacturing our engineered wood products, including on an exclusive basis for certain products. We believe this gives us a competitive advantage in supply sourcing. For the year ended December 31, 2020, our Silekol division generated net sales of €121.1 million (including inter-division sales to our Engineered Wood Products division). In the same year, our Silekol division generated *Pro Forma* Adjusted EBITDA of €18.7 million, *Pro Forma* Adjusted EBITDA margin of 15.4% and *Pro Forma* Adjusted EBITDA *less* capital expenditure margin of 14.4%.

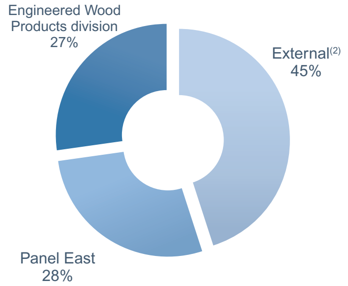
The following graphs illustrate the breakdown of our Silekol division's net sales by type of product, customer and geography for the year ended December 31, 2020.

Silekol

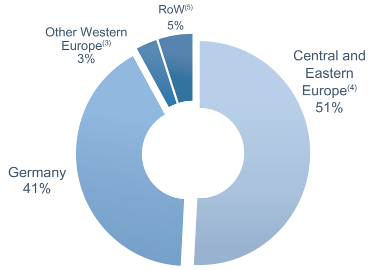
Net Sales By Product



Net Sales By Customer



Gross Sales By Geography[1]



(1) Based on gross sales (excluding the impact of sales reductions, such as bonuses for customers, cash discounts and refunds) generated from the sale of products to external customers, excluding, excluding (i) inter-division sales from our Silekol division to our Engineered Wood Products division and (ii) sales to Panel East.

(2) Consisting of sales to external customers, not including Panel East.

(3) Other Western European countries comprise the United Kingdom, the Netherlands, France, Italy, Switzerland, Sweden, Austria, Norway, Denmark and Belgium.

(4) Central and Eastern Europe comprises Poland, Slovakia the Czech Republic.

(5) Rest of World ("RoW") comprises the remaining jurisdictions in which our customers are located.

Our Strengths

Well-positioned in attractive Western European markets with exposure to structurally growing and resilient end-markets with high barriers to entry

Following the optimization of our corporate structure in 2020, we are well-positioned as a leading supplier of premium engineered wood products and laminates in attractive and growing end-markets in Western Europe. This enables us to focus on achieving growth in our core business and benefit from more efficient operations. We demonstrated this in 2020 when meaningfully increased our Adjusted EBITDA and Adjusted EBITDA margins despite the COVID-19 pandemic. We have grown our Adjusted EBITDA in every year since 2012, and have achieved a 9.8% compound annualized growth rate during this period.

Our core geographical markets have a strong and sustainable growth outlook driven by exposure to attractive and resilient end-markets

We primarily sell our premium engineered wood products and laminates into the DACH region, the United Kingdom and France, which are our key addressable markets. According to third party reports, including a report prepared for us by a leading international consulting firm, these markets had a total size of €4.6 billion in 2020, of which the DACH region accounts for €2.9 billion. These markets are expected to grow at a CAGR of 4% to 5% to reach approximately €5.7 billion in 2025. This growth is expected to be driven primarily by strong growth in the DACH region, supported by the fast-growing export markets in the United Kingdom and France. In the year ended December 31, 2020, the DACH region, United Kingdom and France together accounted for €486.3 million, or 75%, of our Engineered Wood Products division's gross sales.

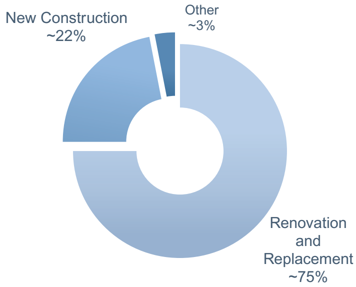
Growth in our core addressable markets in Western Europe is primarily driven by the exposure to the kitchen, furniture, construction (residential and non-residential) and specialized application industries, which represented 33%, 27%, 37% and 2%, respectively, of gross sales generated by our Engineered Wood Products division in the year ended December 31, 2020. Growth in the resilient kitchen and furniture end-markets is primarily driven by robust Western European demand, an increasing shift towards higher-value premium products, as well as an increase in export of high-end kitchens produced in Germany. Growth in the well-diversified construction industry is primarily driven by robust domestic German demand as well as increased usage of sustainable materials, including wood.

Our primary exposure is to the renovation and replacement segment, which is more resilient to macroeconomic fluctuations

Our business further benefits from the significant exposure to the renovation and replacement segment. This segment has historically been more resilient and less volatile than new construction activity in periods of economic recession and reduced investments. We estimate that in 2020 the renovation and replacement segment accounted for over 75% of gross sales from our Engineered Wood Products division compared to 70% in the 2019. We estimate that in 2020 the new construction segment accounted for approximately 22% of gross sales from our Engineered Wood Products division, compared to approximately 30% in 2019. As a result, we have benefitted from stable, through-the-cycle revenue generation and gross margins. We also see a secular trend of energy saving and sustainability enhancing renovations which further drives growth in the renovation and replacement segment.

The following graphs illustrate the breakdown by segment of gross sales generated in our Engineered Wood Products division from the sale of products to external customers in the year ended December 31, 2020, based on management estimates.

Gross Sales by Segment(1)



(1) Based on management estimates derived from the analysis of the segment exposure as prepared by a leading consulting firm for the gross sales (excluding the impact of sales reductions, such as bonuses for customers, cash discounts and refunds) generated in the DACH region by our Engineered Wood Products divisions from the sale of products to external customers excluding (i) inter-division sales from our Engineered Wood Products division to our Silekol division and (ii) sales to Panel East.

Our Western European markets are stable growing and benefit from structural growth that is underpinned by long term trends.

We believe there are three structural drivers that have driven growth in our end-markets in recent years. These are home improvement, premiumization (i.e., the integration of the kitchen into the living space) and the trend towards more sustainable, environment friendly buildings. These trends have been visible for years and have been further accelerated by the COVID-19 pandemic. We expect that once COVID-19-related restrictions are lifted, these trends will be reinforced and continue to drive growth in our end-markets in the coming years. In particular, we believe that employers will continue to adopt, and employees will continue to support, flexible work models, leading to an increase in remote working. We believe premiumization to continue as a trend and believe we are well positioned given our focus on innovative, high value added products. We expect this will mainly benefit the kitchen and furniture end-markets.

In addition, government subsidy programs for the use of sustainable materials in buildings have increased, and are expected to continue to increase, demand for wood and wood-based products. Steady increase of usage of wood as environmentally friendly and renewable material accelerated by heightened focus on sustainability is a long term trend that is here to stay. We expect this will primarily benefit the construction end-markets. This is further reinforced by recent trends, where we estimate that the share of wooden houses out of total pre-fabricated houses in Germany increased from approximately 13.5% in 2000 to approximately 15% in 2010 and approximately 20% in 2020, and is expected to reach approximately 25% in 2025. Similarly, we estimate that the share of energy efficient renovations out of total renovations in Germany increased from approximately 9% in 2015 to approximately 10% in 2020, and is expected to reach approximately 15% in 2025.

Favorable industry dynamics in our core markets

We estimate that in 2020 the top three and five manufacturers in the DACH region, including us, had a combined market share of approximately 50% and 70%, respectively. We believe that the structural reduction in engineered wood production capacity over the last ten years has contributed to a healthy and disciplined market. In particular, we estimate that total engineered wood production capacity in Western Europe has been reduced significantly since 2005. This was primarily due to the financial crisis in the late 2000s, which rendered some production facilities uneconomical. Given such reduced capacity, utilization rates among engineered wood manufacturing facilities in the DACH region have been stable since 2012 at well over 90% compared to approximately 80% in 2009. Furthermore, market participants have increasingly focused on premium products, which, in combination with the disciplined capacity development, have led to higher EBITDA margins among the top tier producers in our markets.

We benefit from several industry dynamics which limit the ability of new competitors to enter our core DACH market. Building new engineered wood manufacturing plants in Western Europe and installing state-of-the-art equipment for value-added and highly-automated basic products requires significant initial capital investments. For example, we estimate that the construction of a new particleboard manufacturing plant in the DACH region would require an investment of approximately €300 million to €500 million, given the high minimum scale and level of automation required to compete effectively. Furthermore, high regulatory and environmental permit costs and requirements, including lengthy lead times for certain regulatory approvals, significantly reduce the likelihood of meaningful capacity additions in the DACH region. According to a report prepared for us by a leading international consulting firm, capacity additions in both RCB and MFB are unlikely to exceed projected demand growth, which suggests stable utilization rates.

Our recurring customer survey feedback has demonstrated that customers value the long-standing relationships, reliable supply and consistent quality among products and geographies, which are difficult to replicate for new market entrants. Our customers associate the Pfleiderer brands with high product quality, excellent customer service and reliability. In particular, in 2020, our Engineered Wood Products division achieved a “net promoter score” of 29% in an NPS survey prepared for us by a leading international consulting firm, which demonstrates the strength of the Pfleiderer’s brand and customers’ satisfaction with our delivery. We are among the few large scale suppliers capable of servicing the industry’s leading customers and pride ourselves on being able to address their needs across leveraging our basic, value-added and high value-added products. Our combination of scale and focus on industry-leading value-added and high-value added products provides us with a strong relative cost position, while at the same time providing value through our strong portfolio of premium products.

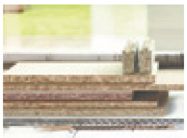
Due to the limited ability to profitably transport engineered wood products and key raw materials, such as resins, over long distances, production facilities need to be located in close proximity to customers to compete in a cost-effective manner. As a result, competition in our markets from lower-production cost geographies, such as Eastern Europe, is limited. The production of engineered wood products requires market expertise and established relationships with raw material suppliers, as the availability of raw materials, particularly wood and high quality sawdust for thin surfaces, is limited and regionally fragmented, which increases sourcing complexity. The ability of manufacturers to hedge raw material risk through the the mix of wood and wood substitutes used is limited.

We are a leading producer of premium products with a loyal, diversified customer base

Through our Engineered Wood Products division, we focus on providing a broad range of value-added and high value-added products generating high and resilient contribution margins to a large, diversified and loyal customer base.

Strong focus on value-added and high value-added products generating high and resilient contribution margins

We are a leading producer of high-quality premium engineered wood-based products focused on providing our customers with value-added and high value-added products. These premium products require increased levels of customization compared to basic products and therefore generate higher and more resilient margins. In the year ended December 31, 2020, our value-added and high value-added products accounted for 23% and 55%, respectively, of our Engineered Wood Products division’s gross sales. We are currently one of only two scale manufacturers of engineered wood products and laminates in the DACH region (Egger being the other) focused on value-added and high-value added products instead of the volume-driven market basic products, which companies such as Kronospan, Sonoe Arauco and Swiss Krono produce.





% Engineered Wood gross sales 2020	16% **RCB** (Raw chipboard)	14% **MDF/HDF** (Medium-/ high-density-fiberboard)	44% **MFB** (Melamine-faced board)	23% **HPL** (High pressure laminate)	2% **Lacquered** (Lacquered board)
Description	▪ Manufactured from wood particles and resin ▪ Variety of formats, thicknesses, features	▪ Manufactured from wood fibers and resin ▪ Medium vs. high density options available	▪ RCB/ MDF/ HDF with melamine-impregnated paper surface ▪ Variety of core materials, formats, features	▪ Laminate coating produced by fusing craft & decorative paper ▪ Used stand-alone or laminated to RCB/ MDF	▪ Lacquered boards ▪ Lacquered surface, applied to a variety of wood panels or laminates (e.g. MFB. HPL)
Indexed margin level [1]	110[2] / 125[3]	100	115	>125	>125
Basic	✓	✓	-	-	-
Value-add	✓	✓	✓	-	-
High Value-add	-	-	✓	✓	✓

Pfleiderer has a combined 78% share of value-add products, split between 23% value-add and 55% high value-add

(1) Indexed Contribution Margin 1 2020 for Pfleiderer, figures refer to averages of product categories unless otherwise stated, indexed to MDF/ HDF fixed at 100 and rounded to the closest 5 2 Indexed contribution margin for RCB (P2-P3). 3 Indexed contribution margin for RCB (P4-P7) segments.

We typically work closely with our customers, particularly in the kitchen, furniture and construction end-markets, to provide products that meet their requirements for specific applications, such as consistent color and haptic qualities, durability, thickness, scratch resistance, waterproofing or fire-resistance. As a result, our value-added products are more difficult to substitute than basic products, and price and demand for our value-added products have historically been higher and more stable.

Furthermore, our high share of value-added and high value-added products gives us high and relatively stable contribution margins. While we consider the average contribution margin for our basic products as very attractive, our value-added and high-value added products have contribution margins which are on average around five and more than ten percentage points, respectively, higher than the contribution margin of our basic products. Our value-added and high value-added products also drive customer retention and are subject to less pricing pressure than basic products. This is due to the limited number of value-added product manufacturers in our markets and because customers of value-added products tend to value product customization, quality, design, customer service levels and just-in-time delivery over price. In addition, our products generally represent a small portion of their total costs incurred in manufacturing their finished products. According to management data and third party reports, basic products typically make up approximately 30-40% of our individual end-customer's total cost base, while value-added products typically make up approximately 10-20% and high value-added products typically make up less than 10%. To maintain our competitive position, we continuously develop new value-added products, which we often develop in close cooperation with our customers to meet their required specifications.

Diversified and loyal customer base with low customer concentration and long standing relationships

In our Engineered Wood Products division, we sell engineered wood products and laminates to a diversified and loyal customer base comprising more than 1,500 active customers as of December 31, 2020. Our end-markets are primarily the kitchen and furniture industries and, to a lesser degree, the construction industry. We sell to wholesalers, retailers and other distributors, who in turn sell to smaller manufacturers and carpenters. Our customers value us for our high quality products, consistent on-time delivery performance and wide range of décors and textures that help differentiate their end products. For example, according to our NPS surveys, which measures the propensity for our customers to recommend our products, our Engineered Wood Products division achieved a "net promoter score" of 29% in 2020. This compares to an average of negative 3% for our key competitors in the same year. We believe that our consistently high levels of customer satisfaction are driven by our strong track record of launching new and innovative products, our ability to supply them continuously with matching components for repair and replacement over the useful life of their products. In addition, there is a limited number of competitors that can offer a breadth and scope of products similar to ours.

Our business also benefits from the longevity of our customer relationships and a significant number of our customers have purchased from us for more than thirty years. In particular, all of our top ten customers in our Engineered Wood Products division have been our customers for ten or more years, with our relationships with each of our top four customers spanning more than 20 years. In turn, long-standing customer relationships improve product planning, financial forecasting and stability. We also benefit from low customer concentration. The top ten and top 50 external customers of our Engineered Wood Products division represented 18% and 41% of the division's external net sales in the year ended December 31, 2020, respectively. No single external customer represented more than 5% of our Engineered Wood Products division's external net sales in the same period.

We have a long-standing and market leading focus on ESG trends with a sustainable manufacturing approach

Wood, an inherently sustainable resource, has been at the core of our focus for more than 125 years. The renewable nature of wood, our single most important raw material, has historically played a major role in shaping our corporate culture. Over the last several decades, we have established a strong focus on ESG and sustainability trends in our key end-markets. This is supported by our sustainable manufacturing process focused on protecting the environment, while not compromising the high quality of our products. In 1987, we introduced to the market our LivingBoard panels, which are made with formaldehyde-free glue and have been are certified as a "green" building product. In addition, we started using recycled wood at our plants in 1993. In 1997, we also established our first CHP (combined heat power plant) plant to produce electricity from carbon-neutral biomass.

We focus on the sustainable sourcing of wood and constantly endeavor to increase the share of recycled wood used in our products. By increasing the amount of recycled wood used in our products, we are able to decrease our use of fresh wood and lower our overall raw material costs and increase our margins. At the same time, utilizing recycled wood in our manufacturing processes allows us to meet the increasing demand for sustainable products in our end-markets. This is coupled with the growing willingness by our end-customers to pay higher prices for environmentally friendly products.

We are among the first in the industry to use closed-loop recycling of wood waste and cascading utilization of wood, which consists of the efficient utilization of wood as a resource through multiple processing stages, from harvesting to recycling and energy recovery. We believe that the cascading utilization of wood is the only wood utilization model that can guarantee sustainable production of high quality, innovative wood products, while relieving the burden on forestry and reducing our overall environmental footprint. We will continue to strengthen partnerships with external stakeholders, including innovative and certified recycling companies, furniture manufacturers, suppliers and customers to promote the cascading utilization of wood and closed-loop recycling to increase the supply of recycled wood in our production process.

We have made dedicated and meaningful capital investments in order to increase the share of recycled wood used in our products. We estimate that in the year ended December 31, 2020, recycled wood represented approximately 40% of total wood used in 2020, compared to approximately 38% in 2018. Pursuant to the Sustainability-Linked Financing Framework that we adopted in connection with the Offering, we have committed to increase the Percentage of Recycled Wood Used to at least 44% by the end of 2022 and 50% by the end of 2025, in each case from our 2020 baseline. Based on management data and a report prepared for us by a leading international consulting firm, the share of recycled wood we use in our products is significantly higher than those of one of our key competitors, one of the few to make such information public, which was approximately 21% in 2020. In addition, we estimate that in the year ended December 31, 2020, industrial wood, which is used as pre-consumer recycling material, represented approximately 45% of total wood used, increasing the share of overall recycled materials used in our products to approximately 84%.

All of the fresh wood we process at our plants is sourced from sustainably managed forests that are largely certified by well-recognized industry organizations such as FSC® and PEFC, which ensure that wood is sourced in a sustainable way and that biodiversity as well as existing fauna and flora is safeguarded. We estimate that in the the year ended December 31, 2020, fresh, sustainably sourced wood represented approximately 14% of total wood used. Our strong commitment to sustainability and environmental protection is also testified by the recognition of an increasing number of our engineered wood products as Cradle to Cradle Certified™, a globally accepted measure of safer, more sustainable products made for the circular economy.

In order to protect the environment, meet sustainability needs and contribute to the mitigation of the effects of climate change, we also focus on minimizing environmental pollution and, in particular, on reducing our Scope 1 & 2 Greenhouse Gas Emissions. We estimate that in 2020 we generated approximately 220.2 kT of Scope 1 & 2 Greenhouse Gas Emissions compared to approximately 238.5 kT and approximately 270.6 kT in 2019 and 2018, respectively. Overall, we estimate that we reduced Scope 1 & 2 Greenhouse Gas Emissions by approximately 26% from 2013 to 2020. Pursuant to the Sustainability-Linked Financing Framework that we adopted in connection with the Offering, we have committed to reduce our Scope 1 & 2 Greenhouse Gas Emissions to 201.7 kT by the end of 2022 and to 173.9 kT by the end of 2025, in each case from 220.2 kT in 2020. We also estimate that approximately 95% of the electricity we used in 2020 came from carbon-neutral biomass produced at our CHP plants.

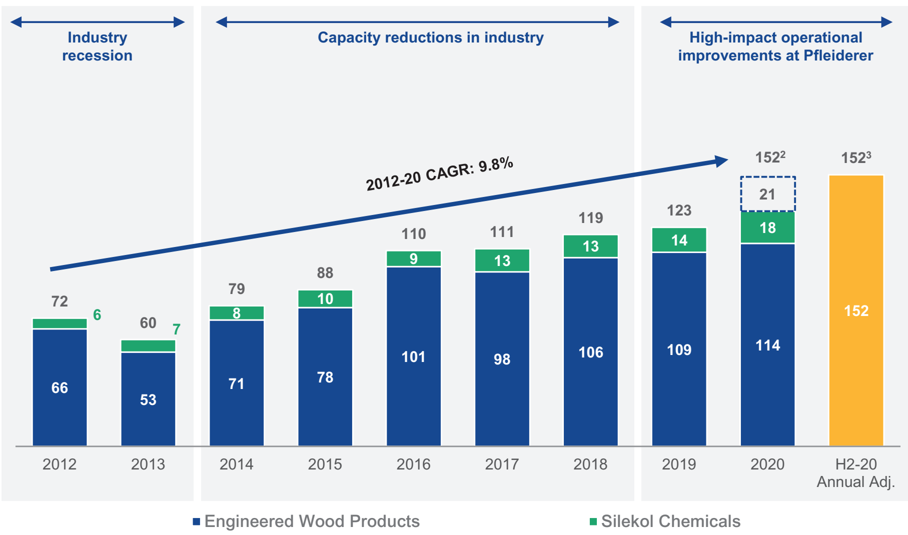
In addition to benefitting the environment, our meaningful investment in our recycled wood capacity also meaningfully enhances our relative cost position as recycled wood is cheaper to source than fresh wood. Furthermore, our commitment to reducing our Scope 1 & Scope 2 Greenhouse Gas Emissions, which we have focused on since the introduction of our emission-free LivingBoard in 1987, meaningfully enhances the attractiveness of our products to our sustainability-conscious end customers.

We have a solid and resilient financial profile supported by high Adjusted EBITDA margins and strong free cash flow generation

Resilient, through-the-cycle financial performance

During the past ten years, we have transformed our company into a stable and resilient business with a strong focus on premium products and a highly variable cost base. As a result, our Adjusted EBITDA grew at a CAGR of 9.8% between 2012 and 2020 and our Adjusted EBITDA margins increased from 10.1% in 2012 to 16.9% in 2020, and in the year ended December 31, 2020, our *Pro Forma* Adjusted EBITDA margin was 19.3%. Adjusted EBITDA has grown every year since 2012 in spite of varied macroeconomic environments, including but not limited to the COVID-19 pandemic in 2020. In addition, the order book in our Engineered Wood Products division increased from a monthly average of approximately €69 million in the the year ended December 31, 2020 to approximately €120 million in January 2021, approximately €131 million in February 2021 and approximately €137 million in March 2021, which we believe provides us with good visibility on our sales performance in the second quarter of 2021. The following graph provides an overview of the development of our Adjusted EBITDA and Adjusted EBITDA margin from 2012 to 2020:

LONG TERM ADJUSTED EBITDA[1] PERFORMANCE (€mm)



	2012	2013	2014	2015	2016	2017	2018	2019	2020	H2-20 Annual Adj.
Adjusted EBITDA margin	10.1%	8.9%	11.1%	11.8%	15.0%	12.9%	13.7%	14.7%	19.3%[2]	18.6%
Adjusted EBITDA – Maintenance Capital expenditure margin	40.3%	37.7%	69.2%	75.3%	76.9%	75.6%	78.1%	77.3%	80.3%[2]	74.3%

(1) Adjusted EBITDA gives effect to IFRS 16 from January 1, 2018, which was the date of the Issuer's transition to IFRS. Adjusted EBITDA for the periods from 2018 to 2020 is based on our Consolidated Financial Statements. Adjusted EBITDA for 2017 is a pro forma amount, which includes an estimated adjustment to give effect to the impact of IFRS 16 had we adopted it during this period, based on the impact of IFRS 16 on our Adjusted EBITDA for 2018. Adjusted EBITDA for 2017 has been derived from the combined financial statements for the Issuer and may not be presented on the same basis as Adjusted EBITDA for the periods after December 31, 2017. Adjusted EBITDA for the periods from 2012 to 2016 is based on the business unit reporting in our unaudited management accounts, which do not give effect to the optimization of our corporate structure in 2020 and are not directly comparable to our Consolidated Financial Statements.

(2) Refers to *Pro Forma* Adjusted EBITDA with Adjusted EBITDA margin and Adjusted EBITDA *less* maintenance capital expenditures based on *Pro Forma* Adjusted EBITDA and pro forma adjusted net sales, which includes an estimated net sales contribution of €11.6 million from our pricing initiatives.

(3) Based on Adjusted EBITDA of approximately €76 million generated in the second half of 2020.

We believe that the pricing of premium products has historically been less impacted by the underlying raw materials price developments as compared to basic products and we have been able to maintain high price levels even when raw material prices decreased. In addition, our focus on value-added and high value-added products has historically allowed us to actively pass through raw material price increases to our customers due to relatively stable customer demand for these products and low price elasticity. In the year ended December 31, 2020, we achieved a net pass-through of approximately €13.4 million. At the same time, we were able to increase the contribution margin of our high value-added products by approximately four percentage points from 2018 to 2020.

Over the past ten years, we have also implemented a number of initiatives to make our operations more stable and resilient and increase the share of variable costs in our cost structure. Between 2017 and 2020, we have made significant capital expenditures to modernize our facilities and increase automation, digitalization and efficiency. We have also rationalized our fixed cost structure by reducing our full-time employees from 2,338 as of December 31, 2016 to 2,227 as of December 31, 2020. Starting in the year ended December 31, 2019, we implemented a number of cost saving and efficiency initiatives aimed at streamlining our cost base by optimizing our headcount, obtain logistics, administrative and indirect procurement cost savings, and achieve raw material efficiencies. These cost initiatives resulted in savings of €20.5 million reflected in our results for the year ended December 31, 2020. In addition to our cost saving initiatives, in 2020 we began implementing certain price improvement initiatives aimed at further improving our product margins. As a result of our cost saving initiatives, we decreased our fixed costs to 13% of our total cost base in the year ended December 31, 2020.

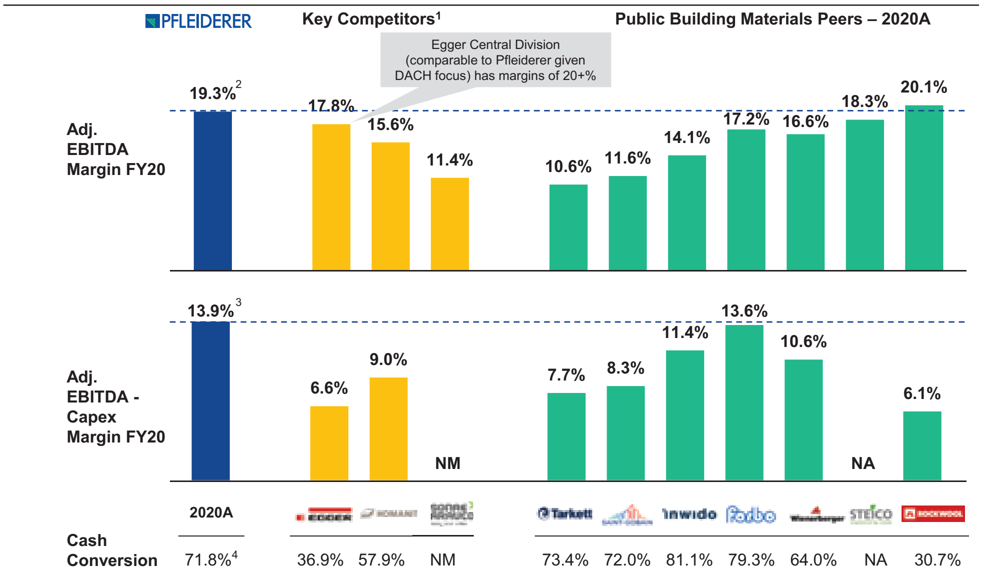
We believe that our focus on making our business more resilient and sustainable has allowed us to soften the impact of the COVID-19 pandemic, which is reflected in our performance in 2020. This has also allowed us to benefit from the strong economic recovery starting in the third quarter of 2020. As a result, Adjusted EBITDA of our Engineered Wood Products division increased by 3% and 26%, respectively, in the third and fourth quarters of 2020 compared to the third and fourth quarters of 2019. This performance highlighted the success of our strategy of focusing on the value-added segment in the resilient kitchen and furniture end markets. Overall, in the year ended December 2020, our Adjusted EBITDA and Adjusted EBITDA margin increased by over 7% and 2%, respectively, compared to the year ended December 31, 2019.

Industry-leading Adjusted EBITDA margins and strong Adjusted Free Cash Flow generation

We benefit from industry-leading Adjusted EBITDA margins and strong cash flow generation relative to our peers. We achieve this through our higher margin products in our product portfolio, our strong relative cost position which is the result of our scale and high levels of automation, our strong pricing discipline, supported by efficient raw material sourcing (including the use of recycled wood) and active management of raw material cost pass-through. We have also successfully implemented several structural cost saving initiatives during both years ended December 31, 2019 and 2020 (described elsewhere in this offering memorandum).

Between 2018 and 2020, our Adjusted Free Cash Flow increased from €18.6 in the year ended December 31, 2018 to €71.0 in the year ended December 31, 2020. In the same year, our *Pro Forma* Adjusted EBITDA *less* maintenance capital expenditure margin was 80%. In 2020, based on public-available information, we have among the highest Adjusted EBITDA and Adjusted EBITDA *less* maintenance capital expenditures margins within the industry, including among our direct competitors and a broader selection of listed building materials peers. The following graphic provides an overview of our and our direct competitors' and a broader selection of listed building materials peers' Adjusted EBITDA Margin and Adjusted EBITDA *less* capital expenditure margin in 2020.

COMPETITOR BENCHMARKING



Source: Company Information.

(1) Based on LTM reported financial information as of and for the twelve months ended June 30, 2020 for Homanitand and Sonae, and as of and for the twelve months ended October 31, 2020 for Egger.

(2) *Pro Forma* Adjusted EBITDA margin of 19.3% for the year ended December 31, 2020 is based on *Pro Forma* Adjusted EBITDA of €152.0 million and pro forma adjusted net sales, which includes an estimated net sales contribution of €11.6 million from our pricing initiatives.

(3) Based on *Pro Forma* Adjusted EBITDA *less* total capital expenditures margin, including growth capital expenditures.

(4) Calculated as *Pro Forma* Adjusted EBITDA *less* total capital expenditures (including growth capital expenditure) *divided by* Pro Forma Adjusted EBITDA.

Highly experienced management team with a strong track record

Our business benefits from the industry expertise and know-how of our experienced senior management team, which has long-standing experience in building materials manufacturing and distribution, and a strong track record of financial and operational success in both favorable and challenging market conditions. Our senior management includes Miguel Kohlmann, who is the Chairperson of the Parent's Advisory board since September 2020, having previously served as an advisor to the board since May 2018, and has more than 30 years of experience in management positions; Dr. Frank Herrmann, who has been our Chief Operating Officer since May 2019 and has more than ten years of experience in operational management roles; and Stefan Zinn, who has been our Chief Commercial Officer since January 2019 and has more than 25 years of experience in sales positions. In addition, in connection with the completion of the Restructuring and in preparation for a renewed phase of growth, in January 2021, we welcomed our new Chief Financial Officer, Dr. Mani Herold, who has over 20 years of experience in finance positions at global companies, including more than nine years as CFO, and in February 2021, we welcomed our new Chief Executive Officer and Chairperson in respect of our Engineered Wood Products division, Dr. Boris Gorella, who has over 30 years of experience in leadership positions, including more than ten years as CEO, with industrial coatings, chemical and consulting companies. Since February 2021, our former CEO, Zbigniew Prokopowicz, is a member of the Advisory board of the Parent and is responsible for the Silekol division and Panel East, providing us with continued expertise, particularly from the leadership roles he has held in our business since 2016.

Our Strategies

Continue to focus on value-added and high value-added premium products

We will continue to focus on product innovation and research and development to increase the share of our value-added and high-value add engineered wood products in our portfolio. We will focus on expanding the characteristics of the finishes of our HPL products, such as HPL products with special coating for outdoor use. We believe such products are less price elastic and will further help us penetrate the outdoor furniture market. We plan to increase our output of value-added and high-value added products by selectively reducing our end-market sale of of basic raw particleboards, and plan to use this particleboard capacity to produce higher value laminated and coated products (such as MFB and coated HPL).

We sell our products to a variety of niche markets, such as hospitals, hotels, elevator interiors, playground, garden furniture and caravan and mobile home interiors. We will continue to focus on identifying additional attractive niche markets for value-added and high-value add products in order to increase customer diversification. As transportation cost is less relevant for high-value add products, we also plan to expand our exporting activities of such products to other regions, including China and Taiwan.

Lastly, we will continue to actively manage the pricing of our premium products by analyzing our markets, enhancing the distinguishing features of our products, achieving greater pass-through of raw material costs to our customers. We will also continue to actively monitor our portfolio of basic products with a view to shifting into HPL products. We believe this strategy will result in a continued augmentation in the average price and contribution margin of our product portfolio.

Continue to increase our focus on ESG trends and sustainable manufacturing

We will continue to focus on the sustainable sourcing of wood and on making our manufacturing processes and product portfolio more sustainable. This is part of our ongoing environmental and sustainability strategy and supports key trends in the kitchen, furniture and construction industries. We believe we can establish a leading market position in products that have been certified as sustainable, such as “Blue Angel” certified products, which have been certified by the German government as environmentally friendly. For example, in 1987, we were among the first wood panel manufacturers to introduce engineered wood panels made with formaldehyde-free glue, our LivingBoard panels, which obtained the prestigious “Blue Angel” certification. We are also the first panel manufacturer that has obtained the renowned “Cradle to Cradle” certification on several products. In the construction markets, there is a growing demand for environmentally sustainable products, such as wood-based products for pre-fabricated houses. We believe we will be able to meet this demand through our specialized product lines.

Pursuant to the Sustainability-Linked Financing Framework that we adopted in connection with the Offering, we have committed to increase the share of the recycled wood used in our products from 40% in the year ended December 31, 2020, to at least 44% by the end of 2022 and at least 50% by the end of 2025. In order to do this, we will continue focus on closed-loop recycling of wood waste and cascading utilization of wood. In addition, starting from 2021 we plan to invest further in debottlenecking actions to unlock our capacity to produce higher quantities of recycled wood at our Neumarkt and Leutkirch facilities. We believe that the use of recycled wood not only drives sustainability, but also reduces our costs. These materials tend to be cheaper and have lower energy costs than non-sustainable products since they use a lower amount of water, requiring less drying.

Additionally, we are aiming to increase the number of environmentally-friendly adhesives in our product-portfolio. We currently offer certified particleboards with formaldehyde-reduced glues for construction applications, which have lower emission applications. We will also support sustainability in our processes by continuing to generate green electricity with our own power plants and heat from wood that can no longer be used as a material for our products, making us climate-neutral, and by feeding surplus electricity into the public power network.

Finally, we will continue to focus on avoiding any form of environmental pollution and, pursuant to the Sustainability-Linked Financing Framework that we adopted in connection with the Offering, we have committed to reduce our Scope 1 & 2 Greenhouse Gas Emissions to 201.7 kT by the end of 2022 and to 173.9 kT by the end of 2025, in each case from our baseline of 220.2 kT in 2020.

We believe that these investments and activities are not only good for the environment, but also positively impact our Adjusted EBITDA growth due to the associated reduction in input costs per unit, and they increase the perceived value of our products, enabling us to meet the increasing demand for sustainable products in our end-markets.

Maintaining a focus on cost reduction and efficiency and pricing improvements to further increase our margins

We intend to continue to focus on operational efficiencies, which we believe result in cost reductions, ultimately allowing us to further improve margins and cash flow generation and contributing to the overall resilience of our business. In line with these objectives, we are aiming to complete the implementation of the cost saving initiatives that our management team actioned in 2019 and 2020. Going forward, we also plan to increase our focus on improving raw material mix and consumption, further optimizing our headcount, decreasing indirect costs and logistics costs, and implementing a new procurement program. Overall, we are targeting to realize more than €25 million of cost savings through these initiatives over the next three years.

Our raw material mix and consumption improvements focus primarily on improving wood consumption, particularly by increasing the share of recycled wood and chemicals within our total raw materials consumption, further reducing our SKUs and increasingly adopting data-driven processes to improve raw materials yield.

We also intend to continue taking advantage of opportunities to reduce our headcount at our production facilities and administrative functions, through a combination of redundancies, early retirement arrangements and other FTE rationalization measures. As of the date of this offering memorandum, we have negotiated the necessary framework agreements with the worker's council, which provide us with the necessary flexibility to implement these plans quickly. We believe these measures, coupled with the implementation of process optimization and further technology investments, will drive significant headcount savings. We aim at further optimizing indirect costs that are non-labor related, such as those relating to repair, maintenance and waste disposal services. We intend to do so by continuing to consolidate our supplier base through our re-tendering process and focusing on tighter procurement controls. In addition, we intend to continue focusing on further reducing our logistics costs by utilizing a centralized IT platform for logistics tenders in order to take advantage of spot pricing conditions as opposed to contracted rates.

We expect to further benefit from the strategic price improvement measures that we initiated in 2020 and which we intend to expand upon going forward. In particular, we will complete the strategic review of our product pricing across our product portfolio and across all sales channels and sales regions. We also intend to apply various price quality management actions, including price differentiation on product value, clear pricing escalation procedures, price quality reporting and upgraded information technology systems.

Continuing to implement our strategic pricing initiatives

We continuously strive to optimize the prices for our products. In the second quarter of 2020, we engaged a leading global consultancy firm to conduct a strategic review of pricing across our product portfolio aimed at fixing certain structural gaps and systems and implementing new pricing rules into our ERP systems to improve pricing discipline and invoicing. Following this strategic pricing review, we implemented a number of structural pricing initiatives to improve pricing accuracy across all our products and customers as well as our invoicing process. These structural pricing initiatives included (i) the automatic application of contractually agreed surcharges to low volume orders, (ii) list price optimizations, (iii) the reduction of the number of small, unprofitable orders and (iv) the implementation of certain other price quality management actions, including price differentiation on product value, clear pricing escalation procedures, price quality reporting and upgraded information technology systems. We estimate that these initiatives will have a total impact on our Adjusted EBITDA of approximately €5.3 million by the end of 2021, of which we have included €3.0 million in our *Pro Forma* Adjusted EBITDA for the year ended December 31, 2020, and of approximately €15 million by the end of 2023.

In connection with the launch of our new 2021-2024 product collection in 2021, we increased the price of certain value-added and high value-added products of our Engineered Wood Products division. Our new four-year year collection of value-added and high value-added products replaced our existing collection on January 1, 2021. We estimate that these price increases will contribute €8.6 million to our Adjusted EBITDA for the year ending December 31, 2021, which is less than 40% of agreed price increases with certain customers as of December 31, 2020.

Prudent management of capital expenditure to deliver growth and maintain strong free cash flow conversion

Commencing in 2019, we conducted a review of our resource allocation and capital expenditure management. Historically, our capital expenditures as a percentage of net sales has been more than 7%, primarily due to our significant investments into new production lines, additional capacity and debottlenecking projects. Examples of recent investments include the installation of a lacquering line in our Leutkirch facility, the expansion of drying capacity at our Leutkirch facility and capacity for phenolic resins, formaldehyde and melamine in our Silekol division, and the installation of sanding lines at our Neumarkt and Baruth plants.

In addition, our high level of capital expenditure in recent years has been due to required investments into environmental and occupational health initiatives and certain inefficient repair and maintenance investments. These investments were essential for us to operate a stable and environmentally friendly production base. We review investment projects both during and after implementation to check success and learn in case of deviation from our targets, and have new procedures in place that entail reviewing capital expenditures monthly in order to avoid budget overruns and ensure timing compliance. As a result, our capital expenditures to net sales ratio decreased to 5.5% in 2020. We are targeting to further decrease our capital expenditures to net sales ratio to 4.5% in the medium term. We currently have no plans to invest in new production lines and all necessary investments required to comply with current environmental, health and safety regulations have been implemented.

We have revised our repair and maintenance approach towards condition based maintenance, which allows for better planning and ultimately lower capital expenditures. Our maintenance capital expenditure requirements are now relatively limited and include expenditures related to periodic plants shutdowns, replacement of equipment, maintenance of our information technology systems and regulatory-driven expenditures. Between 2018 and 2020, maintenance capital expenditures represented approximately 3.5% of our net sales. In addition, we plan to focus our capital expenditures into targeted projects that we believe will help us achieve our return on investment requirements, which we have set at two years, except for a small number of strategic investments. For example, we are currently implementing a pilot project for the installation of a scanner solution in two lines at our Gütersloh plant which we expect to be completed at the end of 2020 and will then be rolled out to our other plants. We expect it will take over three years to achieve returns for this project. In addition, we intend to continue investing in debottlenecking actions in our Engineered Wood Products divisions. These actions include the expansion of silo capacity for wood at our plant in Neumarkt and the installation of short-cycle presses at our plant in Leutkirch, which we expect will result in additional recycling capacity during 2021. We also intend to expand storage capacities in our Silekol division. We will continue to make selected strategic investments in efficiency-driven projects to achieve further cost savings and increase the share of recycled wood used in our products.

In the second half of 2019, we launched a centralized project aiming at organizing the management of our working capital, pursuant to which we monitor all functions, such as supply chain management, procurement, sales, controlling, treasury and accounting, in order to improve key performance indicators. We have identified the main drivers that will help us optimize our working capital, including inventories and semi-finished and finished-goods, in particular the composition of trade payables and trade receivables. We have also established a new reporting standard for working capital in order to monitor working capital and target achievements. For example, we have set clear reporting dates for balance sheet items or ratios targets, such as days payable outstanding and days sales outstanding. We have also agreed and executed measures to adjust stocks and decrease working capital in a sustainable manner. As a result, our net cash position has improved significantly. Going forward, we will continue to focus on tight trade working capital management to further improve our cash flow generation.

The Optimization of Our Corporate Structure

Historically, our Parent operated our business through three divisions, Engineered Wood Products, Silekol and Panel East. Following the take private of our Parent in September 2019, to focus our operations on our core divisions, our Sponsor separated our Engineered Wood Products and Silekol divisions from Panel East. We now operate our Engineered Wood Products and Silekol divisions together through the Issuer, while Panel East operates independently and on an arm's-length basis. See also "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Our Results of Operations—The Optimization of Our Corporate Structure*."

As a result of the optimization of our corporate structure, we believe we benefit from a strongly enhanced credit profile due to (i) an improved business mix with strong market position in the more stable and attractive Western European market, (ii) greater focus on value-add products with a more diversified customer base and (iii) a higher and more resilient margin and cash flow profile. As a result, we have been able to achieve higher

Adjusted EBITDA margins, which increased from 14.6% in 2018 to 16.9% in 2020, and in the year ended December 31, 2020, our Pro Forma Adjusted EBITDA margin was 19.3%. In addition, our Adjusted EBITDA *less* maintenance capital expenditures increased from approximately €95 million in the year ended December 31, 2018 to a *Pro Forma* Adjusted EBITDA *less* maintenance capital expenditures of approximately €122 million in the year ended December 31, 2020. By comparison, based on unaudited management accounts, we estimate that Panel East's Adjusted EBITDA margin was approximately 6% in the year ended December 31, 2018 and approximately 12% in the year ended December 31, 2020 and that Panel East's Adjusted EBITDA *less* capital expenditure margin was approximately 4% in the year ended December 31, 2018 and approximately 10% in the year ended December 31, 2020. In addition, based on unaudited management accounts, we estimate that Panel East's Adjusted EBITDA *less* maintenance capital expenditures was approximately €19 million in the year ended December 31, 2018 and approximately €25 million in the year ended December 31, 2020.

In this offering memorandum, unless the context requires otherwise, references to "Pfleiderer," the "Group," "we," "us" and "our" are to the Issuer and its Engineered Wood Products and Silekol divisions and exclude the Parent and Panel East.

The Restricted Group for the Notes

The Restricted Group will only comprise Pfleiderer, which is made up of the Issuer and its subsidiaries and comprises the Engineered Wood Products and Silekol divisions. Only Pfleiderer will provide credit support for the Notes and the New Revolving Credit Facility. The Parent and the Panel East division will be outside of the Restricted Group and neither the assets of the Panel East division nor cash generated by the Panel East division, including any proceeds received from the potential sale of the Panel East division by the Parent, will be available to service or otherwise provide credit support for the Notes or the New Revolving Credit Facility.

Recent Developments

Current Trading

Based on preliminary results derived from our unaudited management accounts and other information available to us, we estimate that our net sales for the three-month period ended March 31, 2021 were approximately €225.4 million compared to net sales of €212.3 million in the corresponding period in 2020, which was still mostly unaffected by the COVID-19 pandemic as last year's lockdowns started to impact us only from March 2020. We estimate that our Adjusted EBITDA for the three-month period from January 1, 2021 through March 31, 2021 increased by approximately €7 million, or over 20%, year-on-year to approximately €41.5 million compared to €34.5 million in the corresponding period in 2020. We estimate that our Adjusted EBITDA margin increased by more than 200 basis points from 16.3% to approximately 18.4% during the same period.

We estimate that the net sales generated in our Engineered Wood Products and our Silekol divisions in the three-month period ended March 31, 2021 were approximately €199.1 million and approximately €39.9 million, respectively, compared to €188.9 million and €32.0 million, respectively, in the corresponding period in 2020. We estimate that the Adjusted EBITDA generated in our Engineered Wood Products and in our Silekol division in the three-month period ended March 31, 2021 was approximately €35.4 million and approximately €6.2 million, respectively, compared to €30.4 million and €4.2 million, respectively, in the corresponding period in 2020. Net sales and Adjusted EBITDA of our Silekol division include, in each case, sales to our Engineered Wood Products division.

As of April 4, 2021, the order backlog in our Engineered Wood Products division amounted to €145.4 million, which is more than twice the historical average recorded in 2018 and 2019, and which we believe provides us with good visibility on our sales performance in the second quarter of 2021.

The preliminary results presented above are based on internal management accounts and have been prepared under the responsibility of our management. While this preliminary information has been prepared in accordance with IFRS (subject to certain exceptions and adjustments), this preliminary information has not been audited, reviewed or verified; and no procedures have been completed by our external auditors with respect thereto and is not comparable with the corresponding financial information set forth elsewhere in this offering memorandum. While we believe these preliminary results to be reasonable, our actual results could vary from these preliminary results and these differences could be material. As such, you should not place undue reliance on this information. This information may not be indicative of any future period. See "Disclosure Regarding

Forward-Looking Statements," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this offering memorandum for a more complete discussion of certain of the factors that could affect our future performance and results of operations.

Impact of COVID-19

Our flexible cost structure, underpinned by our relatively high share of variable and semi-variable costs, as well as the cost savings and efficiency initiatives implemented in 2019 and 2020 enabled our solid performance during the year 2020 which was impacted by the COVID-19 pandemic. Overall, in the year ended December 31, 2020, our Adjusted EBITDA increased by €8.3 million, or more than 7%, year-on-year and our Adjusted EBITDA margin increased by 2% points compared to the year ended December 31, 2019 despite a decrease in our sales volumes due to the Europe-wide lockdowns in the second quarter of 2020. Our Adjusted EBITDA *less* maintenance capital expenditures also increased from €94.8 million in the year ended December 31, 2019 to €100.9 million in the year ended December 31, 2020. Our diversified end-market exposure has also allowed us to benefit from a fast recovery in the general economy starting in the third quarter of 2020 further accelerated by the growing demand for our value-added and high value-added products for the renovation and replacement segment. See "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Our Results of Operations—COVID-19 Impact on Our Business*."

In the first three months of 2021, many governments across the world have re-introduced restrictive measures to reduce the spread of COVID-19, including travel restrictions and bans and mandatory social distancing for both individuals and businesses, as well as required closures of non-essential businesses. Although we and our suppliers and customers have implemented appropriate measures under these restrictions, we believe that the restrictions currently in place have not had the same impact on our business as those restrictions implemented in connection with the first wave of the pandemic in the first and second quarter of 2020. As a result, in the first two months of 2021, we have continued to benefit from the rise in the residential renovation and replacement segments and the recovery in the new construction segments, which has resulted in a record-high order backlog as of March 21, 2021.

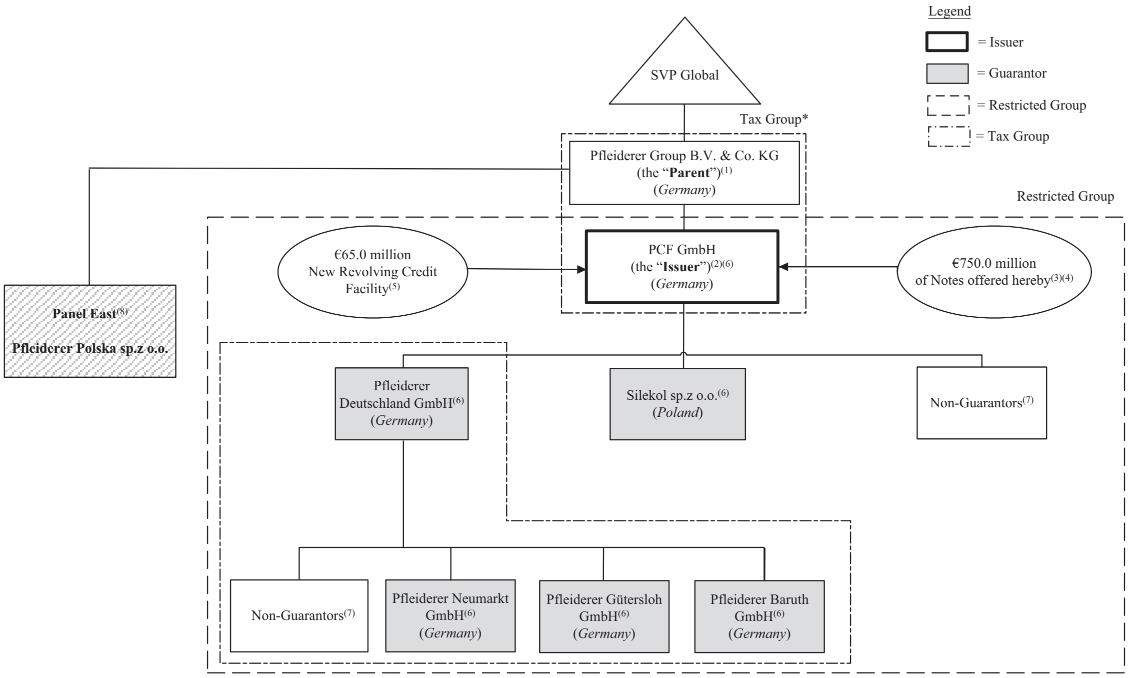
As of the date of this offering memorandum, our plants in Germany and Poland are running at full capacity and we believe that the ongoing COVID-19 pandemic has not had a material adverse effect on our business and results of operations in 2021. However, COVID-19 has been evolving rapidly and we are unable to predict how the outbreak and related government responses may affect our business in the future. We continue to monitor the situation to ensure the safety of our employees, react to any operational developments, logistics disruptions and macroeconomic fluctuations and assess the ongoing impact of developments on our financial condition, results of operations, cash flows and liquidity. We expect our operations to continue to be affected by the COVID-19 pandemic for the foreseeable future and will continue to take the necessary steps to protect our employees and mitigate the risk to our business. See "*Risk Factors—Risks Related to the Market and Our Business—The COVID-19 pandemic could continue to have an adverse impact on our business, financial condition, liquidity, and results of operations, which may be material.*"

The Issuer

The Issuer is a limited liability company (*Gesellschaft mit beschränkter Haftung*) under the laws of Germany, established by conversion through change of legal form (from Pfleiderer AG) with effect as of February 26, 2013. The Issuer is registered with the commercial register of the local court of Nuremberg (*Amtsgericht Nürnberg*) under HRB 30135. The Issuer's principal business address is Ingolstädter Straße 51, D-92318 Neumarkt i.d.Opf., Germany and its telephone number is +49 (0) 9181 288 188.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram presents our simplified corporate and financing structure as adjusted for the Transactions. For more information, see "Description of Certain Financing Arrangements" and "Description of the Notes."



* With effect from January 1, 2020, the Issuer and its consolidated subsidiaries located in Germany (other than Heller Holz GmbH) became part of the Parent's tax group for income tax purposes. For more information, see "*Certain Relationships and Related Party Transactions—The Domination and Profit and Loss Transfer Agreement.*"

(1) Following the completion of the optimization of our corporate structure in 2020, the Panel East division is operated separately by the Parent through Pfleiderer Polska sp.z o.o. The Parent and the Panel East division are outside of the Restricted Group and neither the assets of the Panel East division nor cash generated by the Panel East division, including any proceeds received from the potential sale of the Panel East division by the Parent, will be available to service or otherwise provide credit support for the Notes or the New Revolving Credit Facility.

(2) The Issuer is a holding company with no independent business operations or significant assets other than investments in its subsidiaries. As a result, the Issuer depends upon the receipt of sufficient funds from its subsidiaries to meet its obligations under the Notes and the New Revolving Credit Facility.

(3) The Issuer is offering €750.0 million in aggregate principal amount of Notes. The Notes and the Notes Guarantees will be secured by a first-priority security interest in the Collateral. The Collateral will also secure the New Revolving Credit Facility, certain hedging obligations and certain other future indebtedness permitted under the Indenture on a first-priority basis. Pursuant to the terms of the Intercreditor Agreement, liabilities in respect of the New Revolving Credit Facility, certain hedging obligations and certain other future indebtedness permitted under the Indenture that are secured by the Collateral will be repaid with the proceeds from a distressed disposal of, or the enforcement of, the Collateral in priority to the Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

(4) On the Issue Date, subject to the Agreed Security Principles, the Notes will be guaranteed by the Guarantors. Each Notes Guarantee will be subject to the terms of the Intercreditor Agreement, including the Agreed Security Principles, and certain contractual and legal limitations. See "*Description of Certain Financing Arrangements—Intercreditor Agreement"* and "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests*." 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 Guarantee.

(5) In connection with the Transactions, we will enter into the New Revolving Credit Facility Agreement, which will provide for a €65.0 million New Revolving Credit Facility. Initially, the Issuer, Pfleiderer Deutschland GmbH and Silekol s.p. z.o.o. will be borrowers, but certain subsidiaries of the Issuer in Germany or Poland may accede as borrowers in the future. The New Revolving Credit Facility is expected to be undrawn on the Issue Date. See "*Description of Certain Financing Arrangements—New Revolving Credit Facility Agreement*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

(6) The Issuer and its subsidiaries that are Guarantors held 99% of the total unconsolidated assets of Pfleiderer as of December 31, 2020, and generated 80% of the total unconsolidated net sales and 94% of the total unconsolidated EBITDA of Pfleiderer for the year ended December 31, 2020, in each case, before intercompany eliminations.

(7) Certain of the Issuer's subsidiaries in Austria, France, Germany, the Netherlands, Romania, Switzerland and the United Kingdom will not guarantee the Notes. As of December 31, 2020, the subsidiaries of the Issuer that will not guarantee the Notes had no outstanding third-party debt. Any future third-party debt will rank structurally senior to the obligations of the Issuer and the Guarantors under the Notes and the Notes Guarantees.

(8) Following the completion of the optimization of our corporate structure, Panel East operates separately from the Issuer and its subsidiaries. Panel East will not be part of the Restricted Group and will not provide any credit support for the Notes. See "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Our Results of Operations—The Optimization of Our Corporate Structure.*"

THE OFFERING

The following summary of the Offering contains basic information about the Notes, the Notes Guarantees and the Collateral. It is not intended to be complete and certain of the terms and conditions described below are subject to important limitations and exceptions. For a more complete understanding of the Notes, the Notes Guarantees and the Collateral, including certain definitions of terms used in this overview, please see "Description of the Notes" and "Description of Certain Financing Arrangements."

Issuer	PCF GmbH.
Notes Offered:	
Floating Rate Notes	€350 million in aggregate principal amount of Sustainability-Linked Senior Secured Floating Rate Notes due 2026.
Fixed Rate Notes	€400 million in aggregate principal amount of Sustainability-Linked Senior Secured Fixed Rate Notes due 2026.
Issue Date	On or about April 22, 2021.
Issue Price:	
Floating Rate Notes	100.000%, plus accrued and unpaid interest from the Issue Date, if any.
Fixed Rate Notes	100.000%, plus accrued and unpaid interest from the Issue Date, if any.
Maturity Date:	
Floating Rate Notes	April 15, 2026.
Fixed Rate Notes	April 15, 2026.
Initial Interest Rate:	
Floating Rate Notes	Three-month EURIBOR (subject to a 0% floor) plus 4.750% per annum (the "FRN Margin"), reset quarterly.
Fixed Rate Notes	4.750% per annum.
Subsequent Interest Rate:	
Floating Rate Notes	From and including April 15, 2023 (the "Step-up Date"), the FRN Margin will increase by up to 0.2500%, unless the Issuer has notified the Trustee in writing on or prior to the Certification Date that it has achieved certain sustainability performance targets on December 31, 2022, as described in more detail under "*Description of the Notes—Principal, Maturity and Interest—Floating Rate Notes.*"
Fixed Rate Notes	From and including the Step-up Date, the interest rate on the Fixed Rate Notes will increase by up to 0.2500%, unless the Issuer has notified the Trustee in writing on or prior to the Certification Date that it has achieved certain sustainability performance targets on the testing date, December 31, 2022, as described in more detail under "*Description of the Notes—Principal, Maturity and Interest—Fixed Rate Notes.*"
Interest Payment Dates:	
Floating Rate Notes	Quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, commencing on July 15, 2021.

Fixed Rate Notes	Semi-annual in arrears on April 15, and October 15 of each year, commencing on October 15, 2021.
Form and Denomination	The Issuer will issue the Notes on the Issue Date in global registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess of €100,000. Notes in denominations of less than €100,000 will not be available.
Ranking of the Notes	Each series of Notes will: • be general senior obligations of the Issuer, secured as set forth under "—*Security*"; • rank *pari passu* in right of payment with any existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including the obligations of the Issuer under the New Revolving Credit Facility and certain hedging obligations; • rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes (if any); • be effectively senior to any existing or future indebtedness or obligation of the Issuer that is not secured by the Collateral owned by the Issuer, to the extent of the value of such Collateral; • be effectively subordinated to any existing or future indebtedness or obligation of the Issuer that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness; and • be structurally subordinated to any existing or future obligations of the subsidiaries of the Issuer that are not Guarantors, including obligations to trade creditors.
Notes Guarantees	On the Issue Date, subject to the Agreed Security Principles, the Notes will be guaranteed on a senior secured basis (the "Notes Guarantees") by the Guarantors. See "*Description of the Notes—Notes Guarantees.*" The Issuer and its subsidiaries that are Guarantors held 99% of the total unconsolidated assets of Pfleiderer as of December 31, 2020, and generated 80% of the total unconsolidated net sales and 94% of the total unconsolidated EBITDA of Pfleiderer for the year ended December 31, 2020, in each case, before intercompany eliminations.
Ranking of the Notes Guarantees	The Notes Guarantee of each Guarantor will: • be a general senior obligation of such Guarantor, secured as set forth under "—*Security*"; • rank *pari passu* in right of payment with any existing and future indebtedness of such Guarantor that is not subordinated in right of payment to the Notes Guarantees (including obligations under the New Revolving Credit Facility and certain hedging obligations);

- rank senior in right of payment to any existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to the Notes Guarantees;
- be effectively senior to any existing or future indebtedness or obligation of that Guarantor that is not secured by the Collateral owned by that Guarantor, to the extent of the value of such Collateral;
- be effectively subordinated to any existing or future indebtedness or obligation of such Guarantor that is secured by property and assets that do not secure the Notes Guarantees, to the extent of the value of the property and assets securing such indebtedness (if any); and
- be structurally subordinated to any existing or future obligations of the subsidiaries of the Issuer that are not Guarantors, including obligations to trade creditors.

The Notes Guarantees will be subject to the terms of the Intercreditor Agreement. 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 Notes Guarantees and the Security Interests*."

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

Security . . . . Subject to the terms of the Security Documents, Agreed Security Principles, the Intercreditor Agreement, any Permitted Collateral Liens and certain perfection requirements, on the Issue Date, the Notes and the Notes Guarantees will be secured by first-ranking security interests over (i) the capital stock of the Issuer held by the Parent, Pfleiderer Deutschland GmbH and Silekol sp.z o.o, in each case, held by the Issuer and Pfleiderer Neumarkt GmbH, Pfleiderer Gütersloh GmbH and Pfleiderer Baruth GmbH, in each case, held by Pfleiderer Deutschland GmbH, (ii) the material bank accounts of the Issuer, Pfleiderer Deutschland GmbH and Silekol sp.z o.o and (iii) any structural intercompany loan receivables of the Issuer and the Guarantors.

Pursuant to the terms of the Intercreditor Agreement, liabilities in respect of the New Revolving Credit Facility, certain hedging obligations and certain other future indebtedness permitted under the Indenture that are secured by the Collateral will be repaid with the proceeds from a distressed disposal of, or the enforcement of, the Collateral in priority to the Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

The validity and enforceability of the security interests will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests*."

The Collateral securing the Notes and the New Revolving Credit Facility may be released under certain circumstances. See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Creditors under the New Revolving Credit Facility, any credit facility that refinances or replaces the New Revolving Credit Facility, certain hedging obligations and certain other indebtedness permitted to be incurred on a priority basis under the Indenture are entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes. Holders of the Notes will not control decisions regarding the Collateral in certain circumstances*," "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes—Security—Release of Liens*."

Intercreditor Agreement . . . . Each holder of a Note by accepting a Note will be deemed to have agreed to, and be bound by, the terms of the Intercreditor Agreement.

The Indenture will be subject to the terms of the Intercreditor Agreement, and the rights and benefits of the holders of the Notes will be limited accordingly and subject to the terms of the Intercreditor Agreement.

See "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

Additional Amounts . . . . Any payments made by any of the Issuer or the Guarantors with respect to the Notes or the Notes Guarantees will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. If any of the Issuer or Guarantors is required by law to withhold or deduct for such taxes with respect to a payment to the holders of Notes, such relevant Issuer or Guarantor will, subject to certain exceptions, pay the additional amounts necessary so that the net amount received by the holders of Notes after the withholding or deduction is not less than the amount such holder would have received in the absence of the withholding or deduction. See "*Description of the Notes—Withholding Taxes*."

Optional Redemption

Fixed Rate Notes . . . . Prior to April 15, 2023, the Issuer will be entitled at its option to redeem all or a portion of the Fixed Rate Notes at a redemption price equal to 100% of the principal amount of the Fixed Rate Notes plus the applicable "make- whole" premium described in this offering memorandum and accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date.

Prior to April 15, 2023, the Issuer may redeem up to 10% of the aggregate principal amount of the Fixed Rate Notes originally issued (including the aggregate principal amount of any additional Fixed Rate Notes issued) in each calendar year at a redemption price equal to 103.00% of the principal amount thereof.

Prior to April 15, 2023, the Issuer may redeem, at its option, up to 40% of the original principal amount of the Fixed Rate Notes with the net proceeds from certain equity offerings at the redemption price set forth in this offering memorandum, provided that, *inter alia*, at least 50% of the original

	principal amount of the Fixed Rate Notes remains outstanding. At any time on and after April 15, 2023, the Issuer may redeem, at its option, all or a portion of the Fixed Rate Notes at the redemption prices described under "*Description of the Notes—Optional Redemption—Fixed Rate Notes*," plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption.
Floating Rate Notes	Prior to April 15, 2022, the Issuer may redeem, at its option, all or a portion of the Floating Rate Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption, plus the applicable "make-whole" premium, as described in this offering memorandum. At any time on or after April 15, 2022, the Issuer may, at its option, redeem all or part of the Floating Rate Notes at the redemption prices described under "*Description of the Notes—Optional Redemption—Floating Rate Notes*," plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption.
Tender Offers	In connection with any tender offer or other offer to purchase all of the Fixed Rate Notes or the Floating Rate Notes, as applicable, if holders of not less than 90% of the aggregate principal amount of the then outstanding Fixed Rate Notes or Floating Rate Notes, as applicable, validly tender and do not validly withdraw such Fixed Rate Notes or Floating Rate Notes, as applicable, in such tender offer or offer to purchase, the Issuer will have the right to redeem all of the Fixed Rate Notes or Floating Rate Notes, as applicable, that remain outstanding at a price equivalent to the price offered to each holder of the Fixed Rate Notes or Floating Rate Notes, as applicable, in such tender offer or offer to purchase plus accrued and unpaid interest, if any, thereon. See "*Description of the Notes—Optional Redemption*."
Optional Redemption for Tax Reasons	In the event of certain developments affecting taxation or certain other circumstances, the Issuer may redeem the applicable series of Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to, but excluding, the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons*."
Change of Control	If the Issuer experiences a change of control, the holders of the Notes will have the right to require the Issuer to offer to repurchase the Notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of such repurchase. However, a change of control will not be deemed to have occurred if an agreed consolidated net leverage ratio is not exceeded in connection with such an event. See "*Description of the Notes—Change of Control*."
Certain Covenants	The Issuer will issue the Notes under an indenture to be dated on or about the Issue Date (the "Indenture"). The

Indenture, among other things, will restrict the ability of the Issuer and each restricted subsidiary to:

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

Each of these covenants is subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*."

Original Issue Discount . . . . The Notes may be issued with original issue discount ("OID") for U.S. federal income tax purposes if the stated redemption price at maturity of the Notes exceeds their issue price by an amount greater than or equal to a statutorily defined *de minimis* amount. If so, in addition to the stated interest on the Notes, a U.S. Holder (as defined in "*Tax Considerations—Certain U.S. Federal Income Tax Considerations*") would be required to include amounts representing OID in gross income on a constant yield to maturity basis as it accrues in advance of the receipt of cash payments attributable to such income regardless of such holder's method of accounting for U.S. federal income tax purposes. See "*Tax Considerations—Certain U.S. Federal Income Tax Considerations—Original Issue Discount.*"

Listing . . . . Application will be made to The International Stock Exchange Authority Limited (the "Authority") for the listing of and permission to deal in the Notes on the Official List of The International Stock Exchange (the "Exchange"). There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the 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.

Transfer Restrictions . . . . The Notes and the Notes Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction and are subject to restrictions on transferability and resale. See "*Transfer Restrictions*."

Absence of a Public Market for the Notes . . . . The Notes will be new securities and currently there is no established trading market for the Notes. The Initial Purchasers have advised the Issuer that it may make a market for the Notes, but they are not obligated to do so. The Initial Purchasers may discontinue any market-making in the Notes at any time in their sole discretion and without

	notice. Accordingly, we cannot assure you as to the development or liquidity of any market for the Notes.
Use of Proceeds	On the Issue Date, the Issuer will issue the Notes offered hereby and use the gross proceeds of the Offering, together with cash on hand, to (i) fully repay the Existing Term Loan, including accrued interest; (ii) grant a loan to the Parent so that the Parent may make a distribution to our Sponsor; and (iii) pay fees and expenses incurred in connection with the Transactions. See "*Use of Proceeds*."
Governing Law	The Indenture, the Notes and the Notes Guarantees will be governed by the laws of the State of New York. The Intercreditor Agreement and the New Revolving Credit Facility Agreement will be governed by English law. The Security Documents will be governed by the applicable law of the jurisdiction under which the security interests are granted.
Trustee	Deutsche Trustee Company Limited.
Security Agent	Deutsche Bank AG, London Branch.
Paying Agent and Calculation Agent	Deutsche Bank AG, London Branch.
Registrar and Transfer Agent	Deutsche Bank Luxembourg S.A.
Listing Agent	Carey Olsen Corporate Finance Limited.

RISK FACTORS

Investing in the Notes involves substantial risks. See the "*Risk Factors*" section for a description of certain of the risks you should carefully consider before investing in the Notes.

SUMMARY FINANCIAL AND OTHER DATA

The following tables present the summary consolidated historical and other financial information of the Issuer as of and for the years ended December 31, 2018, 2019 and 2020, which has been extracted from the Consolidated Financial Statements and from internal and external accounting records of the Issuer or its subsidiaries, or which has been calculated on the basis of figures from the above-mentioned sources. The Consolidated Financial Statements have been prepared in accordance with IFRS and have been audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft.

The Consolidated Financial Statements are the first financial statements of the Issuer and accordingly the adoption of IFRS has been undertaken in accordance with IFRS 1 and Pfleiderer's transition date to IFRS was January 1, 2018. For a discussion of the basis for the preparation of the Consolidated Financial Statements, including certain judgments and estimates that were required, see "Presentation of Financial Information." The Issuer has adopted IFRS 16 from January 1, 2018, which was the date of the Issuer's transition to IFRS.

The following tables also present certain unaudited historical and as adjusted financial information. The unaudited as adjusted financial data presented herein does not purport to project our results as of any future date or for any future period. The adjustments to the Issuer's historical financial information as well as the unaudited as adjusted financial data set forth in this offering memorandum are based on available information and certain assumptions and estimates that we believe are reasonable and may differ materially from the actual adjusted amounts. These as adjusted measures are not financial measures defined in accordance with IFRS and, as such, may not be comparable to similarly titled measures used by other companies.

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

The following summary consolidated historical and other financial information is only a summary and should be read in conjunction with, and is qualified in its entirety by reference to, the sections of this offering memorandum entitled "Presentation of Financial Information," "Capitalization," "Selected Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operation" and the Consolidated Financial Statements and the notes thereto included elsewhere in this offering memorandum.

Summary Consolidated Statement of Profit or Loss

	Year Ended December 31,		
(in € million)	**2018**	**2019**	**2020**
Net sales	865.6	829.6	776.7
Cost of sales	(637.1)	(613.5)	(554.1)
Gross profit	**228.5**	**216.1**	**222.6**
Selling expenses	(116.7)	(116.8)	(113.2)
R&D expenses	(1.4)	(1.7)	(1.4)
General and administrative expenses	(30.2)	(32.6)	(32.0)
Other operating income and expenses	(1.9)	(11.4)	(2.4)
Profit/ loss from operating activities (EBIT)	**78.2**	**53.6**	**73.6**
Financial income	7.1	8.9	2.0
Financial costs	(26.4)	(30.8)	(29.5)
Other financial result	(0.0)	(0.0)	(0.0)
Financial result	**(19.2)**	**(22.0)**	**(27.5)**
Profit before tax (EBT)	**59.0**	**31.7**	**46.1**
Result of income tax	(18.6)	(12.1)	(2.5)
Net profit for the reporting period	**40.4**	**19.6**	**43.6**

Summary Consolidated Statement of Financial Position

(in € million)	As of December 31, 2018	2019	2020
Non-current assets	474.1	478.4	381.3
Current assets	254.4	143.5	178.8
Total assets	**728.5**	**621.9**	**560.0**
Non-current liabilities	584.7	592.6	513.5
Current liabilities	170.4	169.7	164.7
Total liabilities	**755.1**	**762.3**	**678.1**
Total equity	(26.6)	(140.5)	(118.1)
Total liabilities and equity	**728.5**	**621.9**	**560.0**

Summary Consolidated Statement of Cash Flows

(in € million)	Year Ended December 31, 2018	2019	2020
Net cash provided by operating activities	76.3	118.0	108.3
Net cash (used in)/provided by investing activities*	(137.9)	59.8	(20.0)
Net cash (used in)/provided by financing activities*	24.9	(166.5)	(43.3)
Total cash flows	**(36.7)**	**11.2**	**45.0**

* Our historical summary consolidated statement of cash flows reflects the effects on our cash flows from historical cash pooling arrangements with our Parent and Panel East by way, amongst others, of intercompany loans, affecting in particular our net cash (used in)/provided by investing activities as well as our net cash (used in)/provided financing activities, including payments made in the context of the financing of the take private of our Parent by the Sponsor and the optimization of our corporate structure. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Cash Flows—Reported Cash Flows*." In this offering memorandum, we also present and discuss our Adjusted Free Cash Flow for the years ended December 31, 2018, 2019 and 2020, which excludes the effects of such intercompany transactions, which we consider to be largely exceptional, on our cash flows. We believe Adjusted Free Cash Flow is a useful metric for investors to understand our cash flows resulting from our operating activities. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Cash Flows—Adjusted Free Cash Flow*."

Other Consolidated Financial, As Adjusted and *Pro Forma* Data

(in € million, other than percentages and ratios)	As of and for the Year Ended December 31, 2018	2019	2020
Gross profit (excluding D&A)(1)	265.8	258.5	266.5
Engineered Wood Products	240.9	231.7	237.0
Silekol	26.1	27.2	29.5
Adjusted EBITDA(2)	126.4	122.8	131.1
Engineered Wood Products	112.9	109.0	113.6
Silekol	13.6	13.8	17.5
Adjusted EBITDA margin(3)	14.6%	14.8%	16.9%
Capital expenditures(4)	57.8	46.6	42.8
Maintenance capital expenditures(4(a))	27.6	28.0	30.2
Thereof regulatory capital expenditures	3.8	5.0	3.3
Growth & efficiency capital expenditures(4(b))	30.2	18.7	12.6
Thereof environmental capital expenditures other than regulatory capital expenditures	7.1	4.5	1.7
Adjusted EBITDA *less* maintenance capital expenditure	98.8	94.8	100.9
Engineered Wood Products	85.9	82.1	84.5
Silekol	13.0	12.8	16.8
Adjusted EBITDA *less* maintenance capital expenditure margin(5)	78.2%	77.2%	77.0%
Engineered Wood Products	76.1%	75.3%	74.4%
Silekol	95.6%	92.8%	93.7%
Adjusted Free Cash Flow(6)	18.6	94.0	71.0
Engineered Wood Products	7.1	72.0	62.1
Silekol	11.6	22.0	8.9
Pro Forma Adjusted EBITDA(2)			152.0
Pro Forma Adjusted EBITDA margin(7)			19.3%
As adjusted senior secured net debt(8)			719.8
As adjusted total net debt(9)			743.5
As adjusted cash interest expense(10)			36.8
Ratio of as adjusted senior secured net debt(8) to Pro Forma Adjusted EBITDA(2)			4.7x
Ratio of as adjusted total net debt(9) to Pro Forma Adjusted EBITDA(2)			4.9x
Ratio of Adjusted EBITDA(2) to as adjusted cash interest expense(10)			4.1x

(1) We define gross profit (excluding D&A) as gross profit included in our Consolidated Financial Statements before (i) depreciation and amortization included in gross profit and (ii) certain extraordinary and non-recurring items. The following table provides a reconciliation of gross profit (excluding D&A) to our gross profit included in our Consolidated Financial Statements for the periods indicated. Gross profit by division is shown before intercompany eliminations:

	As of and for the Year Ended December 31, 2018	2019	2020
	(in € million)		
Gross profit	228.5	216.1	222.6
Engineered Wood Products	*205.6*	*192.0*	*196.5*
Silekol	*24.1*	*24.5*	*26.1*
Depreciation and amortization related to gross profit	35.7	40.4	43.6
Engineered Wood Products	*33.7*	*37.7*	*40.3*
Silekol	*1.9*	*2.7*	*3.3*
Non-recurring items(a)	1.55	2.0	0.2
Engineered Wood Products	*1.55*	*2.0*	*0.2*
Silekol	*0*	*0*	*0*
Gross profit (excluding D&A)	**265.8**	**258.5**	**266.5**
Engineered Wood Products	*240.9*	*231.7*	*237.0*
Silekol	*26.1*	*27.2*	*29.5*

(a) Includes extraordinary and non-recurring expenses relating to (i) severance payments, recruitment activities and damage to a transformer in our Engineered Wood Products division in the year ended December 31, 2018, (ii) damage to our Baruth plant following a fire, severance payments and recruitment activities in the year ended December 31, 2019 and (iii) damage to our Baruth plant caused by water damage following a fire and recruitment activities in the year ended December 31, 2020.

(2) Adjusted EBITDA represents EBITDA (which represents our net profit for the reporting period before result of income tax, financial income and costs, and depreciation and amortization) adjusted for certain income and expenses that we consider extraordinary,

exceptional, non-recurring or unusual in nature. Pro Forma Adjusted EBITDA represents Adjusted EBITDA as further adjusted to include certain adjustments for (a) cost savings implied by the annualized impact of cost and efficiency improvement initiatives that were implemented in the year ended December 31, 2020 and that generated benefits only in a portion of the year ("run rate cost savings"), (b) estimated future cost savings from cost and efficiency improvement initiatives that were partially initiated, but not fully implemented, in the year ended December 31, 2020 and that we plan to implement in the year ending December 31, 2021, (c) estimated future cost savings from additional cost and efficiency improvement initiatives that we plan to implement in the year ending December 31, 2021, (d) the expected future impact of certain product pricing initiatives of the Engineered Wood Products division (such as minimum volume surcharges on low volume orders and further differentiated price lists for different customer groups) that were implemented in our ERP systems as of December 31, 2020 and that have been applied to new customer purchases since January 1, 2021 as if these product pricing initiatives has been implemented in our ERP systems on January 1, 2020, and (e) the estimated impact of structural product price increases for the value-added and high value-added products of our Engineered Wood Products division that we had agreed with certain customers as of December 31, 2020 in the supply agreements and/or price lists applicable to future purchases by such customers as if such price increases had been agreed on January 1, 2020. Our cost savings and efficiency improvement initiatives as well as our product price initiatives are described in further detail in "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Results of Operations—Cost and Efficiency Improvement Initiatives*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Results of Operations—Engineered Wood Products Price Improvement Initiatives.*" While based on current customer behavior and order backlog as well as our assumption of a continued and gradual recovery from the COVID-19 pandemic over the calendar year 2021, we currently expect to meet the timeframe and amount of such cost savings initiatives, structural price improvements and price increases, we cannot guarantee that we will be able to do so, either in the amount or within the timeframe we currently anticipate, in particular as the amount of the pricing related adjustments may fluctuate as a result of (a) actual sales volumes achieved during the year ending December 31, 2021, (b) our actually achieved product and customer mix in the year ending December 31, 2021 and (c) actually achieved order and shipment times during the year ending December 31, 2021. In addition, the costs required to implement these cost savings initiatives, structural price improvements and price increases may be higher than expected.

EBITDA-related measures, including EBITDA, Adjusted EBITDA and *Pro Forma* Adjusted EBITDA are non-IFRS measures which we consider useful supplemental information in order to evaluate our performance. We believe that EBITDA, Adjusted EBITDA and *Pro Forma* Adjusted EBITDA provide investors with a useful tool for assessing our performance as they permit investors to evaluate our profitability from underlying operating activities. For a description of the limitations of the EBITDA, Adjusted EBITDA and *Pro Forma* Adjusted EBITDA as analytical tools, see "*Presentation of Financial Information—Non-IFRS Measures.*"

The following table reconciles our net profit for the reporting period, our most directly comparable measure under IFRS, to EBITDA, Adjusted EBITDA and *Pro Forma* Adjusted EBITDA:

	Year Ended December 31,		
(in € million)	**2018**	**2019**	**2020**
Net profit/loss for the reporting period	40.4	19.6	43.6
Results of income tax	18.6	12.1	2.5
Financial income	(7.1)	(8.9)	(2.0)
Financial costs	26.4	30.8	29.5
Depreciation and amortization	41.4	46.9	51.6
EBITDA	**119.7**	**100.5**	**125.3**
Non-recurring expenses/(income)[(a)]	6.8	22.3	5.8
Adjusted EBITDA	**126.4**	**122.8**	**131.1**
Engineered Wood Products division cost savings:			
Headcount reduction program—manufacturing labor[(b)]			1.9
Headcount reduction program—SG&A[(c)]			2.3
Procurement cost reduction initiatives[(d)]			1.8
Material efficiency[(e)]			4.0
Logistics cost reduction initiatives[(f)]			0.6
Silekol division cost savings[(g)]			1.2
Engineered Wood Products price improvement initiatives:			
Implementation of new pricing rules[(h)]			3.0
Structural price increases[(i)]			8.6
Certain central and other Parent costs[(j)]			(2.5)
***Pro Forma* Adjusted EBITDA[(k)]**			**152.0**

(a) The following table provides an overview of our non-recurring expenses/(income) for the periods indicated:

	Year Ended December 31,		
	2018	**2019**	**2020**
Refinancing transactions[(i)]	—	—	1.5
Efficiency and transformation projects[(ii)]	4.2	8.7	3.1
Optimization of our corporate structure[(iii)]	—	0.1	1.4
Severance costs and expenses	1.4	12.6	1.1
Other one-off expenses/(income)[(iv)]	1.2	0.9	(1.3)
Total	**6.8**	**22.3**	**5.8**

(i) Relates to expenses incurred in 2020 in connection with a proposed refinancing transaction.

(ii) Relates to consulting and similar expenses incurred in connection with certain efficiency and transformation projects.

(iii) Relates to consulting and similar expenses incurred in connection with the optimization of our corporate structure.

(iv) Includes (A) legal fees and expenses incurred in relation to certain legal proceedings in the amount of €1.8 million, €0.2 million and €1.4 million in the years ended December 31, 2018, 2019 and 2020, respectively, (B) one-off costs/(income) in connection with certain claims under our insurance policies including in relation to fire damage at our Baruth facility and damage to a transformer at our Gütersloh facility in the amount of €0.9 million, €0.5 million and €(3.1) million in the years ended December 31, 2018, 2019 and 2020, respectively and (C) other one-off costs/(income) in the amount of €(1.5) million, €0.2 million and €0.4 million in the years ended December 31, 2018, 2019 and 2020, respectively.

(b) Represents the estimated impact of our manufacturing headcount optimization program in the amount of €1.9 million, consisting of (i) €1.3 million in run-rate cost savings that we would have realized if we had fully implemented the redundancy measures that we undertook during the year ended December 31, 2020 on January 1, 2020, and (ii) €0.6 million in additional cost savings that we expect to realize in the year ending December 31, 2021 from further redundancy measures that we identified in the year ended December 31, 2020 and that we started implementing on January 1, 2021 as if these measures had been fully implemented on January 1, 2020. The key actions taken included a combination of redundancies, early retirement arrangements and other rationalization measures to reduce headcount at our production facilities as well as our logistics subsidiary. For a detailed discussion of our headcount optimization programs, see "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Our Results of Operations—Cost and Efficiency Improvement Initiatives—Headcount Reduction Program—Manufacturing Labor*."

(c) Represents the estimated impact of certain headcount optimization programs in our administrative functions in the amount of €2.3 million, consisting of (i) €1.4 million in run-rate cost savings that we would have realized if we had fully implemented the employee headcount reductions that we undertook during the year ended December 31, 2020 on January 1, 2020, and of (ii) €0.9 million in additional expected cost savings from further employee headcount reductions that we identified in the year ended December 31, 2020 and that we intend to implement in the year ending December 31, 2021 as if these further headcount reductions had been fully implemented on January 1, 2020. The key actions taken included a combination of redundancies, early retirement arrangements and other rationalization measures to reduce headcount across our sales back-office as well as supply chain and other administrative functions. We intend to implement these actions by optimizing our processes and implementing information technology systems to drive automation across these functions. For a detailed discussion on our SG&A cost savings initiatives, see "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Our Results of Operations—Cost and Efficiency Improvement Initiatives—Headcount Reduction Program—SG&A*."

(d) Represents the estimated future impact of certain procurement cost savings initiatives in the amount of €1.8 million that we expect to realize in the year ending December 31, 2021 by using the new processes and systems, which we implemented in 2019 and 2020, when renegotiating new service and supply agreements for certain spend categories with our suppliers and vendors during 2021. For a detailed discussion on our procurement cost savings initiatives, see "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Our Results of Operations—Cost and Efficiency Improvement Initiatives—Procurement Cost Reduction Initiatives*." In connection with these initiatives, we incurred expenses of €1.5 million and €0.2 million in the years ended December 31, 2019 and 2020, respectively, mainly relating to consulting fees and external support for the new integrated facility management system implemented as part of this program.

(e) Represents the estimated future impact of certain material efficiency initiatives in our Engineered Wood Products division in the amount of €4.0 million that we expect to realize from actions that we have initiated in the year ended December 31, 2020 and that we intend to fully implement in the year ending December 31, 2021, and/or are in the process of implementing, in each case, as if these initiatives had been fully implemented on January 1, 2020. Key actions include (i) a further increase of the percentage of recycled wood used in our wood-based products, (ii) streamlining the number of SKUs produced from 45,000 to 30,000 in order to reduce production complexity (implemented during 2020) and (iii) adopting data-driven processes to improve raw material yields. Note that in particular initiatives (i) and (iii) are similar in nature to initiatives we have successfully implemented in prior years. For a detailed discussion of our material efficiency initiatives, see "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Our Results of Operations—Cost Savings Measures and Efficiency Gains—Material Efficiency*."

(f) Represents the impact of certain logistics cost saving measures in the amount of €0.6 million, consisting of (i) €0.3 million in run-rate cost savings that we would have realized if we had fully implemented the logistics cost savings that we undertook during the year ended December 31, 2020 on January 1, 2020, and (ii) €0.3 million in additional expected cost savings from further logistics cost saving measures that we identified in the year ended December 31, 2020 and that we intend to implement in the year ending December 31, 2021 as if these additional measures had been fully implemented on January 1, 2020. These cost savings initiatives mainly relate to re-tendering of certain of our logistics contracts in 2019, 2020 and 2021 In prior years, these initiatives also resulted in the successful execution of new agreements with logistics companies in September 2019, as well as the outsourcing of certain standard certain standard transportation services, previously performed by our in-house trucking fleet, to lower cost, external freight forwarding companies. At the same time, our JURA logistics subsidiary started to focus on specialized transportation services, such as round-trips completed by our walking-floor trucks. This resulted in a reduction of our in-house trucking fleet by approximately 32% and a decrease in headcount at our JURA logistics subsidiary by 18 FTEs. For a detailed discussion on our logistic cost savings initiatives, see "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Our Results of Operations—Cost and Efficiency Improvement Initiatives—Logistics Cost Reduction Initiatives*."

(g) Represents the estimated impact of cost savings from our Silekol cost saving initiatives in the amount of €1.2 million, including (a) our Silekol energy initiative relating to the installation of a steam expander unit at our Silekol production facility, which allows us to generate our own electricity, and (b) certain initiatives aimed at achieving raw material cost savings and adopting data-driven processes to improve raw materials yield, consisting of (i) €0.2 million in run-rate cost savings that we would have realized if we had implemented such energy and material efficiency initiatives that we undertook during the year ended December 31, 2020 on January 1, 2020, and (ii) €1.0 million in additional expected cost savings from further material efficiency measures that we identified in the year ended December 31, 2020 and that we intend to implement in the year ending December 31, 2021, in each case, as if these additional measures had been fully implemented on January 1, 2020. For a detailed discussion on our cost savings from our Silekol cost and efficiency improvement initiatives, see "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Our Results of Operations—Cost and Efficiency Improvement Initiatives—Silekol Division Cost Savings.*

(h) Represents the estimated future impact on our results from certain product pricing initiatives of the Engineered Wood Products division, such as minimum volume surcharges on low volume orders, list price optimizations, the reduction in the number of small, unprofitable orders and the implementation of certain other price quality management actions (including price differentiation on product value, clear pricing escalation procedures, price quality reporting and upgraded information technology systems), that were implemented in our ERP systems in the year ended December 31, 2020 and that we have applied to new customer purchases since January 1, 2021, as if such structural pricing initiatives had been agreed on January 1, 2020 and assuming that our sales volumes actually achieved during the year ended December 31, 2020 would have remained unchanged from sales volumes of corresponding products to such customers during the year ending December 31, 2021. Our sales staff are unable to manually override these new pricing rules unless such action has been approved by our Chief Operating Officer. We estimate that these new pricing rules have positively contributed to new customer purchases since January 2021 and will further benefit our results as volumes for 2021 exceed our 2020 volumes. Management has developed a detailed implementation together with a leading international strategic pricing consulting firm with a proven track record in defining and implementing such measures. We intend to implement certain price quality initiatives in the year ending December 31, 2021, which we believe will result in an additional contribution to our Adjusted EBITDA in the amount of approximately €2.3 million in the year ending December 31, 2021. We expect the total contribution to our Adjusted EBITDA from these initiatives to amount to approximately €15 million by the end of 2023. See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Results of Operations—Engineered Wood Products Price Improvement Initiatives—Implementation of New Pricing Rules.*"

(i) Represents the estimated future impact on our results from structural product price increases across all sales channels and all sales territories included in our new four-year collection of certain value-added and high value-added products that we had agreed with certain customers as of December 31, 2020 in the supply agreements and/or price lists applicable to future expected purchases by such customers, as if such price increases had been agreed on January 1, 2020 and assuming that our sales volumes of these value-added and high value-added products with such customers actually achieved during the year ended December 31, 2020 would have remained unchanged from sales volumes of corresponding products to such customers during the year ended December 31, 2021. Our new four-year collection of value-added and high value-added products replaced our existing collection on January 1, 2021. Our new collection is released once every four years. Given the high value-added nature of these products, we have historically observed that the purchasing behavior of our customers is based on product quality and service rather than price. Preliminary results for the two months ended February 20, 2021 have not shown an adverse volume impact of these price increases. See also, "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Results of Operations—Engineered Wood Products Price Improvement Initiatives—Structural Price Increases.*"

(j) Represents certain indirect central and overhead costs, mainly related to IT, tax, accounting and legal costs, which are currently charged to our Parent, that we expect to be charged to the Issuer following the completion of the optimization of our corporate structure and the separation of our Engineered Wood Products and Silekol divisions from Panel East.

(k) *Pro Forma* Adjusted EBITDA for our Engineered Wood Products division for the year ended December 31, 2020 was €133.3 million and is calculated by adding the aggregate amount of estimated Engineered Wood Products division cost savings and the aggregate estimated contribution of the Engineered Wood Products price improvement initiatives to the Adjusted EBITDA of our Engineered Products division for the year ended December 31, 2020 and subtracting the amount of certain central and other Parent costs. *Pro Forma* Adjusted EBITDA for our Silekol division for the year ended December 31, 2020 was €18.7 million and is calculated by adding the aggregate amount of estimated Silekol division cost savings to the Adjusted EBITDA of our Silekol division for the year ended December 31, 2020.

(3) We define Adjusted EBITDA margin as Adjusted EBITDA *divided by* net sales.

(4) We define "capital expenditures" as (a) additions to property, plant and equipment *plus* (b) additions to intangible assets excluding emission rights *plus* (c) change in advances paid on fixed assets.

(a) We define maintenance capital expenditures as (a) capital expenditures used primarily for maintenance, replacement and overhaul of plant and equipment, which is predominantly intended to maintain plant and equipment in good working order and conditions but not to increase production capacity or optimize productivity, (b) capitalized expenditures relating to our information technology systems, and (c) capital expenditures incurred to comply with applicable rules, laws and regulations, whether environmental or otherwise, including but not limited to capitalized expenditures associated with the application for environmental permits and licenses and the use, handling, disposal of or exposure to chemicals and hazardous substances (including waste and waste water) and the control of atmospheric and water pollution ("regulatory capital expenditures").

(b) Growth & efficiency capital expenditures primarily comprise (a) capital expenditures made in connection with maximizing the productivity of existing production capacities and reducing manufacturing or other costs through efficiency improvement programs ("efficiency capital expenditures"), (b) capital expenditures made in connection with expanding production capacities ("growth capital expenditures"), and (c) capital expenditures used to reduce carbon emissions, increase the share of recycled wood used in our manufacturing processes or otherwise reduce the impact of our activities on the environment above and beyond the requirements of applicable rules, laws and regulations ("environmental capital expenditures").

(5) We defined Adjusted EBITDA *less* maintenance capital expenditure margin as Adjusted EBITDA *less* maintenance capital expenditure expressed as a percentage of Adjusted EBITDA.

(6) The following table provides a reconciliation of Adjusted Free Cash Flow to Adjusted EBITDA for the periods indicated:

	Year Ended December 31,		
(in € million)	**2018**	**2019**	**2020**
Adjusted EBITDA	126.4	122.8	131.1
Change in total working capital as shown in our unaudited management accounts[(a)]	(22.7)	23.9	(6.6)
Change in employee benefit obligations	(2.3)	(2.3)	(2.3)
Change in provisions	1.2	7.2	(1.2)
Income taxes (paid)/received	(26.1)	(10.9)	(7.3)
Capital expenditures	(57.8)	(46.6)	(42.8)
Adjusted Free Cash Flow	**18.6**	**94.0**	**71.0**

(a) The following table presents our total working capital and change of total working capital as shown in our unaudited management accounts as of the dates indicated:

	As of December 31,		
(in € million)	**2018**	**2019**	**2020**
Trade working capital	**26.6**	**5.1**	**(0.2)**
Current prepayments and accrued income	1.3	1.2	2.8
Current VAT receivables	2.7	2.4	1.6
Other receivables	17.7	12.0	10.4
Other non-current assets	0.5	0.5	0.4
Total working capital assets	**48.8**	**21.0**	**15.0**
Accrual for sales rebates	(11.3)	(10.5)	(10.3)
Liabilities under factoring agreements	(23.6)	(19.0)	(13.9)
Insolvency-related liabilities of PCF GmbH to trustee of Pfleiderer AG	(7.8)	(7.8)	(0.1)
Liabilities related to the declared dividends	0.0	0.0	0.0
VAT liabilities	(0.8)	(0.6)	(0.1)
Liabilities for capital expenditures	(0.7)	(1.2)	(0.8)
Other liabilities	(4.6)	(4.6)	(7.2)
Other personnel liabilities	(17.9)	(19.8)	(18.6)
Other non-current Liabilities	0.0	(0.1)	(0.1)
Total working capital liabilities	**(66.7)**	**(63.5)**	**(51.0)**
Total working capital	**(17.9)**	**(42.5)**	**(36.1)**
Change in total working capital	**(24.0)**	**24.6**	**(6.5)**
Other/reconciliation adjustment[(i)]	1.3	(0.7)	0.1
Change in total working capital as shown in our unaudited management accounts	**(22.7)**	**23.9**	**(6.6)**

(i) Relates primarily to a different classification of certain line items in our historical consolidated cash flow statement as well as certain foreign exchange movements.

(7) We define *Pro Forma* Adjusted EBITDA Margin as net sales increased by €11.6 million, which is the estimated effect from our Engineered Wood Products price improvement initiatives that we implemented in the year ended December 31, 2020 as if such initiatives had been implemented on January 1, 2020, *divided by Pro Forma* Adjusted EBITDA.

(8) As adjusted senior secured net debt represents our senior secured indebtedness (exclude amortized deferred issuance costs) *less* cash and cash equivalents as of December 31, 2020 after giving effect to the Transactions, including the application of the proceeds of the Offering, as if they had occurred on December 31, 2020. As adjusted senior secured net debt includes indebtedness under the Notes and assumes that the New Revolving Credit Facility will be undrawn on the Issue Date. See "*Capitalization.*"

(9) As adjusted total net debt represents our total indebtedness, excluding interests and deferred costs, *less* cash and cash equivalents as of December 31, 2020 after giving effect to the Transactions, including the application of the proceeds of the Offering, as if they had occurred on December 31, 2020. As adjusted total net debt includes indebtedness outstanding under the Notes, €0.2 million of indebtedness outstanding under our overdraft facilities and €23.5 million of lease liabilities recognized under IFRS 16 as of December 31, 2020. See "*Capitalization.*

(10) As adjusted cash interest expense reflects the cash interest expense on our indebtedness after giving effect to the Transactions as if they had occurred on January 1, 2020. As adjusted cash interest expense includes interest expense on the Notes, a *de minimis* amount of interest on our interest-bearing overdraft facilities and interest on lease liabilities recognized under IFRS 16 in the amount of €1.2 million. As adjusted cash interest expense assumes that the New Revolving Credit Facility will be undrawn on the Issue Date and excludes commitment and other fees payable in respect of the New Revolving Credit Facility. As adjusted cash interest expense is being presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the issue of the Notes occurred on the date assumed, nor does it purport to project our interest expenses for any future period or our financial condition at any future date.

Selected ESG Measures

In connection with the Transaction, we have adopted the Sustainability-linked Financing Framework, which will track (x) the Percentage of Recycled Wood Used in our Engineered Wood Products division as well as (y) our Scope 1 & 2 Greenhouse Gas Emissions. The following table shows the Percentage of Recycled Wood Used in our Engineered Wood Products division and our Scope 1 & Greenhouse Gas Emissions for the periods indicated:

	For the Year Ended December 31,		
	2018	**2019**	**2020**
Percentage of Recycled Wood Used(1)	38.0%	41.8%	40.3%
Recycled Wood used (in kT)	536.6	562.6	545.5
Total Wood used (in kT)	1,411.4	1,346.2	1,354.6
Scope 1 & 2 Greenhouse Gas Emissions (tons of CO2)(2)	270,631	238,492	220,164
Decrease (%)	N/A	(11.9)	(7.7)

(1) Represents the share of recycled wood included in our products, measured as tons of recycled wood used (including both post-consumer material and internal rejects) *divided by* tons of total woods used (i.e., the sum of pre- and post-consumer recycled and fresh wood), expressed as a percentage. We have committed to increase the overall Percentage of Recycled Wood Used in our products to at least (i) 669.3 kT, or 44%, by the end of 2022 based on total wood used of 1,533.6 kT in the year ending December 31, 2022, and (ii) 772.8 kT, or 50%, by the end of 2025 based on total wood used of 1,545.6 kT in the year ending December 31, 2025, in each case from our 2020 baseline of 545.5 kT, or 40.3%, based on total wood used of 1,354.6 kT in the year ended December 31, 2020.

(2) Represents the amount of Scope 1 & 2 CO_2 Emissions generated from our operations, expressed in tons. See "*Certain Definitions*" for a definition of Scope 1 & 2 Greenhouse Gas Emissions. We have committed to reduce our Scope 1 & 2 Greenhouse Gas Emissions by at least (i) 18,493 tons, or 8.4%, to 201,670 tons by the end of 2022 and (ii) 46,234 tons, or 21.0%, to at least 173,930 tons by the end of 2025, in each case from our 2020 baseline of 220,164 tons.

RISK FACTORS

An investment in the Notes to be issued in the Offering involves a high degree of risk. In addition to the other information contained in this offering memorandum, you should carefully consider the following risk factors before purchasing the Notes. If any of the events described in the risk factors below occur, our business, financial condition and results of operations could be materially and adversely affected, which in turn could adversely affect our ability to repay the Notes. The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition, operating results or prospects. In any such case, we may not be able to pay interest or principal on the Notes when due and you may lose all or part of your investment in the Notes.

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

Risks Related to the Market and Our Business

Our main end-markets, the kitchen, furniture and construction industries, are cyclical in nature, and demand fluctuates based on global or regional economic and political conditions.

We operate five wood panel manufacturing plants in Germany and one resin production plant in Poland, and gross sales generated from the sale of products to external customers located in the DACH region represented €421.2 million, or 60% of our consolidated gross sales, in the year ended December 31, 2020. The overall level of demand for the products we manufacture and distribute, and consequently our financial results, are affected by macroeconomic conditions and economic conditions in the regions in which we operate, particularly the DACH region. Beginning in early 2020, global market and economic conditions have been negatively impacted by the effects of the COVID-19 pandemic, resulting in economic downturns in most of our markets of operation. These adverse economic conditions have reduced commercial activity, caused disruption and volatility in global financial markets and increased rates of default and bankruptcy which have led and may continue to lead to, among other things, lower sales volumes from reduced demand for our products and services, deferred purchases, price pressures and the inability of our customers to pay their obligations to us in a timely manner. In the year ended December 31, 2020, our high margin value-added and high value-added products accounted for 78% of gross sales from our Engineered Wood Products division and our lower margin basic products accounted for 21% of our gross sales from our Engineered Wood Products division. If we sell fewer value-added products during an economic downturn, particularly if we do not compensate by selling significantly more basic products, our profitability may decline. Any major negative economic developments, including as a result of the COVID-19 pandemic, could have a material adverse effect on our business, financial position and results of operations.

Demand for our products is also impacted by economic conditions in the industries and end-markets to which we sell our products, including the construction industry and, in particular, the kitchen and furniture end-markets. Within the construction industry, demand for our products is primarily driven by the level of activity in the renovation and replacement segment. In the year ended December 31, 2020, our Engineered Wood Products division generated approximately 60% of its gross sales to customers in the kitchen and furniture end-markets. In addition, we estimate that the renovation and replacement segment accounted for over 75% of gross sales of the Engineered Wood Products division in the year ended December 31, 2020, while we estimate that the new construction segment accounted for approximately 22% of gross sales generated by our Engineered Wood Products division. Historically, the kitchen and home furnishings industries have been subject to cyclical variations in economic activity. The level of activity in the new construction and the replacement and renovation segments are affected by factors such as unemployment levels, household income, consumer confidence, home equity values, home equity loan withdrawals, consumer spending habits, reasonably attainable consumer financing, disposable household income levels as well as interest rates. The renovation and replacement segment generally tends to be more resilient when market conditions fluctuate compared to the new construction segment and is driven by the need to modernize existing property stock. The renovation and replacement segment is also affected by shifting consumer preferences as well as home interior and exterior design trends.

Demand for products manufactured by our Silekol division primarily depends on the level of activity in the German and Polish wood-based panel production industries as well as in the packaging, construction and building materials sectors, which contributed 81.7%, 7.7%, 6.5% and 4.1%, respectively, to our Silekol division's net sales in the year ended December 31, 2020. These industries are generally impacted by GDP growth, consumer confidence and the availability of consumer credit.

Further, in periods of economic uncertainty, as our production and sales decrease, our margins may decline if we are unable to decrease our fixed costs. In the year ended December 31, 2020, our cost of sales amounted to €554.1 million (71% of our net sales), of which 9.4% constituted fixed costs. We may be unable to reduce our cost of sales in a timely manner, or at all in the case of some fixed costs, which may adversely affect our business, operating results and financial condition.

Following the outbreak of the COVID-19 pandemic in early 2020, the outlook of the world economy remains subject to unprecedented uncertainty which may be prolonged and many national governments have instituted rescue policies intended to prevent a financial recession. A renewed or future recession, globally or in our countries of operation, could lead to an adverse impact on demand for our products and on our results of operations. Adverse market conditions could impact global economic conditions which could have an adverse economic impact on our markets. As a result, historical growth trends in our end-markets may not continue, and a prolonged decline in the economic conditions of the markets in which we operate or any future global or regional economic downturn, including as a result of the COVID-19 pandemic, could cause these industries to deteriorate further, which could have a negative impact on our business. A significant, prolonged or unforeseen decline in activity within our end-markets may decrease demand for our products, and therefore could have a material adverse effect on our business. In addition, if the current economic conditions worsen or last for an extended period of time, we may need to seek other sources of liquidity, and there can be no guarantee that additional liquidity will be readily available or available on favorable terms or in an amount sufficient to enable us to service and repay our indebtedness or to fund our other liquidity needs. Any deterioration in financial markets could impair our ability to obtain financing in the future, including our ability to incur additional indebtedness to continue our ongoing operations or fund liquidity needs and we could be forced to scale back our business operations or growth plans, which could have a material adverse effect on our business, financial conditions and results of operations.

The COVID-19 pandemic could continue to have an adverse impact on our business, financial condition, liquidity, and results of operations, which may be material.

The impact of the COVID-19 pandemic on global commerce has been far-reaching and will continue to be disruptive in the near future. In response to COVID-19, many countries around the world, including where we manufacture and sell our products, implemented a variety of measures to reduce the spread of the virus, including travel restrictions and bans, social distancing required for both individuals and businesses, shelter-in-place and lockdown orders and required closures of non-essential businesses. These restrictions have resulted, among other things, in significant disruptions to business operations, supply chains and customer activity and demand, service cancellations or reductions and other changes. From time to time during the COVID-19 pandemic, these restrictions have also disrupted our supply-chains, decreased customer demand for some of our products, particularly in the kitchen and furniture end-markets, required us to transition a portion of our workforce to working from home and adversely impacted our ability to arrange for transport of our raw materials and products.

The ongoing COVID-19 pandemic has impacted demand for some of our products and we may not be successful in allocating resources to address rapidly shifting demand among our product lines. In the second quarter of 2020, net sales in our Engineered Wood Products and Silekol divisions decreased sharply by approximately 19.4% and 32.9%, respectively, compared to the second quarter of 2019. This was primarily due to the fact that the kitchen and home furnishing industries in Europe came under temporary pressure as a result of the various restrictions implemented by governments in response to the COVID-19 pandemic and the related negative effects on the overall economic conditions in our key geographical markets. In particular, kitchen and furniture producers in Germany and Poland had to temporarily shut down their production facilities as a result of the lockdown orders imposed in connection with the outbreak of the pandemic. Accordingly, demand for our products from these industries declined, in particular in the second quarter of 2020 compared to the same period in 2019. While in the third and fourth quarter the demand for the products of both our Engineered Wood Products and our Silekol divisions recovered to pre-pandemic levels and then continued to grow, the recovery and growth we experienced in the second half of 2020 were not sufficient to fully compensate the decline in demand during the second quarter of 2020, and our overall sales volumes and net sales in the year ended December 31, 2020 remained below 2019 levels. If the COVID-19 pandemics leads to renewed shutdowns or if economic disruption from COVID-19 continues, our net sales and sales volumes may continue to be negatively affected.

The ultimate impact of the COVID-19 pandemic and the measures to control the spread of the virus are uncertain and may materially restrict or hinder our ability to operate our facilities, due to measures we may need to take to assure the health and safety of our employees, lack of available workforce, disruptions in the supply of key raw materials and services or restrictions due to governmental actions. In addition, compliance with social distancing, cleaning and other health and safety measures implemented in response to COVID-19 in the various countries in which we operate may be burdensome and could result in the incurrence of additional costs and penalties.

The extent of the impact of COVID-19 on our future operational and financial performance will depend on future developments, including the effectiveness and availability of vaccines and further restrictive actions taken by various governmental authorities in response to new strains of the virus, termination of government support programs and the timing of recovery of the overall economy, all of which are highly uncertain and cannot be predicted. While certain governments have initiated vaccination programs against COVID-19, it remains unclear if or when the pandemic will cease and whether previously-lifted measures to reduce the spread of COVID-19 may be reinstated.

There can no assurance that the outbreak of COVID-19 or any future outbreak of another virus or other contagious diseases will not have a material adverse effect on our business, financial position and results of operations. Even after the COVID-19 pandemic has subsided, we may continue to experience material adverse impacts to our businesses as a result of the COVID-19 pandemic's global economic impact, including any related recession.

We operate in a competitive industry and our results may be adversely affected by competition.

We compete with large scale engineered wood panel manufacturers and numerous small producers. Our competitive position is determined by various factors, including price, product quality and reliability, breadth of product range (including design and decorative features), the ability to meet customers' requirements, brand recognition and customer loyalty, manufacturing capabilities, distribution channels, scope and quality of services, product design and innovation and sustainability. Certain competitors also focus on specific industry niches based on price or product quality while others, including us, compete in a broad range of products, prices and markets.

Some of our competitors may benefit from certain competitive advantages that we do not benefit from, such as having easier access to financing, access to certain new technologies, more comprehensive product offerings in certain business lines or markets, greater personnel resources, fewer regulatory burdens and longer-established relationships with regulatory authorities, customers and suppliers. Competitors may develop new products, particularly value-added and high value-added products, or processes that could allow them to offer products at a cost or quality that has a significant advantage over our products or to more adequately address customer preferences, and we may not have sufficient resources or capital to match such innovation or react to changing customer preferences in a timely fashion, if at all. Pressure to compete in a new product area could require significant expenditures to develop a competitive product or could require us to reduce prices on our existing products to limit sales volumes lost.

We also experience price pressure from competitors in certain product lines and markets, in particular basic products and industrial resins. Since these products do not have significant distinguishing qualities and are more uniform across different producers, competition is primarily based on price, and price pressure has historically intensified during periods of economic downturn and weaker consumer demand as manufacturers attempt to maintain their capacity utilization through price competition. Some competitors have also sought to gain increased control over their raw material costs by vertically integrating their operations, such as by acquiring forest land in order to source a portion of their wood requirements. We believe that developing and maintaining a competitive advantage will require continued investment by us in product development, manufacturing capabilities, sales and marketing and customer relationships. We cannot assure you that we will have sufficient resources to make the necessary investments in the future.

The majority of the European wood-based panel industry's production sites are located in Central and Western Europe, with a significant concentration in Germany, eastern France, northern Italy, Austria and Poland. Because all of our wood panel production plants are located in Germany, we may experience competition from manufacturers in other nearby countries that are able to manufacture products at lower cost or that are located closer to customers. This is particularly true in the furniture market, as some furniture producers have moved part or all of their production from Germany and other higher-cost locations to Eastern Europe, causing some wood-based panel producers to also shift their production capacity to such region to reduce transportation costs by being located closer to furniture producers. Should this trend continue or accelerate, we may be forced to lower our prices to maintain our competitiveness, or we may be unable to continue to sell our products at current or anticipated volumes. In either case, our sales and our gross profit could decline and such decline could have a material adverse effect on our business, financial condition or results of operations.

Any failure to compete successfully in our industry would adversely affect our business, operating results and financial condition.

A significant decrease in demand or an increase in production capacities might lead to overcapacity in our markets, which could cause a reduction of the utilization rates of our production plants and decreased sales prices.

Overcapacity in the wood-based panel industry has a strong negative influence on the pricing power of producers, and it is important for us to find a balance between our production capacity and the demand for our products in each of our production plants as well as the markets in which we are active. A significant decrease in demand, including due to a cyclical weakness of the kitchen, furniture and construction industries or our other end-markets, or delays in the capacity adjustment process, may result in overcapacity and a reduction in the utilization rates of our plants as well as those of our competitors in our respective geographic markets. In addition, production policies of our competitors fluctuate and could frustrate our efforts to maintain such a balance. It is possible that competitors or new market entrants could seek to invest in new plants or a competitor could reactivate decommissioned facilities or expand existing plants. Decreases in demand and increases in production capacity that result in overcapacity may lead to increased price competition or reduced demand for our products. Overcapacity could therefore have a negative impact on our profitability because high capacity utilization at our production facilities leads to a reduction in our production costs per unit and our fixed costs being spread across larger volumes, resulting in higher profitability.

There is also a risk that the amount of capital expenditures we spent between 2018 and 2020, respectively, for improvements will result in production capacity which we will not be in a position to utilize at the level at which we planned, including if customer demand unexpectedly weakened as result of the ongoing COVID-19 pandemic. Failure to adequately utilize our production capacities has led, and could in the future lead, to reduced net sales, depreciation on production equipment and impairment charges on goodwill. Any inabilities to optimize our plants' capacity utilization and recognize improved cost efficiencies due to improvements in production processes may have a material adverse effect on our business, financial condition and results of operations.

Failure to successfully anticipate or respond to changes in consumer tastes and trends in a timely manner could adversely impact our business, operating results and financial condition.

Sales of our value-added and high-value added products are particularly dependent upon consumer acceptance of our product styles, quality and price, and our customers continually evaluate our products in comparison to those offered by our competitors. The development and commercialization of new products requires investments in research and development, production and marketing. The successful production and commercialization of new products is uncertain and any new products may not be attractive to our customers or end users.

While we continuously monitor changes in design trends through internal and external marketing research and regular communication with our retailers, who provide valuable input on consumer tendencies, our business continues to be susceptible to rapidly changing consumer tastes and trends. If we or our customers fail to successfully anticipate or respond to changing end-customer tastes and trends in a timely manner, including in relation to the materials and applications desired or required by end customers, such as sustainable materials, consumer acceptance of the merchandise we sell may be harmed, which could reduce sales of our products. Consumer demand is difficult to accurately forecast and incorrect forecasts of demand or unforeseen reductions in demand can adversely affect our costs and profitability due to factors such as underused manufacturing capacity, excess inventory and maintaining excess working capital. Our forecasting systems and modelling tools may not accurately predict changes in demand for our products or other market conditions, such that our sales, financial position and results of operations could be adversely affected. Furthermore, where we sell our products through our direct sales channel, if our customers decline to purchase our new products, we may not be able to recover our development investment and our financial position and results of operations could be adversely affected. Where we sell our products through our indirect sales channel, we typically agree to provide a catalogue of product collections averaging three years and to the extent our end customers decline to purchase our new products, we may strain or lose customer relationships with our wholesale, retail or other distribution customers.

We have recently focused on increasing digitalization in our business, sales and customer service processes, including to increase customer outreach and generate demand from specific target groups; however there can be no assurance that such investments will be successful. Even where interest in our new products is high and our sales processes are effective, we may face risks related to production delays, cost over-runs and unanticipated technical difficulties, which could also adversely impact our business, financial condition or results of operations.

Our business may be negatively affected by an increase in prices of raw materials, energy and other inputs.

As a manufacturer of wood-based and chemical products, we primarily rely on raw materials, energy and labor as well as repair and maintenance materials and services at our production facilities. Raw materials and other inputs required for the production of our products are the largest component of our cost of sales and therefore the cost and availability of such raw material and other inputs are critical to our operations. Our profit margins are largely driven by the relationship between the prices that we are able to charge for our products and the cost of the raw materials and other inputs we require to produce these products. The raw materials and other inputs we primarily depend on are wood, chemicals, paper, energy and other raw materials. In the year ended December 31, 2020, the cost of these wood, chemicals, paper, energy and other raw materials amounted to a total of €364.5 million, or 47%, of our consolidated net sales (with raw material costs and energy used amounting to €310.6 million, or 45%, of net sales of our Engineered Wood Products division and €86.9 million, or 72%, of net sales of our Silekol division). Of these raw material costs and energy used, the cost of wood represented 22%, the cost of chemicals represented 40%, the cost of paper represented 18% and the cost of energy represented 6%. Of our consolidated net sales for the year ended December 31, 2020, the cost of wood represented 11%, the cost of chemicals represented 19%, the cost of paper represented 8% and the cost of energy represented 3%. The availability and cost for most of our raw materials is primarily influenced by prevailing macroeconomic conditions and the general macroeconomic outlook and, historically, raw material prices have decreased during an economic downturn and increased during periods of economic expansion. In addition, the cost for our raw materials is influenced by the supply and demand levels in the relevant raw material markets, which may in turn be influenced by the production capacities of our suppliers and other factors beyond our control. We aim to mitigate risks from fluctuating raw material prices by entering into supply agreements with a duration of three, six or twelve months to cover a significant portion of our raw material requirements, and hedging our energy costs; however, there can be no assurance that these measures will turn out to be sufficient.

Wood fiber as a commodity, is our principal raw material, and prices have been historically cyclical in response to changes in demand and supply. Sustained periods of high wood costs may impair the cost competitiveness of our manufacturing facilities. Wood supply is mainly driven by local dynamics and is influenced by factors such weather (including adverse weather events such as droughts, storms or fires), infestations of insects or pests and diseases, all of which are beyond our control and that of our suppliers. If we are unable to negotiate purchases for our wood fiber requirements in a particular region to satisfy our wood material needs at satisfactory prices or at all, which could include private purchases, open-market purchases, and purchases from governmental sources, our business, operating results and financial condition could be negatively affected. In addition, we seek to only source wood from suppliers who are able to verify the district of origin for "controlled wood," which refers to wood from sustainably managed or certified forests or recycled wood, which has provided us with certification by the FSC® (Forest Stewardship Council). Any loss of FSC® certification would result in a loss of net sales from customers requiring FSC® certification.

Additionally, resin is a key input material to the manufacturer of our products. Prices for resins are indirectly dependent on the price of crude oil, methanol and urea, which have historically shown significant volatility. Rising oil prices could lead to significantly increased resin prices and affect our ability to source a sufficient supply of resin without affecting our profitability. Furthermore, through our Silekol division, we produce over 400,000 tons of resin per year and in the year ended December 31, 2020, the sale of resin by our Silekol division to external customers accounted for €54.8 million, or 7% of our consolidated net sales. Increases in the price of oil may result in an increase in the production costs of our Silekol division, which we may not be able to pass through to our customers in a timely manner, if at all, and which may have an adverse effect on the results of our Silekol division. Similarly, a decrease in oil prices may lead to a reduction in prices which we can charge our external customers, which may also have an adverse effect on the results of our Silekol division.

Our business is dependent on the steady supply of significant amounts of energy in various forms, such as electricity, wood, gas, heating oil and steam, at commercially reasonable terms. In particular, the wood preparation process in the production of raw particleboards and MDF and HDF products requires considerable amounts of energy. Our energy cost, which mainly consists of cost for the supply of electricity, wood, gas and heating oil incurred in connection with the production of our products, accounts for a high percentage of our production costs. In the year ended December 31, 2020, our energy cost amounted to 4.4% of our cost of sales (excluding depreciation and amortization). Energy cost is affected by various factors, including the availability of supplies of particular sources of energy, energy prices and regulatory decisions. In particular, prices for oil, gas and electricity are typically extremely volatile. For example, crude oil prices ranged between less than \$22 and more than \$130 per barrel between 2008 and 2020, and year-on-year changes in the cost of electricity ranged from a trough of -4% to a high of 21% between 2017 and 2020. Such volatility may increase as a result of current political instability or the promoted growth of renewable energy sources, especially in Germany (*Energiewende*) and Europe. We attempt to mitigate risks of fluctuating energy prices by operating our own combined heat and power ("CHP") plants at our plants in Baruth, Gütersloh and Neumarkt. While the majority of our energy needs are covered by our own biomass-based CHP plants, we cover our additional electricity needs by entering into annual contracts for approximately 60% to 70% of our additional electricity demand as well as short-term forward contracts for a further 20% to 30% of the energy we purchase. However, there can be no assurance that these measures will turn out to be adequate. For example, our own CHP plants may prove uncompetitive due to price increases for the fuels used (wood, heating oil or gas), regulatory intervention or operational difficulties and our outside suppliers may default on their obligations under our energy purchase agreements. Any significant increase in market prices, transportation costs, grid fees or taxes (including by reduction of tax benefits) associated with the supply of energy would increase our operating costs. Any inability or delay in passing on increases in energy cost to our customers or any interruption or shortage of energy supply may negatively impact our business, financial condition and results of operations.

Our inability to pass on price increases for raw materials or other inputs to our customers could adversely affect our results of operations.

Our results of operations are affected by the speed and the extent to which we can pass through price increases in raw materials, energy, transportation and other key cost items to our customers. Our ability to pass through increases in the prices of raw materials to our customers depends, among others, on prevailing competitive conditions, our contracts with a given customer, the buying power of our customers and pricing methods in the markets in which we operate. While we benefit from contractual pass-through of raw material costs in our Silekol division, we need to actively manage the pass-through in our dealings with customers in our Engineered Wood Products division. Product prices in customer contracts in our Engineered Wood Products division are typically fixed for the term of the agreements; however, the duration of such agreements tends to be relatively short, with average terms of three to six months. While this generally short duration allows us to adjust product prices based on changes in raw material prices on a relatively regular basis, we may not be successful in passing through increases in the price of raw materials to our customers, particularly for our basic products and industrial resins which do not have significant distinguishing qualities and are more uniform across different producers and where, therefore, competition is primarily based on price. This has historically limited our ability to increase the price of our basic products and industrial resins to pass increased raw material costs to our customers, particularly when supply levels are higher than demand levels.

Even if we are able to pass through increases in prices, there is typically a time lag between cost increases affecting our business and the implementation of product price increases, during which time our margins may be negatively impacted. Recovery of cost inflation can also lead to disparities in the product prices of different brands and can result in a competitive disadvantage and volume decline of our products. During our negotiations to increase our prices to recover cost increases, customers may take actions which exacerbate the impact of such cost increases, by, for example, ceasing to use or offer our products or deferring orders until negotiations have ended. Our inability to pass through price increases in raw materials and preserve our profit margins in the future could materially adversely affect our business, financial condition and results of operations.

Our business may be negatively affected by our inability to retain or replace our key customers or maintain or raise prices in the future due to potential further consolidation and internal growth among our customer base.

Our business may be negatively affected by a loss of key customers. Although no single customer of either the Engineered Wood Products division or the Silekol division accounted for more than 5% of such division's net sales in the year ended December 31, 2020, some individual customers are more important for the sale of certain of our product groups, such as those specific to their end-market, and for the utilization of specific production facilities, since we have developed our production facilities to focus on specific customers and product groups. If we are forced to reduce prices or maintain prices during periods of increased costs, or if we lose customers because of pricing, other methods of competition or their shutdowns or insolvency, our net sales, operating results and financial position may be materially adversely affected. As a result of the COVID-19 pandemic, certain of our customers temporarily halted their operations, reduced orders or postponed their demand, which resulted in a 2% decrease in sales volumes in the year ended December 31, 2020 compared to the year ended December 31, 2019.

In 2020, our Engineered Wood Products division's top ten external customers generated 18% of its external net sales and our Silekol division's top ten external customers represented 61% of its external net sales (excluding sales to our Engineered Wood Products division and Panel East). Certain of our key customers have historically operated as large companies with significant buying power and other customers have recently expanded through consolidation and internal growth, which has increased their buying power. Potential further consolidation among our customer base could enhance the ability of those customers to seek more favorable terms, including pricing, for the products that they purchase from us. Accordingly, our ability to maintain or raise prices in the future may be limited, in particular during periods of raw material and other cost increases, which could negatively impact our margins and have a materially adverse effect on our business, financial condition and results of operations.

Our business may be negatively affected by disruptions to our supply chain or our inability to retain or replace our key suppliers.

If the availability of any of our raw materials is limited, including as a result of production issues at our suppliers or if our suppliers cannot themselves source raw materials, whether due to transportation disruptions, such as the current disruption in the Suez Canal, or otherwise, we may be unable to produce some of our products in the quantities demanded by our customers, which could have an adverse effect on plant utilization and our sales of products requiring such raw materials, and could negatively impact our business, financial condition or results of operations. Continued availability of raw materials is dependent on our supplier base. We have historically relied on a few suppliers to provide a significant percentage of our raw materials, and in the year ended December 31, 2020, our top ten suppliers of chemicals for our Engineered Wood Products division accounted for 76% of its total chemical purchases, our top ten suppliers of paper for our Engineered Wood Products division accounted for 82% of its total paper purchases and our top ten suppliers of wood for our Engineered Wood Products division accounted for 56% of its total wood purchases. In the year ended December 31, 2020, our top ten suppliers of chemicals for our Silekol division accounted for 94% of its chemical costs. Almost all of our decorative paper is sourced from Europe, with small quantities being sourced in Asia. In addition, we source the majority of our raw materials from suppliers in close proximity to our production plants to minimize transport costs. Because of the high cost of transport vis-à-vis the low margins achievable in sales from our basic products and industrial resins, in particular, we are often dependent on local suppliers to maintain our margins. Our use of smaller, local suppliers may also result in occasional supply irregularities if the local suppliers experience financial difficulties. As a result of the COVID-19 pandemic, during 2020, we faced longer delivery times, particularly for supply orders requiring cross-border transportation. In connection with the COVID-19 pandemic, it became more difficult to source recycled wood, as a result of which we were required to purchase higher volumes of sawmill products and round wood, which have higher costs compared to recycled wood. Furthermore, we may not be able to renew our agreements or enter into new agreements with our key suppliers upon expiration of existing supply agreements. An interruption in our business relationship or termination of our relationships with our key suppliers could materially and adversely affect our operations and financial condition and we may not be able to find a substitute in a short period of time or at all, which would have an adverse effect on our results of operations.

The availability of, or any significant increase in the cost of, transportation represents a significant risk for our business.

Transportation plays an important part in our supply chain as we ship a majority of our products, mainly by truck and to a lesser extent by rail or ship, to our customers. In the year ended December 31, 2020, less than 5% of our customers collected their product orders directly from our production facilities. As a result, increases in transportation costs, such as those caused by an increase in fuel costs or road tolls, have a noticeable effect on our results. Deliveries for our Engineered Wood Products division are often made as full truck loads, but where customers order small quantities, we consolidate different customer orders into a single truck to achieve a full truck load. A single delivery truck can therefore have multiple unloading points to serve different customers' delivery addresses. Further, most of our raw materials need to be delivered to our production facilities. In the year ended December 31, 2020, our transportation costs, which include freight for deliveries from our production plants or other stocks to customers amounted to a total of €53.6 million, or 7%, of our net sales. In the third quarter of 2020, we finalized the rationalization and specialization of our own transportation fleet, reducing our fleet from 53 trucks in the year ended December 31, 2019 to 36 leased trucks as of September 30, 2020. Through our fleet we carry out approximately 11% of our transportation needs. The remaining 89% of our transportation needs are carried out by third parties. Therefore, we are dependent on the timely performance of these third-party transporters. In addition, in cases where we rely on third parties for our transportation needs, our ability to service our customers at commercially reasonable costs depends on our ability to negotiate commercially reasonable logistics terms. To the extent that such third-party service providers increase their rates, for example, as a result of higher labor, maintenance, fuel or other costs they may incur, or due to other factors, such as capacity shortages or consolidations, we may be forced to pay such increased rates without being able to pass through such increased transportation costs to our customers.

Any material disruption in or lack of availability of transportation, for example, as a result of the recent temporary closure of the Suez Canal, or significant increases in fuel or energy prices, road tolls or demand-driven market prices resulting in higher transportation costs, may have a material adverse effect on our business and our financial condition and results of operations. In addition, increased costs relating to vehicle emissions control requirements that have been or may be imposed in the future, particularly due to climate change-related legislation, may also lead to such effects on our business, financial condition and results of operations.

Our contracts do not usually contain minimum purchase requirements or "take or pay" provisions, and, as a result, we are subject to uncertainties and variability in demand by customers, which could decrease sales and materially adversely affect our financial results.

Our contracts typically do not contain minimum purchase requirements or "take or pay" provisions and our sales are subject to fluctuations in demand, which can be difficult to predict and may fluctuate from year to year and even from quarter to quarter. The level and timing of orders placed by our customers vary for a variety of reasons, including individual customer strategies, the introduction of new technologies, the availability of more suitable value-added products in our competitors' product portfolios, the desire of our clients to reduce their exposure to any single supplier and general economic conditions. If we are unable to anticipate future volumes, we may not have an adequate supply of raw materials with which to manufacture our products or may have insufficient capacity in our sites, or if demand turns out to be lower than we anticipate, we may have excess inventory. For example, in the event of an unexpected surge in demand for our products, we may not have sufficient recycling capacity at our plants, which could create production bottlenecks and force us to use fresh wood instead of recycled wood and, in turn, this could lead to increased production costs or us failing to meet our commitment to increase the overall Percentage of Recycled Wood Used in our products to at least 44% by the end of 2022 and 50% by the end of 2025. Any of the foregoing, could have a material adverse effect on our business, financial position and operating results.

Our operations require substantial capital expenditures and we may not generate sufficient cash flow to fund our capital expenditure requirements.

Historically, our capital expenditures as a percentage of net sales has been more than 7%, primarily due to our significant investments into new production lines, additional capacity and debottlenecking projects. Overall, in the years ended December 31, 2018, 2019 and 2020, our capital expenditure amounted to €49.1 million, €43.5 million and €40.1 million, respectively, for our Engineered Wood Products division and €8.7 million, €3.1 million and €2.7 million, respectively, for our Silekol division, with capital expenditure in the year ended December 31, 2020 strategically reduced as part of the cost saving measures we implemented during the COVID-19 pandemic. Although we maintain our production equipment with regular periodic and scheduled maintenance, there can be no assurance that key pieces of equipment in our various manufacturing facilities will not need to be repaired or replaced or that we will not incur significant additional costs associated with environmental compliance. Future capital expenditures to expand our business, replace existing facilities or equipment or to comply with future changes in environmental laws and regulations may be substantial. The costs of repairing or replacing such equipment and the associated downtime of the affected production line could have a material adverse effect on our financial condition, results of operations and cash flow. Furthermore, we may require information technology enhancements in order to continue providing high-quality customer service. Failure to implement such enhancements may result in reduced quality of customer service and the loss of customers. If, for any reason, we are unable to provide for our operating needs, capital expenditures, and other cash requirements on economic terms, we could experience a material adverse effect on our business, financial condition, results of operations and cash flows.

The adjustments to Pro Forma Adjusted EBITDA annualizing the impact of certain cost savings measures and giving effect to expected benefits from certain price improvement initiatives as presented in this offering memorandum should be treated with caution when making an investment decision.

The adjustments to *Pro Forma* Adjusted EBITDA annualizing the impact of certain cost saving measures, adding back expected synergies from certain operational improvement initiatives and giving effect to benefits from our l price improvement initiatives presented in this offering memorandum should be treated with caution when making an investment decision. The assumptions we have made with respect to *Pro Forma* Adjusted EBITDA that we present in this offering memorandum are based on our current estimates and expectations and they involve risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by such adjusted financial information. We may not be able to realize the estimated cost savings and price improvements, either in the amount, within the timeframe we currently anticipate or at all, and the costs of achieving these cost savings and price improvements may be higher than expected. In addition, there can be no assurance that sales volumes in the year ended December 31, 2020 would have remained at the same level, had our price increases and price improvement initiatives been implemented from January 1, 2020.

Our anticipated cost savings, run-rate cost savings and expected price improvements are based upon assumptions about our ability to implement cost saving measures and price improvement initiatives in a timely fashion and within certain cost parameters. Our ability to achieve planned cost savings, run-rate cost savings and price improvements is dependent upon a significant number of assumptions, some of which may be beyond our control. If one or more of our underlying assumptions regarding these measures proves to have been incorrect, these efforts could lead to substantially higher costs than planned and we may not be able to realize fully, or realize in the anticipated timeframe, the expected benefits from our cost savings and operational measures as well as our price improvement initiatives. Furthermore, pricing pressure from our customers or from our competitors, lower sales volumes or other variables may deprive us of some of the benefits from the cost savings and operational measures as well as our price improvement initiatives that we assumed that we would be able to retain. In addition, cost savings, operational efficiencies from improved production processes and from enhanced procurement terms as well as price improvements may not be able to be sustained due to, among other things, changes in customer needs, changes in competitor behavior, changes in environmental laws and regulations, availability and cost of raw materials or other cost variables. Our new business initiatives could also result in unintended consequences, such as the loss of key customers and suppliers. These factors may offset the cost savings and price improvements we anticipate and which we have included in our *Pro Forma* Adjusted EBITDA. Consequently, our inability to realize our anticipated cost savings and price improvements could have a material adverse effect on our business, financial condition and results of operation.

Our energy costs are dependent on the regulatory framework for the energy sector, which is subject to constant change and, in addition, we may face material cost increases if the financial privileges which we benefit from are revoked.

The operation of our business entails the consumption of considerable amounts of energy and, as a result, our financial condition and results of operations are affected by our energy costs. Among other factors, these costs are influenced by the relevant regulatory framework for the energy sectors both on the European and the national level. In Germany, our energy costs are directly affected by relief benefits that we are granted annually, including the EEG relief for energy intensive consumers, grid cost relief and energy tax relief for highly efficient CHP plants. In addition, the German government grants feed-in electricity tariffs (meaning, remunerations) as an incentive to invest in renewable energy technologies. The German Federal Network Agency can also increase or decrease grid operators' prices and grant grid cost relief for companies with predictable and consistent consumption to encourage grid stability. The Combined Heat and Power Act of 2021 provides energy tax relief for efficient CHP plants like ours, which amounted to a total of €6.1 million in the year ended December 31, 2020. In addition, we have historically received grid cost reliefs in three plants (Gütersloh, Neumarkt and Baruth) which amounted €3.6 million per year, and a concession relief of €0.4 million. However, the applicable regulatory frameworks have historically been subject to substantial change and it will continue to be subject to change in the future. Such change is not only due to legislative reforms, but is also prompted by administrative and judicial decisions. Any loss of relief in the future, including as a result of changes to the prerequisites for these exemptions, could lead to an increase in our energy costs, which could adversely affect our business, financial condition and results of operations.

Additionally, we produce electricity in our own CHP plants in Neumarkt, Gütersloh and Baruth that we sell to external customers through a state-granted fixed "EEG feed-in tariff." In 2020, the price guarantee under the

EEG feed-in tariff was extended until 2026 for all our biomass CHP plants, with a progressive phasing out starting from 2023. While such extension came into force under German energy law, it remains subject to final approval by the European Commission, which is currently expected in the second quarter of 2021. If the European Commission does not approve the extension or, in any event, if the price guarantee is not renewed after its new expiration date, we will no longer be able to sell electricity at the price guarantee under the EEG feed-in tariff and we will have to conduct electricity sales at market rates that are subject to fluctuation over time. As a result of the currently scheduled progressive reduction of the EEG feed-in tariff, we currently estimate our net sales form energy sales will progressively decrease over the coming years. Further legislative or regulatory changes in the future may further decrease our electricity sales margin and thereby could materially adversely affect our business, financial condition and results of operations.

The EU REACH Committee previously reclassified formaldehyde and titanium dioxide as a carcinogen, and may do the same in the future in respect of additional chemicals or materials used in our production processes, which could have a material adverse effect on our business, financial condition and results of operations.

We have historically used and continue to use formaldehyde as our primary bonding agent in the production of our wood-based panel products. Formaldehyde has been reclassified by the International Agency for Research on Cancer as carcinogenic to humans and, in December 2013, the EU REACH Committee adopted a decision to reclassify formaldehyde as a "category 1B carcinogen" (presumed to have carcinogenic potential for humans, classification largely based on animal evidence). The reclassification of formaldehyde significantly affected emission standards, workplace health and safety regulations and other regulations applying to our products, resulting in lower limit values, including those imposed by the German government. We have made changes in our production processes in order to comply with the regulations relating to the reclassification, such as installation of new ventilation systems in our press hall and changes to our gluing and board production systems. We cannot exclude the possibility that material investments may be required in order to continue to comply with new regulatory standards. In February 2020, the European Commission published a regulation classifying titanium dioxide as a "category 2 carcinogen" (presumed to have carcinogenic potential for humans, classification largely based on animal evidence), which will apply starting from September 2021. In addition, we cannot exclude the possibility that additional chemicals or other materials used in our production processes may be formally designated as harmful or become subject to additional regulation. For example, in December 2020, the risk assessment committee of the European Commission proposed to reclassify melamine, which is used in our products, as a "category 2 carcinogen." The classification of these or additional chemicals and other materials used in our production process as harmful may result in the obligation to dispose internal waste containing such substances as hazardous waste, which could lead to significantly increased disposal costs. These classifications could also affect regulations applying to our products and force us to make changes to our production processes, which may be costly and could negatively impact our business and results of operations In addition, extensive new regulation, in particular if implemented asymmetrically among EU member states or which results in the substitution of some of our industry's products, could have a material adverse effect on our business, financial condition and results of operations. Environmental, health and safety laws and regulations could result in material costs, liabilities to us or requirements to make capital expenditures or restrict our ability to conduct our business.

We are subject to a wide range of environmental, health and safety requirements, including those governing the control of atmospheric and water pollution, the use, handling, treatment, storage, transport and disposal of chemicals, hazardous materials and wastes, the makeup of our products and the protection of human health and safety. All of our operations require environmental permits and other approvals that are subject to modification, renewal and revocation by issuing authorities. The loss of these permits, certificates and other approvals could adversely affect our operations. We could incur substantial costs, including investment costs for the modernization of our facilities, compliance costs, fines, penalties and other sanctions, suspension of operating permits or operations, investigation and cleanup costs and third-party claims for property damage or personal injury, as a result of violations of or liabilities under environmental, health and safety requirements and permits.

Although we attempt to monitor and reduce accidents in our production plants through our safety program, "*One Safety,*" we remain exposed to risks of incidents such as explosions, fires, vehicular accidents, other incidents involving mobile equipment, or exposure to potentially hazardous materials. Any such incident may lead to production stoppages, loss of key personnel or assets as well as environmental contamination and subject employees and third parties living near the affected facilities to health and safety risk. Any failure by us to prevent a health, safety or environmental risk from occurring and causing damage or loss may materially adversely affect our reputation, business, financial condition and results of operations.

In the years ended December 31, 2018, 2019 and 2020, we spent approximately €1.3 million, €2.1 million and €0.5 million, respectively, on costs to comply with environmental requirements for our Engineered Wood Products division and approximately €0.2 million, €0.1 million and €0.1 million, respectively, on costs to comply with environmental requirements for our Silekol division. Costs include the treatment and discharge of waste and waste water, the use, handling, generation and disposal of chemicals and hazardous substances (including industrial waste) and exposure to such substances and control of atmospheric and water pollution. These requirements change often and tend to become more stringent over time. In particular, our production plants are subject to the EU Industrial Emissions Directive ("IED"), which was transposed into German law in 2020. The IED provides for close monitoring and inspection of certain industrial plants by the competent authorities, increased reporting duties for the relevant operators as well as enhanced public participation in administrative decision-making processes. Furthermore, the IED also introduced an EU-wide regime of emission limit values based on the best available techniques ("BAT") for each relevant industry sector. These emission limit values are adopted and updated at regular intervals on the EU-level as part of so-called BAT Reference Documents ("BREFs") and are subsequently required to be implemented in each EU member state through binding national law. As a result of the IED, emission limit values for the engineered wood industry, including in relation to glue and formaldehyde, have been lowered by the authorities. Like our competitors, we have had to apply for an exemption in relation to the lowered limit values for formaldehyde emissions. The loss of such exemption could mean that our products or operations no longer comply with the mandatory limit values. Additional laws and regulations, or changes in existing laws and regulations, in the future could increase our costs or restrict our ability to manufacture or market our products. The implementation of further reductions of emission limit values and further tightened environmental requirements could have a material adverse effect on our business, financial condition and results of operations.

All of our facilities emit carbon dioxide in the ordinary course of our operations. In the EU, the right to emit such gas is regulated by the possession of emission rights, which are granted and allotted by the competent public authorities. Our operating sites in Germany have sufficient emission rights for their present operations, particularly because we benefit from certain privileges available to certain energy-intensive industries. Any loss of the necessary emission rights could have a material adverse effect on our business, financial condition and results of operations.

As an owner and as an operator of industrial properties, we are subject to potential liabilities and obligations relating to environmental conditions, particularly contaminations of soil groundwater and buildings at our current facilities and former sites as well as neighboring properties, including investigation, cleanup, containment, decommissioning or closure obligations. In certain circumstances, such liabilities and obligations may be imposed on us without regard to fault or current ownership of the respective site. The soil and ground water of a plot of land in Neumarkt, which we currently use as a wood storage site, are contaminated. The plot is owned by a former Group company which is currently in insolvency proceedings, and which is responsible for the relevant remediation obligations. We cannot guarantee that the competent government authorities will not ask us to contribute to the remediation activities in the future based on our usage of the land. Although we are not aware of any other sites at which we have or may encounter material investigation or cleanup obligations, we could incur substantial additional costs as a result of the discovery of contamination or the imposition of cleanup obligations at our sites in the future.

We may be adversely affected by laws, regulations or other issues related to climate change.

The European Union has enacted laws relating to climate change, and may enact further new laws on climate change in the future, including potential cap-and-trade systems, carbon taxes or other requirements relating to reduction of carbon footprints or Greenhouse Gas Emissions. Although these laws and regulations have not had any known material adverse effect on us to date, they could limit our ability to develop new facilities and could result in substantial costs, including compliance costs, retrofit costs and construction costs, monitoring and reporting costs, capital expenditures for environmental control facilities and other new equipment and increased energy costs. We cannot predict how future laws and regulations, or future interpretations of current laws and regulations, related to climate change will affect our business, results of operations, liquidity and financial condition. Our reputation could be negatively affected if we violate climate change laws or regulations.

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 collect, store and use personal data in the ordinary course of our business operations. We are therefore subject to data protection legislation (including the General Data Protection Regulation (EU 2016/679) (the

"GDPR")). The GDPR, which came into effect on May 25, 2018, and was immediately binding across all Member States of the European Union, 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 European Union-based companies or companies that process personal data about European Union subjects (either as "data controllers" or as "data processors") to comply with a large number of obligations, which relate, 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. We work to continue to be fully compliant with our obligations under the GDPR and have engaged an external data protection officer who, among other things, advises on our compliance obligations and assists us in ensuring that our software systems safely process personal data, which mainly relates to our employees.

Non-compliance with the GDPR 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). Non-compliance or technical defects resulting in a leak or the misuse of such data could also result in damage to our reputation and otherwise harm our business. 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 operations.

Interruptions in operations at our production facilities could result in unexpected supply shortages and disruptions of the supply chain which could have a material adverse effect on our business, financial condition and results of operations.

We operate five wood panel production facilities in Germany and one resin production facility in Poland, and our results of operations are dependent on the continued operation of such plants and the ability to complete construction and maintenance projects on schedule. If one or more of our production facilities were to be disrupted or inoperative for an unplanned period of time, we could have difficulty maintaining a sufficient level of production to meet customer requirements. Furthermore, we could incur significant costs due to measures we would need to take to mitigate the effects of an inoperative production facility, such as higher transportation costs if we needed to ship products from production facilities in other regions. Any such disruptions could also cause our customers to perceive that we are not able to deliver our products reliably, which could result in a loss of customers.

Our production processes and technologies are complex as they need to be adapted to variations in the properties of certain raw materials and use combustibles and other dangerous or flammable materials, such as resins, formaldehyde and glues as well as large quantities of wood in production processes that produce significant heat. The significant amounts of heat involved in our production processes (particularly when combined with raw materials such as wood, resin and other dry materials like wood dust) and/or technical or other defects in our equipment, can result in dangerous conditions in our production plants such as fires. Such conditions could result in significant interruptions in operations at our facilities, for example, due to large fires, explosions or other accidents, and may significantly reduce the productivity and profitability of a particular facility, or our business as a whole, during and after such interruptions. For example, our Baruth production facility caught fire in 2019 as a result of operations by an outdated production system, resulting in us having to close the facility for a period of approximately two months as we replaced the production system and repaired the damage caused by the fire. Although we hold several types of insurance policies (including insurance against fire and business interruptions), our insurance coverage may be insufficient in certain cases. Furthermore, our insurance coverage may not continue to be available on commercially reasonable terms and our insurance carriers may not have sufficient funds to cover all potential claims. In addition, equipment failure or defects could lead to an increase of our overall carbon footprint which may lead to increased costs related to our Scope 1 & 2 Greenhouse Gas Emissions or negatively impact our ability to meet our commitment to reduce our Scope 1 & 2 Greenhouse Gas Emissions to 201.7 kT by the end of 2022 and to 173.9 kT by the end of 2025, in each case from our baseline of 220.2 kT in 2020.

Interruptions of our operations resulting from supply shortages of certain raw materials or other inputs can significantly affect our profitability. If any of our suppliers is subject to a major disruption in its production plants or is unable to meet its obligations under our existing supply agreements, we may not be able to find acceptable alternative sources or adapt our production processes sufficiently to differing qualities of raw materials and the process of locating and securing such alternative sources might be disruptive to our business. Any extended unavailability of a necessary raw material or other input could cause us to cease manufacturing one or more of our products for a certain period of time, which could have a material adverse effect on our business, financial condition and results of operations.

Higher employment costs may have a material adverse effect on our business, financial condition or results of operations.

As of December 31, 2020, we had approximately 2,106 full-time equivalent employees ("FTEs"), including apprentices, in our Engineered Wood Products division and 121 FTEs in our Silekol division, in each case, including employees that were temporarily furloughed under COVID-19-related measures. For the years ended December 31, 2018, 2019 and 2020, our employee benefits expenses equaled 17.8%, 19.3% and 19.6% of our net sales, respectively. Labor costs may rise in the future as a result of increased workforce activism, government decrees and changes in social and pension contribution rules meant to reduce government budget deficits or to increase welfare benefits to employees. A sustained increase in labor costs may result in some of our facilities becoming less cost-competitive compared to manufacturers operating from countries with lower salary levels. Should labor costs increase further, and should we be unable to recover these cost increases from our customers through increased sales prices or off-set costs through productivity gains, our business, financial condition and results of operations may be materially adversely affected. If we expand our operations into new jurisdictions, we may be subject to higher employee benefits expenses in these new jurisdictions relative to our current operating costs, which could have a negative effect on our profit margin.

Furthermore, most of the countries in which we operate have labor laws which protect the interests of workers, including statutorily mandated minimum wage increases, legislation that imposes financial obligations on employers and laws governing the employment of workers. These labor laws in one or more of the key jurisdictions in which we operate may be modified in the future in a way that is detrimental to our business. Any increase in the stringency of these labor laws, continued increases in statutory minimum wages, additional restrictions from works council and increasing labor costs in the jurisdictions in which we operate, may make it more difficult for us to discharge employees, or cost-effectively downsize our operations, both of which would likely have a material adverse effect on our business, financial condition and results of operations.

Labor disruptions could adversely affect our business.

As of December 31, 2020, we had approximately 1,734 FTEs (including employees that were temporarily furloughed under COVID-19-related measures) in Germany who were subject to regional and internal company collective bargaining agreements (*Tarifverträge*), covering most of our employees in our German production facilities. As a result, we could experience a material labor disruption or strike at one or more of our facilities, either in the course of the renegotiation of one or more collective bargaining agreements in the future or otherwise. In addition, while we have entered into framework social plan and reconciliation of interests agreements with our German group-wide works council in connection with the implementation of our headcount optimization programs, we cannot exclude that our employees may strike or initiate other labor disputes in response to already implemented or planned future headcount reductions. While we have not suffered any material work stoppages or strikes in recent years, a significant interruption of our production processes at our production plants or other facilities due to strikes or similar industrial action could significantly reduce the productivity and profitability of particular facilities, or our business as a whole, which could have material adverse effects on our business, financial condition and results of operations.

We are dependent on qualified personnel in key positions and employees having special technical knowledge.

Qualified and motivated personnel are one of the key factors in the further development of our business, in particular our further technological development and geographic expansion. There is a risk that we may not be able to attract key personnel to fill vacancies or that we may fail to retain key employees. Personnel shortages and the loss of key employees could negatively influence our further business development. In addition, there are risks related to our dependence on individual persons in key positions, particularly at the level of the managing board as well as in the areas of development, distribution, service, production, finance and marketing. The loss of management personnel or employees in key positions would lead to a loss of know-how, or under certain circumstances, to the passing on of this know-how to our competitors. If one or more of these risks materialize, this could adversely affect our business, financial condition and results of operations.

We have obligations to our employees relating to retirement and other obligations, the calculations of which are based on a number of assumptions, including discount rates and life expectancies, which may differ from actual rates in the future.

We operate unfunded defined-benefit pension schemes for beneficiaries under arrangements that have been established in Germany. As of December 31, 2020, we had total employee benefit obligations of €54.3 million, which were entirely unfunded. Our defined benefit obligations are based on certain actuarial and underlying assumptions that can vary by country, including discount rates, life expectancies and rates of increase in compensation levels. If actual results, especially discount rates or life expectancies were to differ from our underlying and actuarial assumptions, our pension obligations could be higher than expected and we could incur actuarial losses. Changes in all assumptions could also adversely affect our financial condition and results of operations.

We believe that our brands and our intellectual property rights are important to our ongoing success, and any damage, threat to, or impairment of these could harm our business results and reputation and cause us to incur costs to defend these rights.

During the year ended December 31, 2020, we generated our net sales from products marketed under the Pfleiderer, Duropal and Thermopal brands, in the case of our Engineered Wood Products division, and Silekol, Melfemo, Melpap, Silepap and Melkol, in the case of our Silekol products. We believe that the brand awareness, preference and loyalty that some professional and end-user customers exhibit for these brands in many markets in which we operate are an important competitive advantage. The maintenance and protection of our Pfleiderer, Duropal and Thermopal brands are therefore important for our future success. If we are unable to protect and promote our brands effectively, our brands might not continue to be recognized by our relevant customer groups for their high quality and advanced technical standards. This could have a material adverse effect on our reputation, business, financial condition and results of operations.

As a company that manufactures and markets branded products, we rely on trademark protection to protect our brands. We own several registered trademarks worldwide and we also have obtained and applied for patents for certain of our technologies which are protected in several countries, utility models and registered designs worldwide. These protections may not adequately safeguard our intellectual property, which may adversely affect our results of operations. There is a risk that third parties, including our current competitors, will infringe on our intellectual property rights, in which case we would have to defend these rights. There is also a risk that third parties, including our current competitors, will claim that our products infringe on their intellectual property rights and bring infringement claims against us or our customers. We may incur significant costs to defend our intellectual property rights, which may have a material adverse effect our business, financial condition, results of operations, our customer relationships and our reputation.

Further, protection of our processes and other technology is important to our business. We rely upon unpatented proprietary expertise, continuing technological innovation and other trade secrets to develop and maintain our competitive position. In addition to protecting our intellectual property through patents, trademarks, utility models and registered designs, we also enter into confidentiality agreements with third-party developers. We cannot assure that these confidentiality agreements will not be breached, or that adequate remedies will be available in the event of an unauthorized use or disclosure of these trade secrets or proprietary know-how. Moreover, the laws of certain countries in which we sell our products do not protect intellectual property rights to the same extent as the laws of Germany or other Western European countries. Furthermore, the maintenance of the full range of patent, trademark, utility model and registered design protection available in all relevant jurisdictions is cost-prohibitive. As a result, we may not be able to prevent others from copying our products or from using our intellectual property. The failure of our intellectual property rights or confidentiality agreements to protect our processes, technology, designs, trade secrets or proprietary know-how could have a material adverse effect on our business, financial condition and results of operations.

We depend on efficient and uninterrupted operations of our information and communication technology.

The operation of our production plants as well as our sales and service activities depends on the efficient and uninterrupted operation of complex and sophisticated computer, telecommunication and data processing systems. We currently depend upon numerous local and several regionally integrated information systems to process orders, respond to customer inquiries, manage inventory, purchase, sell and ship goods on a timely basis, maintain cost-efficient operations, prepare financial information and reports, and operate our website. We continually review our information system options to help strengthen common business practices, improve operational efficiency, reduce risk and drive cost savings.

Computer and data processing systems and related information technology infrastructure (data center, hardware and wide and local area networks) are generally exposed to the risk of disturbances, damage, electricity failures, computer viruses, fire, other disasters, hacker attacks and similar events. While we have a comprehensive security program that is continuously reviewed and upgraded, we may experience operating problems with our information systems as a result of system security failures such as viruses, cyber-attacks, breaches or other causes. Disruptions to our operations caused by our IT systems, including failures, accidents or security breaches may occur in the future and have occurred in individual cases in the past. Any significant disruption or slowdown of our current or future information systems as a result of a system security failure could disrupt the flow of operational information, cause orders to be lost or delayed and could damage our reputation with our customers or cause our customers to cancel orders, any of which could adversely affect our financial results.

Our IT systems capture a large amount of customer data, and theft of sensitive data and our inability to protect trade secrets and personal identifiable information of our employees, customers or suppliers could have an adverse effect on our business, customers, suppliers and employees. Although administration and production networks are separated, an interruption in the operations of computer or data processing systems could adversely affect our ability to efficiently maintain our production processes and to ensure adequate controls. Disruptions to or interruptions in operations could lead to production downtime which, in turn, could result in lost sales. We also depend on the hosting company's infrastructure and any interruption, disruption or security breaches at the hosting company's data center may have an adverse effect on our operations. If one or more of these risks materializes, this could materially adversely affect our business, financial condition and results of operations.

We may incur material costs as a result of warranty and product liability claims which could adversely affect our profitability.

Our products are subject to express and implied warranty claims. In the past, we have been subject to product liability claims and we cannot assure you that we will be successful in maintaining or reducing the historical level of warranty claims or that claims in relation to our products will not increase significantly. Additionally, defects in our products may result in product liability claims, product recalls, adverse customer reaction and negative publicity about us or our products. Our production processes also operate at high temperatures and use significant pressure, and accordingly, any failures could result in substantial harm to people or property. While we hold insurance for product liability matters we cannot assure you that such insurance will cover any such matter, or that such insurance will continue to be available on economically reasonable terms, if at all. We currently have systems in place based on ISO 9001 aimed at monitoring quality measures, controlling quality and reacting to risks that may be found. We cannot assure you, however, that we will be able to address all risks that are discovered, and usually, hidden defects in our products appear only after they have been utilized by our customers. For example, we recently became aware of bug infections that affected several kitchens built using our BalanceBoard products that contain popcorn wood, which is attractive to certain types of beetles. We believe that all infections occurred either at our customers' storage facilities or directly in the assembled kitchens; however, we decided to discontinue our BlanceBoard products with effect from the end of 2021. While to date we have settled various out-of-court claims from customers in this respect, we may become subject to product liability claims, which may not be fully covered under our insurance policies. In addition, this and other defects may require expensive modifications to our products and may adversely affect our reputation. The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations.

Our insurance coverage may not be adequate to cover all the risks we may face and if we were no longer covered by our existing insurance, it may be difficult to obtain replacement insurance on acceptable terms or at all.

Although we maintain insurance policies, including fire, explosion, radiation, electrical damage, fuel or power shortages, third-party liability insurance, transport insurance, computer insurance and directors' and officers' insurance, not all risks are insured or insurable (and may have significant deductibles on policies). Accordingly, our insurance policies do not provide coverage for all losses related to our business, and the occurrence of losses, liabilities or damage not covered by such insurance policies could have a material adverse effect on our business, financial position and results of operations. Due to variable insurance market conditions, there can be no assurance that the insurance that we carry will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting liability, and we may be required to pay high deductibles. In some cases, coverage is not available or is considered too expensive relative to the perceived risk. For example, in 2020, we raised the deductible from €2.5 million to €5.0 million for our property and business interruption coverage relating to our properties and, partly as a result of the 2019 fire at our Baruth facility which increased our premium, terminated coverage relating to our machinery for breakdowns and loss of profit. If we experience a loss in the future, the proceeds of the applicable insurance policies, if any, may not be adequate to cover replacement costs, lost revenue, increased expenses and/or liabilities to third parties. In addition, in connection with the COVID-19 pandemic, many credit insurers have decreased the level of coverage they provide. If the insurance coverage provided by credit insurers continues to decrease in connection of the COVID-19 pandemic or otherwise, our insurance terms, including those that are currently favorable to us, may be revised. Any of the foregoing risks, if realized, could have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks from legal proceedings.

We are involved in litigation in the ordinary course of business and could become involved in additional legal and arbitration disputes in the future which may involve substantial claims for damages or other payments, including damage claims by customers in connection with past or future violations of antitrust laws. The outcome of the currently pending or potential future proceedings is difficult to predict with any certainty. In the event of a negative outcome of any material legal or arbitration proceeding, whether based on a judgment or a settlement agreement, we could be obligated to make substantial payments. In addition, the costs related to litigation and arbitration proceedings may be significant. The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations. For a summary of certain legal and regulatory proceedings in which we are currently involved, see "*Business—Legal and Regulatory Proceedings*."

We are subject to certain competition and antitrust laws.

Our business is subject to applicable competition and antitrust laws, rules and regulations. In general, these laws are designed to preserve free and open competition in the marketplace in order to enhance competitiveness and economic efficiency. While we believe we are generally in compliance with all applicable competition and antitrust laws, rules and regulations and are taking measures to be compliant with these laws, rules and regulations in the future, we have 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. For instance, we have previously been fined by the German Federal Cartel Office for price collusion in the wood raw material products industry and are currently also party to two proceedings filed by affected customers seeking damages. See "*Business—Legal and Regulatory Proceedings.*"

The realization of any risks related to competition and antitrust laws and violations thereof could have a material adverse effect on our reputation, business, financial condition and results of operations.

Our risk management and internal controls may not prevent or detect violations of law.

Our existing compliance processes and controls may not be sufficient in order to prevent or detect inadequate practices, fraud and violations of law by our intermediaries, sales agents and employees. Due to our business practices, we are subject to a number of laws and regulations in various countries. These include, among others, regulations concerning competition and antitrust law, international trade and customs, licensing and permits, commercial intellectual property and its enforcement, warranty and product liability, environmental, building and zoning law, energy law, hazardous substances and chemicals law, labor and work protection law, tax law and regulations related to purchasing and acquisitions.

In the case that any intermediaries, consultants, sales agents or employees with whom we cooperate either receive or grant inappropriate benefits or generally use corrupt, fraudulent or other unfair business practices, we could be confronted with legal sanctions, penalties and loss of orders and harm to our reputation. Especially given our multinational profile, complex group structure, size and the extent of our cooperation with intermediaries, consultants and sales agents, our internal controls and procedures, policies and our risk management may not be adequate, which could have a material negative impact on our reputation, business activities, financial position and results of operations.

We have to rely on a compliance system to prevent irregularities in business activities, and failure to comply with anti-corruption and regulations and economic sanctions programs could result in fines and criminal penalties and have an adverse effect on our business.

We are subject to the risk that we, our affiliated entities or our or their respective officers, directors, employees or agents may take action determined to be in violation of anti-corruption laws, including the U.S. Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act of 2010 and others. Our employees may be tempted to win business with illegal practices, in particular corruption, certain sales incentives or violation of antitrust laws. In addition, we are required to comply with various economic sanctions programs, including those administered by the United Nations Security Council and the United States, including the Office of Foreign Assets Control ("OFAC"). These programs restrict us from conducting certain transactions or dealings involving certain sanctioned countries or persons.

Although we have internal policies and procedures designed to ensure compliance with applicable anti-corruption laws and sanctions regulations, there can be no assurance that such policies and procedures will be sufficient or that our employees, directors, officers, partners, agents or service providers will not take actions in violation of our policies and procedures (or otherwise in violation of the relevant anti-corruption laws and sanctions regulations) for which they or we may ultimately be held responsible. Violations of anti-corruption laws and sanctions regulations could lead to financial penalties being imposed on us, limits being placed on our activities, authorizations or licenses being revoked, damage to our reputation and other consequences that could have a material adverse effect on our business, results of operations and financial condition. Furthermore, detecting, investigating, and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management. In addition, litigation or investigations relating to alleged or suspected violations of anti-corruption laws or sanctions regulations could be costly. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to risks related to conducting operations in many different countries.

Due to the international scope of our business operations, we are subject to risks related to the differing legal, political, social and regulatory requirements and economic conditions of many jurisdictions. Risks inherent in international operations include the following:

- general economic, social or political conditions in the countries in which we operate;
- compliance with a variety of laws and regulations in various jurisdictions may be burdensome;
- inconsistent regulations, licensing and legal requirements may increase our cost of operations as we endeavor to comply with a myriad of laws that differ from one country to another in an unpredictable and adverse manner;
- withholding taxes or other taxes or royalties on our income could be imposed or other restrictions on foreign trade or investment, including currency exchange controls, could be adopted;
- adverse changes in export duties, quotas and tariffs and difficulties in obtaining export licenses could occur;
- expropriation or other confiscation of our products or other assets, including in connection with customs controls;
- difficulty in enforcing intellectual property rights;
- increase in transportation and other shipping costs;
- the impact of fluctuating foreign exchange rates, including devaluations of local currencies or our functional currency that may make our products uncompetitive for current and potential customers;
- differences in consumer preferences in products;
- imposition of price controls;
- terrorist attacks and natural disasters and epidemics; and
- difficulty in enforcing agreements and collecting receivables.

Any of these and other factors could require us to change our current operational structure and could have a material adverse impact on our results of operations.

Moreover, certain countries in which we operate have different business practices and in some cases considerably lower levels of economic, political and legal stability as compared to Western Europe. This is particularly true of countries in Southeastern Europe, which we have specifically identified as a growth market for our products. Some of the countries in this region have a history of political and economic crises. Any deterioration of the underlying conditions in such countries may have a material adverse effect on our financial condition and results of operations.

Legal, political and economic uncertainty surrounding the recent exit of the United Kingdom from the European Union may continue to adversely impact current trading arrangements, be a source of instability in international markets and create significant currency fluctuations, which could have a material adverse effect on our business, results of operations and financial condition.

In the year ended December 31, 2020, we generated 7% of our consolidated gross sale from the sale of products to customers located in the United Kingdom. Following the outcome of a referendum on EU membership, on March 29, 2017, the United Kingdom formally notified the European Council of its intention to leave the European Union ("Brexit"), and on January 31, 2020, the United Kingdom left the European Union on the basis of a previously negotiated withdrawal agreement, which was adopted by the UK parliament on January 24, 2020. On December 24, 2020, the European Union and United Kingdom announced that they had reached a comprehensive, zero-tariff, zero-quota free trade agreement in principle with the European Union (the "EU-UK Trade and Cooperation Agreement"). On December 31, 2020, the UK implemented the EU-UK Trade and Cooperation Agreement, which entered into force provisionally on January 1, 2021. Despite the implementation of the EU-UK Trade and Cooperation Agreement, the end of the transition period on that date has, among other things, led to increased customs and health and safety checks at the border, which has delayed and disrupted the movement of goods between the EU and the United Kingdom and may undermine bilateral cooperation in key policy areas, significantly disrupt trade between the United Kingdom and the EU and cause political and economic instability in other countries of the European Union.

Due to the size and importance of the United Kingdom's economy, the uncertainty and unpredictability concerning the United Kingdom's legal, political and economic relationship with Europe after Brexit may continue to be a source of instability in the international markets, create significant currency fluctuations, and/or otherwise adversely affect trading agreements or similar cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future.

In particular, significant political and economic uncertainty remains about whether the terms of the relationship between the United Kingdom and European Union under the EU-UK Trade and Cooperation Agreement will differ materially in practice from the past. Lack of clarity about future laws and regulations in the United Kingdom as the United Kingdom determines which European Union laws to replace or replicate could depress economic activity and restrict our access to capital. The economic outlook could be further adversely affected by, among other things: (i) the risk arising from changes in laws and regulations in the U.K.; (ii) the risk that movements in the U.K. pound exchange rates related to Brexit could damage competitiveness or profitability; (iii) the risk that goods moving between the U.K. and any member of the EU may be subject to duties and tariffs; and (iv) the risk that goods moving between the U.K. and any member of the EU will be subject to additional inspections and documentation checks, leading to possible delays at ports of entry and departure. Any disruptions at English ports such as Dover and Immingham, resulting in delays and supply disruptions, could have a material adverse impact on our exports to the United Kingdom. Changes to the trading relationship between the U.K. and the EU are expected to result in increased cost of goods imported into and exported from the U.K. If tariff rates are levied on our exports from the European Union to the United Kingdom and customs-related costs increase, we may face additional costs in our operations. Our results of operations may also be impacted if we lose our import or local transport permits or if our end-market customers experience additional costs in exporting goods to the United Kingdom.

As a result, the United Kingdom's decision to leave the European Union could have an adverse effect on our business, financial position and results of operations.

We may pursue further growth organically or through acquisitions or new joint ventures which, if consummated, could increase the level of our indebtedness and may adversely affect our business if we cannot effectively integrate these new operations.

While we currently do not have plans to pursue acquisitions or new joint ventures in the near to medium-term, we may in the future engage in discussions regarding potential acquisitions of businesses and new joint ventures that we believe will present opportunities to realize synergies and strengthen our market position. If we consummate any such transaction, our capitalization and results of operations could change significantly. In addition, any acquisition or new joint venture we may undertake in the future could result in the incurrence of debt and contingent liabilities and an increase in interest expenses and amortization expenses related to goodwill and other intangible assets. Acquisitions and joint ventures involve numerous other risks, including difficulties in integrating the operations, technologies, services and products of the acquired companies and joint ventures, along with unforeseen liabilities and costs, and the diversion of management's attention from other business matters. Our ability to manage the growth and integrate operations, technologies, products and personnel depends on our administrative, financial and operational controls, our ability to create the infrastructure necessary to exploit market opportunities for our products and our financial capabilities. In order to compete effectively and to grow our business profitably, we will need, on a timely basis, to maintain and improve our financial and management controls, reporting systems and procedures, implement new systems as necessary, attract and retain adequate management personnel and hire a qualified workforce that we can train and manage. The failure or delay of our management in responding to these challenges could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to risks associated with the optimization of our corporate structure and our separation from the Panel East division.

Historically, our Parent operated our business through three divisions, Engineered Wood Products, Silekol and Panel East. Following the take private of our Parent in September 2019, to focus our operations on our core divisions, our Sponsor separated our Engineered Wood Products and Silekol divisions from Panel East. We now operate our Engineered Wood Products and Silekol divisions together through the Issuer, while Panel East operates independently and on an arm's-length basis.

In 2020, we optimized our corporate structure to enhance the credit profile of the Pfleiderer business. However, we may encounter unanticipated events, costs or delays with respect to the optimization of our corporate structure. We may be unable to achieve anticipated cost savings, business optimizations and synergies in a timely manner, if at all. In addition, the optimization of our corporate structure may negatively affect our end-market and customer diversification, and our ability to meet our customers' demand or to realize expected growth or cost savings may be negatively impacted in some cases, and may also increase our exposure to cyclicality. If one or more of our assumptions underlying our decisions to engage in the optimization of our corporate structure are incorrect, we may not be able to realize fully, or realize in the anticipated timeframe, the expected cost savings, business optimizations or synergies we anticipate. Furthermore, our management will need to continue to manage the Panel East business for as long as it is owned by Parent, and as a result certain management members may not be able to focus a sufficient amount of their time on running the Pfleiderer business. Any of these consequences could have a material adverse effect on our business, financial position and results of operations.

Certain of our subsidiaries are party to various agreements with Panel East, and will continue to receive management and other services from the Parent, which will not be bound by the covenants set forth in the Indenture. These agreements may be cancelled, amended or terminated in certain cases, including in some cases upon a sale of the Panel East business to a third party. Based on our unaudited management accounts, we estimate that the sale by our Engineered Wood Products division of products manufactured by Panel East under a Wood Supply and Distribution Agreement, contributed approximately €2.2 million, or 1.9%, to the Adjusted EBITDA of our Engineered Wood Products division in the year ended December 31, 2020. In addition, based on our unaudited management accounts, we estimate the sale by Panel East of products manufactured by our Engineered Wood Products division contributed approximately €2.2 million, or 1.9%, to the Adjusted EBITDA of our Engineered Wood Products division in the year ended December 31, 2020. Following a disposal of Panel East, the Wood Products Supply and Distribution Agreement would become terminable by either party. Should the Wood Products Supply and Distribution Agreement be terminated, we may lose all or any portion of the contribution to our Adjusted EBITDA generated by our transactions with Panel East. In 2020, our Silekol division and Panel East entered into the Panel East Resin Supply Agreement, pursuant to which Panel East undertakes to purchase certain fixed quantities of resin and other chemicals from Silekol each year, which constitute a significant portion of Panel East's annual resin requirements. In the year ended December 31, 2020, sales of resins from our Silekol division to Panel East contributed €6.8 million, or 39%, to the Adjusted EBITDA of our Silekol division. While the Panel East Resin Supply Agreement has an initial term of five years and would not become terminable upon a sale of Panel East to a third party, there can be no assurance that a potential purchaser of Panel East would renew the Panel East Resin Supply Agreement on similar commercial terms after the initial five-year period or at all.

Furthermore, our Engineered Wood Products and Silekol divisions and Panel East have jointly purchased selected categories of raw materials, such as paper and chemicals, which has allowed us to benefit from certain procurement cost synergies due to the larger scale purchasing power of the three divisions compared to our Group. Following a sale of Panel East, if Panel East or a prospective buyer chose to terminate such joint procurement efforts, we may no longer be able to benefit from such procurement cost synergies. In addition, in the ordinary course of business, we provide certain corporate and administrative services to Panel East on standard market terms. As a result of Panel East operating as an independent division outside of the Restricted Group following the completion of the optimization of our corporate structure, or if sold to a third party, Panel East may choose to source these services from third parties, which would result in the loss of a portion or all of the net sales we generate from the provision of such services to Panel East.

We may dispose of certain assets in the future, including potentially our Silekol division.

In the future, from time to time, we may dispose of certain business lines or other assets of Pfleiderer, including, potentially, our Silekol division. As a result of any such disposal, we may generate lower sales, have a lower amount of total assets on our statement of financial position and experience changes to our trade working capital. In the year ended December 31, 2020, our Silekol division generated net sales of €32.1 million from the sale of resins and other chemicals to our Engineered Wood Products division. As a result of a divestment of our Silekol division, we could be required to purchase a large portion of our resin and other chemicals from what would then be a third party, would have to negotiate contract extensions and pricing in the future and could lose significant insight and expertise in the chemicals and resins market. In addition, we would lose the competitive advantage of having one of the leading manufacturer of resins in Central and Eastern Europe as our in-house provider of resins. These disposals may also negatively affect our end-market and customer diversification and our ability to meet our customers' demands or to realize expected growth or cost savings, and may also increase our exposure to cyclicality. Additionally, the disposition of certain assets may also reduce the Collateral securing the Notes and the New Revolving Credit Facility. Furthermore, under certain circumstances (including with respect to the Silekol division upon meeting a net leverage ratio), the Indenture and the New Revolving Credit Facility Agreement will allow us to dividend certain assets or the proceeds from the sale of certain assets to our shareholders without first reducing the outstanding principal amount of the Notes, the New Revolving Credit Facility or other indebtedness of Pfleiderer.

Currency rate and interest rate fluctuations might adversely affect our financial position and results of operations.

We conduct part of our business outside the euro zone and are therefore subject to the risks of exchange rate fluctuations, including in connection with transaction risks and translation risks.

The functional currency of the Issuer is the euro and, as a result, the Consolidated Financial Statements are presented in euro. The functional currency of our subsidiaries, including those in Poland, is their respective local currency. Our exposure to exchange rate risks is minimal and relate mainly to sales in Poland.

Changes in foreign currency exchange rates can affect the value of our foreign assets, net sales, liabilities and cost when reported in euro and, therefore, our financial condition and results of operations. Based on our sales denominated in Polish zloty for the year ended December 31, 2020, we estimate that a hypothetical 5% change in the exchange rate of a foreign currency versus the euro and the Polish zloty, could have the net effect of reducing or increasing our profit/(loss) before tax for the year ended December 31, 2020 by approximately €0.3 million. Therefore, if the euro appreciates, in particular in relation to the Polish zloty, and our net sales and expenses denominated in foreign currencies remain the same, or, in some cases, even if our net sales increases or our expenses decrease, our net sales and profits in euro will decline. As a result of our liquidity planning and ongoing review of foreign exchange risks, we may enter into hedges against a depreciation of the Polish zloty against the euro in the future. While our hedging strategy may enable us to partly mitigate the effects on our cash flows of an appreciation of the value of the euro compared to the Polish zloty over a period of up to one year, it does not enable us to mitigate the risk of a long-term appreciation. In addition, should exchange rates move in a direction different from that anticipated by us, our hedging arrangements can result in opportunity losses that could have a material adverse effect on our business, financial condition and results of operations.

Changes in accounting standards or inaccurate estimates or assumptions in the application of accounting policies could adversely affect our financial condition and results of operations.

The Consolidated Financial Statements are prepared and presented in accordance with IFRS. New accounting standards or pronouncements that may become applicable to us from time to time, or changes in the interpretation of existing standards and pronouncements, could have a significant effect on our reported results of operations for the affected periods.

In addition, some accounting policies require the use of estimates and assumptions that may affect the reported value of our assets or liabilities and results of operations and are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain. If those assumptions, estimates or judgments were incorrectly made, we could be required to correct and restate prior period financial statements, and there can be no assurances that we will make the correct judgments in the future, should any new standards be issued. Accounting standard-setters and those who interpret the accounting standards may also amend or even reverse their previous interpretations or positions on how various standards should be applied. Any of these changes are difficult to predict and can materially impact how we record and report our financial condition and results of operations, which could have a significant impact on our future financial statements.

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

Changes in tax laws could adversely affect our tax positions, including our effective tax rate or tax payments. We often rely on generally available interpretations of applicable tax laws and regulations. We cannot be certain that the relevant tax authorities are in agreement with our interpretation of these laws. 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 and have a negative effect on our business, financial condition, operating results and cash flows.

Pending and future tax audits and changes in fiscal regulations could lead to additional tax liabilities or increases in our effective tax rate.

We operate in multiple tax jurisdictions and file our tax returns in compliance with the tax laws and regulations of those jurisdictions. Various factors determine our effective tax rate, including changes in or interpretations of tax laws and regulations by the courts or tax authorities in any given jurisdiction, global- and EU-based tax policy initiatives which aim among other things to address tax avoidance by multinational companies, changes in geographical allocation of income and expense, our ability to use net operating loss or other tax attributes, and our evaluation of deferred tax assets. Changes to our effective tax rate could have a substantial negative impact on our business, financial position, liquidity, results of operations and cash flows. Also, due to the size and nature of our business, we are subject to ongoing reviews by tax authorities on various tax matters, including challenges to positions we assert on our tax returns. We accrue tax liabilities and tax contingencies based upon our best estimate of the taxes ultimately expected to be paid. Such amounts are included in taxes payable, other non-current liabilities or deferred tax liabilities, as appropriate, and updated over time as more information becomes available or on the basis of the lapse of the statute of limitation. We are routinely subject to audit and review in a number of jurisdictions in which we operate, and further audits may commence in the future.

Our business activity is assessed for tax purposes based on currently applicable tax legislation taking into account current case law and administrative interpretations. There may be uncertainties, however, regarding the tax treatment of specific transactions and we may contest taxes assessed against us. As a result, there can be no assurance that our current and future position on taxation matters will be accepted by the relevant tax authorities. Such uncertainties in the applicable tax legislation or case law, as well as any changes in interpretation by the tax authorities, could have a material adverse effect on our net assets, financial condition and results of operations.

We are subject to routine tax audits by local tax authorities. In Germany, for example, tax audits for corporate income tax (*Körperschaftsteuer*), trade tax (*Gewerbesteuer*) and VAT (*Umsatzsteuer*) relating to the periods from the year ended December 31, 2010, up to and including the year ended December 31, 2015, were completed in 2018.

Tax audits for later periods not yet subject to a tax audit or tax audits in other countries may lead to higher tax assessments in the future. For example, we operate a number of tax groups (*Organschaften*) in Germany and we are therefore exposed to the risk of a challenge of the existence and due operation of tax groups in the course of future tax audits. A non-recognition of our tax groups could lead to additional tax liabilities. Any additional tax payments could have a material adverse effect on our business, financial condition and results of operations.

We may need to write down goodwill and brands, which would adversely affect our financial results.

As of December 31, 2020, 2.6% of our total assets were intangible assets, with 8.7% of our total assets corresponding to goodwill. Goodwill is recognized as an intangible asset and is subject to an impairment test, at least annually or upon the occurrence of significant events or changes in circumstances that indicate an impairment has occurred. In the year ended December 31, 2020, we did not recognize goodwill or brand impairment losses. An adverse development in our business activities may require us to recognize additional significant impairment charges and write off all or a substantial part of the carrying amount of our goodwill and brands. A write-off of all or a part of our goodwill and brands would adversely affect our financial results.

Risks Relating to the Notes and Our Capital Structure

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

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

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

Furthermore, although the interest rate relating to the Notes is subject to upward adjustment in certain circumstances specified in "—*Description of the Notes*", such Notes may not satisfy an investor's requirements or any future legal or quasi legal standards for investment in assets with sustainability characteristics. The Notes are not being marketed as green bonds since we expect to use the relevant net proceeds to fully repay the Existing Term Loan, including accrued interest, grant a loan to the Parent so that the Parent may make a distribution to our Sponsor, and pay fees and expenses incurred in connection with the Transactions. Therefore, we not intend to allocate the net proceeds specifically to projects or business activities meeting environmental or sustainability criteria, or be subject to any other limitations associated with green bonds.

In addition, the interest rate adjustment in respect of the Notes depends on a definition of Percentage of Recycled Wood Used and Scope 1 & 2 Greenhouse Gas Emissions that may be inconsistent with investor requirements or expectations or other definitions relevant to recycled wood and/or greenhouse emissions. If no Second Party Opinion is obtained, there might be no third-party analysis of its definition of Percentage of Recycled Wood Used or Scope 1 & 2 Greenhouse Gas Emissions or how such definitions relate to any sustainability-related standards other than the relevant External Reviewer's confirmation of the Percentage of Recycled Wood Used in our products and the amount of Scope 1 & 2 Greenhouse Gas Emissions produced as of December 31, 2022 and 2025, each according to our definition thereof. Even though we have obtained the Second Party Opinion, there currently is no clearly-defined definition (legal, regulatory or otherwise) of, nor market consensus as to, what constitutes a "sustainable" or "sustainability-linked" or equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "sustainable" or "sustainability-linked" (and, in addition, the requirements of any such label may evolve from time to time). As a result, no assurance is or can be given to investors by the Issuer, the Guarantors, any other member of the Group, the Initial Purchasers, any second party opinion providers or the External Reviewer that the Notes will meet any or all investor expectations or our targets qualifying as "sustainable" or "sustainability-linked" or that any adverse other impacts will not occur in connection with our striving to achieve such targets. Investors should make their own assessment as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party in connection with the offering of the Notes.

Although we have committed (i) to increase the Percentage of Recycled Wood Used in our operations to at least 44% by the end of 2022 and 50% by the end of 2025, in each case from approximately 40% in 2020; and (ii) reduce our Scope 1 & 2 Greenhouse Gas Emissions to 201.7 kT by the end of 2022 and to 173.9 kT by the end of 2025, in each case from 220.2 kT in 2020, there can be no assurance of the extent to which we will be successful in doing so. In addition, there can be no assurance that any future investments we make in furtherance of these targets will meet investor expectations or any binding or non-binding legal standards regarding sustainability performance, in particular with regard to any direct or indirect environmental, sustainability or social impact. Adverse environmental or social impacts may occur during the design, construction and operation of any investments that we make in furtherance of our targets.

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

Following the issuance of the Notes, we will be highly leveraged. We cannot guarantee that we will be able to generate sufficient cash flow from operations to service our debt obligations on an ongoing basis. As of December 31, 2020, after giving effect to the Transactions, we would have had €773.0 million of outstanding indebtedness, comprising the Notes and certain lease obligations. In addition, we will have €65.0 million of available borrowing under the New Revolving Credit Facility.

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

- making it difficult for us to satisfy our obligations with respect to the Notes;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow, and limiting the ability
- to obtain additional financing to fund working capital, capital expenditure, acquisitions, joint ventures or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate;
- placing us at a competitive disadvantage compared to our competitors, to the extent that they are not as highly leveraged; and
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing.

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

Despite our substantial leverage, we may still be able to incur more debt under the Indenture, which could further exacerbate the risks described above. The Intercreditor Agreement will provide that with respect to a distressed disposal of, or an enforcement of the security interests over, the Collateral, holders of the Notes will receive proceeds from such Collateral only after the obligations under the New Revolving Credit Facility, certain hedging obligations and certain other future indebtedness permitted under the Indenture have been repaid in full. Additionally, we could raise additional debt that could be secured or could mature prior to the Notes. Although the Indenture and the New Revolving Credit Facility Agreement will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial. In addition, the Indenture and the New Revolving Credit Facility Agreement will not prevent us from incurring obligations that do not constitute indebtedness under those agreements.

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

The Indenture and the New Revolving Credit Facility Agreement will restrict, among other things, our ability to:

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

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

In addition, the New Revolving Credit Facility Agreement will require us to comply with a financial test under certain circumstances. Our ability to meet that financial test can be affected by events beyond our control, and we cannot assure you that we will meet it. A breach of this test could result in a restriction on the ability to make new drawings under the New Revolving Credit Facility Agreement. Upon the occurrence of any event of default under the New Revolving Credit Facility Agreement, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the facilities and elect to declare all amounts outstanding under the New Revolving Credit Facility Agreement, together with accrued interest, immediately due and payable. In addition, any default under the New Revolving Credit Facility Agreement could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the Indenture. If our creditors, including the creditors under the New Revolving Credit Facility, accelerate the payment of those amounts, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries which would be due and payable and to make payments to enable us to repay the Notes, in full or in part. In addition, if we are unable to repay those amounts, our creditors could enforce against any collateral granted to them to secure repayment of those amounts.

Despite our current indebtedness and the restrictive covenants under the Indenture and the New Revolving Credit Facility Agreement, we and our subsidiaries will still be able to incur significant additional amounts of debt or make certain restricted payments, which could further exacerbate the risks associated with our substantial leverage.

We may be able to incur substantial additional indebtedness in the future. Although the Indenture and the New Revolving Credit Facility Agreement will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial. In addition, the Indenture and the New Revolving Credit Facility Agreement will not prevent us from incurring obligations that do not constitute indebtedness as such term is defined under those agreements. Moreover, although the Indenture and the New Revolving Credit Facility Agreement will contain restrictions on our ability to make restricted payments, including the declaration and payment of dividends, we will be able to make substantial restricted payments under certain circumstances. Adding new debt to our and our subsidiaries' existing debt levels or making restricted payments could exacerbate the risks associated with our substantial leverage described above, including our possible inability to service our debt.

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

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

We cannot assure you that our business will generate sufficient cash flows from operations, that currently anticipated revenue growth, cost savings and operating improvements will be realized or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs, including the repayment at maturity of the then outstanding amount under the New Revolving Credit Facility Agreement (if any), which will mature six months prior to the maturity of the Notes. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

The commitments under the New Revolving Credit Facility can be further increased, assuming we have the ability to incur such additional debt under the restrictive covenants to be included in the Indenture. See "*Description of Certain Financing Arrangements*" and "*Description of the Notes*." At the maturity of the Notes or any other debt that we may incur, if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs, we may be required to refinance or restructure our indebtedness.

If our future cash flows from operations and other capital resources (including borrowings under the New Revolving Credit Facility) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditure;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the Notes and the New Revolving Credit Facility, on or before maturity.

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

In the absence of adequate 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 Indenture, restrict or will 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.

Any failure to make payments on our indebtedness, including the Notes, on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, the terms of our debt, including the Notes, the Indenture and the New Revolving Credit Facility Agreement may 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 condition and results of operations. There can be no assurance that any assets that we could be required to dispose of could be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale would be acceptable. If we are unsuccessful in any of these efforts, we may not have sufficient cash to meet our obligations.

The Issuer is a holding company dependent upon cash flow from subsidiaries to meet its obligations on the Notes.

The Issuer is a holding company with no independent business operations or significant assets other than investments in its subsidiaries. As a result, the Issuer depends upon the receipt of sufficient funds from its subsidiaries to meet its obligations. Pfleiderer intends to provide funds to the Issuer in order to meet the obligations on the Notes through a combination of dividends and interest payments on intercompany loans.

If our subsidiaries do not fulfill their obligations under the intercompany loans and do not distribute cash to the Issuer to make scheduled payments on the Notes, the Issuer will not have any other source of funds that would allow it to make payments to the holders of the 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 tax laws may also subject such payments to further taxation. 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 Issuer's subsidiaries to pay dividends to the 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, or the amount of intercompany loans available for repayment. Certain subsidiaries of the Issuer are 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. In addition, those subsidiaries of the Issuer that do not guarantee the Notes have no obligation to make payments with respect to any of the Notes.

The inability to transfer cash among entities within their respective consolidated groups may mean that, even though the entities, in aggregate, may have sufficient resources to meet such group's obligations, they may not be permitted to make the necessary transfers from one entity in their restricted group to another entity in their restricted group in order to make payments to the entity owing the obligations.

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

A significant portion of our debt, including the Floating Rate Notes and drawings under the New Revolving Credit Facility, will bear interest at floating rates of interest per annum equal to EURIBOR or LIBOR (as the case may be), as adjusted periodically, plus a margin, and we will be exposed to the risk of fluctuations in interest rates. Fluctuations in EURIBOR or LIBOR, or the occurrence of a "market disruption event" (as will be defined in the New Revolving Credit Facility Agreement) may increase our overall interest burden and could have a material adverse effect on our ability to service our debt obligations. These interest rates could rise significantly in the future, increasing our interest expense associated with these obligations, reducing cash flow available for capital expenditures and hindering our ability to make payments on the Floating Rate Notes. Neither the Indenture nor the New Revolving Credit Facility Agreement will contain a covenant requiring us to hedge all or any portion of our floating rate debt.

Although we may enter into certain hedging arrangements designed to fix a portion of these rates, there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms. Hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements. To the extent that interest rates or any drawings were to increase significantly, our interest expense would correspondingly increase, reducing our cash flow.

The Use of LIBOR and/or EURIBOR as benchmark may be discontinued in the future

Following allegations of manipulation of LIBOR, a measure of interbank lending rates, regulators and law enforcement agencies from a number of governments and the European Union are conducting investigations into whether the banks that contribute data in connection with the calculation of EURIBOR or LIBOR may have been manipulating or attempting to manipulate EURIBOR and LIBOR. In addition, LIBOR, EURIBOR and other interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform, including the implementation of the IOSCO Principles for Financial Market Benchmarks (July 2013) and the European regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, which entered into force on June 30, 2016. Following the implementation of any such reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on March 5, 2021, the U.K. Financial Conduct Authority announced the future cessation or loss of representativeness of the LIBOR benchmark rates (the "FCA Announcement"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021, in respect of some currencies and tenors, and after certain later dates for other currencies and tenors. This proposed elimination of the LIBOR benchmark and possible future announcements in respect of any other benchmark, changes in the manner of administration of any benchmark or actions by regulators or law enforcement agencies could result in changes to the manner in which EURIBOR or LIBOR is determined, which could require an adjustment to the terms and conditions, or result in other consequences, including the need to adopt a replacement benchmark, in respect of any debt linked to such benchmark (including but not limited to the Floating Rate Notes and drawing under the New Revolving Credit Facility). Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR or LIBOR, which could have an adverse impact on our ability to service debt that bears interest at floating rates of interest, including the Floating Rate Notes and drawings under the New Revolving Credit Facility.

Furthermore, the Indenture will provide a mechanism whereby, if EURIBOR is no longer being calculated or administered, the Issuer could cause an independent financial advisor to determine an appropriate rate, which means interest on the Floating Rate Notes would be determined on the basis of a benchmark rate not contemplated at the time you purchased the Floating Rate Notes issued on the Issue Date.

In addition, the development of alternatives to EURIBOR or LIBOR may result in our floating rate debt (including our Revolving Credit Facility and the Floating Rate Notes) performing differently than would otherwise have been the case if the alternatives to EURIBOR or LIBOR had not developed.

The Indenture may require the exercise of discretion by the Issuer and the making of potentially subjective judgments (including as to whether EURIBOR is no longer being calculated or administered and as to whether any alternative rate has replaced EURIBOR in customary market usage for the purposes of determining floating rates of interest in respect of euro-denominated securities) which may trigger amendments to the Indenture without the consent of the holders of the Notes. The interests of the Issuer in making such determinations or amendments may be adverse to the interests of the holders of the Notes.

In addition, due to the uncertainty concerning the availability of an appropriate successor rate and the involvement of an independent financial institution, the Indenture's successor rate mechanism may not operate as intended at the relevant time. If EURIBOR were discontinued or otherwise unavailable, the rate of interest on our floating rate debt (including our Revolving Credit Facility and the Floating Rate Notes) will be determined for the relevant period by the fallback provisions applicable to such debt.

We may enter into hedging agreements, and such hedging agreements may expose us to credit default risks and potential losses if our hedging counterparties fall into bankruptcy.

A significant portion of our debt, including the Notes and drawings under the New Revolving Credit Facility, will bear interest at floating rates. We may enter in the future into interest hedging agreements to hedge our exposure to fluctuations in interest rates. Under any such agreements, we would be exposed to credit risks of our counterparties. If one or more of our counterparties falls into bankruptcy, claims we may have under such swap agreements or other hedging arrangements may become worthless. Also, such hedging activities may be ineffective or may not offset more than a portion of the adverse financial impact resulting from interest rate fluctuations. In addition, in the event that we refinance our debt or otherwise terminate hedging agreements, we may be required to make termination payments, which would result in a loss.

Creditors under the New Revolving Credit Facility, any credit facility that refinances or replaces the New Revolving Credit Facility, certain hedging obligations and certain other indebtedness permitted to be incurred on a priority basis under the Indenture are entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes. Holders of the Notes will not control decisions regarding the Collateral in certain circumstances.

The Notes and the Notes Guarantees will be secured initially on a first-priority basis by the same Collateral securing the obligations under the New Revolving Credit Facility Agreement. In addition, under the terms of the Indenture, we will be permitted to incur significant additional indebtedness and other obligations that may be secured by the same Collateral on a *pari passu* basis with the Notes and, in certain circumstances, receive proceeds from enforcement of Collateral prior to the Notes. The Indenture and the Intercreditor Agreement will permit currency and interest rate hedging and certain other indebtedness incurred in accordance with the Indenture to be secured on a priority basis.

In the event of enforcement of the Collateral securing the Notes, pursuant to the Intercreditor Agreement, creditors under the New Revolving Credit Facility Agreement, any credit facility that refinances or replaces the

New Revolving Credit Facility, certain hedging obligations and any other indebtedness permitted to be incurred on a priority basis under the Indenture will be entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes. As such, in the event of a foreclosure of the Collateral, holders of the Notes may not be able to recover on the Collateral if the then outstanding claims under Super Senior Liabilities (as defined in "*Description of Certain Financing Arrangements—Intercreditor Agreement*") are greater than the proceeds realized. Any proceeds from an enforcement sale of the Collateral will, after all obligations under Super Senior Liabilities have been discharged from such recoveries, be applied *pro rata* in repayment of the Notes and any other obligations secured by the Collateral that are permitted to rank *pari passu* and are secured on a *pari passu* basis with the Notes. As a result, proceeds from the sale of Collateral in connection with any enforcement action may be insufficient to pay claims under the Notes. In addition, claims of our secured creditors that are secured by assets that do not also secure the Notes will have priority with respect to such assets over the claims of holders of the Notes.

The Intercreditor Agreement provides that a common security agent, who will serve as the Security Agent for the secured parties with respect to the Collateral, will act only as provided for in the Intercreditor Agreement. The Security Agent may refrain from enforcing the Collateral unless otherwise instructed by the Instructing Group (as defined in "*Description of Certain Financing Arrangements—Intercreditor Agreement*") for the purpose of enforcement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement"* and *"Description of the Notes—Security.*"

Creditors of Super Senior Liabilities may have interests that are different from the interests of holders of the Notes and they may, subject to the terms of the Intercreditor Agreement, elect to pursue their remedies under the Security Documents at a time when it would be disadvantageous for the holders of the Notes to do so.

In addition, if the Security Agent sells the Collateral as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Notes and the Notes Guarantees and the liens over any other assets of such entities securing such Notes and Notes Guarantees may be released. See "*Description of Certain Financing Arrangements—Intercreditor Agreement"* and *"Description of the Notes—Security—Release of Liens*."

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

The Notes and the Notes Guarantees will be secured by first-priority security interests in the Collateral described in this offering memorandum, which Collateral also secures the obligations under the New Revolving Credit Facility Agreement and may secure certain hedging obligations. We may increase the amounts available under the New Revolving Credit Facility or incur additional Super Senior Liabilities permitted under the Indenture, as a result of which the amount that will benefit from "super priority" first-priority security interests in the Collateral may be increased up to the amount permitted under the Indenture. The Collateral may also secure additional debt ranking *pari passu* with the Notes to the extent permitted by the terms of the Indenture and the Intercreditor Agreement. The rights of the holders of the Notes to the Collateral may therefore be diluted by any increase in the debt secured by first-priority liens on the Collateral.

If there is an event of default on the Notes, the holders of the Notes will be secured only by the Collateral. There is no guarantee that the value of the Collateral will be sufficient to enable the Issuer to satisfy its obligations under the Notes. The proceeds of any sale of the Collateral following an event of default with respect to the Notes may not be sufficient to satisfy, and may be substantially less than, amounts due on the Notes.

No appraisal of the fair market value of the Collateral has been made in connection with the Transactions. The fair market value of the Collateral is based on certain assumptions and may be subject to fluctuations based on factors that include, among others, general economic conditions, industry conditions and similar factors. The amount to be received upon an enforcement of such Collateral will depend upon many factors, including, among others, the ability to sell the Collateral in an orderly sale, the condition of the economies in which operations are located and the availability of buyers, whether or not our business is sold as a going concern, the ability to readily liquidate the Collateral and the fair market value and condition of the Collateral. Furthermore, there may not be any buyer willing and able to purchase our business as a going concern, or willing to buy a significant portion of our assets in the event of an enforcement action. As a result, the book value of the Collateral should not be conclusively relied on as a measure of realizable value for such assets following the occurrence of an event of default or enforcement event under the Intercreditor Agreement, the Indenture or the New Revolving Credit Facility Agreement. All or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in our liquidation. In addition, the value of this

Collateral may fluctuate over time and the security granted over the shares of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding.

To the extent that liens, security interests and other rights granted to other parties encumber assets owned by the Issuer or the Guarantors, those parties have or may exercise rights and remedies with respect to the property subject to their liens, security interests or other rights that could adversely affect the value of that Collateral and the ability of the Security Agent, the Trustee or investors as holders of the Notes to realize or enforce that Collateral. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes and the Notes Guarantees, investors (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim against the Issuer's and (if the relevant guarantee has not been released) the Guarantors' remaining assets. Each of these factors or any challenge to the validity of the Collateral or the intercreditor arrangement governing our creditors' rights could reduce the proceeds realized upon enforcement of the Collateral.

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

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and the Intercreditor Agreement and accepted by other creditors that have the benefit of security interests in the Collateral from time to time. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the Notes, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the first priority ranking of security interests with respect to the Notes can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or re-characterization under the laws of certain jurisdictions.

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests in the Collateral. For example, the enforcement of share pledges, whether by means of a public auction or a private sale, may be subject to certain specific requirements and the Security Agent may need to obtain the consent of a third-party to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests*" for further information.

The granting of the security interests in connection with the issuance of the Notes, or the incurrence of permitted debt in the future, may create or restart hardening periods.

The granting of security interests to secure the Notes and the Notes Guarantees may create hardening periods for such security interests, including, for instance, in Germany and Poland. The granting of shared security interests to secure future indebtedness permitted to be secured on the Collateral may restart or reopen such hardening periods in particular, because the Indenture will permit the release and retaking of security granted in favor of the Notes in certain circumstances, including in connection with the incurrence of future indebtedness. The applicable hardening period for these new security interests can run from the moment each new security interest has been granted, perfected or recreated.

Each time, if the security interest granted, perfected or recreated were to be enforced before the end of the respective hardening period, it may be declared void or ineffective and/or it may not be possible to enforce it. If the grantor of such security interest were to become subject to a bankruptcy or winding-up proceeding after the Issue Date, any mortgage or security interest in the Collateral delivered after the Issue Date would face a greater risk than security interests in place on the Issue Date of being voided by the grantor or by its trustee, receiver, liquidator, administrator or similar authority, or otherwise set aside by a court, as a preference under insolvency law. To the extent that the grant of any security interest is voided, holders of the Notes would lose the benefit of the security interest. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests*."

The same rights and risks also will apply with respect to future security interests granted 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 Notes.

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

Under applicable law, a security interest in certain assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security, as applicable. The liens on the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we fail or are unable to take the actions required to perfect any of these liens. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at or promptly following the time such property and rights are acquired and identified.

Absent perfection, the holder of the security interest may have difficulty enforcing such holder's rights in the Collateral with regard to third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral and some security interests do not actually create the purported security interest if not properly perfected. In addition, a debtor may discharge its obligation by paying the security provider until, but not after, the debtor receives a notification of the existence of the security interest granted by the security provider in favor of the security taken over the claims the security taker (as creditor) has against the debtor. Finally, since the ranking of pledges is sometimes determined by the date on which they became enforceable against third parties, a security interest created on a later date over the same Collateral, but which came into force for third parties earlier (by way of registration in the appropriate register or by notification) may have priority. Neither the Trustee nor the Security Agent has any obligation or responsibility to monitor the acquisition of additional property or rights that constitute collateral or the perfection of, or to take steps or actions to perfect or ensure the perfection of, any security interest in the Notes against third parties. The failure to create or perfect such additional security interests may adversely affect the relevant security interest and/or the priority of such security interest in favor of the Notes. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests*" for further information.

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

The security interests in the Collateral that will secure the obligations of the Issuer under the Notes and the obligations of the Guarantors under the Notes Guarantees will not be granted directly to the holders of the relevant Notes but will be granted only in favor of the Security Agent, which will hold the Collateral for the lenders under the New Revolving Credit Facility and our hedging obligations, the holders of the Notes and the holders of any additional debt secured by Collateral permitted to be incurred under the Indenture. The Indenture will provide (along with the Intercreditor Agreement) that only the Security Agent has the right to enforce the Security Documents. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture and the Intercreditor Agreement) provide instructions to the Security Agent in respect of the Collateral. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests*" for further information.

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

The Security Documents will allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate and collect, invest and dispose of any income from the Collateral securing the Notes. So long as no default or event of default under the Indenture would result therefrom, the Issuer and the Guarantors may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of the Collateral and making ordinary course cash payments, including repayments of indebtedness.

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

Under various circumstances, the Notes Guarantees and the Collateral securing the Notes will be released automatically. See "*Description of the Notes—Notes Guarantees*" and "*Description of the Notes—Security—Release of Liens*." In addition, if the Security Agent sells Collateral comprising the shares of any of our subsidiaries as a result of an enforcement action in accordance with the Intercreditor Agreement, then claims under the Notes and the Notes Guarantees may be released or transferred. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes—Security—Release of Liens*." Your ability to recover on the Notes could be materially impaired in such circumstances.

The Intercreditor Agreement also provides that the Collateral securing the Notes may be released and retaken in connection with the refinancing of certain indebtedness, including the Notes, if the Issuer has confirmed in writing to the Security Agent that it has determined that it is neither possible nor desirable to implement any such refinancing on terms satisfactory to it by instead granting additional Collateral and/or amending the terms of the existing Collateral. Such a release and retaking of Collateral may give rise to the start of a new "hardening period" in respect of such Collateral. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity and enforceability of the grant of such Collateral. Any such challenge, if successful, could potentially limit your recovery in respect of such Collateral and thus reduce your recovery under the Notes.

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 Notes will be structurally subordinated to the liabilities of the Issuer's non-Guarantor subsidiaries.

Some, but not all, of the Subsidiaries of the Issuer will guarantee the Notes. The Issuer and its subsidiaries that are Guarantors held 99% of the total unconsolidated assets of Pfleiderer as of December 31, 2020, and generated 80% of the total unconsolidated net sales and 94% of the total unconsolidated EBITDA of Pfleiderer for the year ended December 31, 2020, in each case, before intercompany eliminations. In addition, as of December 31, 2020, our subsidiaries that will not guarantee the Notes had no outstanding third-party debt that would have ranked structurally senior to the obligations of the Issuer and the Guarantors under the Notes and the Notes Guarantees. Unless a subsidiary of the Issuer is a Guarantor, such subsidiary will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. The Indenture will, subject to some limitations, permit our non-Guarantor subsidiaries to incur substantial amounts of additional indebtedness and will not restrict the amount of other liabilities that may be incurred by these subsidiaries. Generally, holders of indebtedness of, and trade creditors of, non-Guarantor companies, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such non-Guarantor companies before these assets are made available for distribution to the Issuer or any Guarantor, as a direct or indirect shareholder.

Accordingly, in the event that any non-Guarantor company becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

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

As such, the Notes and each Notes Guarantee will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-Guarantor subsidiaries.

The insolvency laws of certain jurisdictions may provide you with less protection than U.S. bankruptcy law and enforcing your rights as a holder of the Notes or under the Notes Guarantees or in the Collateral across multiple jurisdictions may be difficult.

The Issuer is incorporated under the laws of Germany and the Guarantors and security providers are incorporated under the laws of Germany and Poland. Any insolvency proceedings by or against the Issuer or Guarantors incorporated or organized in jurisdictions outside of the United States would likely be based on the insolvency laws of the jurisdiction of incorporation of the relevant entity (including EU insolvency laws) and not of the United States. In the event the Issuer or any of the other Guarantors experience financial difficulty, we cannot predict as to which jurisdiction or jurisdictions may commence insolvency or similar proceedings, or the outcome of such proceedings. Any enforcement of the Notes Guarantees of the Notes after bankruptcy or an insolvency event in such other jurisdictions will be subject to the insolvency laws of the relevant entity's jurisdiction of incorporation or other jurisdictions. The insolvency and other laws of each of these jurisdictions may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply and may adversely affect your ability to enforce your rights under the Notes Guarantees in these jurisdictions and limit any amounts that you may receive. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests*."

Security interests to secure the Notes and Notes Guarantees will be granted in collateral located in certain of these jurisdictions. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in any of these jurisdictions or in the jurisdiction of organization of a future Guarantor. Your rights under the Notes, the security granted in respect of the Notes and guarantees of the Notes will therefore be subject to the laws of multiple jurisdictions, and you may not be able to enforce effectively your rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights. The consequences of the multiple jurisdictions involved in the Transactions could trigger disputes over which jurisdiction's law should apply which could adversely affect your ability to enforce your rights and to collect payment in full under the Notes and the Notes Guarantees. In addition, certain jurisdictions may impose limitations on the ability of foreign creditors to enforce security interests, including, for example, requiring registration or approval under foreign ownership regulations. The laws of certain of the jurisdictions in which the Guarantors are incorporated or organized further limit the ability of these subsidiaries to guarantee debt of, or provide security for, other companies.

See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests*" for a brief description of certain aspects of insolvency law in Germany and Poland.

Each Notes Guarantee and security may be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability.

Each Notes Guarantee provides the holders of the Notes with a direct claim against the relevant Guarantor. However, the Indenture will provide that each Notes Guarantee will be limited to the maximum amount that can be guaranteed by the relevant Guarantor without rendering the relevant Notes Guarantee, as it relates to that Guarantor, voidable or otherwise ineffective or limited under applicable law, and enforcement of each Notes Guarantee would be subject to certain generally available defenses. In addition, the Indenture will provide for further limitations in accordance with the specific legal requirements in each Guarantor jurisdiction. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests.*" The same limitations may apply to security interests (other than the Notes Guarantees) that will be provided by the Guarantors in certain jurisdictions.

Enforcement of any of the Notes Guarantees or security against any Guarantor will be subject to certain defenses and limitations available to Guarantors in the relevant jurisdiction. These laws and defenses generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, the preservation of share capital, thin capitalization, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally. If one or more of these laws, defenses and limitations are applicable, a Guarantor may have no liability or decreased liability under its Notes Guarantee or other security depending on the amounts of its other obligations and applicable law. Limitations on the enforceability of judgments obtained in New York courts in such jurisdictions could limit the enforceability of any Notes Guarantee against any Guarantor.

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

- the relevant Notes Guarantee or security interest in the Collateral was incurred with actual intent to give preference to one creditor over another, to hinder, delay or defraud creditors or shareholders of the Guarantor; or, in certain jurisdictions, when the granting of the Notes Guarantees has the effect of giving a creditor a preference or when the recipient was aware that the Guarantor was insolvent when it granted the relevant Notes Guarantee or security interest;

- the Guarantor or security provider did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Notes Guarantee and the Guarantor: (i) was insolvent or rendered insolvent because of the relevant Notes Guarantee or security interest; (ii) was undercapitalized or became undercapitalized because of the relevant Notes Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the relevant Notes Guarantee and/or Security Documents were held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor;
- the amount paid or payable under the relevant Notes Guarantee was in excess of the maximum amount permitted under applicable law; or
- the grant of the Notes Guarantee or security is, having regard to the risk accepted by the holders of the Notes, on terms which are, or were, such as to require grossly exorbitant payments to be made (whether conditionally or in certain contingencies) in respect of the subscription for the Notes or otherwise grossly contravenes ordinary principles of fair dealing.

These or similar laws may also apply to any future Notes Guarantee granted by any of our subsidiaries pursuant to the Indenture or other securities pursuant to the Security Documents.

We cannot assure you which standard a court would apply in determining whether a Guarantor was "insolvent" at the relevant time or that, regardless of the method of the valuation, a court would not determine that a Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Notes Guarantee was issued, that payments to holders of the Notes constituted preferences, fraudulent transfers or conveyances on other grounds. The measure of insolvency for purposes of fraudulent transfer laws vary depending upon applicable governing law. Generally, an entity would be considered insolvent if, at the time it incurred indebtedness: the sum of its debts, including contingent liabilities, is greater than the fair value of all its assets; the present fair saleable value of its assets is less than the amount required to pay the probable liability on its existing debts and liabilities, including contingent liabilities, as they become due; or it cannot pay its debts as they become due.

The liability of each Guarantor under its Notes Guarantee or other security will be limited to the amount that will result in such Notes Guarantee not constituting a preference, fraudulent conveyance or improper corporate distribution, or otherwise being set aside or found to be in violation of the applicable statutory requirements in each such jurisdiction. However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of each Guarantor, or the effectiveness of limitation language. It is possible that the entire Notes Guarantee or other security may be set aside, in which case the entire liability may be extinguished. If a court decided that a Notes Guarantee was a preference, fraudulent transfer or conveyance and voided such Notes Guarantee, or held it unenforceable for any other reason, you may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuer and, if applicable, of any other Guarantor under the relevant Notes Guarantee that has not been declared void. In the event that any Notes Guarantee is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the Notes Guarantee obligations apply, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor, and if we cannot satisfy our obligations under the Notes or any Notes Guarantee is found to be a preference, 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 Notes.

We may not be able to obtain the funds required to repurchase the Notes upon a Change of Control and the occurrence of certain important corporate events will not constitute a Change of Control.

The Indenture will contain provisions relating to certain events constituting a "Change of Control" (as defined in "*Description of the Notes*"). Upon the occurrence of a Change of Control, we will be required to offer to repurchase all outstanding Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. If a Change of Control were to occur, we cannot assure you that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuer to pay the purchase price of the outstanding Notes or that the restrictions in the New Revolving Credit Facility Agreement, the Indenture, the Intercreditor Agreement or our other then-existing contractual obligations would allow us to make such required repurchases. A Change of Control may trigger a mandatory prepayment of the New Revolving Credit Facility Agreement and other indebtedness even if such event is deemed not to be a change of control under the Indenture. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the Change of Control itself does not. The ability of the Issuer to receive cash from its subsidiaries to allow it to pay cash to the holders of the Notes following the occurrence of a Change of Control, may be limited by our then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a Change of Control were to occur at a time when we are prohibited from providing funds to the Issuer for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuer would remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a Change of Control. We cannot assure you that we would be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the New Revolving Credit Facility. See "*Description of the Notes—Change of Control*."

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

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 if a certain net consolidated leverage ratio calculated in accordance with the "*Description of the Notes*" is not exceeded in connection with such an event. In this case, holders of Notes would not be entitled to require the Issuer to repurchase their Notes and would only be able to rely on the then prevailing trading prices in order to exit their investments, which might be lower than the 101% change of control repurchase price. See "*Description of the Notes—Change of Control*" and "*Description of the Notes—Certain Definitions—Change of Control Triggering Event*."

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

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

Owners of the book-entry interests will not be considered owners or holders of relevant Notes unless and until definitive notes are issued in exchange for book-entry interests. Instead, the common depositary (or its nominee) for Euroclear and Clearstream will be the sole registered holder of the Notes in global form.

Payments of principal, interest and other amounts owing on or in respect of the Notes in global form will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, such payments will be credited to Euroclear and Clearstream participants' accounts that hold book-entry interests in the Notes in global form and credited by such participants to indirect participants. After payment to Euroclear and Clearstream, none of the Issuer, the Guarantors, the Trustee, the Transfer Agent, the Paying Agent, the Calculation Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments of interest, principal or other amounts to Euroclear and Clearstream, or to owners of book-entry interests. Accordingly, if you own a book-entry interest in the Notes, you must rely on the procedures of Euroclear and Clearstream and, if you are not a participant in Euroclear and/or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the Notes, including the enforcement of security for the Notes and the Notes Guarantees. Instead, if you own a book-entry interest, you will be permitted to act directly only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions or to take any other action on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until the relevant Definitive Registered Notes (as defined in "*Book-Entry, Delivery and Form*") are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. We cannot assure you that the procedures to be implemented through Euroclear and Clearstream will be adequate to ensure the timely exercise of rights under the Notes.

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

We cannot assure you as to:

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

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

Although an application will be made to the Authority for the listing of and permission to deal in the Notes on the Official List of the Exchange, we cannot assure you that the Notes will be or remain listed. Although no assurance can be made as to the liquidity of the Notes as a result of the admission to the Official List of the Exchange, failure to be approved for listing or the delisting (whether or not for an alternative admission to listing on another stock exchange) of the Notes from the Official List of the Exchange may have a material effect on a holder's ability to resell the Notes in the secondary market.

In addition, the Indenture will allow us to issue Additional Notes (as defined therein) in the future, which could adversely impact the liquidity of the relevant series of Notes.

United States civil liabilities may not be enforceable against us.

The Issuer is incorporated under the laws of Germany, and the Guarantors and security providers are incorporated under the laws of Germany and Poland. In addition, all members of our management board and our officers reside outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or such other persons residing outside the United States, or to enforce outside the United States judgments obtained against such persons in United States courts in any action. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States, including those of the Guarantors, rights predicated upon United States laws. See "*Enforceability of Judgments*."

Recovery in civil proceedings, ability to effect service of process and the recognition and enforceability of judgments against Guarantors organized in jurisdictions are also subject to qualifications and local applicable law. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests*" on the various relevant jurisdictions of the Issuer and Guarantors.

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

One or more independent credit rating agencies may assign credit ratings to the Notes. The credit ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No 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 relevant 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 Notes.

The transferability of the Notes may be limited under applicable securities laws.

The Notes and the Notes Guarantees have not been, and will not be, registered under the Securities Act or the securities laws of any state or any other jurisdiction and, unless so registered, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or any other jurisdiction. The Notes are not being offered for sale in the United States except to QIBs in accordance with Rule 144A. We have not agreed to or otherwise undertaken to register the Notes with the SEC (including by way of an exchange offer). See "*Transfer Restrictions*." It is the obligation of holders of the Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

The Sponsor may have interests that do not align with yours.

The Sponsor has the power to control our affairs and policies. The Sponsor also controls, to a large degree, the election of directors, the appointment of management and the entry into mergers, sales of substantially all of our assets and other extraordinary transactions. The directors so elected will have authority, subject to the terms of our indebtedness (including the Notes), to issue additional stock, implement stock repurchase programs, declare dividends and make other decisions. The interests of the Sponsor could conflict with your interests. For example, if we encounter financial difficulties or are unable to pay our indebtedness as it matures, the interests of the Sponsor and certain of its affiliates as equity holders might conflict with your interests as a holder of the Notes. The Sponsor may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in its judgment, could enhance its equity investments, even though such transactions might involve risks to you as a holder of the Notes or decrease the value of the Collateral securing the Notes. Additionally, the Sponsor is in the business of making investments in companies, and may from time to time acquire interests in businesses that directly or indirectly compete with certain portions of our business or are suppliers or customers of ours. For more information, see "*Our Shareholder*" and "*Certain Relationships and Related Party Transactions*."

You may face foreign currency exchange risks as a result of investing in the Notes.

The Notes will be denominated and payable in euro. If you are a U.S. investor, an investment in the Notes will entail foreign exchange related risks due to, among other factors, possible significant changes in the value of the euro relative to the U.S. dollar because of economic, political and other factors over which we have no control. Depreciation of the euro against the U.S. dollar could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you on a U.S. dollar basis.

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

If the stated redemption price at maturity of the Notes exceeds their issue price by an amount equal to or greater than a statutorily defined *de minimis* amount, then the Notes will be considered to be issued with original issue discount ("OID") for U.S. federal income tax purposes. If the Notes are issued with OID, then, in addition to the stated interest on the Notes, a U.S. Holder (as defined in "*Tax Considerations—Certain U.S. Federal Income Tax Considerations*") will generally be required to include the OID on such Note in gross income (as ordinary income) as it accrues on a constant yield to maturity basis for U.S. federal income tax purposes, in advance of the receipt of the cash payments to which such OID is attributable and regardless of the U.S. Holder's regular method of accounting for U.S. federal income tax purposes. See "*Tax Considerations—Certain U.S. Federal Income Tax Considerations.*" Prospective investors should consult with their tax advisors regarding the application of such rules to the Notes.

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

Under certain circumstances, we may undertake the transactions described in "*Description of Certain Financing Arrangements—Intercreditor Agreement—Provisions Following an IPO*" (such transactions, an "IPO Debt Pushdown"), pursuant to which the Issuers are entitled to give notice that will automatically operate so that, among other things, the references in the Indentures and any Intercreditor Agreement to such Issuer and Restricted Subsidiaries shall apply only to the IPO Pushdown Entity and its Restricted Subsidiaries. In such event, each holding company of the IPO Pushdown Entity would be released from its obligations under the applicable Debt Documents. In either case, such modifications to the terms of the Notes could be treated for U.S. federal income tax purposes as a deemed exchange of (i) the Notes as in place prior to such modifications for (ii) new Notes as in place after such modifications. If such modifications result in a deemed exchange for U.S. federal income tax purposes, it would generally be treated as a taxable transaction for U.S. federal income tax purposes in which beneficial owners of the Notes would be required to recognize any gain or loss. Furthermore, for U.S. federal income tax purposes, the new Notes deemed issued in such a deemed exchange could be treated as issued with original issue discount. In such event, U.S. Holders would be required to include the original issue discount in their income as it accrues, in advance of the receipt of cash corresponding to such income. In addition, the determination of whether the deemed new Notes are treated as "contingent payment debt instruments" as a result of the possibility of additional payments, as further described above under " *—Additional Payments*," would be made at the time of the modification. U.S. Holders should consult their own tax advisors as to the U.S. federal income tax considerations relating to potential modifications of the Notes in connection with the IPO Debt Pushdown. It is also possible that the IPO Debt Pushdown could result in a taxable event for tax purposes other than U.S. federal income tax purposes.

USE OF PROCEEDS

The gross proceeds from the Offering will be €750.0 million. We will use the proceeds of the Offering together with our cash on hand to (i) fully repay the Existing Term Loan, including accrued interest; (ii) grant a loan to the Parent so that the Parent may make a distribution to our Sponsor; and (iii) pay fees and expenses incurred in connection with the Transactions.

The following table summarizes the estimated sources and uses of funds for the Transactions, assuming the Offering was completed on December 31, 2020. Actual amounts will vary from estimated amounts depending on several factors, including the actual completion date of the Transactions, our actual fees and expenses and the amount of borrowings and accrued interest under the Existing Term Loan on the Issue Date. We currently anticipate that the New Revolving Credit Facility will be undrawn on the Issue Date.

Sources of Funds	Amount (in € million)	Uses of Funds	Amount (in € million)
Notes offered hereby[(1)]	750	Repayment of Existing Term Loan[(3)]	445
Cash on balance sheet[(2)]	41	Loan to the Parent[(4)]	331
		Fees and expenses[(5)]	15
Total Sources	**791**	**Total Uses**	**791**

(1) Represents the aggregate principal amount of Notes to be issued in connection with the Offering, assuming an issuance of the Fixed Rate Notes and the Floating Rate Notes at par.

(2) The amount of cash on hand used in connection with the Transactions will vary depending on our actual amount of cash and cash equivalents on balance sheet as of the Issue Date.

(3) Represents the principal amount outstanding under the Existing Term Loan. This amount excludes accrued and unpaid interest, which as of December 31, 2020 was €4.5 million. As of December 31, 2020, the Existing Euro-denominated Revolving Credit Facility and the Existing PLN-denominated Revolving Credit Facility were undrawn. As of December 31, 2020, we also had €2.2 million outstanding in non-cash guarantees under the Existing Credit Facilities, which will roll over to the New Revolving Credit Facility.

(4) We intend to grant a loan to the Parent with a portion of the proceeds from the Offering so that the Parent may make a distribution to our Sponsor. The actual principal amount of the loan to the Parent on the Issue Date will vary depending on the available amount of cash on the Issuer's balance sheet, the actual amount of accrued and unpaid interest due on our Existing Term Loan and the actual amount of fees and expenses incurred in connection with the Transactions.

(5) Represents estimated fees and expenses in connection with the Transactions, including discounts and other commissions, advisory and other professional fees and other transaction costs. Actual fees and expenses may vary.

CAPITALIZATION

The following table sets forth the consolidated cash and cash equivalents and capitalization of the Issuer as of December 31, 2020 on an actual basis and as adjusted to give effect to the Transactions, including the application of the proceeds of the Offering as described in "*Use of Proceeds*," as if these events had occurred on that date. The historical consolidated financial information of the Issuer as of December 31, 2020 has been derived from the Consolidated Financial Statements. All amounts shown in the following table exclude amortized deferred issuance costs and accrued and unpaid interest.

You should read this table in conjunction with "*Presentation of Financial Information,*" "*Use of Proceeds*," "*Selected Historical Financial Data*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Certain Financing Arrangements*," "*Description of the Notes*" and the Consolidated Financial Statements and the notes thereto included elsewhere in this offering memorandum.

	As of December 31, 2020	
	Actual	As Adjusted
	(in € million)	
Cash and cash equivalents	**71.2**	**30.2**
Third party indebtedness:		
Existing Term Loan(1)	445.0	—
Existing Euro-denominated Revolving Credit Facility(2)	—	—
Existing PLN-denominated Revolving Credit Facility(2)	—	—
New Revolving Credit Facility(3)	—	—
Notes offered hereby(4)	—	750.0
Lease liabilities(5)	23.5	23.5
Other indebtedness(6)	0.2	0.2
Total third party indebtedness(7)	**468.7**	**773.7**
Total equity(8)	**(118.1)**	**(118.1)**
Total capitalization	**350.6**	**655.6**

(1) Represents the amount outstanding under our Existing Term Loan as of December 31, 2020, excluding accrued and unpaid interest on that date of €4.5 million.

(2) As of December 31, 2020, the Existing Euro-denominated Revolving Credit Facility was undrawn. The Existing Euro-denominated Revolving Credit Facility will be replaced with the New Revolving Credit Facility upon the completion of this Offering. As of December 31, 2020, the Existing PLN-denominated Revolving Credit Facility was undrawn. The Existing PLN-denominated Revolving Credit Facility will be terminated upon the completion of this Offering and will be replaced by a separate financing arrangement to be entered into by Panel East. The table above does not reflect €2.2 million of non-cash guarantees issued under the Existing Credit Facilities, which will roll over to the New Revolving Credit Facility.

(3) The New Revolving Credit Facility Agreement provides for the €65.0 million New Revolving Credit Facility. While the New Revolving Credit Facility is not currently expected to be drawn as of the Issue Date, as of December 31, 2020, we had issued guarantees in an aggregate amount of €2.2 million under a separate guarantee facility within our Existing Credit Facilities. We anticipate that any outstanding guarantees will be rolled into our New Revolving Credit Facility at the Issue Date. Actual borrowings or guarantees issued under the New Revolving Credit Facility will depend on our working capital requirements.

(4) Represents the aggregate principal amount of Notes to be issued on the Issue Date.

(5) Represents primarily leases for land and buildings as well as office equipment and vehicles.

(6) Other indebtedness includes amounts outstanding under interest-bearing overdraft facilities.

(7) Excludes our €60 million securitization program and our PLN 40 million factoring facility. As of December 31, 2020, €29.0 million was outstanding under our securitization program and €2 million (equivalent) was outstanding under our factoring facility. Our securitization program and factoring facility are non-recourse (with the exception of certain purchase price reductions retained to minimize risk for the buyer of our receivables) and obligations outstanding under our securitization program and our factoring facility are not reflected as a liability on our consolidated statements of financial position. See "*Description of Certain Financing Arrangements—Securitization Program.*"

(8) For purposes of this presentation, as adjusted total equity does not reflect the accounting impact of the Transactions.

SELECTED HISTORICAL FINANCIAL INFORMATION

The following tables present certain selected consolidated historical financial information of the Issuer as of and for the years ended December 31, 2018, 2019 and 2020, which has been extracted from the Consolidated Financial Statements. The Consolidated Financial Statements have been prepared in accordance with IFRS and have been audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft.

The Consolidated Financial Statements are the first financial statements of the Issuer and accordingly the adoption of IFRS has been undertaken in accordance with IFRS 1 and Pfleiderer's transition date to IFRS was January 1, 2018. For a discussion of the basis for the preparation of the Consolidated Financial Statements, including certain judgments and estimates that were required, see "Presentation of Financial Information." The Issuer has adopted IFRS 16 from January 1, 2018, which was the date of the Issuer's transition to IFRS.

The following selected consolidated historical and other financial information should be read in conjunction with, and is qualified in its entirety by reference to, the sections of this offering memorandum entitled "Presentation of Financial Information," "Summary Financial Information," "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operation" and the Consolidated Financial Statements and the notes thereto included elsewhere in this offering memorandum.

Consolidated Statement of Profit or Loss

	Year Ended December 31,		
	2018	**2019**	**2020**
		(in € million)	
Net sales	865.6	829.6	776.7
Cost of sales	(637.1)	(613.5)	(554.1)
Gross profit	**228.5**	**216.1**	**222.6**
Selling expenses	(116.7)	(116.8)	(113.2)
R&D expenses	(1.4)	(1.7)	(1.4)
General and administrative expenses	(30.2)	(32.6)	(32.0)
Other operating income and expenses	(1.9)	(11.4)	(2.4)
Profit/ loss from operating activities (EBIT)	**78.2**	**53.6**	**73.6**
Financial income	7.1	8.9	2.0
Financial costs	(26.4)	(30.8)	(29.5)
Other financial result	(0.0)	(0.0)	(0.0)
Financial result	**(19.2)**	**(22.0)**	**(27.5)**
Profit before tax (EBT)	**59.0**	**31.7**	**46.1**
Result of income tax	(18.6)	(12.1)	(2.5)
Net profit for the reporting period	**40.4**	**19.6**	**43.6**

Consolidated Statement of comprehensive income

	Year Ended December 31,		
	2018	**2019**	**2020**
		(in € million)	
Net profit for the reporting period	**40.4**	**19.6**	**43.6**
Other comprehensive income			
Remeasurement of pension provision net of income taxes	0.1	(4.2)	(8.9)
Items that will not be reclassified subsequently to profit or loss	**0.1**	**(4.2)**	**(8.9)**
Cash flow hedges	(0.1)	0.0	(0.0)
Exchange differences on translation to presentation currency	(0.7)	0.3	(2.2)
Items that are or may be reclassified subsequently to profit or loss	**(0.8)**	**0.3**	**(2.2)**
Other comprehensive income	(0.7)	(3.9)	(11.2)
Total comprehensive income for the period	**39.7**	**15.7**	**32.4**
Profit for the period attributable to Pfleiderer Group BV &co. KG	40.4	19.6	43.6
Total comprehensive income attributable to Pfleiderer Group BV &co. KG	39.7	15.7	32.4

Consolidated Statement of Financial Position

	As of December 31,		
	2018	2019	2020
	(in € million)		
Assets			
Goodwill	48.9	48.9	48.9
Intangible assets	8.7	10.9	14.3
Property, plant and equipment	255.3	268.2	259.9
Right-of-use asset	24.3	26.5	22.9
Advances paid on fixed assets	6.3	0.1	3.6
Long term loans to related parties	124.2	116.9	31.1
Other non-current assets	0.5	0.5	0.4
Deferred tax assets	6.0	6.5	0.1
Non-current assets	**474.1**	**478.4**	**381.3**
Inventories	75.3	64.7	63.8
Trade and other receivables	53.8	31.6	38.3
Short term loans to related parties	109.9	20.2	5.2
Income tax receivable	0.1	0.4	0.3
Cash and cash equivalents	15.3	26.5	71.2
Current assets	**254.4**	**143.5**	**178.8**
Total assets	**728.5**	**621.9**	**560.0**
Liabilities and Equity			
Share capital	30.0	30.0	30.0
Capital reserve	280.4	155.4	155.4
Other reserves	(0.7)	(4.6)	(15.8)
Retained earnings	(281.6)	(266.6)	(233.0)
Other group transactions	(54.7)	(54.7)	(54.7)
Total equity	**(26.6)**	**(140.5)**	**(118.1)**
Liabilities			
Non-current financial liabilities	452.1	453.4	452.4
Employee benefit obligations	49.7	54.2	54.3
Non current provisions	1.5	3.5	5.8
Long term related party liability	80.3	80.3	—
Other non-current liabilities	0.0	0.1	0.1
Deferred tax liabilities	1.1	1.2	0.9
Non-current liabilities	**584.7**	**592.6**	**513.5**
Current financial liabilities	8.3	10.6	13.8
Income tax payable	6.8	7.0	2.9
Other personnel liabilities	17.9	19.8	18.6
Current provisions	7.8	13.0	9.5
Trade and other payables	129.5	119.4	119.9
Fair value hedging instruments	0.0	—	—
Current liabilities	**170.4**	**169.7**	**164.7**
Total liabilities	**755.1**	**762.3**	**678.1**
Total liabilities and equity	**728.5**	**621.9**	**560.0**

Consolidated Statement of Cash Flows

	Year Ended December 31,		
	2018	2019	2020
	(in € million)		
Net profit for the reporting period	**40.4**	**19.6**	**43.6**
Depreciation and amortisation	41.4	46.9	51.6
Financial result	19.2	22.0	27.5
Income taxes	18.6	12.1	2.5
Other	(0.3)	0.1	0.0
Increase/ (decrease) in:	**(16.9)**	**28.3**	**(9.6)**
(Increase)/decrease in trade and other receivables	(0.3)	22.2	(6.7)
(Increase)/decrease in inventories	(12.5)	10.6	0.9
Increase/(decrease) in trade and other payables	(3.1)	(9.4)	(0.4)
Increase/(decrease) employee benefit obligations	(2.3)	(2.3)	(2.3)
Increase/(decrease) provisions	1.2	7.2	(1.2)
Increase in other	0.0	0.0	0.0
Cash generated from operating activities	**102.4**	**128.9**	**115.6**
Income tax paid	(26.1)	(10.9)	(7.3)
Net cash provided by operating activities	**76.2**	**118.0**	**108.3**
Additions to property, plant and equipment	(61.7)	(43.2)	(37.0)
Disposal of property, plant and equipment	0.1	0.1	0.0
Additions to intangible assets	(2.7)	(2.9)	(6.2)
Repayment of loans granted to related parties	31.8	117.2	27.0
Granting of loan to other entities	(110.0)	(19.6)	(4.8)
Interest received	4.5	8.3	1.0
Net cash (used in)/provided by investing activities*	**(137.9)**	**59.8**	**(20.0)**
Repayment of borrowings and other debt instruments	—	—	(0.0)
Increase of borrowings and other debt instruments	95.0	—	—
Dividend payment	(39.4)	(4.6)	(10.0)
Distribution of capital reserves	—	(125.0)	0
Interest paid	(18.0)	(23.4)	(19.3)
Lease payments	(7.8)	(9.3)	(10.6)
Cash flow from other financing activities	(4.9)	(4.2)	(3.3)
Net cash (used in)/provided financing activities*	**24.9**	**(166.5)**	**(43.3)**
Total cash flows	**(36.7)**	**11.2**	**45.0**
Cash at beginning of the period	52.2	15.3	26.5
Increase/decrease in cash	(36.7)	11.2	45.0
Effect of movements in exchange rates on cash held	(0.1)	0	(0.4)
Cash at the end of the period	**15.3**	**26.5**	**71.2**

* Our historical consolidated statement of cash flows reflects the effects on our cash flows from historical cash pooling arrangements with our Parent and Panel East by way, amongst others, of intercompany loans, affecting in particular our net cash (used in)/provided by investing activities as well as our net cash (used in)/provided financing activities, including payments made in the context of the financing of the take private of our Parent by the Sponsor and the optimization of our corporate structure. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Cash Flows—Reported Cash Flows*." In this offering memorandum, we also present and discuss our Adjusted Free Cash Flow for the years ended December 31, 2018, 2019 and 2020, which excludes the effects of such intercompany transactions, which we consider to be largely exceptional, on our cash flows. We believe Adjusted Free Cash Flow is a useful metric for investors to understand our cash flows resulting from our operating activities. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Cash Flows—Adjusted Free Cash Flow*."

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

The following is a discussion and analysis of our historical financial condition and results of operation, which have been extracted or derived from the Consolidated Financial Statements included elsewhere in this offering memorandum or is based on internal or external accounting records. See "Presentation of Financial Information."

You should read this discussion in conjunction with the Consolidated Financial Statements as well as the information set forth in "Summary—Summary Financial and Other Data" and "Selected Historical Financial Information." This discussion also includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties that could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of risks and uncertainties facing us as a result of various factors, see "Risk Factors."

Overview

With an operating history of over 125 years, Pfleiderer is a leading manufacturer of premium engineered wood products and laminates for fast-growing, high-end applications in the Western European kitchen, furniture and construction end-markets. Pfleiderer is also a leading producer of industrial and specialty resins for sales to Central and Eastern European customers and for internal use in our panel production.

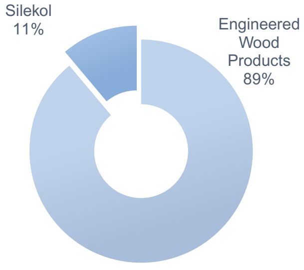
In the year ended December 31, 2020, we generated €776.7 million in net sales and €152.0 million in *Pro Forma* Adjusted EBITDA (19.3% *Pro Forma* Adjusted EBITDA margin) as well as €71.0 million in Adjusted Free Cash Flow. As of December 31, 2020, we employed approximately 2,200 people, serving a loyal and diversified customer base of over 1,700 customers.

Our business comprises two divisions, Engineered Wood Products and Silekol, which represented 89% and 11%, respectively, of our consolidated net sales in 2020. With a market share of 14% by net sales in 2020, our Engineered Wood Products division is the second largest manufacturer of premium engineered wood products and laminates in the DACH region, which comprises Germany, Europe's largest wood panel market, as well as Austria and Switzerland. Our Silekol division is the third largest resin manufacturer by volume in Central and Eastern Europe.

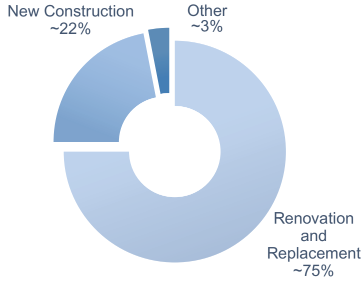
We primarily produce value-added and high value-added engineered wood products, which accounted for 78% of gross sales from our Engineered Wood Products division in the year ended December 31, 2020. We sell our premium engineered wood products predominantly to customers in the fast-growing premium kitchen and the robust and growing furniture end-markets, which together generated approximately 60% of our Engineered Wood Products division's gross sales in the year ended December 31, 2020. In the year ended December 31, 2020, 91% of the external gross sales of our Engineered Wood Products division were to customers located in Western Europe, which has allowed us to benefit from stable and growing market environments. We estimate that in the same year we generated approximately 75% of gross sales in our Engineered Wood Products division from the renovation and replacement segment. The renovation and replacement segment has historically been resilient to cyclical fluctuations in economic conditions and has contributed to our stable revenue generation and gross margins.

The following graphs illustrate the breakdown of our sales by division, segment and country for the year ended December 31, 2020.

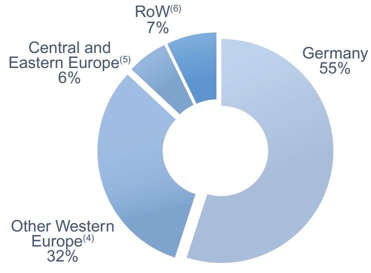
Net Sales By Division[(1)]



Gross Sales By Segment[(2)]



Gross Sales By Country[(3)]



(1) Based on net sales to external customers and Panel East.

(2) Based on management estimates derived from the analysis of the segment exposure as prepared by a leading consulting firm for gross sales (excluding the impact of sales reductions, such as bonuses for customers, cash discounts and refunds) generated in the DACH region by our Engineered Wood Products division from the sale of products to external customers excluding (i) inter-division sales from our Engineered Wood Products division to our Silekol division and (ii) sales to Panel East.

(3) Based on consolidated gross sales (excluding the impact of sales reductions, such as bonuses for customers, cash discounts and refunds) generated from the sale of products to external customers excluding (i) inter-division sales and (ii) sales to Panel East.

(4) Other Western European countries comprise the United Kingdom, the Netherlands, France, Italy, Switzerland, Sweden, Austria, Norway, Denmark and Belgium.

(5) Central and Eastern Europe comprises Poland, Slovakia and the Czech Republic.

(6) Rest of World ("RoW") comprises the remaining jurisdictions in which our customers are located.

Factors Affecting Our Results of Operations

Our results of operations are affected by the following key factors, among others.

General Economic Conditions and Activity in Our End-markets

The overall level of demand for the products we manufacture and distribute, and consequently our financial results, are affected by macroeconomic conditions and economic conditions in the regions in which we operate, particularly the DACH region. In addition, demand for our products is driven by economic conditions in the industries and end-markets to which we sell our products, including the construction industry and, in particular, the kitchen and furniture end-markets. Within the construction industry, demand for our products is primarily driven by the level of activity in the renovation and replacement segment. In the year ended December 31, 2020, our Engineered Wood Products division generated 60% of its gross sales to customers in the kitchen and furniture end-markets. In addition, we estimate that the renovation and replacement segment accounted for over 75% of gross sales of the Engineered Wood Products division in the year ended December 31, 2020, while the new construction segment accounted for 22% of gross sales generated by our Engineered Wood Products division. Demand for products manufactured by our Silekol division primarily depends on the level of activity in the German and Polish wood-based panel production industries as well as in the packaging, construction and building materials sectors, which contributed 81.7%, 7.7%, 6.5% and 4.1%, respectively, to our Silekol division's net sales in the year ended December 31, 2020.

Historically, the kitchen and home furnishings industries have been subject to cyclical variations in economic activity. The level of activity in the new construction and the replacement and renovation segments are affected by factors such as unemployment levels, household income, consumer confidence, home equity values, home equity loan withdrawals, consumer spending habits, reasonably attainable consumer financing, disposable household income levels as well as interest rates. The renovation and replacement segment generally tends to be more resilient when market conditions fluctuate compared to the new construction segment and is driven by the need to modernize existing property stock. The renovation and replacement segment is also affected by shifting consumer preferences as well as home interior and exterior design trends.

After a temporary recovery in 2011 from the global financial crisis of 2008 to 2009, the new construction sector in some European countries came under pressure in the course of 2012 and 2013. This was due to the depressed macroeconomic environment in the Eurozone, the tightening of public budgets, the challenging labor market and a decrease in consumer confidence in much of Europe, which also affected our business at the time. Similarly, in 2020, the kitchen and home furnishing industries in Europe came under temporary pressure as a result of the various restrictions implemented by governments in response to the COVID-19 pandemic and the related negative effects on the overall economic conditions in our key geographical markets. For example, kitchen and furniture producers in Germany and Poland had to temporarily shut down their production facilities as a result of the lockdown orders imposed in connection with the outbreak of the pandemic. Accordingly, demand for our products from these industries declined, in particular in the second quarter of 2020 compared to the same period in 2019. Starting from the third quarter of 2020, when restrictive measures were largely relaxed in Europe, the renovation and replacement segment benefitted from the general improvement in macroeconomic conditions and consumer confidence. In addition, as a result of lockdown orders and other restrictive measures implemented in response to the COVID-19 pandemic, our end-customers from the kitchen furniture, furniture and construction sectors benefitted from an acceleration of certain secular trends that already existed before the pandemic, such as the increase in the time spent at home and the shift to remote working, which increased the attractiveness of premium kitchen furniture. As a result, the demand for the products of both our Engineered

Wood Products and our Silekol divisions recovered to pre-pandemic levels and then continued to grow. However, the recovery and growth we experienced in the second half of 2020 were not sufficient to fully compensate the decline in demand during the second quarter of 2020, and our overall sales volumes and net sales in the year ended December 31, 2020 remained below 2019 levels.

Product Mix

Our Engineered Wood Products division offers a broad range of basic, value-added and high value-added products in a variety of finishes, functionalities and designs. Our Silekol division offers a broad range of industrial and specialty resins and other chemicals. Pricing of our products is dependent on various factors, such as the cost of the underlying raw materials, the features and quality of products, supply and demand in our markets and the nature of, and the dynamics in, our customers' businesses and industries. In addition, both the prices and the margins of our products vary. As a result, changes in the mix of our product sales have a direct impact on our consolidated net sales and profitability.

We typically achieve higher margins on sales in our value-added and high value-added products because many of such products, particularly those for the kitchen, furniture and construction end-markets, are "made-to-order" or have special characteristics that make them more difficult to substitute than basic products. Similarly, the margins on our specialty resins are typically higher than the margins on our industrial resins and other chemicals. This is because specialty resins are manufactured for specific functions that are not commonly found in the market while industrial resins are more readily available to purchase from our competitors. As a result, growth in sales of our value-added and high value-added products as well as specialty resins generally tend to have a larger impact on our overall profitability as compared to growth in sales of basic products, industrial resins and other chemicals

In the year ended December 31, 2020, our high value-added products accounted for 55% of our Engineered Wood Products division's gross sales to external customers and generated contribution margins which were on average more than ten percentage points higher than the average contribution margins of our basic products in the same year. Our value-added products accounted for 23% of our Engineered Wood Products division's gross sales in 2020 and generated contribution margins which were on average five percentage points higher than the average contribution margins of our basic products in the same year. In the year ended December 31, 2020, our basic products accounted for 21% of our Engineered Wood Products division's gross sales. In the year ended December 31, 2020, our specialty resins accounted for 24% of our Silekol division's net sales and generated average contribution margins which were over ten percentage points higher than the average contribution margins of our industrial resins in the same year. In the year ended December 31, 2020, sales of industrial resins accounted for 74% of our Silekol division's net sales.

Ability to Pass on Increased Raw Material Costs to Customers

Our results of operations are affected by the speed and the extent to which we can pass through price increases in raw materials, energy, transportation and other key cost items to our customers.

While product prices in customer contracts in our Engineered Wood Products division are typically fixed for the term of the agreements, the duration of such agreements tends to be relatively short, with average terms of three to six months. This generally short duration allows us to adjust product prices based on changes in raw material prices on a relatively regular basis. In addition, product prices in some of our contracts are agreed until further notice, which allows us to change our pricing more flexibly. In our Silekol division, the majority of customer contracts include pass-through mechanisms for changes in raw material costs, which is customary in the chemical industry. Pursuant to these mechanisms, prices are typically adjusted quarterly or semi-annually based on the actual level of relevant raw material indices observed in the previous three months.

In addition, our procurement function continuously reviews our key supply markets as well as the relevant prices for our key input factors, seeking to anticipate future raw material price changes as we determine the pricing terms for our products.

Due to the "made-to-order" nature of our value-added and high value-added products in our Engineered Wood Products division and the distinct character of our specialty resins, our customers would be subject to significant lead times and high switching costs if they transitioned to a new supplier due to the need for consistency in décor and finish. As a result, customers of our value-added and high value-added products have historically shown lower sensitivity to price increases or pass-through of increased material costs. This is also due to the fact that the cost for our value-added and high-value add additional products typically represents a smaller percentage of their total finished product budget. As a result, we have historically been able to maintain high margins during times of rising raw material prices. Prices of our basic products and industrial resins are primarily determined by the level of supply and demand. These products do not have significant distinguishing qualities and are more uniform across different producers. Therefore, competition is primarily based on price. This has historically limited our ability to increase the price of our basic products and industrial resins to pass increased raw material costs to our customers, particularly when supply levels are higher than demand levels.

Over the last several years, we have generally been successful in passing through our raw material costs to our customers in a timely manner when raw material costs were rising and in delaying the pass through of raw material costs to our customers when raw material costs were declining. During 2020, the raw material prices for wood, glue, paper, and resins decreased, which resulted in lower sales prices for our engineered wood products. Despite this decrease in raw material prices, we achieved a positive net pass-through of €13.4 million for products of our Engineered Wood Products division as our sales prices did not decrease as much as raw material prices.

Cost Base

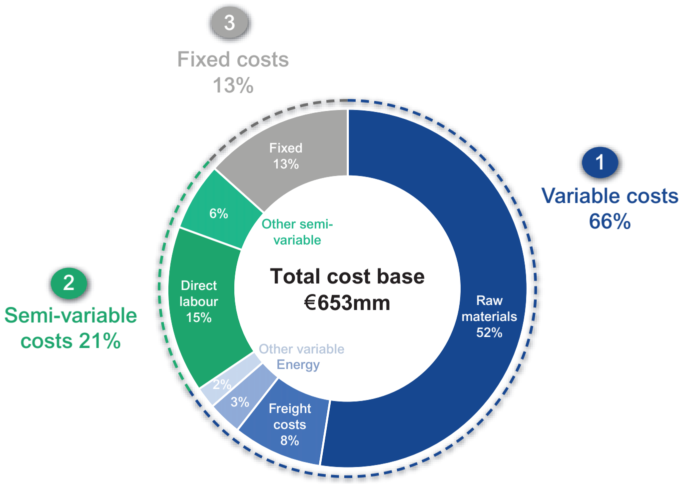
As a manufacturer of wood-based and chemical products, we primarily rely on raw materials, energy and labor as well as repair and maintenance materials and services at our production facilities. As a seller and distributor of our products, we rely on transportation and logistics services as well as our own sales and marketing staff and third party marketing and distribution services. As a leader in product quality and innovation, we rely on our in-house research and development staff as well as external services. We also operate information technology systems across all of our functions and divisions and relay on administrative staff and headquarter functions to manage our operations and determine our business strategy.

In the year ended December 31, 2020, 66% of our cost base excluding depreciation and amortization (which represents 56% of our net sales) comprised variable costs that fluctuated in proportion to production output. For example, raw material costs, including for wood, paper and chemicals, are directly correlated with production volumes. Freight costs and costs for packaging materials as well as other consumables used in production processes are also highly correlated with both production and sales volumes. A large portion of our energy costs changes in line with production volumes as we are able to reduce the operating times of our plants and equipment when usage rates decline. In 2020, as a result of the restrictions imposed in response to the COVID-19 pandemic by governments in our countries of operation which forced some of our customers to partially halt production and/or partially close their plants, we were able to adjust our production output and reduce our capacity by halting production of individual product lines due to the temporary decrease in demand for our products.

A further 21% of our cost base excluding depreciation and amortization (which represents approximately 18% of our net sales) for the year ended December 31, 2020, were semi-variable costs, which primarily related to direct labor costs in our production facilities where we can change our shift patterns in order to adapt our output to changes in demand. We also use overtime as well as temporary staff in our production sites to cover periods of strong demand, which, at the same time, allows us to adjust our labor costs when demand decreases. In addition, we may adjust our repair and maintenance schedules, within reasonable limits, in response to changing conditions on the demand side. In addition to freight costs, there are other portions of our selling expenses (such as travel and entertainment as well as marketing and advertising costs) which are of a discretionary nature and can therefore be delayed or frozen to the extent necessary.

In the year ended December 31, 2020, the remaining 13% of our cost base excluding depreciation and amortization (which represents approximately 11% of our net sales) comprised costs related to our production overhead and infrastructure, our fixed selling as well as our G&A and R&D expenses, which we consider largely fixed in nature.

The chart below shows the composition of the Group's cost base for the year ended December 31, 2020.



Raw Material and Energy Costs

Raw materials and other inputs required for the production of our products are the largest component of our cost of sales. As a result, our margins are impacted by variations in the cost of our raw materials. In the year ended December 31, 2020, the expense for raw materials and energy used in the production by our Engineered Wood Products division amounted to €310.6 million, or 45%, of divisional net sales. Wood, chemicals, paper and energy represented 26%, 30%, 21% and 7%, respectively, of the Engineered Wood Products division's raw material and energy costs. In the same period, the expense for raw materials and energy used in the production by our Silekol division amounted to €86.9 million, or 72% of divisional net sales.

The cost for most of our raw materials is primarily influenced by prevailing macroeconomic conditions and the general macroeconomic outlook and, historically, raw material prices have decreased during an economic downturn and increased during periods of economic expansion. In addition, the cost for our raw materials is influenced by the supply and demand levels in the relevant raw material markets, which may in turn be influenced by the production capacities of our suppliers and other factors beyond our control.

In contrast to the commodity chemical and paper markets, which tend to be driven by the general economic and industry-specific situation on a global or European level, wood supplies, whether for recycled wood, waste wood, sawmill residues or for fresh wood, are mainly influenced by local market dynamics. Wood supply is influenced by factors such weather (including adverse weather events such as droughts, storms or fires), infestations of insects or pests and diseases, all of which are beyond our control and that of our suppliers. For example, for a number years, German forests have been suffering from bark beetle plagues. As beetle-infested trees have to be cut down to prevent the pest from spreading through entire forests, there has been a continuous rise in the supply of wood residues, which has led to a decline in wood prices. As we are one of the largest wood buyers in Europe, we are able to realize certain scale benefits, especially as the wood supplier base is relatively fragmented.

We generally manage the purchase of our all of our key raw materials carefully and tend to solicit pricing from multiple suppliers in order to maintain negotiating leverage and ensure security of supply. At the same time, 34% of the chemicals used by our Engineered Wood Products division is sourced from our Silekol division, which we believe contributes to the resilience of our supply chain.

We typically enter into supply agreements with a duration of three, six or twelve months to cover a significant portion of our raw material requirements. This has allowed us to mitigate the effect of rising or fluctuating raw material costs on our business. We typically purchase wood and paper one quarter in advance at fixed prices, electricity in advance for the whole year and chemicals one month or one quarter in advance. The majority of our energy needs are covered by our own biomass-based CHP plants which use waste wood to generate heat and steam as well as electricity for our production processes. We cover our additional electricity needs by entering into annual contracts for approximately 60% to 70% of our additional electricity demand as well as short-term forward contracts for a further 20% to 30% of the energy we purchase.

Transportation Costs

We incur transportation costs for the delivery of our products to our customers. Transportation distances for our engineered wood products are typically restricted to distances of 50 to 600 kilometers, which is partially due to our production facilities being located close to our key customers. In the year ended December 31, 2020, our transportation costs, which include freight for deliveries from our production facilities or other warehouses to our customers amounted to a total of €53.6 million, or 7%, of our net sales. Through our JURA logistics subsidiary, we operate our own fleet of 36 leased trucks through which we carry out approximately 11% of our transportation needs. The remaining 89% of our transportation needs are carried out by third parties, which are selected and managed centrally by JURA-Spedition GmbH. Increases in transportation costs, such as those caused by an increase in fuel costs or road tolls, have a noticeable effect on our results. In 2019, we engaged Inverto to review our transportation costs and to identify and deliver cost savings through re-tendering, supplier consolidation and other adjustments. We have also been separately implementing other procurement logistics savings and with effect from September 2019, we have put in place new rates for freight tenders. In the third quarter of 2020, we finalized the rationalization and specialization of our own transportation fleet, reducing our fleet from 53 trucks in the year ended December 31, 2019 to 36 as of September 30, 2020.

Due to the mix of our distribution channels and the implementation of government support programs for the transport sector, we experienced only very minor disruption in respect to the delivery of our products during the COVID-19 pandemic, mainly due to a temporary shortage of transportation capacities during the first phase of the outbreak. Our transportation costs in the year ended December 31, 2020 remained broadly in line with those incurred in the year ended December 31, 2019.

Headcount and Labor Costs

Our headcount levels impact our costs and profitability. As of December 31, 2018, 2019 and 2020, we had 2,363, 2,309 and 2,227 employees, respectively. Our personnel expenses (including salaries and social contributions) in 2018, 2019 and 2020 were €154.0 million, €159.9 million and €152.3 million, respectively. A portion of our headcount expenses are fixed and we are required to maintain certain headcount levels to provide production capacity, sales capabilities and administrative support despite fluctuations in our business; however, we are able to make redundancies as a result of automation of our processes or to address market developments and capacity and administration requirements. Our production processes also allow for flexible-shift systems and enables us to increase or reduce the number of shifts, and we use of temporary labor in our production facilities in line with demand for our products. We have negotiated collective bargaining agreements with labor unions in certain of the countries in which we operate, such as Germany, in order to allow for flexible working hour programs, pursuant to which employees work overtime in periods of high demand for no extra salary, in exchange for fewer working hours in periods of lower demand. We also routinely conduct reviews of our business to determine whether we have any duplicative functions that could be eliminated to reduce labor costs. For example, as part of our manufacturing headcount reduction program, which commenced in 2019, we have been streamlining and resizing our functions at our production facilities, which resulted in a decrease in the number of permanent staff at our Engineered Wood Products production facilities by more than 10% between 2017 and 2020. In connection with the COVID-19 pandemic, we further optimized our labor cost by utilizing government salary subsidies in Germany (*Kurzarbeitergeld*) and Poland. See also "*—COVID-19 Impact on our Business*."

Degree of Capacity Utilization

Our results of operations are affected by the degree of utilization of available capacity in our industry and at our production facilities. Typically if utilization rates are high, competitors in our market will exhibit price discipline and we will be able to charge higher prices for our products. We estimate that total engineered wood production capacity in Western Europe has been reduced significantly since 2005, primarily as a consequence of production facilities being shut down after the global financial crisis of 2008 to 2009, with a slight uptick in production capacity in recent years due to increased automation and production efficiencies in the industry. There are high cost and regulatory barriers to constructing new facilities in our markets, limiting the prospect of further market-wide overcapacities.

High capacity utilization at our production facilities results in a reduction in our production costs per unit and our fixed costs are spread across larger volumes, resulting in higher profitability. Conversely, if the degree of capacity utilization at our production facilities declines, the production costs per unit increase and we may have to adjust our production outcome, resulting in lower profitability. To address concerns of overcapacity at our production facilities, we rationalized our footprint from 22 production facilities globally in 2009 to six production facilities in Germany and Poland in 2020. We now focus on managing available capacity efficiently and on a sustainable basis, which, despite the negative impact of the COVID-19 pandemic in the second quarter of 2020, has resulted in capacity utilization at our production facilities of nearly 90% with respect to our basic products as well as our value-added products and approximately 85% for our high value-added products in the year ended December 31, 2020. For example, we have historically scheduled planned shutdowns of our production facilities for two-week periods over the holidays in spring and summer to conduct maintenance, but have now lengthened the time between scheduled maintenance procedures and reduced the duration of our planned shutdowns. In addition, during the years ended December 31, 2019 and 2020, we incurred capital expenditures of €16.6 million and €11.0 million in our Engineered Wood Products division, respectively, mainly resulting in the optimization of recycled wood usage and heightened productivity in board production. As a result of these production efficiencies and the fact that our equipment generally has a very long useful life given proper maintenance, we have capacity for increased production at our facilities in the future without requiring additional significant capital expenditure.

Seasonality

Our business operations are subject to limited seasonal and weather-related influences. Our most important trading periods in terms of net sales, operating results and cash flow have historically been in the second half of the calendar year, in particular September, October and November, driven by an increase in activity in the renovation, replacement and new construction segments in advance of the holiday season. We typically generate less net sales during the December holiday season during which our customers tend to reduce their working hours, and during the second quarter of the calendar year. Our profitability is less seasonal than our net sales because our purchases of raw materials decline during quieter months, and our transportation and energy costs also decline. Our results are also affected by periods of abnormal, severe or unseasonable weather conditions, which may affect our supply and distribution chains, particularly if such events occur during our peak sales period.

Cost and Efficiency Improvement Initiatives

Over the past two years, we have implemented a comprehensive range of cost and efficiency improvement initiatives aimed at enhancing our profitability and further improving our ability to respond to changes in the demand for our end products by further increasing the flexibility of our cost structure. In the Engineered Wood Products division, these cost savings initiatives included (i) certain material efficiency initiatives aimed at reducing raw material costs, (ii) our headcount reduction programs, which are primarily aimed at reducing permanent staff levels at our production facilities, (iii) certain headcount optimization programs in our sales back-office and other administrative functions, (iv) certain indirect procurement cost savings initiatives to further optimize purchasing terms, primarily for indirect spend categories and (v) certain logistics cost savings measures including the partial outsourcing of our in-house trucking activities and the re-tendering of logistics contracts. In the Silekol division, our cost savings initiatives are primarily aimed at improving energy efficiency by reducing energy costs at Silekol's production facilities as well as at achieving raw material cost savings through actions intended to increase material efficiencies in 2021.

All of these initiatives together generated cost savings of €12.9 million and €20.5 million, respectively, in the years ended December 31, 2019 and 2020. In addition, we estimate that our cost and efficiency improvement initiatives will generate additional cost savings in the amount of €11.8 million in the year ending December 31, 2021, consisting of (i) €3.2 million in run-rate cost savings that we would have realized if we had fully implemented the actions we completed during the year ended December 31, 2020 as of January 1, 2020, and (ii) €8.6 million in additional expected cost savings that we identified in the year ended December 31, 2020 and that we intend to implement in the year ending December 31, 2021.

We believe that the implementation of our cost savings and efficiency initiatives has resulted in a lower and more flexible cost base, which we can adjust to levels of production output and market demand, thus resulting in reduced operating leverage. These improvements to our cost base have positively contributed to our net profit and margin expansion in the second half of 2020, particularly the fourth quarter of 2020, when market demand started to recover following the initial market disruption caused by the COVID-19 pandemic, and have allowed us to return to our long-term growth trajectory.

While it is our objective to reach the levels of projected savings in the timeframe reflected below, we cannot give any assurance that we will be able to realize all or any portion of these costs savings within the anticipated timeframe or at all, or that additional or unanticipated costs will not arise, which may make it more costly to realize such savings. See "*Risk Factors—Risks Related to the Market and Our Business—The adjustments to Pro Forma Adjusted EBITDA annualizing the impact of certain cost savings measures and giving effect to expected benefits from certain price improvement initiatives as presented in this offering memorandum should be treated with caution when making an investment decision.*"

Engineered Wood Products Division Cost Savings

Headcount Reduction Program—Manufacturing Labor

During the second quarter of 2019, a leading consulting firm conducted a detailed site level assessment at our Neumarkt, Gütersloh and Arnsberg facilities in order to identify headcount reduction opportunities. We subsequently applied the findings from this assessment also to our Leutkirch and Baruth facilities as well as to our JURA logistics subsidiary in the third and fourth quarters of 2019. Overall, we identified opportunities to reduce headcount at our five German production facilities by 116 FTEs.

On December 31, 2019, we entered into framework social plan and reconciliation of interests agreements with our group-wide German works council, which have formed the legal framework for all of our subsequent headcount optimization programs. Following the agreement with our group-wide German works council, we also entered into reconciliation of interests agreements with local works councils for our Neumarkt and Gütersloh plants as well as for our JURA logistics subsidiary.

Based on our assessment of the overall headcount reduction potential, during the year ended December 31, 2019, we reduced staff in Neumarkt, Gütersloh and at JURA by 54 FTEs. The headcount actions taken in 2019 resulted in costs savings of €1.2 million as reflected in our financial results for the year ended December 31, 2019. The run rate savings that we would have realized if we had fully implemented the redundancy measures that we undertook during the year ended December 31, 2019 on January 1, 2019 amounted to €2.2 million and would have had a €3.4 million impact on our net profit for the year ended December 31, 2020.

In the first quarter of 2020, we also implemented local reconciliation of interest agreements at our remaining plants, which led to a further reduction in our headcount by 46 FTEs in the year ended December 31, 2020. Together with the run rate savings from the headcount actions implemented in 2019, these further headcount reduction measures generated costs savings of €6.4 million in 2020. We would have realized €1.3 million of run rate savings had we fully implemented the redundancy measures that we undertook during the year ended December 31, 2020 on January 1, 2020.

We expect to complete the reduction of headcount in our production facilities by a further 16 FTEs through a combination of redundancies, early retirement arrangements and other rationalization measures. We estimate that these additional redundancies will generate €0.6 million in expected cost savings in the year ending December 31, 2021. Together with the €1.3 million of benefits from the run-rate cost savings from the 2020 headcount actions, we estimate to achieve a total of €1.9 million in the year ending December 31, 2021.

In connection with the implementation of our manufacturing headcount reduction program, we recorded accruals for restructuring costs in the amount of €8.1 million and €4.8 million in our financial statements for the years ended December 31, 2019 and 2020, respectively. A portion of these accruals related to the reduction in the number of FTEs that took place in December 2019 and 2020 with the remainder and all of the severance accruals relating to the reduction in the number of FTEs that will take place during 2021. We have also made severance payments in an amount of €1.0 million and €1.8 million in 2019 and 2020, respectively, from such accruals.

Headcount Reduction Program—SG&A

In the fourth quarter of 2018, with the assistance of a leading global consultancy firm, we conducted a review of certain sales back-office as well as administrative functions. By optimizing our processes and implementing information technology systems to drive automation across these functions, we were able to reduce the headcount in certain areas at our headquarters and at our production sites by 34 FTEs in 2019 and by another 43 FTEs in 2020. This generated SG&A cost savings of €1.7 million during the year ended December 31, 2019 and €2.5 million during the year ended December 31, 2020, which are reflected in our results for those periods. We expect to further reduce the headcount in central functions by an additional 38 FTEs by the end of 2021, mainly across our sales back-office and supply chain functions, through a combination of redundancies, early retirement arrangements and other FTE rationalization measures. We estimate that the initiatives completed at the end of 2020 and the additional headcount reduction in 2021 will result in additional cost savings in the amount of €2.3 million in the year ending December 31, 2021, consisting of (i) €1.4 million in run-rate cost savings that we would have realized if we had fully implemented the employee headcount reductions that we undertook during the year ended December 31, 2020 on January 1, 2020, and of (ii) €0.9 million in additional expected cost savings from further employee headcount reductions that we identified in the year ended December 31, 2020.

Procurement Cost Reduction Initiatives

Following a review of our supply arrangements for indirect spend categories by a leading consulting firm in the second half of 2018, we successfully implemented new services and supply agreements across the Group during the years ended December 31, 2019 and 2020. As a result, of these new supply agreement, we are benefiting from a reduced number of standardized materials across our facilities, a more consolidated supplier base, tighter procurement controls and better pricing primarily for expenses incurred in connection with maintenance and repair material and services, packaging material as well as for fleet and fuel costs. These actions generated procurement cost savings of €1.8 million and €2.7 million in 2019 and 2020, respectively. We estimate that we will realize additional €1.8 million in cost savings in the year ending December 31, 2021 by using the new processes and systems which we implemented in 2019 and 2020, when renegotiating new agreements for the abovementioned spend categories with our suppliers and vendors during 2021. In connection with these initiatives, we incurred expenses of €1.5 million and €0.2 million in the years ended December 31, 2019 and 2020, respectively, mainly relating to consulting fees and external support for the new integrated facility management system implemented as part of this program.

Material Efficiency

In 2020, our Engineered Wood Products division implemented several initiatives aimed at reducing materials costs. Key actions include (i) a further increase of the percentage of recycled wood used in our wood-based products, (ii) streamlining the number of SKUs produced from 45,000 to 30,000 in order to reduce production complexity (implemented during 2020) and (iii) adopting data-driven processes to improve raw material yields. We estimate that these initiatives led to cost savings of €7.3 million and €4.7 million in the years ended December 31, 2019 and 2020, respectively. We estimate that we will realize an additional €4.0 million in cost savings in the year ending December 31, 2021 from these actions as well as from additional material efficiency actions that we partially initiated, but did not fully implement, in the year ended December 31, 2020 and that we intend to fully implement in the year ending December 31, 2021.

Logistics Cost Reduction Initiatives

In April 2019, we engaged a leading global consultancy firm to assist us in re-tendering certain of our logistics contracts. This resulted in the successful execution of new agreements with logistics companies in September 2019. Additionally, in September 2019, we also began outsourcing certain standard transportation services, previously performed by our in-house trucking fleet, to lower cost, external freight forwarding companies, while our JURA logistics subsidiary started to focus on specialized transportation services, such as round-trips completed by our walking-floor trucks. This resulted in a reduction of our in-house trucking fleet by approximately 32% and a decrease in headcount at our JURA logistics subsidiary by 18 FTEs. This reduction in headcount was implemented through a combination of redundancies, early retirement arrangements and other FTE rationalization measures, which has also been agreed with the respective works councils as part of the overall manufacturing headcount optimization. By staggering the contract terms for leasing trucks and trailers, we managed to improve our flexibility. Together, these initiatives have resulted in logistics cost savings of €3.1 million in the year ended December 31, 2020. We estimate that these initiatives will result in additional cost savings in the amount of €0.6 million in the year ending December 31, 2021, consisting of (i) €0.3 million in run-rate cost savings that we would have realized if we had fully implemented the logistics cost savings that we undertook during the year ended December 31, 2020 on January 1, 2020, and (ii) €0.3 million in additional expected cost savings from further logistics cost saving measures that we identified in the year ended December 31, 2020. As we have terminated our leasing contracts at their respective termination dates, we did not incur any significant costs relating to these initiatives in the years ended December 31, 2019 and 2020.

Silekol Division Cost Savings

To enhance energy efficiency and reduce energy costs within our Silekol operations, we installed a steam expander unit at our Silekol production facility, which allows us to generate our own electricity. The new steam expander unit has been in operation since December 2019. In addition, our Silekol division started implementing certain initiatives aimed at achieving raw material cost savings and adopting data-driven processes to improve raw materials yield in 2020. Together, these initiatives resulted in aggregate cost savings of €1.2 million in our Silekol division, which are already reflected in our results for the year ended December 31, 2020. We estimate that these initiatives will result in additional cost savings in the amount of €1.2 million in the year ending December 31, 2021, consisting of (i) €0.2 million in run-rate cost savings that we would have realized if we had implemented such energy and material efficiency initiatives that we undertook during the year ended December 31, 2020 on January 1, 2020, and (ii) €1.0 million in additional expected cost savings from further material efficiency measures that we identified in the year ended December 31, 2020 and that we intend to implement in the year ending December 31, 2021.

Engineered Wood Products Price Improvement Initiatives

During the second quarter of 2020, as part of our budgeting process for 2021, we identified a number of opportunities to improve product pricing in our Engineered Wood Products division, which we aim to realize by the end of 2021 through the implementation of (i) a strategic review of our pricing across our product portfolio through the implementation of new pricing rules and certain structural pricing initiatives and (ii) structural price increases on certain products from our new 2021-2024 collection. We also started implementing general price increases based on market demand and opportunistic base product pricing. We incurred one-off costs and capital expenditures of €0.8 million in the year ended December 31, 2020 in connection with these price improvement initiatives and estimate that we will incur capital expenditures of approximately €0.5 million in the year ending December 31, 2021.

Although it is our objective to reach the levels of projected structural price improvements reflected below, no assurance can be given that such levels will be achieved in the time frame indicated or at all or that additional unanticipated costs will not arise. See "*Risk Factors—Risks Related to the Market and Our Business—The adjustments to Pro Forma Adjusted EBITDA annualizing the impact of certain cost savings measures and giving effect to expected benefits from certain price improvement initiatives as presented in this offering memorandum should be treated with caution when making an investment decision.*"

Implementation of New Pricing Rules

In the second quarter of 2020, we engaged a leading global consultancy firm to conduct a strategic review of pricing across our product portfolio aimed at fixing certain structural gaps and systems and implementing new pricing rules into our ERP systems to improve pricing discipline and invoicing. Following this strategic pricing review, we implemented a number of structural pricing initiatives to improve pricing accuracy across all our products and customers as well as our invoicing process. These structural pricing initiatives included (i) the automatic application of contractually agreed surcharges to low volume orders, (ii) list price optimizations, (iii) the reduction of the number of small, unprofitable orders and (iv) the implementation of certain other price quality management actions, including price differentiation on product value, clear pricing escalation procedures, price quality reporting and upgraded information technology systems. We estimate that these initiatives will have a total impact on our Adjusted EBITDA of approximately €5.3 million by the end of 2021. We expect €3.0 million thereof will be generated from measures that were implemented and fully operational in our ERP systems in the year ended December 31, 2020 and that we have applied to new customer purchases since January 1, 2021, as if such structural pricing initiatives had been agreed on January 1, 2020. In estimating the impact from these measures on our results, we have assumed that our sales volumes actually achieved during the year ended December 31, 2020 would have remained unchanged from sales volumes of corresponding products to such customers during the year ending December 31, 2021. Our sales staff are unable to manually override the new pricing rules that were implemented in our ERP systems unless such action has been approved by our Chief Operating Officer. We estimate that these new pricing rules have positively contributed to new customer purchases since January 2021 and will further benefit our results as volumes for 2021 exceed our 2020 volumes. We expect the total contribution to our Adjusted EBITDA from these initiatives to amount to approximately €15 million by the end of 2023.

Structural Price Increases

In connection with the launch of our new 2021-2024 product collection in 2021, we increased the price of certain value-added and high value-added products of our Engineered Wood Products division. Our new four-year collection of value-added and high value-added products replaced our existing collection on January 1, 2021. We estimate that these price increases will contribute €8.6 million to our Adjusted EBITDA for the year ending December 31, 2021, which is less than 40% of agreed price increases with certain customers as of December 31, 2020.

The Optimization of Our Corporate Structure

Historically, our Parent operated our business through three divisions, Engineered Wood Products, Silekol and Panel East. Following the take private of our Parent in September 2019, our Sponsor separated our Engineered Wood Products and Silekol divisions from Panel East. We now operate our Engineered Wood Products and Silekol divisions together through the Issuer, while Panel East operates independently and on an arm's-length basis. As a result of the optimization of our corporate structure, we believe we benefit from a strongly enhanced credit profile due to (i) an improved business mix with strong market position in the more stable and attractive Western European market, (ii) greater focus on value-add products with a loyal and more diversified customer base and (iii) higher and more resilient margin and cash flow profiles.

The Silekol Transfer

Starting from 2019, we reorganized the divisions of the Parent by transferring all of the outstanding share capital of Silekol sp.z o.o., which used to operate the Silekol division, from Pfleiderer Polska sp.z o.o., which operates the Panel East division, to the Issuer (the "Silekol Transfer"). In connection with the Silekol Transfer, all shares in Silekol sp.z o.o. held by Pfleiderer Polska sp.z o.o. were sold in a cashless transaction to the Parent in return for an intercompany receivable owed by the Parent to Pfleiderer Polska sp.z o.o. Subsequently, the Parent transferred all of the shares in Silekol sp.z o.o., having an aggregate equity value of €80.3 million, to the Issuer in partial repayment of an existing €117.5 million loan (the "Parent Loan") from the Issuer to the Parent. We completed the Silekol Transfer on March 6, 2020. Following the completion of the Silekol Transfer, €31.5 million remain outstanding under the Parent Loan as of December 31, 2020.

Supply and Distribution Agreements with Panel East

In connection with the optimization of our corporate structure, our Silekol division entered into the five-year Panel East Resin Supply Agreement with Panel East. In addition, certain subsidiaries of the Issuer's Engineered Wood Products entered into the Wood Products Supply and Distribution Agreement with Panel East. In the year ended December 31, 2020, sales of resins from our Silekol division to Panel East generated €34.2 million, or 28%, of Silekol's net sales in the same year. In addition, in the year ended December 31, 2020, sales by our Engineered Wood Products division to its external customers of products manufactured by Panel East generated approximately €39.6 million, or 6%, of our Engineered Wood Products division's external net sales. In the same year, sales by Panel East to its external customers of products manufactured by our Engineered Wood Products division generated net sales of our Engineered Wood Products division of approximately €8.7 million. See "*Certain Relationships and Related Party Transactions*."

While the Panel East Resin Supply Agreement has an initial term of five years, during which we expect to generate stable net sales through the sale of resin and other chemicals to Panel East, the Wood Products Supply and Distribution Agreement with Panel East may be terminated under certain circumstances, which could lead to the loss of all or any portion of the net sales of our Engineered Wood Products division pursuant to such arrangement.

COVID-19 Impact on Our Business

Our results of operation in the year ended December 31, 2020 have been impacted by the COVID-19 pandemic. Following a 40% increase in Adjusted EBITDA in the first quarter of 2020 compared to the first quarter of 2019, Adjusted EBITDA in the second quarter of 2020 in our Engineered Wood Products division declined sharply, by approximately 33% compared to the second quarter of 2019, primarily as a result of lower sales volumes due to the restrictions implemented in response to the COVID-19 pandemic in most of our countries of operation, which led to a temporary shutdown of the production facilities of certain of our key customers, especially in the kitchen and furniture industries, as well as lower raw material prices, which we partially passed through to our customers. Adjusted EBITDA in the second quarter of 2020 in our Silekol division remained in line with Adjusted EBITDA in the second quarter of 2019, primarily as a result of procurement improvements as well as fixed and variable costs efficiency initiatives. Starting with the third quarter of 2020, Adjusted EBITDA in our Engineered Wood Products division rebounded, growing by 3% compared to Adjusted EBITDA in the third quarter of 2019 and 23% in the fourth quarter of 2020 compared to Adjusted EBITDA in the fourth quarter of 2019, primarily driven by our diversified end-market exposure and strong demand for our value-added and high value-added products for the renovation and replacement segment, which has historically been more resilient to cyclical fluctuations in economic conditions than the new construction due to lower investment requirements, the minimum levels of required or periodic renovations and the increase in housing stock and real estate transactions. In addition, we were able to offset the overall decline in sales volumes and lower raw material and energy costs by leveraging our more streamlined cost structure as a result of the cost savings and efficiency initiatives that we started implementing in the year ended December 31, 2019, and due to our ability to keep sales prices relatively high despite declining raw material and energy costs which enabled us to achieve a net positive pass-through of input costs. Overall, in the year ended December 31, 2020, our Engineered Wood Products and Silekol divisions recorded a decrease in net sales of 5.6% and 13.6%, respectively, compared to the year ended December 31, 2019, while our Adjusted EBITDA and Adjusted EBITDA margin increased by over 7% and 2%, respectively, during the same period compared to the year ended December 31, 2019.

The following table presents our estimated gross profit, gross profit margin, Adjusted EBITDA and Adjusted EBITDA margin a quarterly basis for the periods indicated. This data has been derived from our unaudited management accounts and has not been audited or reviewed by our auditors or any other party.

	For the three months ended							
(in € million, other than percentages)	**March 31, 2019**	**June 30, 2019**	**September 30, 2019**	**December 31, 2019**	**March 31, 2020**	**June 30, 2020**	**September 30, 2020**	**December 31, 2020**
Gross profit	47	54	57	58	61	41	56	65
Gross profit margin	22.1%	25.1%	27.9%	29.5%	28.7%	23.9%	29.0%	32.3%
Adjusted EBITDA	25	30	33	35	35	20	34	43
Adjusted EBITDA margin	11.8%	13.8%	15.9%	18.0%	16.3%	12.0%	17.3%	21.2%

While we generally consider our supply chains to be resilient, we experienced limited disruption and delays in the early stages of the COVID-19 pandemic. In particular, we faced longer delivery times, especially for supply orders requiring cross-border transportation. Furthermore, sourcing recycled wood became more difficult, as a result of which we were required to purchase higher volumes of sawmill products and round wood, which have higher costs compared to recycled wood. In the year ended December 31, 2020, the expense for our raw materials decreased by €48.0 million or 12.3% compared to the year ended December 31, 2019. We believe that in connection with the second wave of the pandemic in the fourth quarter of 2020, we and our customers and suppliers implemented appropriate measures to respond to social distancing and local lockdown measures which have not had the same impact on our business and supply chain as the restrictions implemented in the first and second quarter of 2020. As of the date of this offering memorandum, we have seen a limited impact on our trade accounts receivable arising from the COVID-19 pandemic, particularly in relation to accounts receivables from customers located in countries other than Germany. In addition, we have not experienced a significant ageing of our trade receivables and have seen a positive recovery of previously overdue accounts receivable in the second half of 2020. In addition, we maintain insurance coverage for the vast majority of our trade accounts receivables.

In order to preserve quick access to liquidity during the COVID-19 pandemic, we temporarily drew amounts available for borrowing under our Existing Euro-denominated Revolving Credit Facility, which we subsequently repaid in full during the third quarter of 2020, and as of December 31, 2020, no amounts were outstanding under our Existing Euro-denominated Revolving Credit Facility. To manage our cost structure, reduce our use of cash and further preserve our liquidity position during the pandemic, we implemented several COVID-19 crisis management initiatives, including a hiring freeze across all of our operations, the establishment of a dedicated credit management process as well as other short-term cost reduction measures such as the reduction of marketing and travel expenses. In addition, we placed a limited number of our capital expenditure projects on hold and intensified our focus on sales management and capital discipline. At the same time, we took advantage of government support programs, including salary subsidies, in Germany (*Kurzarbeitergeld*) and Poland and benefited from certain changes in tax rules introduced as a result of COVID-19, such as deferrals of certain tax payments.

In response to the outbreak of COVID-19, we set up a dedicated crisis management team, including members of our senior management, and promptly undertook a number of initiatives to safeguard our employees and reduce our operating costs while ensuring the continuity of our operations and minimizing operational disruptions. In particular, we successfully transitioned a portion of our corporate employees to remote working over a short period of time, with a peak in the second quarter of 2020, while at the same time maintaining the full operation of all our facilities. We also published specific COVID-19 guidelines for our employees and implemented an internal tracking system to monitor the impact of the virus on employees. We estimate that in the year ended December 31, 2020, we incurred approximately €0.4 million of costs associated with the transitioning of our workforce to remote working and the adherence to social distancing, cleaning and other health and safety guidance related to COVID-19.

While our market leading position, flexible cost structure and exposure to attractive and resilient end-markets has so far allowed us to limit the effects of the COVID-19 pandemic on our business, COVID-19 has been evolving rapidly and we are unable to predict how the outbreak may affect our business in the future. We continue to monitor the situation to ensure the safety of our employees, react to any operational developments, logistics disruptions and macroeconomic fluctuations and assess the ongoing impact of developments on our financial condition, results of operations, cash flows and liquidity. We expect our operations to continue to be affected by the COVID-19 pandemic for the foreseeable future and will continue to take the necessary steps to protect our employees and mitigate the risk to our business. See "*Risk Factors—Risks Related to the Market and Our Business—The COVID-19 pandemic could continue to have an adverse impact on our business, financial condition, liquidity, and results of operations, which may be material.*"

The Transactions

In addition, following completion of the Transactions, our capital structure will include €750.0 million aggregate principal amount of Notes. As a result, the aggregate outstanding amount of our indebtedness (including lease liabilities under IFRS 16) will increase from €468.7 million as of December 31, 2020 to €773.7 million as of December 31, 2020, after giving effect to the Transactions. See "*Capitalization*." We estimate that as a result of the Transactions our annual cash interest payment obligations will increase. As of December 31, 2020, we had total lease liabilities of €23.5 million, of which €8.4 million were payable in less than one year, €10.8 million were payable in between one and five years and €4.4 million were payable in more than five years.

Key Line Items in Our Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following is a brief description of the key net sales and expenses that are included in the line items of our consolidated statements of profit or loss and other comprehensive income.

Net Sales

Our net sales are primarily derived from the sale of wood-based products and resins. Net sales are measured based on the consideration specified in a contract with a customer. The Group recognizes net sales when it transfers control over a good or service to a customer. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both. Net sales from provision of services include mainly net sales from transportation services, which are recognized when a service is completed (meaning when items are delivered to the recipient).

For additional details on our net sales recognition policy, please see "*—Critical Accounting Policies and Estimates—Net sales from sales of finished goods/merchandise and services under IFRS 15*" and note 3 to the Consolidated Financial Statements included elsewhere in this offering memorandum.

Cost of Sales

Cost of sales comprises the acquisition and production costs incurred for the products and merchandise sold. These include primarily the costs of raw materials, energy, direct and indirect manufacturing labor, the costs of consumables and supplies related to the acquisition and production process, as well as depreciation and amortization and expenses for repair and maintenance material and services.

Selling Expenses

Selling expenses are expenses related to the marketing, sales and distribution of our products. They include expenses for outbound cargo, labor costs for front and back-office sales staff and marketing personnel. These expenses also include material costs directly linked to the distribution of our products as well as advertising and marketing and similar expenses both in Germany and Poland as well as in our national sales entities.

R&D Expenses

Our research and development ("R&D") expenses mainly include expenses for labor costs for personnel as well as external services received. No subsidies are recognized within research and development costs. If certain criteria are met, development costs are capitalized at cost and included in capital expenditures instead of the functional line item of the statement of profit and loss.

General and Administrative Expenses

Our general and administrative expenses mainly consist of labor costs for personnel and associated costs for administrative functions such as accounting, finance and planning, tax, legal, information technology and human resources as well as for general management at our headquarters and our sites.

Other Operating Income and Expenses

Other operating income consists of all income from ordinary business activities not already recognized under other income items, including income from insurance payments, compensation and penalties received, the provisions of services and charges to related parties, rental income, the release of bad debt allowances, profit on sale of property, plant and equipment, the release of unused accruals and deferred income as well as income from other ordinary business activities, including operating foreign exchange gains.

Other operating expenses consist of all expenses in connection with ordinary business activities that are not recognized under the items cost of sales, selling expenses, administrative expenses or research and development costs, including exchange rate losses, bad debt losses, allowances for receivables, losses on disposal of property, plant and equipment, damages paid and consulting and other fees paid, including in connection with our cost saving initiatives.

Net Finance Income and Costs

Finance income includes interest income on funds invested by the Group, gains on hedging instruments that are recognized in profit or loss, foreign currency gains (excluding gains from foreign currency differences classified as other operating income arising from trade receivables, trade liabilities, cash and fixed assets purchases and disposals) and reclassifications of net gains previously recognized in other comprehensive income. Interest income is recognized in profit or loss on an accrual basis using the effective interest rate method.

Finance costs include interest expense on borrowings, unwinding of the discount on provisions and deferred consideration, losses on hedging instruments that are recognized in profit or loss, foreign currency losses (excluding losses from foreign currency differences classified to other operating income), and impairment losses recognized on financial assets (other than trade receivables), reclassification of net losses previously recognized in other comprehensive income as well as interest and other expenses incurred in connection with our non-recourse trade receivable sale programs. Interest expense that is not directly attributable to the acquisition, construction or production of a qualifying asset is recognized in profit or loss using the effective interest rate method.

Foreign currency gains and losses are presented on a net basis as either finance income or finance costs or in other income if relate to operating foreign exchange differences.

Result of income tax

Result of income tax comprises current tax and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Subject to certain exceptions, deferred tax is recognized in respect of all temporary differences between the carrying amounts of assets and liabilities for tax purposes and the amounts recognized in the consolidated statement of financial position. Deferred tax related to transactions recognized directly in equity is recognized in equity.

For the years ended December 31, 2018 and 2019, current and deferred income taxes incurred by the Issuer were included in the Consolidated Financial Statements. As a result of the DPLTA between the Issuer and the Parent, the Issuer and its consolidated subsidiaries located in Germany (other than Heller Holz GmbH) became part of the Parent's tax group for German corporate income and trade tax purposes with effect from January 1, 2020. Pursuant to the DPLTA, the Issuer will be required to transfer its entire annual accounting profits and losses to the Parent. As a result of the DPLTA, commencing with the year ending December 31, 2020, the German taxable profits of the Issuer and its subsidiaries that are part of the tax group are allocated to the Parent, which will be subject to German trade taxes and potentially will fund German corporate income taxes at the level of the limited partners of the Parent. As a result, we did not record any result of German corporate income and trade tax, in each case including current and deferred tax, relating to the Issuer and its consolidated subsidiaries located in Germany (other than Heller Holz GmbH) in our Consolidated Financial Statements for the year ended December 31, 2020. Accordingly, the result of income tax for the year ended December 31, 2020 included in our Consolidated Financial Statements only consists of corporate income tax relating to our Silekol division, Heller Holz GmbH and our entities located outside of Germany. For further details regarding the DPLTA and the related tax payments, see "Certain Relationships and Related Party Transactions—The Domination and Profit and Loss Transfer Agreement."

Results of Operations

Year Ended December 31, 2020 Compared with Year Ended December 31, 2019

The following table sets out certain information with respect to our consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2020 compared to the year ended December 31, 2019.

	Year ended December 31,		
(€ million)	**2019**	**2020**	**% Change**
Net sales	829.6	776.7	(6.4)
Cost of sales	(613.5)	(554.1)	(9.7)
Gross Profit	**216.1**	**222.6**	3.0
Selling expenses	(116.8)	(113.2)	(3.1)
R&D expenses	(1.7)	(1.4)	(17.6)
General and administrative expenses	(32.6)	(32.0)	(1.8)
Other operating income and expenses	(11.4)	(2.4)	(78.9)
Profit / loss from operating activities (EBIT)	**53.6**	**73.6**	37.3
Financial income	8.9	2.0	(77.5)
Financial costs	(30.8)	(29.5)	(4.2)
Other financial result	(0.0)	(0.0)	N/A
Financial result	**(22.0)**	**(27.5)**	25.0
Profit before tax (EBT)	**31.7**	**46.1**	45.4
Result of income tax	(12.1)	(2.5)	(79.3)
Net profit for the reporting period	**19.6**	**43.6**	122.4

Net sales

Net sales decreased by €52.9 million, or 6.4%, from €829.6 million in the year ended December 31, 2019 to €776.7 million in the year ended December 31, 2020. This decrease was primarily due to lower sales prices as result of decreased raw material prices, which we partially passed through to our customers, as well as a decrease in sales volumes in the second quarter of 2020 as a result of the COVID-19 pandemic. Our sales volumes started to recover beginning with the third quarter 2020 and in the fourth quarter of 2020 exceeded our sales volume for the same period in 2019.

The table below shows our net sales by division for the years ended December 31, 2019 and 2020, respectively:

	Year ended December 31,	
(€ million)	**2019**	**2020**
Engineered Wood Products[(1)]	728.9	687.9
Silekol[(2)]	140.1	121.1
Others/Elimination[(3)]	(39.5)	(32.2)
Net sales	**829.6**	**776.7**

(1) Comprises (i) external net sales of our Engineered Wood Products division of €711.1 million in the year ended December 31, 2019 and €671.2 million in the year ended December 31, 2020, (ii) net sales by our Engineered Wood Products division to Panel East in the amount of €17.2 million in the year ended December 31, 2019 and €16.6 million in the year ended December 31, 2020 and (iii) net sales by our Engineered Wood Products division to our Silekol division in the amount of €0.6 million in the year ended December 31, 2019 and €0.1 million in the year ended December 31, 2020.

(2) Comprises (i) external net sales of our Silekol division of €62.7 million in the year ended December 31, 2019 and €54.8 million in the year ended December 31, 2020, (ii) net sales by our Silekol division to Panel East in the amount of €38.5 million in the year ended December 31, 2019 and €34.2 million in the year ended December 31, 2020 and (iii) net sales by our Silekol division to our Engineered Wood Products division in the amount of €38.9 million in the year ended December 31, 2019 and €32.2 million in the year ended December 31, 2020.

(3) Represents the elimination upon consolidation of net sales between our two divisions.

Engineered Wood Products

Net sales decreased by €41.0 million, or 5.6%, from €728.9 million in the year ended December 31, 2019 to €687.9 million in the year ended December 31, 2020. This decrease was primarily due to a €27.0 million decrease in sales prices mainly due to a decrease in raw material prices, which we partially passed through to our customers, as well as a decrease in sales volumes of 2.6% as a result of the temporary shutdown of the production facilities of some of our key customers in the kitchen and furniture industries in Germany and Poland in the second quarter of 2020 due to the implementation of lockdown orders in response to the COVID-19 pandemic. Our sales volumes started to recover beginning with the third quarter 2020 and in the fourth quarter of 2020 exceeded our sales volume for the same period in 2019.

Silekol

Net sales decreased by €19.0 million, or 13.6%, from €140.1 million in the year ended December 31, 2019 to €121.1 million in the year ended December 31, 2020. This decrease was primarily due to a decrease in sales prices of €13.3 million, or 9.5%, primarily as result of decreased raw material prices, which we partially passed through to our customers, as well as a 3.4% decrease in sales volumes as a result of the temporary shutdown of the production facilities of some of our key customers in the wood-based panel production, packaging, construction and building materials industries in the second quarter of 2020 due to the implementation of lockdown orders in response to the COVID-19 pandemic. Our sales volumes started to recover beginning with the third quarter 2020 and in the fourth quarter of 2020 exceeded our sales volume for the same period in 2019.

Cost of Sales

Total cost of sales decreased by €59.4 million, or 9.7%, from €613.5 million in the year ended December 31, 2019 to €554.1 million in the year ended December 31, 2020. This decrease was primarily due to a decrease in raw materials of €47.2 million resulting from lower prices for wood and chemicals, a €4.3 million decrease in energy costs due to higher supplier payments for burning material, as well as the implementation of our material efficiency initiatives and our comprehensive headcount reduction program. The decrease was partially offset by an increase of depreciation and amortization of €2.9 million.

Selling Expenses

Selling Expenses decreased by €3.6 million, or 3.1%, from €116.8 million in the year ended December 31, 2019 to €113.2 million in the year ended December 31, 2020. This decrease was primarily due to a €2.9 million decrease in freight out expenses driven by lower sales volume as well as the positive impact from our logistics cost reduction programs.

R&D Expenses

R&D expenses decreased by €0.3 million, or 17.6%, from €1.7 million in the year ended December 31, 2019 to €1.4 million in the year ended December 31, 2020. This decrease was primarily due to lower personnel expenses and lower service expenses for technical advisory services.

General and Administrative Expenses

General and administrative expenses decreased by €0.6 million, or 1.8%, from €32.6 million in the year ended December 31, 2019 to €32.0 million in the year ended December 31, 2020. This decrease was primarily due to significant one-off severance expenses in 2019 as well as the positive impact from our SG&A headcount reduction initiatives.

Other Operating Income and Expenses

Other operating income and expenses decreased by €9.0 million, or 78.9%, from an expense of €11.4 million in the year ended December 31, 2019 to an expense of €2.4 million in the year ended December 31, 2020. This decrease was primarily due to a decrease in consulting costs incurred in connection with our cost saving initiatives and restructuring costs.

Result of Income Tax

The following table shows our income taxes for the years ended December 31, 2020 and 2019.

(€ million)	Year ended December 31, 2019	Year ended December 31, 2020
Current income taxes	(10.7)	(3.3)
Deferred income taxes	(1.4)	0.7
Result of income tax	**(12.1)**	**(2.5)**

Result of income tax decreased by €9.6 million, or 79.3%, from €12.1 million in the year ended December 31, 2019 to €2.5 million in the year ended December 31, 2020. This decrease was primarily due to the fact that with effect from January 1, 2020, the Issuer and its consolidated subsidiaries located in Germany (other than Heller Holz GmbH) became part of the Parent's tax group for income tax purposes and, accordingly, we did not record any result of income tax, including current and deferred tax, relating to the Issuer and its consolidated subsidiaries located in Germany (other than Heller Holz GmbH) in our Consolidated Financial Statements for the year ended December 31, 2020.

Adjusted EBITDA

Adjusted EBITDA increased by €8.3 million, or 6.8%, from €122.8 million in the year ended December 31, 2019 to €131.1 million in the year ended December 31, 2020. This increase was primarily due to the impact of our cost saving initiatives and the overall net positive pass-through in our Engineered Wood Products division, with sales price decreases that were relatively lower than declining raw material prices, which offset the decrease in net sales due to the COVID-19 pandemic.

The table below shows our Adjusted EBITDA by division for the years ended December 31, 2019 and 2020, respectively:

(€ million)	Year ended December 31, 2019	Year ended December 31, 2020
Adjusted EBITDA	122.8	131.1
Engineered Wood Products	109.0	113.6
Silekol	13.8	17.5

Engineered Wood Products

Adjusted EBITDA in our Engineered Wood Products division increased by €4.6 million, or 4.2%, from €109.0 million in the year ended December 31, 2019 to €113.6 million in the year ended December 31, 2020. This increase was primarily due to cost savings of €19.4 million realized in 2020 resulting from the ongoing implementation of our cost saving and price improvement initiatives (included in price pass-through), and a net pass-through of raw material costs, with sales price decreases that were relatively lower than declining raw material prices, which offset the decrease in net sales volumes due to the COVID-19 pandemic.

Silekol

Adjusted EBITDA in our Silekol division increased by €3.7 million, or 26.8%, from €13.8 million in the year ended December 31, 2019 to €17.5 million in the year ended December 31, 2020. This increase was primarily due to improved customer mix and variable and fixed cost savings, which offset lower sales volumes and led to higher contribution margins.

Year Ended December 31, 2019 Compared with Year Ended December 31, 2018

The following table sets out certain information with respect to our consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2018 compared to the year ended December 31, 2019.

(€ million)	Year ended December 31, 2018	Year ended December 31, 2019	% Change
Net sales	865.6	829.6	(4.2)
Cost of sales	(637.1)	(613.5)	(3.7)
Gross Profit	**228.5**	**216.1**	**(5.4)**
Selling expenses	(116.7)	(116.8)	0.1
R&D expenses	(1.4)	(1.7)	21.4
General and administrative expenses	(30.2)	(32.6)	7.9
Other operating income and expenses	(1.9)	(11.4)	500.0
Profit / loss from operating activities (EBIT)	**78.2**	**53.6**	(31.5)
Financial income	7.1	8.9	25.4
Financial costs	(26.4)	(30.8)	16.7
Other financial result	(0.0)	(0.0)	N/A
Financial result	**(19.2)**	**(22.0)**	14.6
Profit before tax (EBT)	**59.0**	**31.7**	(46.3)
Result of income tax	(18.6)	(12.1)	(34.9)
Net profit for the reporting period	**40.4**	**19.6**	(51.5)

Net sales

Net sales decreased by €36.0 million, or 4.2%, from €865.6 million in the year ended December 31, 2018 to €829.6 million in the year ended December 31, 2019. The decrease is primarily attributed to the decrease in net sales from our Engineering Wood Products division, while sales volumes from our Silekol division remained at a stable level due to increased inter-divisional sales compared to sales to external customers.

The table below shows our net sales by division for the years ended December 31, 2019 and 2020, respectively:

(€ million)	Year ended December 31, 2018	Year ended December 31, 2019
Engineered Wood Products[(1)]	757.7	728.9
Silekol[(2)]	146.4	140.1
Others/Elimination[(3)]	(38.6)	(39.5)
Net sales	**865.6**	**829.6**

(1) Comprises (i) external net sales of our Engineered Wood Products division of €736.3 million in the year ended December 31, 2018 and €711.1 million in the year ended December 31, 2019, (ii) net sales by our Engineered Wood Products division to Panel East in the amount of €20.2 million in the year ended December 31, 2018 and €17.2 million in the year ended December 31, 2019 and (iii) net sales by our Engineered Wood Products division to our Silekol division in the amount of €1.2 million in the year ended December 31, 2018 and €0.6 million in the year ended December 31, 2019.

(2) Comprises (i) external net sales of our Silekol division of €64.0 million in the year ended December 31, 2018 and €62.7 million in the year ended December 31, 2019, (ii) net sales by our Silekol division to Panel East in the amount of €45.1 million in the year ended December 31, 2018 and €38.5 million in the year ended December 31, 2019 and (iii) net sales by our Silekol division to our Engineered Wood Products division in the amount of €37.3 million in the year ended December 31, 2018 and €38.9 million in the year ended December 31, 2019.

(3) Represents the elimination upon consolidation of net sales between our two divisions.

Engineered Wood Products

Net sales decreased by €28.8 million, or 3.8%, from €757.7 million in the year ended December 31, 2018 to €728.9 million in the year ended December 31, 2019. This decrease was primarily due to a €13.9 million decrease in sales volumes, mainly resulting from the temporary interruption of the operations at our Baruth plant due to a fire accident in 2019, a decrease in sales of MCF color products as well as a decrease in sales prices of €12.8 million as a result of decreasing raw materials prices, which we partially passed on to our customers. Excluding the decrease in sales volumes resulting from the fire at our Baruth plant, total net sales in the year ended December 31, 2019 would have decreased by €20.5 million, or 2.7%.

Silekol

Net sales decreased by €6.3 million, or 4.3%, from €146.4 million in the year ended December 31, 2018 to €140.1 million in the year ended December 31, 2019. This decrease was primarily due to a €8.1 million decrease in the sale prices for our resin products, which was due to a decline in raw material prices, mainly methanol and melamine, which was slightly offset by an increase in sale volumes.

Cost of Sales

Total cost of sales decreased by €23.6 million, or 3.7%, from €637.1 million in the year ended December 31, 2018 to €613.5 million in the year ended December 31, 2019. This decrease was primarily due to a decrease in raw materials costs of €38.0 million resulting from lower prices for wood and chemicals, partially offset by an increase of depreciation and amortization of €4.5 million.

Selling Expenses

Selling Expenses increased by €0.1 million, or 0.1%, from €116.7 million in the year ended December 31, 2018 to €116.8 million in the year ended December 31, 2019.

R&D Expenses

R&D expenses increased by €0.3 million, or 21.4%, from €1.4 million in the year ended December 31, 2018 to €1.7 million in the year ended December 31, 2019. The increase was primarily due to an increase in services costs related to the external audit of our Engineered Wood Products division and an increase in R&D expenses at our facility in Neumarkt.

General and Administrative Expenses

General and administrative expenses increased by €2.4 million, or 7.9%, from €30.2 million in the year ended December 31, 2018 to €32.6 million in the year ended December 31, 2019. The increase was primarily due to an increase in services costs related to IT and legal services as well as an increase in consulting fees and higher personnel costs, which was mainly driven by one-off severance expenses.

Other Operating Income and Expenses

Other operating income and expenses increased by €9.5 million from an expense of €1.9 million in the year ended December 31, 2018 to an expense of €11.4 million in the year ended December 31, 2019. The increase was primarily due to an increase in costs incurred in connection with our cost saving initiatives as well as restructuring costs.

Result of Income Tax

The following table shows our income taxes for the years ended December 31, 2019 and 2018.

(€ million)	Year ended December 31, 2018	Year ended December 31, 2019
Current income taxes	(16.4)	(10.7)
Deferred income taxes	(2.2)	(1.4)
Result of income tax	**(18.6)**	**(12.1)**

Result of income tax decreased by €6.5 million, or 34.9%, from an expense of €18.6 million in the year ended December 31, 2018 to an expense of €12.1 million in the year ended December 31, 2019. This decrease was primarily due to a reduction in net profit in 2019 and the payment in 2018 of tax arrears in connection with the tax audit for the years 2010 to 2015.

Adjusted EBITDA

Adjusted EBITDA decreased by €3.6 million, or 2.8%, from €126.4 million in the year ended December 31, 2018 to €122.8 million in the year ended December 31, 2019. This decrease was primarily due a decrease in sales volumes in our Engineered Wood Products division.

The table below shows our Adjusted EBITDA by division for the years ended December 31, 2018 and 2019, respectively:

	Year ended December 31,	
(€ million)	**2018**	**2019**
Adjusted EBITDA	126.4	122.8
Engineered Wood Products	112.9	109.0
Silekol	13.6	13.8

Engineered Wood Products

Adjusted EBITDA in our Engineered Wood Products division decreased by €3.9 million, or 3.5%, from €112.9 million in the year ended December 31, 2018 to €109.0 million in the year ended December 31, 2019. This decrease was primarily due to a decline in sales volumes.

Silekol

Adjusted EBITDA in our Silekol division slightly increased by €0.2 million, or 1.5%, from €13.6 million in the year ended December 31, 2018 to €13.8 million in the year ended December 31, 2019. Adjusted EBITDA in our Silekol division was supported primarily by procurement improvements, fixed and variable costs efficiency initiatives as well as higher sales volumes, which offset lower prices for chemicals.

Liquidity and Capital Resources

Historically, our primary source of liquidity has been our cash flows from operations as well as the Existing Revolving Credit Facilities, amounts drawn under our Engineered Wood Products division's securitization program, which currently provides for a financing volume of up to €60 million, and amounts drawn under our Silekol division's factoring facility, which currently provides for a financing volume of up to PLN 40 million. Pursuant to our Engineered Wood Products divisions' securitization program, certain companies within Pfleiderer sell eligible receivables to Silvertower, our securitization counterparty, on a weekly basis. This securitization program is non-recourse (with the exception of certain purchase price reductions retained to minimize risk for the buyer of our receivables). As of December 31, 2020, we had sold €29 million of accounts receivables under our Engineered Wood Products division's securitization program. Pursuant to our Silekol division's factoring facility, we sell receivables to Bank Millennium S.A. on a bi-weekly basis. This factoring facility is non-recourse (with the exception of certain purchase price reductions retained to minimize risk for the buyer of our receivables). As of December 31, 2020, we had sold €2 million of accounts receivables under our Silekol division's securitization program. See "*Description of Certain Financing Arrangements—Securitization Program*" and "*Description of Certain Financing Arrangements—Factoring Facility.*" Our primary cash needs relate to capital and other expenditures, maintaining and refurbishing our production facilities, manufacturing equipment and fleet of trucks and meeting debt service requirements. Our ability to generate cash depends on our future operating performance, which in turn depends to some extent on general economic, financial, industry and other factors, many of which are beyond our control, discussed in " *—Key Factors Affecting Results of Operations*" and "*Risk Factors*."

In order to preserve quick access to liquidity during the COVID-19 pandemic, we temporarily drew amounts available for borrowing under our Existing Euro-denominated Revolving Credit Facility, which we subsequently repaid in full during the third quarter of 2020, and as of December 31, 2020, no amounts were outstanding under our Existing Euro-denominated Revolving Credit Facility. In connection with the Transactions, we will repay and cancel our Existing Euro-denominated Revolving Credit Facility and put in place the New Revolving Credit

Facility, which will provide for borrowings of up to €65.0 million to service our working capital and general corporate needs. The availability of this facility is dependent upon certain conditions described further under "*Description of Certain Financing Arrangements—New Revolving Credit Facility Agreement*." The New Revolving Credit Facility provides for revolving loans in an amount up to €65.0 million and will mature fifty four (54) months years after the Issue Date. We expect the New Revolving Credit Facility to be undrawn on the Issue Date.

We believe that, based on our current cash flows, our sources of liquidity, together with borrowings under the New Revolving Credit Facility, are sufficient to mitigate the potential risk that could arise from the COVID-19 pandemic and will be sufficient to fund our operations, capital expenditure and debt service for at least the next twelve months. We cannot, however, assure you that our business will generate sufficient cash flows from operating activities, that the currently anticipated cost savings and operating improvements will be realized, or that future borrowings will be available under our securitization program, our factoring facility or our New Revolving Credit Facility in an amount sufficient to enable us to service our indebtedness or to fund our other liquidity needs.

Cash Flows

Reported Cash Flows

Our principal sources of funds have been cash generated from our operating activities. Our principal uses of cash are to fund capital expenditures, working capital and debt service obligations. Our historical consolidated statement of cash flows reflects the effects on our cash flows from historical cash pooling arrangements with our Parent and Panel East by way, amongst others, of intercompany loans, affecting in particular our net cash (used in)/provided by investing activities as well as our net cash (used in)/provided financing activities, including payments made in the context of the financing of the take private of our Parent by the Sponsor and the optimization of our corporate structure. We unwound these intercompany loans and intercompany transactions in connection with the optimization of our corporate structure in the year ended December 31, 2020. In this offering memorandum, we also present and discuss our Adjusted Free Cash Flow for the years ended December 31, 2018, 2019 and 2020, which excludes the effects of such intercompany transactions, which we consider to be largely exceptional, on our cash flows. We believe Adjusted Free Cash Flow is a useful metric for investors to understand our cash flows resulting from our operating activities. See "*—Adjusted Free Cash Flow*."

	Year ended December 31,		
(€ million)	**2018**	**2019**	**2020**
Net cash provided by operating activities	76.3	118.0	108.3
Net cash (used in)/provided by investing activities	(137.9)	59.8	(20.0)
Net cash provided by/(used in) financing activities	24.9	(166.5)	(43.3)
Cash at beginning of the period	**52.2**	**15.3**	**26.5**
Cash at end of the period	**15.3**	**26.5**	**71.2**

Net Cash Provided by Operating Activities

Net cash provided by operating activities decreased by €9.7 million, or 8.2%, from €118.0 million in the year ended December 31, 2019 to €108.3 million in the year ended December 31, 2020. This decrease was primarily due to (i) an increase in trade and other receivables of €22.2 million in the year ended December 31, 2019 compared to a decrease in trade and other receivables of €6.7 million in the year ended December 31, 2020, an increase in inventories of €10.6 million in the year ended December 31, 2019 compared to an increase in inventories of €0.9 million in the year ended December 31, 2020 and a decrease in trade and other payables of €9.4 million in the year ended December 31, 2019 compared to a decrease in trade and other payables of €0.4 million in the year ended December 31, 2020 and (ii) a decrease in income tax paid of €3.6 million, all of which were partly offset by an increase in depreciation and amortization of €4.7 million and an increase in net profit of €24.0 million.

Net cash provided by operating activities increased by €41.7 million, or 54.9%, from €76.3 million in the year ended December 31, 2018 to €118.0 million in the year ended December 31, 2019. This increase was primarily due to (i) a decrease in trade and other receivables of €0.3 million in the year ended December 31, 2018 compared to an increase in trade and other receivables of €22.2 million in the year ended December 31, 2019, a decrease in inventories of €12.5 million in the year ended December 31, 2018 compared to an increase in inventories of €10.6 million in the year ended December 31, 2019 and a decrease in trade and other payables of

€3.1 million in the year ended December 31, 2018 compared to a decrease in trade and other payables of €9.4 million in the year ended December 31, 2019, and (ii) a decrease in income tax paid in an amount of €15.2 million and an increase in depreciation and amortization of €4.5 million, all of which were partly offset by a decrease in net profit of €20.8 million.

Net Cash (Used in)/Provided by Investing Activities

Net cash provided by/(used in) in investing activities changed by €79.8 million, or 133.4%, from an inflow of €59.8 million in the year ended December 31, 2019 to an outflow of €20.0 million in the year ended December 31, 2020. Our cash payments for capital expenditures in the year ended December 31, 2020 were slightly lower (€43.2 million) than our cash payments for capital expenditures in the year ended December 31, 2019 (€46.2 million). In the year ended December 31, 2020, Silekol exited the Panel East cash pooling arrangement and received a repayment of €15.7 million of funds advanced to the cash pool. Additionally, the loan granted by our Engineered Wood Products division to Panel East in the year ended December 31, 2019 in the amount of €3.1 million was repaid. In addition, our Engineered Wood Products division paid a dividend to the Parent in the amount of €10.0 million (net of tax) (presented in financing activities), which was partially set off against an intercompany loan granted to the Parent in 2015 in the amount of €7.4 million. In addition, our Engineered Wood Products division provided €4.8 million of funds to the Parent via our existing cash pooling arrangements.

Net cash provided by/(used in) in investing activities changed by €197.7 million, or 143.4% from an outflow of €137.9 million in the year ended December 31, 2018 to an inflow of €59.8 million in the year ended December 31, 2019. Our cash payments for capital expenditures in the year ended December 31, 2019 were lower (€46.2 million) than our cash payments for capital expenditures in the year ended December 31, 2018 (€64.3 million). In the year ended December 31, 2019, our Parent repaid certain intercompany loans owed to our Engineered Wood Panels division with a principal amount of €117.2 million and interest of €8.3 million, which repayment took place in the form of a set off against a capital repayment of €125.0 million (presented in financing activities) paid by our Engineered Wood Panels division to the Parent. In the year ended December 31, 2019, Silekol joined the Panel East cash pool providing €15.7 million funds, which were subsequently repaid in 2020. Additionally, our Engineered Wood Products division granted a short-term intercompany loan in the amount of €3.1 million to Panel East segment to increase Panel East's liquidity. This loan was subsequently repaid in 2020. In the year ended December 31, 2018, our Engineered Wood Products division granted two intercompany loans to the Parent for the purposes of share buy-backs, which amount to €15.0 million (funded with own funds) and €95.0 million (funded with an external loan), respectively (presented in financing activities).

In the year ended December 31, 2018, the Parent repaid an intercompany loan owed to our Engineered Wood Products division , which was set off against a dividend paid by our Engineered Wood Products division to our Parent in the amount of €26.7 million (presented in financing activities). In addition, Silekol paid a dividend in the amount of €12.7 million to Pfleiderer Polska Sp. z o.o. (presented in financing activities). In addition, our Engineered Wood Products division received a cash repayment of an outstanding intercompany loan in the amount of €6.0 million.

Net Cash Provided by/(Used in) Financing Activities

Net cash used in financing activities decreased by €123.2 million, or 74.0%, from €166.5 million in the year ended December 31, 2019 to €43.3 million in the year ended December 31, 2020. This decrease was primarily due to distribution of capital reserves in the amount of €125.0 million in the year ended December 31, 2019 and lower interest paid in the year ended December 31, 2020.

Net cash provided by/(used in) financing activities changed by €191.4 million from a cash inflow of €24.9 million in the year ended December 31, 2018 to a cash outflow of €166.5 million in the year ended December 31, 2019. This change was primarily attributed to distribution of capital reserves in the amount of €125.0 million in the year ended December 31, 2019 and higher interest paid in the year ended December 31, 2020. The dividend in the year 2019 was paid by Silekol to Pfleiderer Polska Sp. z o.o.

Adjusted Free Cash Flow

The following table presents our Adjusted Free Cash flow for the years ended December 31, 2018, 2019 and 2020, which excludes the effects of certain intercompany transactions, which we consider to be largely exceptional, on our cash flows. See also "*—Reported Cash Flows*." We present and discuss Adjusted Free Cash Flow because management believes it to be a useful metric for investors to understand our cash flows resulting from our operating activities. Adjusted Free Cash Flow is a Non-IFRS Measure and subject to important limitations. See "*Presentation of Financial Information—Non-IFRS Measures.*"

(in € million)	Year Ended December 31,		
	2018	**2019**	**2020**
Adjusted EBITDA	126.4	122.8	131.1
Change in total working capital as shown in our unaudited management accounts[(a)]	(22.7)	23.9	(6.6)
Change in employee benefit obligations	(2.3)	(2.3)	(2.3)
Change in provisions	1.2	7.2	(1.2)
Income taxes (paid)/received	(26.1)	(10.9)	(7.3)
Capital expenditures	(57.8)	(46.6)	(42.8)
Adjusted Free Cash Flow	**18.6**	**94.0**	**71.0**

(a) The following table presents our total working capital and change of total working capital as shown in our unaudited management accounts as of the dates indicated:

(€ million)	As of December 31,		
	2018	**2019**	**2020**
Trade working capital	**26.6**	**5.1**	**(0.2)**
Current prepayments and accrued income	1.3	1.2	2.8
Current VAT receivables	2.7	2.4	1.6
Other receivables	17.7	12.0	10.4
Other non-current assets	0.5	0.5	0.4
Total working capital assets	**48.8**	**21.0**	**15.0**
Accrual for sales rebates	(11.3)	(10.5)	(10.3)
Liabilities under factoring agreements	(23.6)	(19.0)	(13.9)
Insolvency-related liabilities of PCF GmbH to trustee of Pfleiderer AG	(7.8)	(7.8)	(0.1)
Liabilities related to the declared dividends	0.0	0.0	0.0
VAT liabilities	(0.8)	(0.6)	(0.1)
Liabilities for capital expenditures	(0.7)	(1.2)	(0.8)
Other liabilities	(4.6)	(4.6)	(7.2)
Other personnel liabilities	(17.9)	(19.8)	(18.6)
Other non-current Liabilities	0.0	(0.1)	(0.1)
Total working capital liabilities	**(66.7)**	**(63.5)**	**(51.0)**
Total working capital	**(17.9)**	**(42.5)**	**(36.1)**
Change in total working capital	**(24.0)**	**24.6**	**(6.5)**
Other/reconciliation adjustment[(i)]	1.3	(0.7)	0.1
Change in total working capital as shown in our unaudited management accounts	**(22.7)**	**23.9**	**(6.6)**

(i) Relates primarily to a different classification of certain line items in our historical consolidated cash flow statement as well as certain foreign exchange movements.

Adjusted Free Cash flow in the year ended December 31, 2018 was €18.6 million. Our Adjusted Free Cash Flow in the year ended December 31, 2018 was negatively affected by limited working capital management leading to a high level of inventories and a low level of trade payables as well as subsequent tax payments.

Adjusted Free Cash flow in the year ended December 31, 2019 was €94.0 million. Our Adjusted Free Cash Flow in the year ended December 31, 2019 improved because of the reduction of our high levels of inventory built up in 2018 as well as the implementation of more favorable payment terms with Panel East, which lead to a one-off inflow of cash in the year ended December 31, 2019.

Adjusted Free Cash flow in the year ended December 31, 2020 was €71.0 million. Our Adjusted Free Cash Flow in the year ended December 31, 2020 reflects normalized levels of inventory during the year and did not benefit from the one-off inflow of cash that we experienced in the year ended December 31, 2019.

Trade Working Capital

We monitor and constantly attempt to optimize the level of working capital.

The level of our inventories is primarily affected by our expectations on sales projections and the amounts required to ensure prompt delivery to our customers. We closely manage our inventory levels and we also take into consideration certain production processes, such as efficiency optimizations and facility standstills during vacation periods or for scheduled maintenance work. Strategic purchases of larger quantities of raw materials, such as before previously announced price increases by our suppliers become effective, may temporarily increase inventory levels. Inventories are also affected by our need to increase our stock of wood-based materials for the winter months and they typically decrease in the fourth quarter due to the holiday period. For these reasons, the development of inventory levels does not necessarily mirror net sales development to the same degree as trade payables and, particularly, trade accounts receivable.

Trade accounts receivable generally develop in line with the development of net sales on a trailing basis. We monitor the terms of trade with our customers, with the main focus on generating net sales with acceptable payment conditions, which also depend on country-specific patterns in the behavior of our customers that we may need to accommodate. In particular, we focus on keeping our customer payment terms relatively short to match our supplier terms. In addition, to efficiently manage our working capital needs, we sell approximately 70% of our trade receivables to factoring providers under full non-recourse factoring arrangements and our Securitization Program. As of the date of this offering memorandum, we have seen only a limited impact on our trade accounts receivable arising from the COVID-19 pandemic, primarily in relation to accounts receivables from customers located in countries other than Germany, which has to date not resulted in a significant ageing of our trade receivables. Starting in the second half of 2020, we have seen a positive recovery of previously overdue accounts receivable. In addition, we maintain insurance coverage for the vast majority of our trade accounts receivables.

The following information is a summary of our historical unaudited trade working capital as derived from the Consolidated Financial Statements and the internal reporting system.

	As of December 31,		
(€ million)	**2018**	**2019**	**2020**
Trade receivables from third and related parties after factoring	32.1	16.1	23.5
Engineered Wood Products	*12.6*	*11.3*	*15.6*
Silekol	*22.2*	*6.6*	*11.2*
Others/Elimination	*(2.8)*	*(1.7)*	*(3.3)*
Inventories	75.3	64.7	63.8
Engineered Wood Products	*68.6*	*60.6*	*60.7*
Silekol	*6.6*	*4.0*	*3.1*
Trade payables to third and related parties	(80.8)	(75.7)	(87.5)
Engineered Wood Products	*(58.7)*	*(58.1)*	*(72.8)*
Silekol	*(24.8)*	*(19.3)*	*(18.0)*
Others/Elimination	*2.8*	*1.8*	*3.3*
Trade working capital	**26.6**	**5.1**	**(0.2)**
Engineered Wood Products	*22.6*	*13.8*	*3.4*
Silekol	*4.0*	*(8.7)*	*(3.6)*
Others/Elimination	*0.0*	*0.0*	*0.0*

Trade Working Capital

Engineered Wood Products

Trade working capital decreased by €10.4 million, or 75.4%, from €13.8 million in the year ended December 31, 2019 to €3.4 million in the year ended December 31, 2020. This decrease was primarily due to an increase in trade payables to third and related parties of €11.8 million, or 15.6%, from €75.7 million in the year ended December 31, 2019 to €87.5 million in the year ended December 31, 2020, which offset the increase in trade receivables from third and related parties after factoring of €7.4 million, or 46.0%, from €16.1 million in the year ended December 31, 2019 to €23.5 million in the year ended December 31, 2020.

Trade working capital decreased by €8.8 million, or 38.9%, from €22.6 million in the year ended December 31, 2018 to €13.8 million in the year ended December 31, 2019. The decrease is primarily attributed to a €8.0 million decrease in our inventories.

Silekol

Trade working capital increased by €5.1 million, or 58.6%, from €(8.7) million in the year ended December 31, 2019 to €(3.6) million in the year ended December 31, 2020. This increase was primarily due to an increase trade receivables from third and related parties after factoring of €4.6 million, or 69.7%, from €6.6 million in the year ended December 31, 2019 to €11.2 million in the year ended December 31, 2020, and the decrease in trade payables to third and related parties of €1.3 million, or 6.7%, from €19.3 million in the year ended December 31, 2019 to €18.0 million in the year ended December 31, 2020.

Trade working capital decreased by €12.7 million, from €4.0 million in the year ended December 31, 2018 to €(8.7) million in the year ended December 31, 2019. The decrease is primarily attributed to a €15.6 million decrease in receivables from third and related parties after factoring.

Capital Expenditures

The following table sets forth our capital expenditures for the periods indicated:

	Year ended December 31,		
(€ million)	**2018**	**2019**	**2020**
Additions to property, plant and equipment	57.5	49.9	33.1
Additions to intangible assets excluding emission rights	2.7	2.9	6.2
Change in advances paid on fixed assets	(2.4)	(6.2)	3.5
Total capital expenditures	**57.8**	**46.6**	**42.8**
thereof Engineered Wood Products	*49.1*	*43.5*	*40.1*
thereof maintenance capital expenditures	*27.0*	*26.9*	*29.1*
thereof growth & efficiency capital expenditures	*22.1*	*16.6*	*11.0*
thereof Silekol	*8.7*	*3.1*	*2.7*
thereof maintenance capital expenditures	*0.6*	*1.0*	*1.1*
thereof growth & efficiency capital expenditures	*8.1*	*2.0*	*1.6*

We define "capital expenditures" as (a) additions to property, plant and equipment *plus* (b) additions to intangible assets excluding emission rights *plus* (c) change in advances paid on fixed assets.

We define maintenance capital expenditures as (a) capital expenditures used primarily for maintenance, replacement and overhaul of plant and equipment, which is predominantly intended to maintain plant and equipment in good working order and conditions but not to increase production capacity or optimize productivity, (b) capitalized expenditures relating to our information technology systems, as well as (c) capital expenditures incurred to comply with applicable rules, laws and regulations, whether environmental or otherwise, including but not limited to capitalized expenditures associated with the application for environmental permits and licenses and the use, handling, disposal of or exposure to chemicals and hazardous substances (including waste and waste water) and the control of atmospheric and water pollution ("regulatory capital expenditures").

Growth & efficiency capital expenditures primarily comprise (a) capital expenditures made in connection with maximizing the productivity of existing production capacities and reducing manufacturing or other costs through efficiency improvement programs ("efficiency capital expenditures") as well as (b) capital expenditures made in connection with expanding production capacities ("growth capital expenditures"); and (c) capital expenditures used to reduce carbon emissions, increase the share of recycled wood used in our manufacturing processes or otherwise reduce the impact of our activities on the environment above and beyond the requirements of applicable rules, laws and regulations ("environmental capital expenditures").

We incurred €57.8 million, €46.6 million and €42.8 million of capital expenditures in the years ended 2018, 2019 and 2020, respectively, of which €27.6 million (3.2% of net sales for the year ended December 31, 2018), €27.9 million (3.4% of net sales for the year ended December 31, 2019) and €30.2 million (3.9% of net sales for the year ended December 31, 2020), respectively, related to maintenance capital expenditures and €30.2 million (3.5% of net sales for the year ended December 31, 2018), €18.6 million (2.3% of net sales for the year ended December 31, 2019) and €12.6 million (1.8% of net sales for the year ended December 31, 2020), respectively related to growth & efficiency capital expenditures. As a result of the COVID-19 pandemic, we have strategically reduced our capital expenditures for the year ended December 31, 2020.

While we believe our production facilities are generally in good condition and adequate for our existing needs, we will continue to invest in our production facilities in order to improve productivity, product quality and energy efficiency as well as to expand capacity, if necessary, to meet demand for our existing and potential new products. As we continue to invest in the improvement and optimization of our production facilities, capital expenditures may increase. However, subject to further development of markets and economies in general, including as a result of the COVID-19 pandemic, and our business in particular, we expect that capital expenditures in 2021 will remain close to the level of 2020 and we do not expect to make any significant capital expenditures during that time that could not be financed from current cash flows.

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet arrangements. We do not have any other relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. We do not engage in off-balance sheet financing arrangements. In addition, we do not engage in trading activities involving non-exchange traded contracts.

Employee benefit obligations

In addition to the obligations shown in the table under "*—Contractual Obligations*," we have employee-benefit obligations. We operate unfunded defined benefit pension schemes for beneficiaries. As of December 31, 2020, we had total employee-benefit obligations of €54.3 million, which were entirely unfunded.

We grant our employees performance-based pension plans on a case-by-case basis, however, we are subject to obligations from certain performance-based pension plans that were previously approved under several pension regulations and which include age, invalidity and survivor benefits. Our defined benefit obligations are based on different factors that differ by plan, including pay at retirement, fixed amounts, seniority, certain actuarial and underlying assumptions in Germany, including discount rates, life expectancies and rates of increase in compensation levels. Additionally, under German law, pension obligations are required to be adjusted in line with the development of the general consumer price index. As pension obligations are required to be adjusted according to changes in these factors, such pension obligations are subject to change. We closed our pension funds to new entrants in 1986, so we expect these pension obligations will decrease with time.

If actual results, especially discount rates or life expectancies were to differ from our underlying and actuarial assumptions, our pension obligations could be higher or lower than expected and we could incur remeasurements (gains or losses). Changes in all assumptions could also adversely affect our financial condition and results of operations. Differences between the discount rate can require us to record additional remeasurements.

For more information on our employee benefits obligations, see note 20 to the Consolidated Financial Statements included elsewhere in this offering memorandum.

Environmental Obligations

As of December 31, 2018, 2019 and 2020, we did not recognize any provisions for environmental obligations. As we are currently not expecting to close any additional production facilities, we do not require making provisions for potential recultivation obligations and costs related to environmental damages at abandoned production sites.

Quantitative and Qualitative Disclosures about Market Risk

Liquidity Risk

In addition to the management of interest rate and currency risks, liquidity management represents a key element of our financial management. The goal of the liquidity management is to protect us from insolvency. We mitigate our liquidity risks by entering into credit facilities, such as the New Revolving Credit Facility Agreement, and by ensuring customer diversification to avoid material cash-flow disruptions. In addition, we plan any extraordinary capital expenditures well in advance and consider any such expenditures when managing our liquidity.

Currency Exchange Rate Exposure

We are exposed to currency risk mainly to the extent that there is a mismatch between the currencies in which trade transactions, purchases of materials and merchandise and borrowings are denominated and the respective functional currencies of our Group companies. The functional currencies of our Group companies are primarily the euro and the Polish zloty. The main currencies in which foreign currency transactions are denominated are euro, U.S. dollars and British pound sterling.

The objective of currency risk management is to minimize losses arising out of unfavorable changes in foreign exchange rates. We monitor our currency position from the point of view of cash flows. To manage our currency risk, we first rely on natural hedging and, where necessary, use forward contracts. The time horizon adopted for position monitoring and hedging transactions is analyzed on a case by case basis. In particular, we use forward contracts to hedge currency risk related to commercial transactions, mainly the export of goods. The forward contracts used to hedge our commercial transactions in the Silekol division consist of the sale of euros at pre-determined rates, which helps secure our margins on export sales and mitigate the risk of adverse changes due to the appreciation of the Polish zloty.

We estimate that a hypothetical 5% change in the exchange rate of a foreign currency versus the euro and the Polish zloty, could have the net effect of reducing or increasing our profit/(loss) before tax for the year ended December 31, 2020 by approximately €0.3 million.

Commodity Price Risk

Commodity price risk refers to the risk that we will not be able to purchase the raw materials needed for our operations on favorable commercial terms, or at all. In the year ended December 31, 2020, raw materials and energy costs accounted for €364.5 million, or 71%, of our total cost of sales (excluding depreciation and amortization). As a result changes in raw material prices and our ability to pass any price increases to our customers have a material impact on our net sales and profitability.

Interest Rate Risks

Upon the consummation of the offering of the Notes and the application of proceeds therefrom in accordance with the description set forth under "*Use of Proceeds*", the total aggregate principal amount of the Floating Rate Notes and up to €65.0 million available to be drawn under the New Revolving Credit Facility Agreement will bear interest at a floating rate.

Interest rate risks result from such debt, since the basis interest rates in EURIBOR are variable. Central interest rate management has the objective to manage and minimize the interest rate change risks. For this purpose, interest rate trends are regularly analyzed as a part of our management of interest rate risk.

As of the date of this offering memorandum, we do not hedge interest rate risk on a group level and as of December 31, 2020, there were no interest rate hedging transactions.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from our receivables from customers. We sell a wide range of products to numerous industrial and commercial customers in and outside of Germany. A concentration of credit risk related to payment obligations against our customers is minimized due to the high number of customers that we have. During the reporting period, we did not have any single customer that contributed a significant share to our overall net sales. We invest our cash reserves in cash at bank on current accounts with commercial banks with high short-term credit ratings and other high-value financial investments that can be liquidated upon short notice. We monitor our credit risk through regular evaluations of the credit ratings of our investments. We also operate a strict receivables management policy, whereby the risk of customer insolvency is mitigated through the use of trade credit insurance and factoring (in the case of our Silekol division) and an asset-backed commercial paper program (in the case of our Engineered Wood Products division).

As of December 31, 2020, 95% of our trade receivables (85% as of December 31, 2019 and 87% as of December 31, 2018) were covered by insurance policies. In the years ended December 31, 2018, 2019 and 2020, we did not incur any significant losses due to customer defaults. We recognize allowances for impairment losses with respect to uninsured receivables and amounts corresponding to the relevant deductibles under our insurance policies, based on a detailed impairment analysis of accounts receivable. Our total credit risk exposure as of December 31, 2018, 2019 and 2020 was €294.7 million, €188.1 million and €136.5 million, respectively. In addition, based on the country risk and the credit loss experience over the past years, we estimate that our credit loss percentage is between 1% and up to 3% of our total trade receivables, excluding receivables sold through factorings.

Recently Adopted Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the IASB or other standard setting bodies that are adopted by us as of the specified effective date. We believe that the adoption of these new standards did not have a significant impact on our financial statements. Please refer to our Consolidated Financial Statements included elsewhere in this offering memorandum for additional information on recently issued accounting standards and our plans for adoption of those standards.

Critical Accounting Policies and Estimates

In preparing our Consolidated Financial Statements, management has made judgements, estimates and assumptions that affect the application of our accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Useful lives of property, plant and equipment and intangible assets (notes 3(f)(iii) and 3(g(iii) to the Consolidated Financial Statements);
- Goodwill, recoverable amount of non-financial non-current assets (note 11 to the Consolidated Financial Statements);
- Derecognition of trade receivables covered by factoring arrangements (note 16 to the Consolidated Financial Statements);
- Measurement of liabilities under defined employee benefit plans (note 20 to the Consolidated Financial Statements); and
- Provisions and contingent liabilities (notes 21 and 26 to the Consolidated Financial Statements).

For a description of these critical accounting policies, see the notes to the Consolidated Financial Statements included elsewhere in this offering memorandum.

INDUSTRY

Overview

We are active in the wood panel and laminates market with a focus on value-added products. Our product offering covers all major market segments of the broader wood panel and laminates market, including Raw Chipboard (RCB), Medium-Density and High-Density Fiberboard (MDF / HDF), Melamine-Faced Board (MFB), High-Pressure Laminate (HPL) and Lacquered board. We have a focus on the DACH region and selected export markets, in particular the UK and France. Across the regions in which we are active we target premium customers in the kitchen, living furniture and construction end-markets. In 2020, 78% of our gross sales was generated by value-add or high value-add products, which generate superior margins compared to our basic products.

The wood panel and laminates market in Western Europe has a favorable industry structure and a sustainable growth outlook. Our addressable market in DACH, the UK and France is sizable with an estimated size of €4.6 billion in 2020 and is expected to grow at a 4-5% CAGR to €5.7 billion by 2025, driven by secular trends, including to home improvement, premiumization and sustainable construction.

The wood panel and laminates market in Europe is highly consolidated, with the top 3 players accounting for 49% of the market. We are the number two player in both basic and value-added products. The industry enjoys high utilization rates and has benefitted from disciplined capacity management over the last decade. High barriers to entry further support the industry structure.

Product Offering

MFB accounts for the largest share of our addressable market value (40-45%), followed by HPL (25-30%). Both types of product are classified as either value-added or high value-added products. RCB and MDF / HDF account for 15-20% and 10-15% of the market, respectively, and are classified as either basic or value-added products depending on their specifications.

Value-added products are engineered wood-based products which have been given surface treatments (for example, a white melamine surface), moderate functionality improvements (for example, stress and moisture resistance, bending strength or fire protection) and decorative features. Like high value-added products, value-added products are frequently "made to order" to meet customer requirements for specific applications. As a result, they are more difficult to substitute than basic products and exhibit a more stable price and demand pattern.

High value-added products are engineered wood-based products, which have been given advanced surface treatment (including, for example, lacquered or colored melamine surface treatments), significant functionality improvements (including, for example, anti-fingerprint features, impact resistance qualities and ease of care improvements) and a wide variety of decorative designs and finishes. A key characteristic of this category is the frequent made to-order nature of these products. This results in demand stability, price stability and visibility of future revenues. The "made-to-order" nature of value-added products also tends to limit the rate of customer attrition. Further, customers of high value-added products tend to be relatively less sensitive to price increases as the cost of these products represent a smaller percentage of their total budget, as compared to customers of basic products.

The production process of value-added and high value-added products is complex and requires a high level of know-how and experience, as well as dedicated facilities which are expensive to set up and require special permits. The key product offerings sorted by the amount of value-add are as follows:

Raw chipboard (RCB)

RCB accounts for 15-20% of the market and for 16% of the gross sales in our Engineered Wood Products division during the year ended December 31, 2020. RCB is an alternative to solid wood and manufactured by mixing particles or flakes of wood or jute-stick together with a resin, forming the mixture into a sheet. It is lighter, better to work with and has more constant properties compared with solid wood. The largest end-market for RCB is the construction industry, where it is typically used for doors, roofs and walls. The second largest end-market is the furniture market, where RCB is typically used as base material for shelves and furniture structures. Depending on its specifications, RCB is classified as basic product or value-added product, with approximately equal shares among our sales. Growth in the product type is driven by a growing furniture end-market and increased usage in the construction industry, replacing oriented strand board (OSB) driven by price, functional and ecological advantages. The annual industry RCB utilization in 2017, 2018, 2019 and 2020, was 96%, 98%, 96% and 94%, respectively.

Medium-high density fiberboard (MDF / HDF)

MDF / HDF accounts for 10-15% of the market and for 14% of the gross sales in our Engineered Wood Products division during the year ended December 31, 2020. MDF / HDF is manufactured from wood fibers and resin and exists in different medium and high density options. The largest end-market for MDF / HDF is the construction industry, where it is typically used for roofs and doors. The second largest end-market is the furniture market where it is used as base material for furniture fronts and table tops. Raw MDF / HDF is classified as basic product, while lacquered HDF is classified as value-added product. Growth in the product type is mostly driven by growth in the furniture end-market.

Melamine-faced board (MFB)

MFB is the largest product in our addressable market, accounting for 40-50% of the market size and for 44% of the gross sales in our Engineered Wood Products division during the year ended December 31, 2020. MFB is a decorative wood panel based on RCB/MDF/HDF laminated with melamine-impregnated paper surfaces with various formats and features. Melamine-faced chipboard is commonly referred to as MFC. The largest end-market for MFB by far is the kitchen industry, accounting for more than 50% of demand. Key applications in the kitchen industry are furniture fronts and furniture carcass. The second largest end-market is the furniture industry with applications for furniture fronts and table tops. The construction industry accounts for a small part of the demand for MFB, with applications mostly for concrete formwork. Most MFB products are classified as high value-added products, with only white MFC is classified as a value-added product. Growth in the product category is driven by the increased usage of MFB in niche markets, alongside the structural growth in the premium kitchen end-market.

High-pressure laminate (HPL)

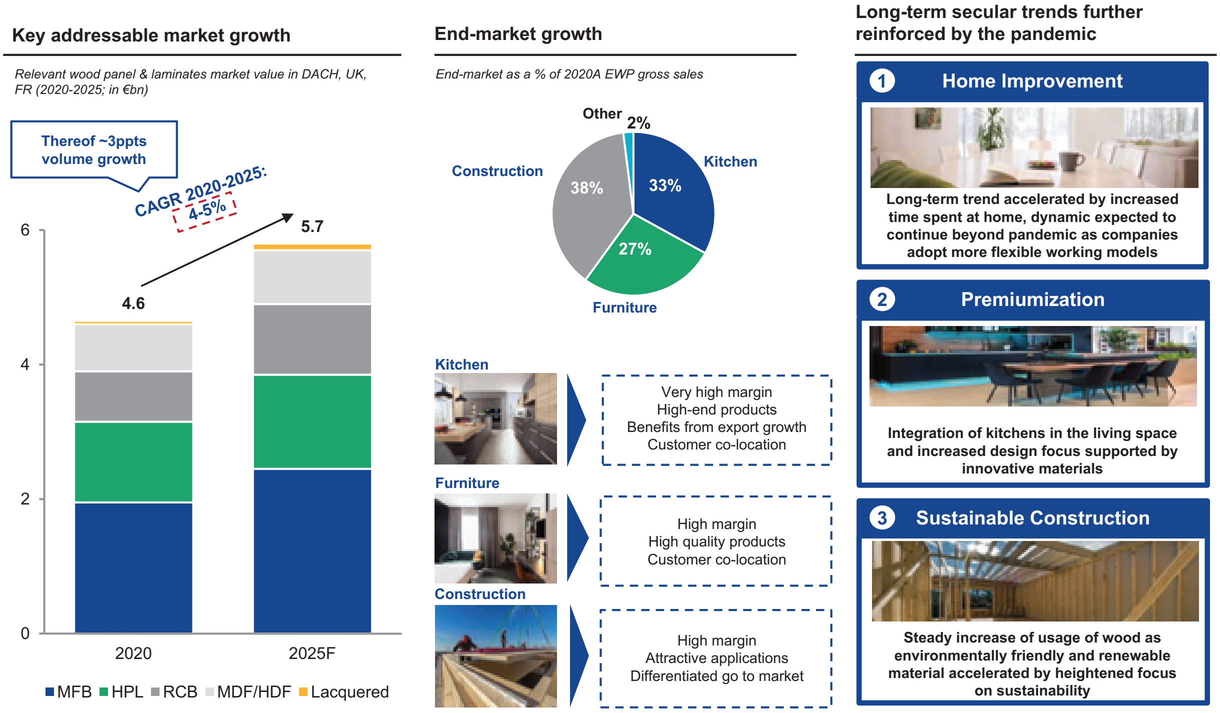
HPL accounts for 25-30% of the market and for 23% of the gross sales in our Engineered Wood Products division during the year ended December 31, 2020. HPL is considered one of the most durable decorative surface materials and is available with special performance properties including chemical, fire and wear resistance. The laminate coating is produced by fusing craft and decorative paper and can be used either in stand-alone capacity or laminated to RCB / MDF. The largest end-markets for HPL are the kitchen and construction end-markets, followed by furniture and special applications. Applications in the kitchen end-market include worktops and kitchen fronts. In the construction end-market, HPL is used for facades and doors. Main applications in the furniture end-market include furniture fronts and table tops. Growth in this products driven by the structurally growing kitchen end-market, increased usage of HPL for construction and decorative facades as well as increased usage in specific applications, such as balconies and paneling. HPL falls under the high-value added category.

Lacquered boards

Lacquered board is a niche product accounting for approximately 1% of the market and for approximately 2% of the gross sales in our Engineered Wood Products division during the year ended December 31, 2020. Lacquered boards are the highest premium solution for vertical surfaces in furniture making and interior fixtures and finishes. They consists of a lacquered surface that can be applied to various different wood panels (typically either MFB or HPL). The largest end-market is the kitchen industry, where it is typically used for kitchen fronts. In the furniture end-market it is used for furniture fronts and sliding doors, in the construction end-market main applications include doors, facades and other outdoor applications. Growth is driven by positive substitution trends as lacquered boards substitute foils and other aluminum materials. The product falls under the high value added category.

Market size and growth

Our addressable market in the DACH region, the UK and France is sizable with an estimated size of €4.6 billion in 2020 and is expected to grow at a 4-5% CAGR to €5.7 billion by 2025. While our DACH core market is expected to grow at a 3-4% CAGR 2020-25, the key export markets UK and France are expected to grow at approximately 6% and approximately 5%, respectively. The DACH market accounted for a market size of €2.9 billion, the UK for €1.1 billion and France for €0.7 billion in 2020.



Source: Euroconstruct; CSIL; Euromonitor; EIU; AFRY; EPF; B+L; Expert interviews; leading global consulting firm

Our addressable market has shown sustainable growth up to 2019 and was temporarily impacted by the COVID-19 pandemic in 2020. A swift recovery of the market is expected in 2021, with the market size expected to exceed 2019 levels during 2021. The growth of our addressable market is driven by multiple secular trends, including the home improvement trend, the premiumization trend and the trend to more sustainable construction. These long-term trends have been further reinforced by the COVID-19 pandemic, resulting in strong demand that is expected to be sustained over the coming years.

Home improvement trend: More opportunities for remote connection and collaboration through digital adoption have increased time spent at home even before the COVID-19 pandemic. As a result of the pandemic, companies have adopted more flexible working models, allowing a large amount of employees to work from home, with a ratio of up to 60% in Germany. It is expected that also after the pandemic employees will continue to work from home more frequently than before, fueling the demand for new furniture and kitchens.

Premiumization: Increasing disposable income and growing importance of nutrition in daily lives drive demand for customized and high-quality kitchens as center of the living space, driving positive mix effects towards higher value-added products with high decorative value. Increased time spent at home following the pandemic has further accelerated this trend.

Sustainable construction: The trend for more sustainable products and solutions is particularly pronounced in the construction sector and wood as a sustainable material is expected to benefit significantly from this trend. The German government offers subsidies of approximately €8 billion annually for sustainable buildings and the European Green Deal is expected to further support sustainable construction and renovation. Wooden houses are highly energy efficient in both construction and operation and their share within new built prefabricated buildings in Germany has increased from 15% in 2010 to 20% in 2019 and is expected to increase to 25% by 2025, increasing the demand for wood panels in construction. Further it is expected that RCB will increasingly substitute OSB in construction, driven by lower emission values of RCB. Within the kitchen and furniture end-markets wood as a sustainable resource is expected to gain a larger share of the market for materials as compared to non-sustainable materials, such as plastics.

End-markets

Key end-markets for the wood panel and laminates industry are the kitchen, furniture, construction and wholesale end-markets, accounting for 28%, 18%, 19% and 31%, of gross sales in our Engineered Wood Products division during the year ended December 31, 2020, respectively. We benefit from our balanced exposure to various end-markets and compensates its exposure towards the less growing living furniture end-markets (e.g. commercial office, store and exhibition furniture) with above average exposure towards attractive kitchen and prefabricated buildings end-markets.

Kitchen end-market: The kitchen end-market is an attractive market characterized by high-end products, high margins structural growth and customer colocation. The German kitchen industry is home to a number of premium kitchen manufacturers with strong reputation and customer recognition across Europe. A number of our clients have invested in expanding their production capacities to drive growth in export markets, increasing demand for wood panels and laminates in their home locations. The end-market also benefits from customer co-location, with locations of key kitchen manufacturers clustered in certain regions in Germany, and our manufacturing facilities being located closely to those regions. Volume growth in the kitchen end-market has historically been at 2.6% CAGR (2015-19) and is expected to remain at similar levels going forward. In 2020, the kitchen end-market has been highly resilient during the COVID-19 crisis with a volume increase of 4.5% vs. prior year given the consumer spending shifts towards new kitchens (with further spill-over into 2021). In the medium term, the German kitchen end-market is expected to gain further share in export markets while generally profiting from a lifestyle trend towards higher kitchen spend.

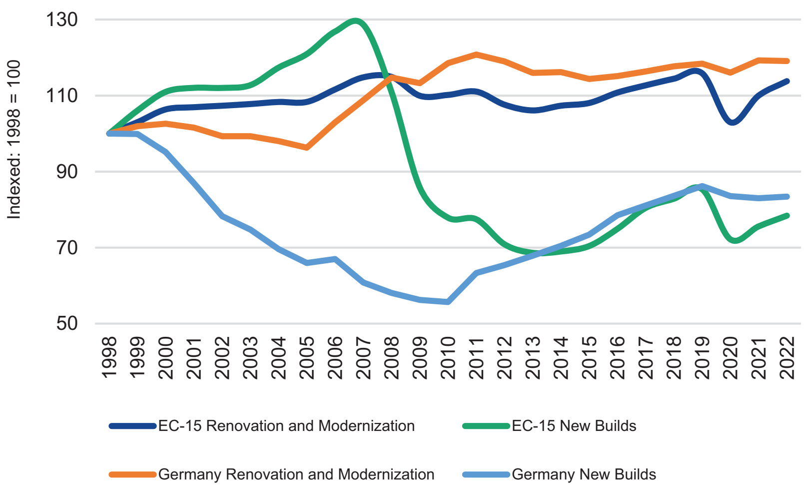
Furniture end-market: The furniture end-market is characterized by high quality products, high margins and customer colocation. Historically, the furniture end-market has benefitted from stable macroeconomic development with increased salaries and building activities. In 2020, national store lockdowns negatively impacted furniture spending in the first half of 2020, while the second half of 2020 showed good momentum, mainly driven by catch-up effects and a shift in consumer spending from travelling and restaurants to furniture spend. In 2021, the catch-up effect expected to continue, further intensified through sustained home improvement trend. In the medium term, growth is expected to slightly exceed historic levels at approximately 2% annual growth.

Construction end-market: The residential construction market benefits from low interest rates paired with regional housing shortage, a lack of investment alternatives and a sharp rise in real income in recent years. In the non-residential end-market favorable financing conditions for companies in the low interest rate environment have boosted construction activity. Going forward, renovation is expected to grow stronger than new built construction, driven by the sustainable construction trend and incentives for renovation activities. Further, the prefabricated buildings end-market is expected to drive growth over the medium term. Volume growth in the construction market is expected at 1.3% CAGR 2020-25 in residential construction and at a 0.9% CAGR 2020-25 in non-residential construction.

Within the construction end-market, we are mostly exposed to the renovation end-market (based on management estimates, approximately 75% sales), which has been characterised by more resilient market growth compared with new construction, driven by lower initial levels of investment required and minimum levels of required renovation.

PROVEN RESILIENCE OF THE RENOVATION END-MARKET

(Indexed real market value as per Euroconstruct)



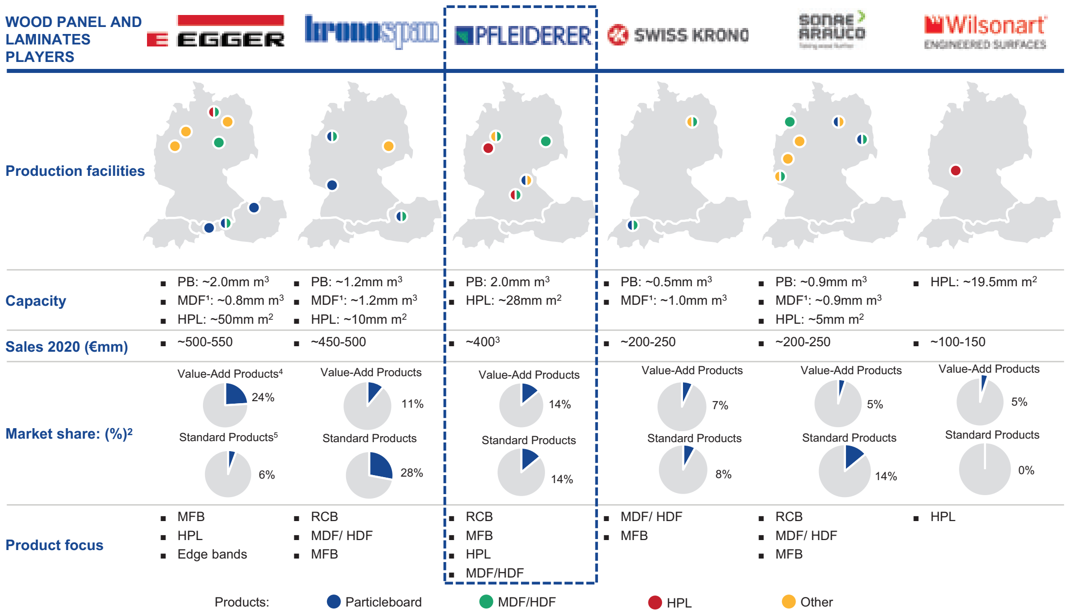
In addition to end-market volume growth, increasing penetration is expected to contribute up to 1% growth in our addressable market. Penetration is mostly dependent upon consumer preferences of wood panel and laminates products per application. We see a low substitution threat from other materials given the strong characteristics, sustainable properties and competitive prices for end users. Some relevant characteristics to highlight include the high stress and moisture resistance of both panels and laminates, the workability of the materials (ability to prefabricate enables fast and cheap assembly of modules), sturdiness and weather resistance (which is constantly improved via enhanced recipes), ease of care and hygiene (given anti-fingerprint surfaces and edge-free worktops), variety of design options (multiple decors can be attached to wood panels to enrich customer personalization) and sustainability and environmental protection (given all panels are based on wood – a sustainable resource and CO_2 storage). Wood as a sustainable resource is expected to gain a larger share of the market for materials as compared to non-sustainable materials, such as plastics.

Pricing trend

Aside from raw material inflation, where we have achieved a successful track record of passing through costs, we are expecting real prices to slightly increase going forward as a function of overall higher industry utilization and the competitive pricing behavior resulting thereof. We are expecting the pricing spike in 2020 that resulted from the supply / demand imbalance to flatten post 2021 as both RCB and MFC pricing settles around unchanged to slight increases or decreases until 2025.

Industry Structure and Competitive Landscape

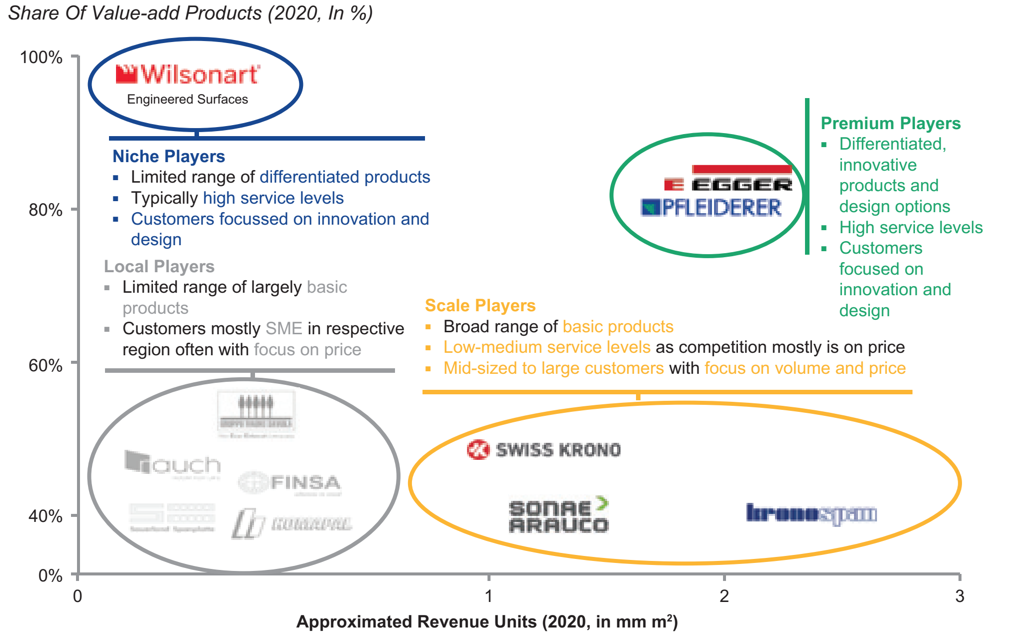
The supplier landscape is highly consolidated with the largest three engineered wood producers (Egger, Kronospan and Pfleiderer) accounting for almost 50% of the installed capacity in DACH and the top five producers accounting for 69% of market share. We are the number two player in both basic and value-add products with a combined market share of approximately 14%.



Source: AFRY; EPF; B+L; Annual reports; Company information; Expert interviews; leading consulting firm; Note: Refers to Engineered wood products only for Pfleiderer, excluding Silekol
1 MDF includes HDF. 2 Based on market size. 3 Refers to engineered wood product sales in DACH only, and excludes export.
4 Value Add Products approximated with MFB, Lacquered and HPL. 5 Standard products approximated with RCB, MDF/HDF

We are positioned as a premium player in the market, characterized by a differentiated, innovative product offering with a wide range of design options, high service levels and exposure to premium customers with high focus on innovation and design. Our key competitor in the space is Egger, also positioned as a premium player. Other key competitors include Kronospn, Swiss Krono and Sonae Arauco who are positioned as scale players with a broad range of basic products and mainly competing on price. Wilsonart is another key competitor in the high value add end-market and positioned as a niche player.

DIFFERENTIATED COMBINATION OF SCALE & PREMIUM POSITIONING



There are significant barriers to entry in the industry, including high start-up capex requirements, customer lock-in, feedstock supply and IP / technology.

Capex requirements: Upfront investments in manufacturing equipment and logistics are required to ensure adherence to industry and customer standards (state-of-the-art equipment for value-add products and highly automated basic products is approximately €300-500 million average investment for a new plant). In addition, our business requires complex environmental permitting.

Customer lock-in: Large customers have a dependency on large scale suppliers to ensure consistent quality among products and geographies. We believe our business to be a great beneficiary of such given our focus on the premium and personalized end markets which has allowed for the development of strong customer relationships over the years. The industry in general is very focused on customer proximity, geographically and alike, to avoid risk of new entrants.

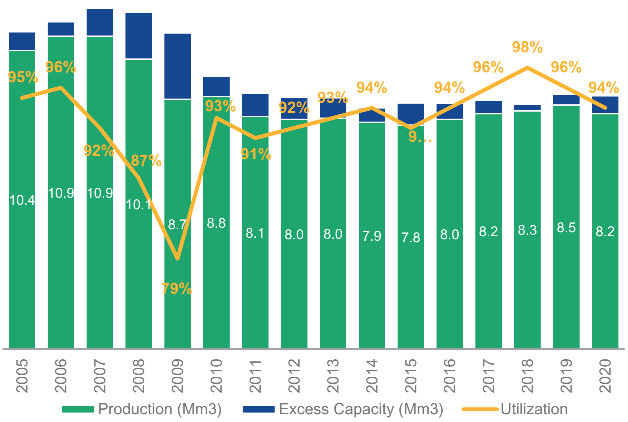
Feedstock supply: The supply of wood, chemicals and other raw materials requires market expertise and established relations with suppliers – which incumbent players have invested strongly in throughout the years. The number and sources of wood supply itself is limited (especially high quality sawdust for thin surfaces), and the regional nature of wood supply market triggers sourcing complexity across the multiple geographies. Furthermore, the industry has limited hedging scope to mix in wood basket and wood substitutes (e.g., spelt) where possible.

IP/ Technology: The investment in R&D and co-development with customer critical differentiating factor (esp. for high-end products) is crucial to drive innovative and competitive products and requires a vast degree of technical knowledge.

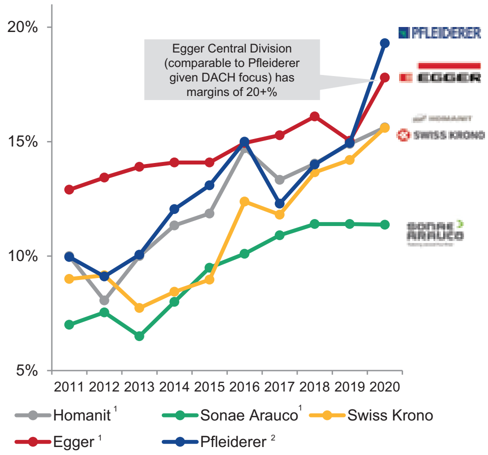
Capacity and utilization rates

The industry has benefitted from stable capacity with high utilization rates over the last years. Overcapacities that existed in the aftermath of the 2008 financial crisis were substantially reduced by 2011, and there has been a disciplined capacity development since with few additions over recent years, resulting in high utilization rates consistently above 90%. This development coupled with an increasing share of high value-add products in the market has supported margins in the industry that have substantially increased over the last ten years.

STABLE UTILIZATION RATES OF DACH PARTICLEBOARD FOLLOWING CAPACITY REDUCTIONS



INDUSTRY EBITDA MARGINS SIGNIGICANTLY INCREASED



Source: Pöyry; Company information; Expert interviews; Management consulting firm analysis. 1 Based on LTM reported financial information as of and for the twelve months ended June 30, 2020 for Homanitand and Sonae, and as of and for the twelve months ended October 31, 2020 for Egger. 2 Pro Forma Adjusted EBITDA margin of 19.3% for the year ended December 31, 2020 is based on Pro Forma Adjusted EBITDA of €152.0 million and pro forma adjusted net sales, which includes an estimated net sales contribution of €11.6 million from our pricing initiatives.

Overview

With an operating history of over 125 years, Pfleiderer is a leading manufacturer of premium engineered wood products and laminates for fast-growing, high-end applications in the Western European kitchen, furniture and construction end-markets. Pfleiderer is also a leading producer of industrial and specialty resins for sales to Central and Eastern European customers and for internal use in our panel production.

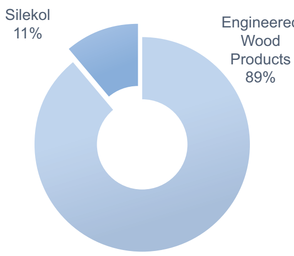
In the year ended December 31, 2020, we generated €776.7 million in net sales and €152.0 million in *Pro Forma* Adjusted EBITDA (19.3% *Pro Forma* Adjusted EBITDA margin) as well as €71.0 million in Adjusted Free Cash Flow. As of December 31, 2020, we employed approximately 2,200 people, serving a loyal and diversified customer base of over 1,700 customers.

Our business comprises two divisions, Engineered Wood Products and Silekol, which represented 89% and 11%, respectively, of our consolidated net sales in 2020. With a market share of 14% by net sales in 2020, our Engineered Wood Products division is the second largest manufacturer of premium engineered wood products and laminates in the DACH region, which comprises Germany, Europe's largest wood panel market, as well as Austria and Switzerland. Our Silekol division is the third largest resin manufacturer by volume in Central and Eastern Europe.

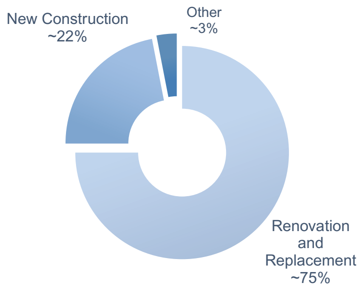
We primarily produce value-added and high value-added engineered wood products, which accounted for 78% of gross sales from our Engineered Wood Products division in the year ended December 31, 2020. We sell our premium engineered wood products predominantly to customers in the fast-growing premium kitchen and the robust and growing furniture end-markets, which together generated approximately 60% of our Engineered Wood Products division's gross sales in the year ended December 31, 2020. In the year ended December 31, 2020, 91% of the external gross sales of our Engineered Wood Products division were to customers located in Western Europe, which has allowed us to benefit from stable and growing market environments. We estimate that in the same year we generated approximately 75% of gross sales in our Engineered Wood Products division from the renovation and replacement segment. The renovation and replacement segment has historically been resilient to cyclical fluctuations in economic conditions and has contributed to our stable revenue generation and gross margins.

The following graphs illustrate the breakdown of our sales by division, segment and country for the year ended December 31, 2020.

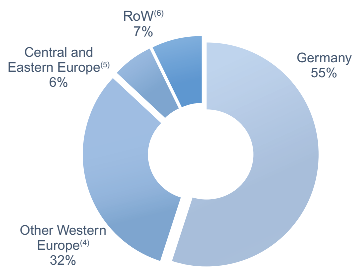
Net Sales By Division(1)



Gross Sales By Segment(2)



Gross Sales By Country(3)



(1) Based on net sales to external customers and Panel East.

(2) Based on management estimates derived from the analysis of the segment exposure as prepared by a leading consulting firm for gross sales (excluding the impact of sales reductions, such as bonuses for customers, cash discounts and refunds) generated in the DACH region by our Engineered Wood Products division from the sale of products to external customers excluding (i) inter-division sales from our Engineered Wood Products division to our Silekol division and (ii) sales to Panel East.

(3) Based on consolidated gross sales (excluding the impact of sales reductions, such as bonuses for customers, cash discounts and refunds) generated from the sale of products to external customers excluding (i) inter-division sales and (ii) sales to Panel East.

(4) Other Western European countries comprise the United Kingdom, the Netherlands, France, Italy, Switzerland, Sweden, Austria, Norway, Denmark and Belgium.

(5) Central and Eastern Europe comprises Poland, Slovakia and the Czech Republic.

(6) Rest of World ("RoW") comprises the remaining jurisdictions in which our customers are located.

Our leading market position and strong focus on attractive end-markets is supported by our efficient and well-invested production facilities. Our Engineered Wood Products division operates five highly automated manufacturing plants, which are strategically located across Germany in close proximity to our customers in our key market, the DACH region. We believe that the close proximity of our plants to key customers in Germany provides us with an important competitive advantage due to the limited ability to profitably transport engineered wood products over long distances. Silekol's resin production plant is located in Poland, which provides cost-efficient access to both Western and Central and Eastern European markets.

Our operations have historically generated industry-leading margins and free cash flow conversion and benefit from a lean and flexible cost structure. The success of our business is underpinned by, among others, a high share of higher-margin value- and high-value added products, economies of scale, a high degree of automation, backward integration within both chemicals and electricity, as well as our as high share of recycled wood usage, which helps reduce our raw material procurement costs.

We continuously strive to operate our business with a view to sustainability and protecting the environment, which is well-aligned with our focus on high product quality, superior customer service, and staying at the forefront of product innovation. In connection with the Offering, we adopted the Sustainability-Linked Financing Framework, pursuant to which we have committed to increasing the Percentage of Recycled Wood Used in our operations to at least 44% by the end of 2022 and 50% by the end of 2025, in each case from approximately 40% in 2020. We have also committed to reduce our Scope 1 & 2 Greenhouse Gas Emissions to 201.7 kT by the end of 2022 and to 173.9 kT by the end of 2025, in each case from 220.2 kT in 2020. Adopting the Sustainability-Linked Financing Framework will allow us to leverage our existing sustainability expertise to meet ambitious timelines and targets to further improve our sustainability performance in a way that is relevant, core and material to our business.

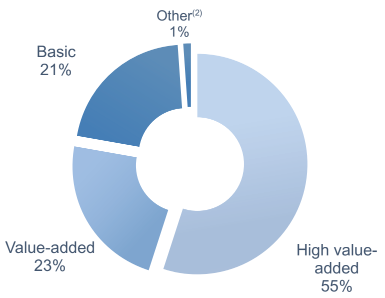
Historically, our Parent operated our business through three divisions: Engineered Wood Products, Silekol and Panel East. Following the take-private of our Parent by SVPGlobal in September 2019, we have optimized our corporate structure to focus on our core divisions, Engineered Wood Products and Silekol, which we are now operating together through the Issuer. Panel East is being managed independently by our Parent. We believe that these changes in our corporate structure have enabled us to focus on the core strengths of the Engineered Wood Products and Silekol divisions and position us well for the next phase of our growth. In 2019 and 2020, our management team also implemented a comprehensive series of cost savings and efficiency initiatives. These initiatives, together with the optimization of our corporate structure, have allowed us to benefit from more efficient operations, a highly flexible cost base and a stronger competitive profile in our premium end-markets. All of this has strongly enhanced our credit profile as demonstrated by our resilient performance during the recent COVID-19 pandemic in 2020.

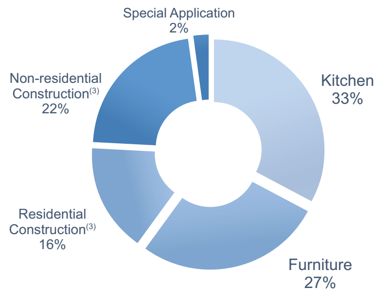
Our Engineered Wood Products division is a leading wood panel and laminate producer in Western Europe. Through this division, we focus on producing a broad range of value-added and high-value added engineered wood products. We sell these products under the Pfleiderer, Duropal and Thermopal brands. We serve customers primarily in the kitchen, furniture and construction end-markets. We focus primarily on the residential sector, with a focus on the renovation and replacement segment, including shops, hotels, hospitals, nursing homes and restaurants. For the year ended December 31, 2020, our Engineered Wood Products division generated net sales of €687.9 million (including inter-division sales to our Silekol division). In the same year, our Engineered Wood Products division generated *Pro Forma* Adjusted EBITDA of €133.3 million, *Pro Forma* Adjusted EBITDA margin of 19.0% and *Pro Forma* Adjusted EBITDA *less* capital expenditure margin of 14.6%.

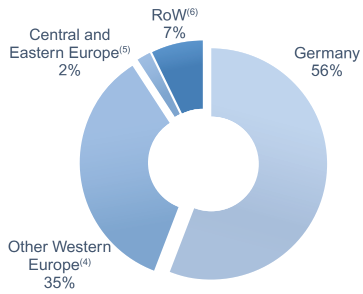
The following graphs illustrate the breakdown of our Engineered Wood Products division's gross sales by type of product, end-market and geography for the year ended December 31, 2020.

Engineered Wood Products[1]

Gross Sales By Product	Gross Sales By End-Market	Gross Sales By Geography







(1) Based on gross sales (excluding the impact of sales reductions, such as bonuses for customers, cash discounts and refunds) generated from the sale of products to external customers, excluding (i) inter-division sales from our Engineered Wood Products division to our Silekol division and (ii) sales to Panel East.

(2) "Other" consists of sales generated from not clustered products, chemicals and other products, which represented 0.1% of the gross sales generated by our Engineered Wood Products division in the year ended December 31, 2020.

(3) Based on management estimates derived from the analysis of the breakdown as prepared by a leading consulting firm.

(4) Other Western European countries comprise the United Kingdom, the Netherlands, France, Italy, Switzerland, Sweden, Austria, Norway, Denmark and Belgium.

(5) Central and Eastern Europe comprises Poland, Slovakia and the Czech Republic.

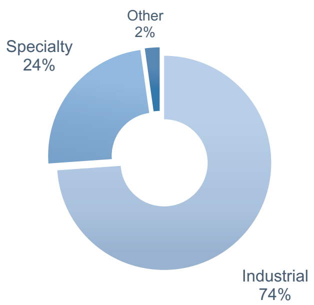
(6) Rest of World ("RoW") comprises the remaining jurisdictions in which our customers are located.

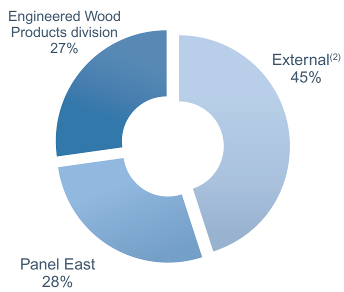
Our Silekol division manufactures a full spectrum of resins, with a focus on specialty resins, which have higher margins compared to industrial resins. In 2020, we sold our resins to over 200 external customers, primarily in the German and Polish wood-based panel production, packaging, construction and building materials industries. We also sell our resins to Panel East on an arm's length basis. In addition, our Silekol division operates as a vertically integrated in-house resins manufacturer and supplies resins to our Engineered Wood Products division for use in manufacturing our engineered wood products, including on an exclusive basis for certain products. We believe this gives us a competitive advantage in supply sourcing. For the year ended December 31, 2020, our Silekol division generated net sales of €121.1 million (including inter-division sales to our Engineered Wood Products division). In the same year, our Silekol division generated *Pro Forma* Adjusted EBITDA of €18.7 million, *Pro Forma* Adjusted EBITDA margin of 15.4% and *Pro Forma* Adjusted EBITDA *less* capital expenditure margin of 14.4%.

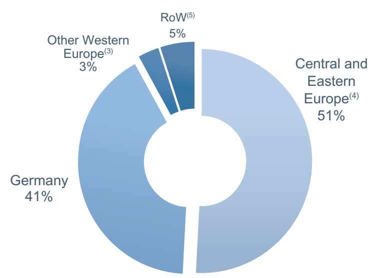
The following graphs illustrate the breakdown of our Silekol division's net sales by type of product, customer and geography for the year ended December 31, 2020.

Silekol

Net Sales By Product	Net Sales By Customer	Gross Sales By Geography[1]







(1) Based on gross sales (excluding the impact of sales reductions, such as bonuses for customers, cash discounts and refunds) generated from the sale of products to external customers, excluding, excluding (i) inter-division sales from our Silekol division to our Engineered Wood Products division and (ii) sales to Panel East.

(2) Consisting of sales to external customers, not including Panel East.

(3) Other Western European countries comprise the United Kingdom, the Netherlands, France, Italy, Switzerland, Sweden, Austria, Norway, Denmark and Belgium.

(4) Central and Eastern Europe comprises Poland, Slovakia the Czech Republic.

(5) Rest of World ("RoW") comprises the remaining jurisdictions in which our customers are located.

Our Strengths

Well-positioned in attractive Western European markets with exposure to structurally growing and resilient end-markets with high barriers to entry

Following the optimization of our corporate structure in 2020, we are well-positioned as a leading supplier of premium engineered wood products and laminates in attractive and growing end-markets in Western Europe. This enables us to focus on achieving growth in our core business and benefit from more efficient operations. We demonstrated this in 2020 when we meaningfully increased our Adjusted EBITDA and Adjusted EBITDA margins despite the COVID-19 pandemic. We have grown our Adjusted EBITDA in every year since 2012, and have achieved a 9.8% compound annualized growth rate during this period.

Our core geographical markets have a strong and sustainable growth outlook driven by exposure to attractive and resilient end-markets

We primarily sell our premium engineered wood products and laminates into the DACH region, the United Kingdom and France, which are our key addressable markets. According to third party reports, including a report prepared for us by a leading international consulting firm, these markets had a total size of €4.6 billion in 2020, of which the DACH region accounts for €2.9 billion. These markets are expected to grow at a CAGR of 4% to 5% to reach approximately €5.7 billion in 2025. This growth is expected to be driven primarily by strong growth in the DACH region, supported by the fast-growing export markets in the United Kingdom and France. In the year ended December 31, 2020, the DACH region, United Kingdom and France together accounted for €486.3 million, or 75%, of our Engineered Wood Products division's gross sales.

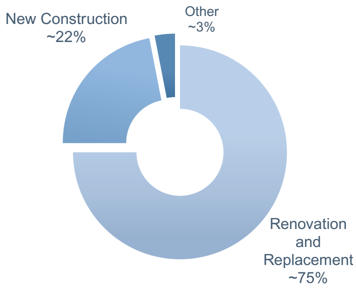
Growth in our core addressable markets in Western Europe is primarily driven by the exposure to the kitchen, furniture, construction (residential and non-residential) and specialized application industries, which represented 33%, 27%, 37% and 2%, respectively, of gross sales generated by our Engineered Wood Products division in the year ended December 31, 2020. Growth in the resilient kitchen and furniture end-markets is primarily driven by robust Western European demand, an increasing shift towards higher-value premium products, as well as an increase in export of high-end kitchens produced in Germany. Growth in the well-diversified construction industry is primarily driven by robust domestic German demand as well as increased usage of sustainable materials, including wood.

Our primary exposure is to the renovation and replacement segment, which is more resilient to macroeconomic fluctuations

Our business further benefits from the significant exposure to the renovation and replacement segment. This segment has historically been more resilient and less volatile than new construction activity in periods of economic recession and reduced investments. We estimate that in 2020 the renovation and replacement segment accounted for over 75% of gross sales from our Engineered Wood Products division compared to 70% in the 2019. We estimate that in 2020 the new construction segment accounted for approximately 22% of gross sales from our Engineered Wood Products division, compared to approximately 30% in 2019. As a result, we have benefitted from stable, through-the-cycle revenue generation and gross margins. We also see a secular trend of energy saving and sustainability enhancing renovations which further drives growth in the renovation and replacement segment.

The following graphs illustrate the breakdown by segment of gross sales generated in our Engineered Wood Products division from the sale of products to external customers in the year ended December 31, 2020, based on management estimates.

Gross Sales by Segment[(1)]



(1) Based on management estimates derived from the analysis of the segment exposure as prepared by a leading consulting firm for the gross sales (excluding the impact of sales reductions, such as bonuses for customers, cash discounts and refunds) generated in the DACH region by our Engineered Wood Products divisions from the sale of products to external customers excluding (i) inter-division sales from our Engineered Wood Products division to our Silekol division and (ii) sales to Panel East.

Our Western European markets are stable growing and benefit from structural growth that is underpinned by long term trends.

We believe there are three structural drivers that have driven growth in our end-markets in recent years. These are home improvement, premiumization (i.e., the integration of the kitchen into the living space) and the trend towards more sustainable, environment friendly buildings. These trends have been visible for years and have been further accelerated by the COVID-19 pandemic. We expect that once COVID-19-related restrictions are lifted, these trends will be reinforced and continue to drive growth in our end-markets in the coming years. In particular, we believe that employers will continue to adopt, and employees will continue to support, flexible work models, leading to an increase in remote working. We believe premiumization to continue as a trend and believe we are well positioned given our focus on innovative, high value added products. We expect this will mainly benefit the kitchen and furniture end-markets.

In addition, government subsidy programs for the use of sustainable materials in buildings have increased, and are expected to continue to increase, demand for wood and wood-based products. Steady increase of usage of wood as environmentally friendly and renewable material accelerated by heightened focus on sustainability is a long term trend that is here to stay. We expect this will primarily benefit the construction end-markets. This is further reinforced by recent trends, where we estimate that the share of wooden houses out of total pre-fabricated houses in Germany increased from approximately 13.5% in 2000 to approximately 15% in 2010 and approximately 20% in 2020, and is expected to reach approximately 25% in 2025. Similarly, we estimate that the share of energy efficient renovations out of total renovations in Germany increased from approximately 9% in 2015 to approximately 10% in 2020, and is expected to reach approximately 15% in 2025.

Favorable industry dynamics in our core markets

We estimate that in 2020 the top three and five manufacturers in the DACH region, including us, had a combined market share of approximately 50% and 70%, respectively. We believe that the structural reduction in engineered wood production capacity over the last ten years has contributed to a healthy and disciplined market. In particular, we estimate that total engineered wood production capacity in Western Europe has been reduced significantly since 2005. This was primarily due to the financial crisis in the late 2000s, which rendered some production facilities uneconomical. Given such reduced capacity, utilization rates among engineered wood manufacturing facilities in the DACH region have been stable since 2012 at well over 90% compared to approximately 80% in 2009. Furthermore, market participants have increasingly focused on premium products, which, in combination with the disciplined capacity development, have led to higher EBITDA margins among the top tier producers in our markets.

We benefit from several industry dynamics which limit the ability of new competitors to enter our core DACH market. Building new engineered wood manufacturing plants in Western Europe and installing state-of-the-art equipment for value-added and highly-automated basic products requires significant initial capital investments. For example, we estimate that the construction of a new particleboard manufacturing plant in the

DACH region would require an investment of approximately €300 million to €500 million, given the high minimum scale and level of automation required to compete effectively. Furthermore, high regulatory and environmental permit costs and requirements, including lengthy lead times for certain regulatory approvals, significantly reduce the likelihood of meaningful capacity additions in the DACH region. According to a report prepared for us by a leading international consulting firm, capacity additions in both RCB and MFB are unlikely to exceed projected demand growth, which suggests stable utilization rates.

Our recurring customer survey feedback has demonstrated that customers value the long-standing relationships, reliable supply and consistent quality among products and geographies, which are difficult to replicate for new market entrants. Our customers associate the Pfleiderer brands with high product quality, excellent customer service and reliability. In particular, in 2020, our Engineered Wood Products division achieved a "net promoter score" of 29% in an NPS survey prepared for us by a leading international consulting firm, which demonstrates the strength of the Pfleiderer's brand and customers' satisfaction with our delivery. We are among the few large scale suppliers capable of servicing the industry's leading customers and pride ourselves on being able to address their needs across leveraging our basic, value-added and high value-added products. Our combination of scale and focus on industry-leading value-added and high-value added products provides us with a strong relative cost position, while at the same time providing value through our strong portfolio of premium products.

Due to the limited ability to profitably transport engineered wood products and key raw materials, such as resins, over long distances, production facilities need to be located in close proximity to customers to compete in a cost-effective manner. As a result, competition in our markets from lower-production cost geographies, such as Eastern Europe, is limited. The production of engineered wood products requires market expertise and established relationships with raw material suppliers, as the availability of raw materials, particularly wood and high quality sawdust for thin surfaces, is limited and regionally fragmented, which increases sourcing complexity. The ability of manufacturers to hedge raw material risk through the the mix of wood and wood substitutes used is limited.

We are a leading producer of premium products with a loyal, diversified customer base

Through our Engineered Wood Products division, we focus on providing a broad range of value-added and high value-added products generating high and resilient contribution margins to a large, diversified and loyal customer base.

Strong focus on value-added and high value-added products generating high and resilient contribution margins

We are a leading producer of high-quality premium engineered wood-based products focused on providing our customers with value-added and high value-added products. These premium products require increased levels of customization compared to basic products and therefore generate higher and more resilient margins. In the year ended December 31, 2020, our value-added and high value-added products accounted for 23% and 55%, respectively, of our Engineered Wood Products division's gross sales. We are currently one of only two scale manufacturers of engineered wood products and laminates in the DACH region (Egger being the other) focused on value-added and high-value added products instead of the volume-driven market basic products, which companies such as Kronospan, Sonoe Arauco and Swiss Krono produce.

% Engineered Wood gross sales 2020	RCB (Raw chipboard) 16%	MDF/HDF (Medium-/ high-density-fiberboard) 14%	MFB (Melamine-faced board) 44%	HPL (High pressure laminate) 23%	Lacquered (Lacquered board) 2%
Description	▪ Manufactured from wood particles and resin ▪ Variety of formats, thicknesses, features	▪ Manufactured from wood fibers and resin ▪ Medium vs. high density options available	▪ RCB/ MDF/ HDF with melamine-impregnated paper surface ▪ Variety of core materials, formats, features	▪ Laminate coating produced by fusing craft & decorative paper ▪ Used stand-alone or laminated to RCB/ MDF	▪ Lacquered boards ▪ Lacquered surface, applied to a variety of wood panels or laminates (e.g. MFB. HPL)
Indexed margin level [1]	110[2] / 125[3]	100	115	>125	>125
Basic	✓	✓	-	-	-
Value-add	✓	✓	✓	-	-
High Value-add	-	-	✓	✓	✓

Pfleiderer has a combined 78% share of value-add products, split between 23% value-add and 55% high value-add

(1) Indexed Contribution Margin 1 2020 for Pfleiderer, figures refer to averages of product categories unless otherwise stated, indexed to MDF/ HDF fixed at 100 and rounded to the closest 5 2 Indexed contribution margin for RCB (P2-P3). 3 Indexed contribution margin for RCB (P4-P7) segments.

We typically work closely with our customers, particularly in the kitchen, furniture and construction end-markets, to provide products that meet their requirements for specific applications, such as consistent color and haptic qualities, durability, thickness, scratch resistance, waterproofing or fire-resistance. As a result, our value-added products are more difficult to substitute than basic products, and price and demand for our value-added products have historically been higher and more stable.

Furthermore, our high share of value-added and high value-added products gives us high and relatively stable contribution margins. While we consider the average contribution margin for our basic products as very attractive, our value-added and high-value added products have contribution margins which are on average around five and more than ten percentage points, respectively, higher than the contribution margin of our basic products. Our value-added and high value-added products also drive customer retention and are subject to less pricing pressure than basic products. This is due to the limited number of value-added product manufacturers in our markets and because customers of value-added products tend to value product customization, quality, design, customer service levels and just-in-time delivery over price. In addition, our products generally represent a small portion of their total costs incurred in manufacturing their finished products. According to management data and third party reports, basic products typically make up approximately 30-40% of our individual end-customer's total cost base, while value-added products typically make up approximately 10-20% and high value-added products typically make up less than 10%. To maintain our competitive position, we continuously develop new value-added products, which we often develop in close cooperation with our customers to meet their required specifications.

Diversified and loyal customer base with low customer concentration and long standing relationships

In our Engineered Wood Products division, we sell engineered wood products and laminates to a diversified and loyal customer base comprising more than 1,500 active customers as of December 31, 2020. Our end-markets are primarily the kitchen and furniture industries and, to a lesser degree, the construction industry. We sell to wholesalers, retailers and other distributors, who in turn sell to smaller manufacturers and carpenters. Our customers value us for our high quality products, consistent on-time delivery performance and wide range of décors and textures that help differentiate their end products. For example, according to our NPS surveys, which measures the propensity for our customers to recommend our products, our Engineered Wood Products division achieved a "net promoter score" of 29% in 2020. This compares to an average of negative 3% for our key competitors in the same year. We believe that our consistently high levels of customer satisfaction are driven by our strong track record of launching new and innovative products, our ability to supply them continuously with matching components for repair and replacement over the useful life of their products. In addition, there is a limited number of competitors that can offer a breadth and scope of products similar to ours.

Our business also benefits from the longevity of our customer relationships and a significant number of our customers have purchased from us for more than thirty years. In particular, all of our top ten customers in our Engineered Wood Products division have been our customers for ten or more years, with our relationships with each of our top four customers spanning more than 20 years. In turn, long-standing customer relationships improve product planning, financial forecasting and stability. We also benefit from low customer concentration. The top ten and top 50 external customers of our Engineered Wood Products division represented 18% and 41% of the division's external net sales in the year ended December 31, 2020, respectively. No single external customer represented more than 5% of our Engineered Wood Products division's external net sales in the same period.

We have a long-standing and market leading focus on ESG trends with a sustainable manufacturing approach

Wood, an inherently sustainable resource, has been at the core of our focus for more than 125 years. The renewable nature of wood, our single most important raw material, has historically played a major role in shaping our corporate culture. Over the last several decades, we have established a strong focus on ESG and sustainability trends in our key end-markets. This is supported by our sustainable manufacturing process focused on protecting the environment, while not compromising the high quality of our products. In 1987, we introduced to the market our LivingBoard panels, which are made with formaldehyde-free glue and have been are certified as a "green" building product. In addition, we started using recycled wood at our plants in 1993. In 1997, we also established our first CHP (combined heat power plant) plant to produce electricity from carbon-neutral biomass.

We focus on the sustainable sourcing of wood and constantly endeavor to increase the share of recycled wood used in our products. By increasing the amount of recycled wood used in our products, we are able to decrease our use of fresh wood and lower our overall raw material costs and increase our margins. At the same time, utilizing recycled wood in our manufacturing processes allows us to meet the increasing demand for sustainable products in our end-markets. This is coupled with the growing willingness by our end-customers to pay higher prices for environmentally friendly products.

We are among the first in the industry to use closed-loop recycling of wood waste and cascading utilization of wood, which consists of the efficient utilization of wood as a resource through multiple processing stages, from harvesting to recycling and energy recovery. We believe that the cascading utilization of wood is the only wood utilization model that can guarantee sustainable production of high quality, innovative wood products, while relieving the burden on forestry and reducing our overall environmental footprint. We will continue to strengthen partnerships with external stakeholders, including innovative and certified recycling companies, furniture manufacturers, suppliers and customers to promote the cascading utilization of wood and closed-loop recycling to increase the supply of recycled wood in our production process.

We have made dedicated and meaningful capital investments in order to increase the share of recycled wood used in our products. We estimate that in the year ended December 31, 2020, recycled wood represented approximately 40% of total wood used in 2020, compared to approximately 38% in 2018. Pursuant to the Sustainability-Linked Financing Framework that we adopted in connection with the Offering, we have committed to increase the Percentage of Recycled Wood Used to at least 44% by the end of 2022 and 50% by the end of 2025, in each case from our 2020 baseline. Based on management data and a report prepared for us by a leading international consulting firm, the share of recycled wood we use in our products is significantly higher than those of one of our key competitors, one of the few to make such information public, which was approximately 21% in 2020. In addition, we estimate that in the year ended December 31, 2020, industrial wood, which is used as pre-consumer recycling material, represented approximately 45% of total wood used, increasing the share of overall recycled materials used in our products to approximately 84%.

All of the fresh wood we process at our plants is sourced from sustainably managed forests that are largely certified by well-recognized industry organizations such as FSC® and PEFC, which ensure that wood is sourced in a sustainable way and that biodiversity as well as existing fauna and flora is safeguarded. We estimate that in the the year ended December 31, 2020, fresh, sustainably sourced wood represented approximately 14% of total wood used. Our strong commitment to sustainability and environmental protection is also testified by the recognition of an increasing number of our engineered wood products as Cradle to Cradle Certified™, a globally accepted measure of safer, more sustainable products made for the circular economy.

In order to protect the environment, meet sustainability needs and contribute to the mitigation of the effects of climate change, we also focus on minimizing environmental pollution and, in particular, on reducing our Scope 1 & 2 Greenhouse Gas Emissions. We estimate that in 2020 we generated approximately 220.2 kT of Scope 1 & 2 Greenhouse Gas Emissions compared to approximately 238.5 kT and approximately 270.6 kT in 2019 and 2018, respectively. Overall, we estimate that we reduced Scope 1 & 2 Greenhouse Gas Emissions by approximately 26% from 2013 to 2020. Pursuant to the Sustainability-Linked Financing Framework that we adopted in connection with the Offering, we have committed to reduce our Scope 1 & 2 Greenhouse Gas Emissions to 201.7 kT by the end of 2022 and to 173.9 kT by the end of 2025, in each case from 220.2 kT in 2020. We also estimate that approximately 95% of the electricity we used in 2020 came from carbon-neutral biomass produced at our CHP plants.

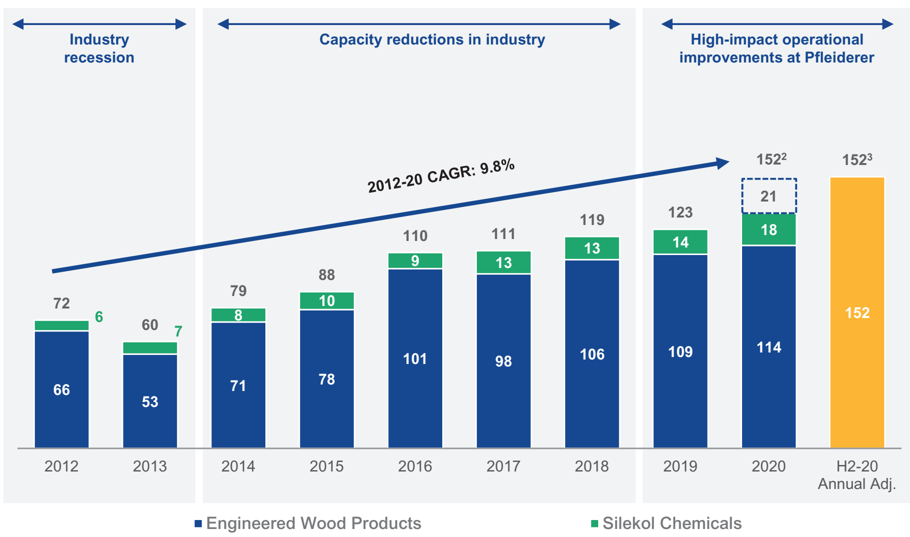
In addition to benefitting the environment, our meaningful investment in our recycled wood capacity also meaningfully enhances our relative cost position as recycled wood is cheaper to source than fresh wood. Furthermore, our commitment to reducing our Scope 1 & Scope 2 Greenhouse Gas Emissions, which we have focused on since the introduction of our emission-free LivingBoard in 1987, meaningfully enhances the attractiveness of our products to our sustainability-conscious end customers.

We have a solid and resilient financial profile supported by high Adjusted EBITDA margins and strong free cash flow generation

Resilient, through-the-cycle financial performance

During the past ten years, we have transformed our company into a stable and resilient business with a strong focus on premium products and a highly variable cost base. As a result, our Adjusted EBITDA grew at a CAGR of 9.8% between 2012 and 2020 and our Adjusted EBITDA margins increased from 10.1% in 2012 to 16.9% in 2020, and in the year ended December 31, 2020, our *Pro Forma* Adjusted EBITDA margin was 19.3%. Adjusted EBITDA has grown every year since 2012 in spite of varied macroeconomic environments, including but not limited to the COVID-19 pandemic in 2020. In addition, the order book in our Engineered Wood Products division increased from a monthly average of approximately €69 million in the the year ended December 31, 2020 to approximately €120 million in January 2021, approximately €131 million in February 2021 and approximately €137 million in March 2021, which we believe provides us with good visibility on our sales performance in the second quarter of 2021. The following graph provides an overview of the development of our Adjusted EBITDA and Adjusted EBITDA margin from 2012 to 2020:

LONG TERM ADJUSTED EBITDA[1] PERFORMANCE (€mm)



	2012	2013	2014	2015	2016	2017	2018	2019	2020	H2-20 Annual Adj.
Adjusted EBITDA margin	10.1%	8.9%	11.1%	11.8%	15.0%	12.9%	13.7%	14.7%	19.3%[2]	18.6%
Adjusted EBITDA – Maintenance Capital expenditure margin	40.3%	37.7%	69.2%	75.3%	76.9%	75.6%	78.1%	77.3%	80.3%[2]	74.3%

(1) Adjusted EBITDA gives effect to IFRS 16 from January 1, 2018, which was the date of the Issuer's transition to IFRS. Adjusted EBITDA for the periods from 2018 to 2020 is based on our Consolidated Financial Statements. Adjusted EBITDA for 2017 is a pro forma amount, which includes an estimated adjustment to give effect to the impact of IFRS 16 had we adopted it during this period, based on the impact of IFRS 16 on our Adjusted EBITDA for 2018. Adjusted EBITDA for 2017 has been derived from the combined financial statements for the Issuer and may not be presented on the same basis as Adjusted EBITDA for the periods after December 31, 2017. Adjusted EBITDA for the periods from 2012 to 2016 is based on the business unit reporting in our unaudited management accounts, which do not give effect to the optimization of our corporate structure in 2020 and are not directly comparable to our Consolidated Financial Statements.

(2) Refers to *Pro Forma* Adjusted EBITDA with Adjusted EBITDA margin and Adjusted EBITDA *less* maintenance capital expenditures based on *Pro Forma* Adjusted EBITDA and pro forma adjusted net sales, which includes an estimated net sales contribution of €11.6 million from our pricing initiatives.

(3) Based on Adjusted EBITDA of approximately €76 million generated in the second half of 2020.

We believe that the pricing of premium products has historically been less impacted by the underlying raw materials price developments as compared to basic products and we have been able to maintain high price levels even when raw material prices decreased. In addition, our focus on value-added and high value-added products has historically allowed us to actively pass through raw material price increases to our customers due to relatively stable customer demand for these products and low price elasticity. In the year ended December 31, 2020, we achieved a net pass-through of approximately €13.4 million. At the same time, we were able to increase the contribution margin of our high value-added products by approximately four percentage points from 2018 to 2020.

Over the past ten years, we have also implemented a number of initiatives to make our operations more stable and resilient and increase the share of variable costs in our cost structure. Between 2017 and 2020, we have made significant capital expenditures to modernize our facilities and increase automation, digitalization and efficiency. We have also rationalized our fixed cost structure by reducing our full-time employees from 2,338 as of December 31, 2016 to 2,227 as of December 31, 2020. Starting in the year ended December 31, 2019, we implemented a number of cost saving and efficiency initiatives aimed at streamlining our cost base by optimizing our headcount, obtain logistics, administrative and indirect procurement cost savings, and achieve raw material efficiencies. These cost initiatives resulted in savings of €20.5 million reflected in our results for the year ended December 31, 2020. In addition to our cost saving initiatives, in 2020 we began implementing certain price improvement initiatives aimed at further improving our product margins. As a result of our cost saving initiatives, we decreased our fixed costs to 13% of our total cost base in the year ended December 31, 2020.

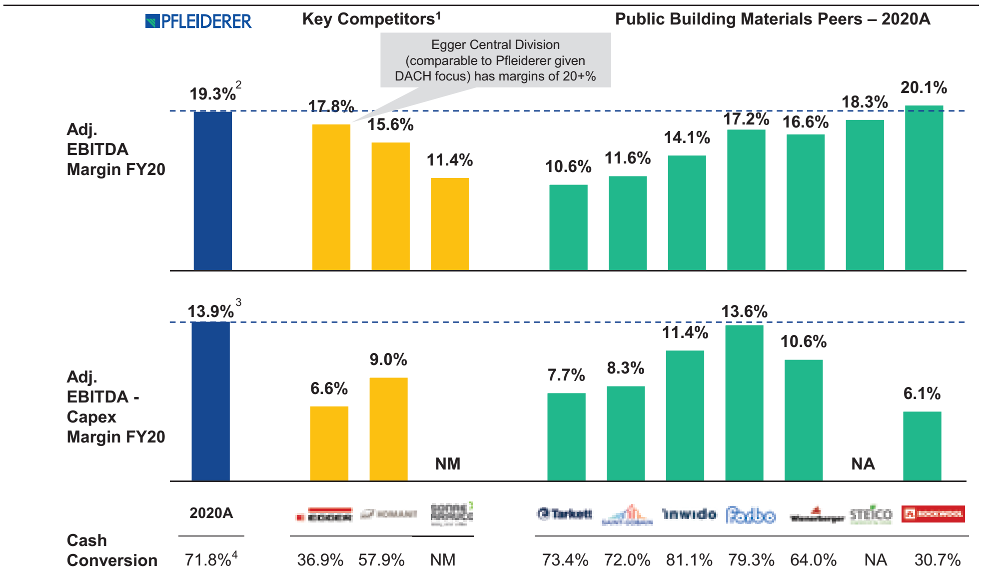
We believe that our focus on making our business more resilient and sustainable has allowed us to soften the impact of the COVID-19 pandemic, which is reflected in our performance in 2020. This has also allowed us to benefit from the strong economic recovery starting in the third quarter of 2020. As a result, Adjusted EBITDA of our Engineered Wood Products division increased by 3% and 26%, respectively, in the third and fourth quarters of 2020 compared to the third and fourth quarters of 2019. This performance highlighted the success of our strategy of focusing on the value-added segment in the resilient kitchen and furniture end markets. Overall, in the year ended December 2020, our Adjusted EBITDA and Adjusted EBITDA margin increased by over 7% and 2%, respectively, compared to the year ended December 31, 2019.

Industry-leading Adjusted EBITDA margins and strong Adjusted Free Cash Flow generation

We benefit from industry-leading Adjusted EBITDA margins and strong cash flow generation relative to our peers. We achieve this through our higher margin products in our product portfolio, our strong relative cost position which is the result of our scale and high levels of automation, our strong pricing discipline, supported by efficient raw material sourcing (including the use of recycled wood) and active management of raw material cost pass-through. We have also successfully implemented several structural cost saving initiatives during both years ended December 31, 2019 and 2020 (described elsewhere in this offering memorandum).

Between 2018 and 2020, our Adjusted Free Cash Flow increased from €18.6 in the year ended December 31, 2018 to €71.0 in the year ended December 31, 2020. In the same year, our *Pro Forma* Adjusted EBITDA *less* maintenance capital expenditure margin was 80%. In 2020, based on public-available information, we have among the highest Adjusted EBITDA and Adjusted EBITDA *less* maintenance capital expenditures margins within the industry, including among our direct competitors and a broader selection of listed building materials peers. The following graphic provides an overview of our and our direct competitors' and a broader selection of listed building materials peers' Adjusted EBITDA Margin and Adjusted EBITDA *less* capital expenditure margin in 2020.

COMPETITOR BENCHMARKING



Source: Company Information.

(1) Based on LTM reported financial information as of and for the twelve months ended June 30, 2020 for Homanitand and Sonae, and as of and for the twelve months ended October 31, 2020 for Egger.

(2) *Pro Forma* Adjusted EBITDA margin of 19.3% for the year ended December 31, 2020 is based on *Pro Forma* Adjusted EBITDA of €152.0 million and pro forma adjusted net sales, which includes an estimated net sales contribution of €11.6 million from our pricing initiatives.

(3) Based on *Pro Forma* Adjusted EBITDA *less* total capital expenditures margin, including growth capital expenditures.

(4) Calculated as *Pro Forma* Adjusted EBITDA *less* total capital expenditures (including growth capital expenditure) *divided by* Pro Forma Adjusted EBITDA.

Highly experienced management team with a strong track record

Our business benefits from the industry expertise and know-how of our experienced senior management team, which has long-standing experience in building materials manufacturing and distribution, and a strong track record of financial and operational success in both favorable and challenging market conditions. Our senior management includes Miguel Kohlmann, who is the Chairperson of the Parent's Advisory board since September 2020, having previously served as an advisor to the board since May 2018, and has more than 30 years of experience in management positions; Dr. Frank Herrmann, who has been our Chief Operating Officer since May 2019 and has more than ten years of experience in operational management roles; and Stefan Zinn, who has been our Chief Commercial Officer since January 2019 and has more than 25 years of experience in sales positions. In addition, in connection with the completion of the Restructuring and in preparation for a renewed phase of growth, in January 2021, we welcomed our new Chief Financial Officer, Dr. Mani Herold, who has over 20 years of experience in finance positions at global companies, including more than nine years as CFO, and in February 2021, we welcomed our new Chief Executive Officer and Chairperson in respect of our Engineered Wood Products division, Dr. Boris Gorella, who has over 30 years of experience in leadership positions, including more than ten years as CEO, with industrial coatings, chemical and consulting companies. Since February 2021, our former CEO, Zbigniew Prokopowicz, is a member of the Advisory board of the Parent and is responsible for the Silekol division and Panel East, providing us with continued expertise, particularly from the leadership roles he has held in our business since 2016.

Our Strategies

Continue to focus on value-added and high value-added premium products

We will continue to focus on product innovation and research and development to increase the share of our value-added and high-value add engineered wood products in our portfolio. We will focus on expanding the characteristics of the finishes of our HPL products, such as HPL products with special coating for outdoor use. We believe such products are less price elastic and will further help us penetrate the outdoor furniture market.

We plan to increase our output of value-added and high-value added products by selectively reducing our end-market sale of of basic raw particleboards, and plan to use this particleboard capacity to produce higher value laminated and coated products (such as MFB and coated HPL).

We sell our products to a variety of niche markets, such as hospitals, hotels, elevator interiors, playground, garden furniture and caravan and mobile home interiors. We will continue to focus on identifying additional attractive niche markets for value-added and high-value add products in order to increase customer diversification. As transportation cost is less relevant for high-value add products, we also plan to expand our exporting activities of such products to other regions, including China and Taiwan.

Lastly, we will continue to actively manage the pricing of our premium products by analyzing our markets, enhancing the distinguishing features of our products, achieving greater pass-through of raw material costs to our customers. We will also continue to actively monitor our portfolio of basic products with a view to shifting into HPL products. We believe this strategy will result in a continued augmentation in the average price and contribution margin of our product portfolio.

Continue to increase our focus on ESG trends and sustainable manufacturing

We will continue to focus on the sustainable sourcing of wood and on making our manufacturing processes and product portfolio more sustainable. This is part of our ongoing environmental and sustainability strategy and supports key trends in the kitchen, furniture and construction industries. We believe we can establish a leading market position in products that have been certified as sustainable, such as “Blue Angel” certified products, which have been certified by the German government as environmentally friendly. For example, in 1987, we were among the first wood panel manufacturers to introduce engineered wood panels made with formaldehyde-free glue, our LivingBoard panels, which obtained the prestigious “Blue Angel” certification. We are also the first panel manufacturer that has obtained the renowned “Cradle to Cradle” certification on several products. In the construction markets, there is a growing demand for environmentally sustainable products, such as wood-based products for pre-fabricated houses. We believe we will be able to meet this demand through our specialized product lines.

Pursuant to the Sustainability-Linked Financing Framework that we adopted in connection with the Offering, we have committed to increase the share of the recycled wood used in our products from 40% in the year ended December 31, 2020, to at least 44% by the end of 2022 and at least 50% by the end of 2025. In order to do this, we will continue focus on closed-loop recycling of wood waste and cascading utilization of wood. In addition, starting from 2021 we plan to invest further in debottlenecking actions to unlock our capacity to produce higher quantities of recycled wood at our Neumarkt and Leutkirch facilities. We believe that the use of recycled wood not only drives sustainability, but also reduces our costs. These materials tend to be cheaper and have lower energy costs than non-sustainable products since they use a lower amount of water, requiring less drying.

Additionally, we are aiming to increase the number of environmentally-friendly adhesives in our product-portfolio. We currently offer certified particleboards with formaldehyde-reduced glues for construction applications, which have lower emission applications. We will also support sustainability in our processes by continuing to generate green electricity with our own power plants and heat from wood that can no longer be used as a material for our products, making us climate-neutral, and by feeding surplus electricity into the public power network.

Finally, we will continue to focus on avoiding any form of environmental pollution and, pursuant to the Sustainability-Linked Financing Framework that we adopted in connection with the Offering, we have committed to reduce our Scope 1 & 2 Greenhouse Gas Emissions to 201.7 kT by the end of 2022 and to 173.9 kT by the end of 2025, in each case from our baseline of 220.2 kT in 2020.

We believe that these investments and activities are not only good for the environment, but also positively impact our Adjusted EBITDA growth due to the associated reduction in input costs per unit, and they increase the perceived value of our products, enabling us to meet the increasing demand for sustainable products in our end-markets.

Maintaining a focus on cost reduction and efficiency and pricing improvements to further increase our margins

We intend to continue to focus on operational efficiencies, which we believe result in cost reductions, ultimately allowing us to further improve margins and cash flow generation and contributing to the overall resilience of our business. In line with these objectives, we are aiming to complete the implementation of the cost saving initiatives that our management team actioned in 2019 and 2020. Going forward, we also plan to increase our focus on improving raw material mix and consumption, further optimizing our headcount, decreasing indirect costs and logistics costs, and implementing a new procurement program. Overall, we are targeting to realize more than €25 million of cost savings through these initiatives over the next three years.

Our raw material mix and consumption improvements focus primarily on improving wood consumption, particularly by increasing the share of recycled wood and chemicals within our total raw materials consumption, further reducing our SKUs and increasingly adopting data-driven processes to improve raw materials yield.

We also intend to continue taking advantage of opportunities to reduce our headcount at our production facilities and administrative functions, through a combination of redundancies, early retirement arrangements and other FTE rationalization measures. As of the date of this offering memorandum, we have negotiated the necessary framework agreements with the worker’s council, which provide us with the necessary flexibility to implement these plans quickly. We believe these measures, coupled with the implementation of process optimization and further technology investments, will drive significant headcount savings. We aim at further optimizing indirect costs that are non-labor related, such as those relating to repair, maintenance and waste disposal services. We intend to do so by continuing to consolidate our supplier base through our re-tendering process and focusing on tighter procurement controls. In addition, we intend to continue focusing on further reducing our logistics costs by utilizing a centralized IT platform for logistics tenders in order to take advantage of spot pricing conditions as opposed to contracted rates.

We expect to further benefit from the strategic price improvement measures that we initiated in 2020 and which we intend to expand upon going forward. In particular, we will complete the strategic review of our product pricing across our product portfolio and across all sales channels and sales regions. We also intend to apply various price quality management actions, including price differentiation on product value, clear pricing escalation procedures, price quality reporting and upgraded information technology systems.

Continuing to implement our strategic pricing initiatives

We continuously strive to optimize the prices for our products. In the second quarter of 2020, we engaged a leading global consultancy firm to conduct a strategic review of pricing across our product portfolio aimed at fixing certain structural gaps and systems and implementing new pricing rules into our ERP systems to improve pricing discipline and invoicing. Following this strategic pricing review, we implemented a number of structural pricing initiatives to improve pricing accuracy across all our products and customers as well as our invoicing process. These structural pricing initiatives included (i) the automatic application of contractually agreed surcharges to low volume orders, (ii) list price optimizations, (iii) the reduction of the number of small, unprofitable orders and (iv) the implementation of certain other price quality management actions, including price differentiation on product value, clear pricing escalation procedures, price quality reporting and upgraded information technology systems. We estimate that these initiatives will have a total impact on our Adjusted EBITDA of approximately €5.3 million by the end of 2021, of which we have included €3.0 million in our *Pro Forma* Adjusted EBITDA for the year ended December 31, 2020, and of approximately €15 million by the end of 2023.

In connection with the launch of our new 2021-2024 product collection in 2021, we increased the price of certain value-added and high value-added products of our Engineered Wood Products division. Our new four-year year collection of value-added and high value-added products replaced our existing collection on January 1, 2021. We estimate that these price increases will contribute €8.6 million to our Adjusted EBITDA for the year ending December 31, 2021, which is less than 40% of agreed price increases with certain customers as of December 31, 2020.

Prudent management of capital expenditure to deliver growth and maintain strong free cash flow conversion

Commencing in 2019, we conducted a review of our resource allocation and capital expenditure management. Historically, our capital expenditures as a percentage of net sales has been more than 7%, primarily due to our significant investments into new production lines, additional capacity and debottlenecking projects. Examples of recent investments include the installation of a lacquering line in our Leutkirch facility, the expansion of drying capacity at our Leutkirch facility and capacity for phenolic resins, formaldehyde and melamine in our Silekol division, and the installation of sanding lines at our Neumarkt and Baruth plants.

In addition, our high level of capital expenditure in recent years has been due to required investments into environmental and occupational health initiatives and certain inefficient repair and maintenance investments. These investments were essential for us to operate a stable and environmentally friendly production base. We review investment projects both during and after implementation to check success and learn in case of deviation from our targets, and have new procedures in place that entail reviewing capital expenditures monthly in order to avoid budget overruns and ensure timing compliance. As a result, our capital expenditures to net sales ratio decreased to 5.5% in 2020. We are targeting to further decrease our capital expenditures to net sales ratio to 4.5% in the medium term. We currently have no plans to invest in new production lines and all necessary investments required to comply with current environmental, health and safety regulations have been implemented.

We have revised our repair and maintenance approach towards condition based maintenance, which allows for better planning and ultimately lower capital expenditures. Our maintenance capital expenditure requirements are now relatively limited and include expenditures related to periodic plants shutdowns, replacement of equipment, maintenance of our information technology systems and regulatory-driven expenditures. Between 2018 and 2020, maintenance capital expenditures represented approximately 3.5% of our net sales. In addition, we plan to focus our capital expenditures into targeted projects that we believe will help us achieve our return on investment requirements, which we have set at two years, except for a small number of strategic investments. For example, we are currently implementing a pilot project for the installation of a scanner solution in two lines at our Gütersloh plant which we expect to be completed at the end of 2020 and will then be rolled out to our other plants. We expect it will take over three years to achieve returns for this project. In addition, we intend to continue investing in debottlenecking actions in our Engineered Wood Products divisions. These actions include the expansion of silo capacity for wood at our plant in Neumarkt and the installation of short-cycle presses at our plant in Leutkirch, which we expect will result in additional recycling capacity during 2021. We also intend to expand storage capacities in our Silekol division. We will continue to make selected strategic investments in efficiency-driven projects to achieve further cost savings and increase the share of recycled wood used in our products.

In the second half of 2019, we launched a centralized project aiming at organizing the management of our working capital, pursuant to which we monitor all functions, such as supply chain management, procurement, sales, controlling, treasury and accounting, in order to improve key performance indicators. We have identified the main drivers that will help us optimize our working capital, including inventories and semi-finished and finished-goods, in particular the composition of trade payables and trade receivables. We have also established a new reporting standard for working capital in order to monitor working capital and target achievements. For example, we have set clear reporting dates for balance sheet items or ratios targets, such as days payable outstanding and days sales outstanding. We have also agreed and executed measures to adjust stocks and decrease working capital in a sustainable manner. As a result, our net cash position has improved significantly. Going forward, we will continue to focus on tight trade working capital management to further improve our cash flow generation.

History

Our business was founded in 1894, initially as a timber trading operation, before transforming into a producer of processed wood products. We acquired our first sawmills in Heilbronn and Wernberg, Germany in 1916 and constructed an impregnating plant with a sawmill in Neumarkt, Germany in 1919. We continued to grow as a family-owned business until the initial public offering of the Issuer (then known as Pfleiderer AG) on the Frankfurt Stock Exchange in 1997. As a public company, we engaged in a period of rapid expansion through strategic acquisitions, leading to a broader product portfolio and a significant geographic presence across Europe (including Germany, Poland, Russia and Sweden) and North America (including the United States and Canada) by 2008. As part of this expansion, we also listed our Polish subsidiary, Pfleiderer Grajewo S.A., on the Warsaw Stock Exchange in 1997.

As a consequence of a significantly over-levered balance sheet due to an excessive expansion strategy coupled with the global financial crisis in 2009, the effects of which were further exacerbated by the housing crisis in the United States, trading of our shares on the Frankfurt Stock Exchange ceased in November 2012 and certain of our creditors took control of our business. To improve profitability and our resilience during market cycles, we initiated strategic facility closures, divestments and functional optimization programs focused on cost reductions and improved efficiency. We also invested in our core products and key markets. In doing so, we divested our operations in Russia, the United States and Canada and redefined our business as two independent divisions, "Core West" and "Core East," operating out of Germany and Poland, respectively.

In 2016, we undertook a restructuring, pursuant to which the Issuer was acquired by Pfleiderer Grajewo S.A., its listed Polish subsidiary in a reverse merger. In connection with the restructuring, Pfleiderer Grajewo S.A. changed its name to Pfleiderer Group S.A. and re-listed on the Warsaw Stock Exchange. In August 2019, the European Commission approved the public tender offer by Volantis Bidco B.V., an indirect subsidiary of SVPGlobal, ultimately resulting in SVPGlobal holding all of the outstanding share capital of the Parent.

Historically, our Parent operated our business through three divisions: Engineered Wood Products, Silekol and Panel East. Following the take private of our Parent in September 2019, our Sponsor separated our Engineered Wood Products and Silekol divisions from Panel East. As a result of the optimization of our corporate structure, we believe we benefit from a strongly enhanced credit profile due to (i) an improved business mix with strong market position in the more stable and attractive Western European market, (ii) greater focus on value-add products with a loyal and more diversified customer base and (iii) higher and more resilient margin and cash flow profiles. To separate the Silekol division from the operations of the Panel East division and combine the Engineered Wood Products and Silekol divisions, we completed the Silekol Transfer on March 6, 2020. In addition, in the year ended December 31, 2020, we changed the Parent's jurisdiction of incorporation from Poland to Germany and converted the Parent from a Polish public company (*spółka akcyjna*) into a *besloten vennootschap* & limited partner (*besloten vennootschap & Compagnie Kommanditgesellschaft*). For more information on the optimization of our corporate structure, please see "*Summary—The Optimization of Our Corporate Structure*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—The Optimization of Our Corporate Structure*."

We now operate our Engineered Wood Products and Silekol divisions together through the Issuer, while Panel East operates independently and on an arm's-length basis, and will be outside the Restricted Group. Our Engineered Wood Products primarily produces engineered wood products and laminates in Germany and sells its products to customers, who are primarily located in the DACH region and across Western Europe. Our Silekol division produces resins and other chemicals in Poland and sells its products to customers in Central and Eastern Europe as well as to the Engineered Wood Products division and Panel East.

Engineered Wood Products

Our Products

Through our Engineered Wood Products division, we produce and distribute a comprehensive range of wood products, laminates and decorative design products. We categorize our products as basic products, value-added products or high value-added products, depending on the applied degree of surface treatments, functionality and decorative features. Our products have diverse applications, including in kitchen construction or remodeling, furniture and construction industries, as well as for niche end-markets such as shop fittings and outdoor façades.

Overall, we offer 14 wood panel and laminate product groups, with different degree of value addition, which can be clustered in five product segments. The following table sets forth an overview of our five product segments in our Engineered Wood Products division, their percentage of gross sales generated in our Engineered Wood Products division from sales of products to external customers for the year ended December 31, 2020.

% Engineered Wood gross sales 2020	RCB (Raw chipboard)	MDF/HDF (Medium-/ high-density-fiberboard)	MFB (Melamine-faced board)	HPL (High pressure laminate)	Lacquered (Lacquered board)
	16%	14%	44%	23%	2%
Description	▪ Manufactured from wood particles and resin ▪ Variety of formats, thicknesses, features	▪ Manufactured from wood fibers and resin ▪ Medium vs. high density options available	▪ RCB/ MDF/ HDF with melamine-impregnated paper surface ▪ Variety of core materials, formats, features	▪ Laminate coating produced by fusing craft & decorative paper ▪ Used stand-alone or laminated to RCB/ MDF	▪ Lacquered boards ▪ Lacquered surface, applied to a variety of wood panels or laminates (e.g. MFB. HPL)

High Value-Added Products

Our high value-added products include strongly enhanced boards, such as melamine-faced board ("MFB"), high pressure laminate ("HPL") and lacquered MFB and HPL, which have been given advanced surface treatment (including, for example, lacquered or colored melamine surface treatment), significant functionality (including, for example, anti-fingerprint, impact resistance and ease of care) and a wide variety of decorative features for designs and finishes. Our high value-added products, particularly for the kitchen, furniture and construction end-markets, are frequently "made to order" to meet customer requirements for specific applications that not only demand consistent color and haptic qualities but also call for other properties such as durability, a specific thickness, scratch resistance or fire-resistance.

In the year ended December 31, 2020, our high value-added products accounted for 55% of our Engineered Wood Products division's gross sales, and generated contribution margins which were on average more than ten percentage points higher than the average contribution margins generated on our basic products in the same year. In the kitchen, furniture and construction markets, we continue to focus on high value-added products due to the "made-to-order" nature of these products, which promotes demand stability, price stability and visibility of future net sales. The "made-to-order" nature of our high-value added products also tends to limit customer defections, as our competitors may not be able to provide the same products and, to the extent our competitors can offer alternative products, a customer's transition to a different supplier would trigger significant lead times to source replacement products and high switching costs due to the need for consistency in décor and finish. Furthermore, customers of high value-added products have historically shown lower sensitivity to price increases since the cost of such products represents a smaller percentage of their total finished products budget, as compared to customers of basic products. As a result, our customers have generally accepted premium prices, price increases and pass-through of increased raw material costs in the past, allowing us to maintain high margins on our high value-added products. Our high value-added products also give us the opportunity to enter into new niche end-markets because of the breadth of customizable features they offer existing and potential customers. Our high value-added products are primarily produced and sold in low to medium volumes.

Set forth below are brief descriptions of our key high value-added products.

- *Melamine-faced board (MFB):* Our high value-added MFB is available in a wide range of different core materials, such as standard chipboards (in "P2-P3" grade), specialty chipboards (such as low emission boards, fire resistant boards, and electrostatically dissipative boards) and fiber boards. MFB is directly laminated on both sides with a decorative melamine resin in a variety of color and surface finishes. The lamination is also available in multi-layer construction, creating different textures and designs. Sold through our DecoBoard range, our MFB boards are available in formaldehyde-reduced, hygienic, low-emission, flame retardant, low-maintenance and moisture-resistant formats, making them suitable for a wide range of uses in kitchen and furniture making and interior fixtures and finishes. Our low-emission and formaldehyde-reduced MFB is typically used for interior design and furniture in both private and public premises, such as hotels, schools, offices and administrative buildings. Additionally, our moisture-resistant MFB is typically used in the construction of bathroom furniture.

- *High pressure laminate (HPL):* HPL is a durable laminate or compact, which is produced by first saturating multiple layers of craft paper with phenolic resin, then coating one or both sides with melamine resin-coated décor paper, metallic decorative coating or magnetic decorative coating and finally fusing the materials together under heat and pressure. HPL may have a brown core, black core or white core or it may be pigmented through to the core to avoid visible edges and joints. HPL may be used as a surface material that is combined with a core material such as chipboard or on a stand-alone basis. The typical thickness of HPL ranges from 0.5 mm to 15 mm, with thin HPL typically being used as a surface for doors and interior fittings and thick HPL (over 2 mm) being used as a stand-alone product, typically for bathroom fittings, tabletops and exterior applications like outdoor furniture and façades.

- *Lacquered MFB and HPL*: Our lacquering line at our Leutkirch production facility in Germany was created to adapt our production capacity to the needs of our customers by expanding our product portfolio with more decorative patterns and surfaces. The installation of our lacquering line has allowed us to create new high-value added products, such as lacquered front doors for furniture and kitchen applications as well as for outdoor applications, such as compact boards for outdoor furniture and façade, thus allowing us to access new end-markets. The integration of our lacquering line within our color match system ensures long-lasting color stability. Our lacquering line technology also creates mirror effects for our products in a premium high gloss surface finish. The lacquering line, at 165 meters long, is the biggest lacquering line using the HotCoating system in the world.

Value-Added Products

Our value-added products include enhanced boards, such as chipboard, melamine-faced chipboard and lacquered high-density fiberboard, which have been given basic surface treatment (including, for example, a white melamine surface), moderate functionality (including, for example, stress and moisture resistance, bending strength or fire protection) and decorative features.

In the year ended December 31, 2020, our value-added products accounted for 23% of our Engineered Wood Products division's gross sales and generated contribution margins which were on average five percentage points higher than the average contribution margins of our basic products in the same year. Like our high value-added products, our value-added products are frequently "made to order" to meet customer requirements for specific applications. As a result, they are more difficult to substitute than basic products and exhibit a more stable price and demand pattern. The "made-to-order" nature of these products also promotes customer loyalty, high margins and visibility of future net sales. Our value-added products are primarily produced and sold in medium to large volumes.

Set forth below are brief descriptions of our key value-added products.

- *Chipboard*: Chipboard is a wood panel manufactured by compressing wood chips, sawmill shavings, sawdust, recycled wood or biomass from other plants and a synthetic resin adhesive (urea or melamine resin or formaldehyde-free PMDI (*polymeric diphenylmethane diisocyanate*) resin) under the application of heat. The typical density of our chipboards ranges from 600 kg/m³ to 750 kg/m³ and the typical thickness ranges from 8 mm to 64 mm.
    - *Multi-function panels:* Our multi-function chipboard is characterized by high bending abilities, loading resistance in longitudinal and transverse directions and high moisture resistance. Our multi-function chipboard is engineered with randomly distributed wood chips and melamine-reinforced urea resins. It is typically used in a range of construction applications, the production of sturdy packaging and as structural material for exhibition stands and for interior design. For example, our LivingBoard panels, which were introduced to the market almost four decades ago, are certified as a "green" building product. With an unsanded contiprotect surface, it offers moisture resistance and low swelling and is particularly ecological. Made with formaldehyde-free glue and having been given the "Blue Angel" certification, our LivingBoard panels satisfy the special demands for interior and exterior walls mainly used in the prefabricated housing market.
    - *Pyroex boards:* Our Pyroex boards have the same advantages as standard chipboard and can be used for decorative purposes, but are also designed to provide protection from fires. They are available in different materials ranging from flame resistant to non-flammable and are typically used in facilities that have a higher demand for fire protection, such as laboratories, railway stations, airports, hotels, exhibitions, places of public assembly, care facilities and hospitals.
- *MFB:* Our value-added MFB is the same as our high value-added MFB, discussed above, except that we offer the decorative melamine resin lamination in only a white decorative range.
- *Lacquered HDF*: Our lacquering line at our Leutkirch production facility produces value-added products, such as PrimeBoard. PrimeBoard, offered in PrimeBoard XTreme Matt or PrimeBoard XTreme High Gloss, incorporates innovative multi-coating technology from our HotCoating system

and acrylic lacquers, making it particularly easy to clean and resistant to scratches and high stress. PrimeBoard is typically used for interior solutions, such as kitchen worktops.

Basic products

Our basic products include wood boards, such as raw chipboard and raw medium- and high-density fiberboard ("MDF/HDF"), which come in a variety of standardized formats and thicknesses. Our basic products are not produced with decorative features, but we believe they are a competitive advantage as they form the foundation of our value-added and high value-added products and allow us to more fully utilize our production facilities throughout the economic cycle.

In the year ended December 31, 2020, our basic products accounted for 21% of our Engineered Wood Products division's gross sales and generated very attractive contribution margins. Our basic products have historically generated lower margins than our value-added products, primarily because customers have more options to purchase these types of products from our competitors due to their greater standardization and lower distinguishing qualities, as compared to the "made-to-order" nature of our value-added and high value-added products. Therefore, competition for these products is primarily based on price and this has historically limited our ability to increase their prices to pass increased raw material costs to our customers, particularly when supply levels are higher than demand levels. However, while there is an extensive network of competing production facilities that produce such basic products across Europe, there is limited competition from imported basic products because of the high transportation costs incurred as a result of the weight and bulkiness of the products, particularly combined with the smaller margins on basic products. As a result, we strategically built our production facilities for our basic products close to key customers to, among other things, reduce transportation costs. Our basic products are primarily produced and sold in large volumes.

Set forth below are brief descriptions of our key basic products.

- *Raw chipboard:* Our raw chipboard is produced from renewable raw materials and is easy to process. It is often used as a core or construction material, can be load-bearing or non-load-bearing and can be produced in a variety of formats and thicknesses, with or without additional features such as moisture resistance. In addition to our ClassicBoard and PremiumBoard lines, which are composed of wood chips, sawmill shavings, sawdust or recycled wood and a synthetic resin adhesive. Raw chipboard is typically used as a core material in furniture production, including for flooring, and underneath construction materials.
- *Raw medium-density and high-density fiberboards* ("MDF/HDF"): Raw MDF and HDF are engineered wood products made by breaking down hardwood or softwood residuals into wood fibers, combining those wood fibers with wax and resin and forming panels by applying high temperature and pressure. The main difference between raw MDF and HDF is the amount of pressure applied.
  - *Raw MDF*: Raw MDF boards are stronger and significantly denser than chipboard and have smooth surfaces suitable for a variety of applications. Raw MDF is typically used for lacquer or lamination and can be easily shaped and finished for furniture fronts, tabletops and shop fittings. The typical density of our raw MDF boards ranges from 650 kg/m^3 to 850 kg/m^3 and the typical thickness ranges from 8 mm to 38 mm.
  - *Raw HDF*: Raw HDF is thinner, denser, stronger and harder than raw MDF because it is engineered with higher pressure. Raw HDF is typically adapted for use in the furniture industry, primarily for rear furniture walls and drawer bottoms and as carriers for laminating floors. The typical density of our raw HDF boards ranges from 900 kg/m^3 to 950 kg/m^3 and the typical thickness ranges from 5 mm to 9 mm. Raw thin HDF is a type of raw HDF board that is even denser and more highly compressed than raw HDF. The typical density of our raw thin HDF boards ranges from 800 kg/m^3 to 1,050 kg/m^3 and the typical thickness ranges from 1 mm to 5 mm. Raw thin HDF is typically adapted for use in advertising panels, packaging, furniture rear panels or as decks for doors or lightweight construction panels.

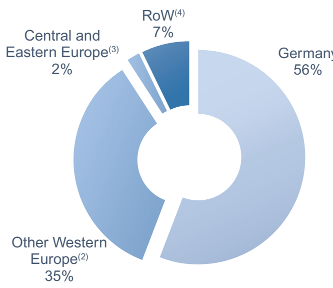
Our Customers and End-Markets

We primarily sell our products into the DACH region, which is our core market and accounted for 61% of our Engineered Wood Products division's gross sales in the year ended December 31, 2020. With a market share of 14% by net sales in 2020, our Engineered Wood Products division is the second largest manufacturer of premium engineered wood products and laminates in the DACH region. Our other primary markets are neighboring regions and countries in Western Europe, such the United Kingdom, Netherlands, France and Italy. We sell our products across a diversified range of end-markets, which increases our exposure to the renovation and replacement segment. Our largest end-markets are the kitchen and furniture industries, and kitchen and furniture producers accounted for 33% and 27%, respectively, of our Engineered Wood Products division's gross sales in the year ended December 31, 2020. Our other customers are in the furniture, construction and niche end-markets, such as shop fittings and outdoor facades. Our customers in the kitchen and furniture industries are primarily large producers, such as Nobilia, Schüller, Häcker, Nolte, Schmidt, Fournier, Nobia Group, Vivonio Group and Mäusbacher. Our key customers in the construction and wholesale industries include Enno Roggemann, Heckewerth, ZEG, Holztec, doka, CarlGötz and Kesseböhmer.

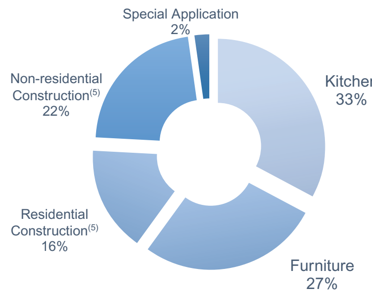
The following graphs illustrate the breakdown of our Engineered Wood Products division's gross sales by type of product, end-market and geography for the year ended December 31, 2020.

Engineered Wood Products(1)

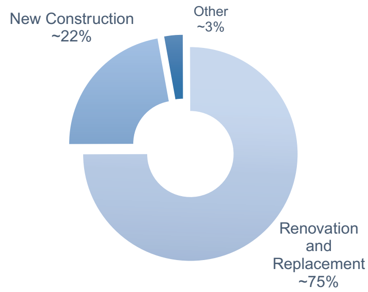
Gross Sales By Geography



Gross Sales By End-Market



Gross Sales By Segment



(1) Based on gross sales (excluding the impact of sales reductions, such as bonuses for customers, cash discounts and refunds) generated from the sale of products to external customers, excluding (i) inter-division sales from our Engineered Wood Products division to our Silekol division and (ii) sales to Panel East. Gross sales by segment based on management data.

(2) Other Western European countries comprise the United Kingdom, the Netherlands, France, Italy, Switzerland, Sweden, Austria, Norway, Denmark and Belgium.

(3) Central and Eastern Europe comprises Poland, Slovakia and the Czech Republic.

(4) Rest of World ("RoW") comprises the remaining jurisdictions in which our customers are located.

(5) Based on management estimates derived from the analysis of the segment exposure as prepared by a leading consulting firm for the gross sales (excluding the impact of sales reductions, such as bonuses for customers, cash discounts and refunds) generated in the DACH region by our Engineered Wood Products division from the sale of products to external customers excluding (i) inter-division sales from our Engineered Wood Products division to our Silekol division and (ii) sales to Panel East.

As of December 31, 2020, our Engineered Wood Products division had a large and fragmented customer base comprising over 1,500 active customers. We generally have low customer concentration, with the division's top ten external customers representing 18% of external net sales generated by our Engineered Wood Products division in the year ended December 31, 2020. No single external customer exceeded a share of 5% of our Engineered Wood Products division's external net sales during the period. We also have a loyal and stable customer base and constantly receive positive customer feedback. The majority of our customers, including our top ten customers, have been our customers for more than ten years.

Kitchen Industry

Customers in the kitchen industry use our products to create kitchen cabinets and fronts, countertops and worktops in a variety of materials and finishes. The degree of customization desired by our customers determine which products they wish to purchase, but typically customers in the kitchen industry will require moderate to advanced surface treatment (including, for example, with our décor paper and various surface treatments) and functionality (including, for example, ease of care and moisture resistance) which can only be found in our value-added and high value-added products. As a result, we typically generate high margins from customers in the kitchen industry due to our large variety of products, new designs and excellent service levels. We believe we are the number one supplier to two of the four largest kitchen manufacturers in the DACH region, and the second or third largest supplier to the remaining two manufacturers.

Furniture Industry

Customers in the furniture industry use our products to create cabinet fronts, shelves, rear walls and drawers in a variety of materials and finishes. The degree of customization desired by our customers determine which products they wish to purchase. For decorative furniture and furniture for specific purposes, such as bathrooms or office furniture, customers will typically require moderate to advanced surface treatment and functionality (including, for example, low-emission, impact resistance, ease of care and moisture resistance), which we only provide through our value-added and high value-added product offering. We typically generate mixed margins from customers in the furniture industry, with higher margins from customers in the office furniture industry. We create ongoing relationships with customers of basic products where we offer competitive pricing and customer service as well as customers of value-added and high value-added products, allowing them to continue accessing the furniture collection they have created with or otherwise purchased from us.

Construction Industry

Customers in the construction industry typically purchase our products for new build activities and use our products to create pre-fabricated houses, built roofs, walls, concrete formworks and flooring (for example, in storage centers with anti-slippery surfaces and office buildings). Customers in the segments of the construction industry we serve mainly require value-added products, such as multi-function panels characterized by high bending abilities, loading resistance in longitudinal and transverse directions and high moisture resistance. As a result, we typically generate high to very high margins from customers in the construction industry.

Niche Markets

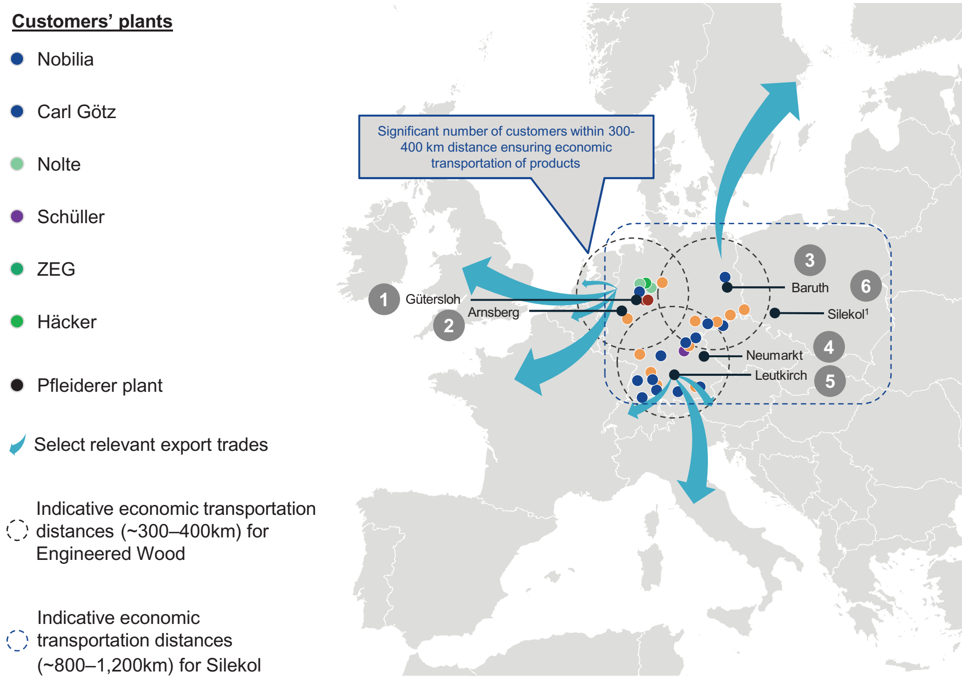
We sell our products to customers in niche markets, such as shop fittings, hospitals and other public buildings and hotel interiors. The degree of customization desired by our customers determine which products they wish to purchase, but typically customers in attractive niche markets will require moderate to advanced surface treatment (including, for example, lacquered or colored finishes) and functionality (including, for example, anti-fingerprint, impact resistance, moisture resistance and fire protection) which we only provide through our value-added and high value-added product offering. As a result, we typically generate high margins from customers in niche markets and create ongoing customer relationships because of the breadth of customizable features our high value-added products offer to meet niche needs.

Our Production Facilities

We currently operate five highly automated manufacturing plants, which are strategically located across Germany (Arnsberg, Baruth, Gütersloh, Leutkirch and Neumarkt) in close proximity to our customers in our key market, the DACH region. This allows us to benefit from lower costs of deliveries and provide better customer service through shorter delivery times and provides us with an important competitive advantage due to the limited ability to profitably transport engineered wood products over long distances.

The following map shows the location of our production facilities and key customer groups in Germany, as well as the indicative distances within which we transport our products from our production facilities to our key customers.

PFLEIDERER ENGINEERED WOOD PRODUCTS PLANTS



Note: Does not show energy production; Source: Company information; leading management consulting firm.
1 Located in Kędzierzyn-Koźle, PL.

While our production facilities are operated locally to enable quick decisions and flexible reactions to market changes, a number of functions are run centrally, which allows us to identify regional weaknesses in quality assurance and to leverage synergies, including through the swift transfer of certain products to more cost-effective production facilities.

The production process at our production facilities comprises five key steps. The first step requires the necessary input factors, comprising resin production, energy generation in our CHP plants and inbound logistics for our other raw materials. The second step comprises the manufacturing of panels and laminates, such as RCB, MDF, HDF and HPL. The third step comprises the application of the finishing surface, including impregnation, lamination, edge banding, painting and lacquering. The fourth step comprises the manufacturing of furniture elements or interior fittings, including kitchen worktops. The fifth and final step involves outbound logistics to ensure flexible and reliable deliveries to our customers.

The following table provides an overview of our production facilities.

Location	Products	Capacity[(2)]	Owned/Leased	Property Size
Arnsberg	HPL, elements, worktops / post-forming elements	HPL: 18 million m^2 HPL-elements: 4 million m^2	Owned	122,644 m^2
Baruth	MDF and HDF	MDF/HDF: 450,000 m^3	Owned	255,188 m^2
Gütersloh I (Werk II)[(1)]	MFB make-to-order production	Chipboard: 600,000 m^3	Long term lease	79,153 m^2
Gütersloh II (Werk III)[(1)]	MFB make-to-order production	Surfacing: 35 million m^2 Impregnation: 120 million m^2	Owned	197,616 m^2
Leutkirch	MFB make-to-order production, MFB warehouse and fast-delivery range of products, HPL, elements, lacquered products	Chipboard: 450,000 m^3 Surfacing: 15 million m^2 Impregnation: 45 million m^2 HPL: 11 million m^2	Owned	190,230 m^2
Neumarkt	Raw chipboard make-to-order production, raw chipboard wholesale stock, MFB fast-selling assortment, MFB make-to-order production	Chipboard: 1,000,000 m^3 Surfacing: 18 million m^2	Owned / Long term lease	203,819 m^2 / 61,879 m^2

(1) Our Gütersloh facility consists of one facility divided into two plants, Gütersloh I (Werk II) and Gütersloh II (Werk III).

(2) As of December 31, 2020.

Each of our five German production facilities focuses on specific customers and product groups, with limited overlap. Our production facility in Gütersloh is located in a region where major German kitchen and furniture producers are based and thus manufactures MFB products targeted at customers in the kitchen and furniture industry. Our production facility in Neumarkt produces standard MFB and raw chipboards and is the largest chipboard production facility in Western Europe and the second largest in Europe overall with a capacity of 900,000 m^3 per annum. Our production facility in Leutkirch produces MFB products in the retail format of 2800 mm x 2100 mm and HPL products in the 2070 mm width. Our production facility in Arnsberg is a fully integrated production facility covering the entire value chain (resin production, impregnation and HPL production) for the production of HPL and end-products using HPL, such as elements, countertops and window sills. Our production facility in Baruth produces both HDF and MDF. The majority of our production facilities have warehouse facilities, but we also outsource some of our warehouse logistics to an external service provider.

We aim to align our production capacity within our production facilities with the demand for our products in the markets in which we are active, as capacity utilization is a key strength in our industry. We estimate that total engineered wood production capacity in Western Europe has been reduced significantly since 2005. This was primarily due to the financial crisis in the late 2000s, which rendered some production facilities uneconomical. Given such reduced capacity, utilization rates among engineered wood manufacturing facilities in the DACH region have been stable since 2012 at over 90% compared to approximately 80% in 2009. Despite the COVID-19 pandemic, our production facilities had stable capacity utilization of nearly 90% with respect to our basic products as well as our value-added products and approximately 80% for our high value-added products in the year ended December 31, 2020. Despite our high capacity utilization, our production facilities have capacity to expand production, including of high value-added products, as a result of our investments. We have invested approximately €158 million in our Engineered Wood Products production facilities since 2011, which has provided us with an efficient manufacturing base that benefits from numerous productivity increasing enhancements. As a result of our investments and the fact that much of our plant and equipment can be replaced on a modular basis, we have a low level of maintenance capital expenditure, which between 2018 and 2019 averaged €27.7 million annually for our Engineered Wood Product division. In the year ended December 31, 2020, maintenance capital expenditure was €29.1 million, as a result of a strategic reduction as part of our cost saving measures during the COVID-19 pandemic. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Expenditures*". We believe that we have well-invested equipment and expect to invest only in select efficiency projects going forward.

Typically, the larger the production facility, the higher the capacity of the facility. In 2020, the annual average capacity of our production facilities was 600,000 m³ for particle boards and 450,000 m³ for MDF/HDF. The capacity of our production facilities is in line with the average capacity of the production facilities of our four key competitors, whose average facility size ranges from 400,000 m³ to 650,000 m³. The large size of our production facilities allows us to be more efficient with increased buying power in respect of raw material purchases and agreements with third-party logistics providers, making us one of only few players in our area that can supply products on a large volume basis. Our proximity to key customer groups allow us to provide more tailored offerings to our customers and fulfill smaller orders with lower transportation costs and higher margins. As of December 31, 2020, after giving effect to the Transactions, the ratio of our total net debt to the total appraisal value of our assets (based on an insurance appraisal performed in the second quarter of 2020) was approximately 1.5x and the ratio of our total net debt to the total replacement value of our assets (based on competitors benchmark) was approximately 2.9x.

In addition to our production facilities, we lease our corporate headquarters in Neumarkt, which we use for administrative, technical, sales and distribution purposes.

Silekol

Our Products

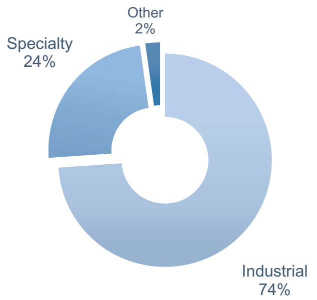
Our Silekol division produces a full spectrum of industrial and specialty resins, and accounted for 11% of our consolidated net sales in the year ended December 31, 2020, excluding inter-division sales. We focus on specialty resins, which are manufactured for specific functions that are not commonly found in our industry, and which generate higher margins than widely-available industrial resins. We sell our resins to external customers, primarily in the German and Polish wood-based panel production, packaging, construction and building materials industries. We also sell our resins to Panel East on the basis of the Panel East Resin Supply Agreement, which was entered into between our Silekol division and Panel East in connection with the Silekol Transfer. In addition, our Silekol division operates as a vertically integrated in-house resins manufacturer and supplies resins to our Engineered Wood Products division for use in manufacturing our engineered wood products, including on an exclusive basis for certain products. In the year ended December 31, 2020, we sold approximately 408 kT of resin, 181 kT of which we sold to external customers, 114 kT of which we sold to Panel East and 113 kT of which we used for our internal processes in the Engineered Wood Products division.

The following graphs illustrate the breakdown of our Silekol division's net sales by product, customer and geography for the year ended December 31, 2020.

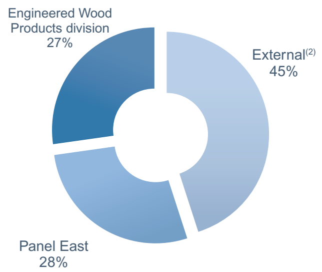
The following graphs illustrate the breakdown of our Silekol division's net sales by type of product, customer and geography for the year ended December 31, 2020.

Silekol

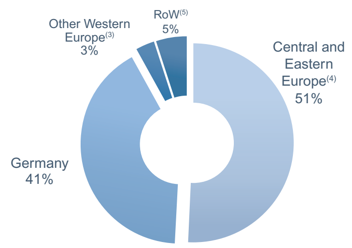
Net Sales By Product



Net Sales By Customer



Gross Sales By Geography[1]



(1) Based on gross sales (excluding the impact of sales reductions, such as bonuses for customers, cash discounts and refunds) generated from the sale of products to external customers, excluding, excluding (i) inter-division sales from our Silekol division to our Engineered Wood Products division and (ii) sales to Panel East.

(2) Consisting of sales to external customers, not including Panel East.

(3) Other Western European countries comprise the United Kingdom, the Netherlands, France, Italy, Switzerland, Sweden, Austria, Norway, Denmark and Belgium.

(4) Central and Eastern Europe comprises Poland, Slovakia the Czech Republic.

(5) Rest of World ("RoW") comprises the remaining jurisdictions in which our customers are located.

Specialty Resins

We produce value-added specialty resins, melamine-urea formaldehyde resins ("MUF"), melamine-urea-phenol formaldehyde resins ("MUPF") and phenol formaldehyde ("PF") resins, which are also known as rezole resins. These specialty resins are used as binding agents for composite, chipboards, impregnated paper and paper laminates. PF resins are used as binding agents for special panels of composite boards, plywood, construction, furniture, packaging and mineral wool. UF resins, MF resins and PF resins are also impregnating resins used as binding agents for paper and paper laminates. Specialty resins accounted for 24% of our Silekol division's net sales in the year ended December 31, 2020.

Industrial Resins

We produce value-added industrial urea formaldehyde ("UF") resins and urea-melamine formaldehyde ("UMF") resins. UF and UMF resins are used as binding agents for composite and chipboards. Industrial resins accounted for 74% of our Silekol division's net sales in the year ended December 31, 2020.

Other Chemicals

We produce other chemicals, such as formaldehyde, hardeners, resin fillers, NOX-catchers, plasticizer for impregnating resins and concrete modifiers (in powder and liquid form).

Our Customers and End-Markets

Our Silekol division is the third largest resin manufacturer by volume in Central and Eastern Europe, where we generate the majority of our net sales from customers in the German and Polish wood-based panel production, packaging, construction and building materials industries. In the year ended December 31, 2020, we generated 74% of our Silekol division's net sales from sales of our industrial resins to customers in the wood-based panel production industry and 24% of our Silekol division's net sales from sales of our specialty resins to customers in the packaging, construction and building materials industries. We generated 45% and 41% of our gross sales in the Silekol division from Poland and Germany, respectively, in the year ended December 31, 2020.

As of December 31, 2020, our Silekol division had over 200 active customers. The top ten external customers of our Silekol division represented 61% of the external net sales generated by our Silekol division (excluding sales to our Engineered Wood Products division and Panel East) in the year ended December 31, 2020. For the year ended December 31, 2020, no single external customer accounted for more than 6% of the Silekol division's net sales for that period. We have a loyal customer base and a significant number of our customers, including most of our top ten customers, have been our customers for more than ten years. Key customers in our Silekol division include Nolte, DDL, Sonae Arauco, Paged, Rauch, Homanit and Lombardo.

Resins have a limited ability to travel, including because they typically have a short shelf-life of a maximum of four weeks and are sensitive to the temperature at which they are stored, which helps insulate us from global competition.

In the year ended December 31, 2020, our Silekol division generated 27% of its net sales from the sale of resins to our our Engineered Wood Products division. In the same year, our Silekol division generated 28% of its net sales from the sale of resins to Panel East. As part of our strategic growth initiatives to increase profitability, we intend to increase our production of resins with the goal of increasing the percentage of sales to external customers from approximately 45% to 50%.

For a description of our Panel East Resin Supply Agreement, see "*Certain Relationships and Related Party Transactions*."

Our Production Facilities

We currently operate one resin production facility in Poland, which provides cost-efficient access to both Western and Central European markets. Our resin production facility includes three formaldehyde production lines and 13 batch reactors, divided into 11 reactors for amino resins (including urea and melamine impregnation resins, UF and MF) and two reactors dedicated for rezole resins (including rezole impregnation resins). We employed 121 employees (full-time equivalents) at these facilities as of December 31, 2020, including employees that were temporarily furloughed under COVID-19-related measures.

The production process at our Polish production facilities comprises two key steps: the production of formaldehyde and the production of resin. Our formaldehyde production facility has a capacity of 143 kT, and oxidizes methanol with the aid of metal catalysts to produce formaldehyde and subsequently use excess steam to produce power. Our eleven batch reactors have a capacity of 517 kT, and "cook" formaldehyde, urea and other additives (such as melamine) to produce resin, which is then transferred to cooling or storage tanks. The entire production process is supervised and controlled by our Batch Computer System to automate our processes as much as possible, leading to proper control of raw material consumption and utilities. For example, our Batch Computer System—DELTAV incorporates dosing technology specifically fitted to our reactors in order to automate the input of ingredients for specific resin production recipes. In addition, we use The New Advanced (Automatic) Resin Technology, a modern tool for production of new innovative resins with automatic process control.

The following table provides an overview of our resin production facility in Poland.

Location	Products	Capacity[1]	Owned/Leased	Property Size
Kędzierzyn-Koźle	• UF, UMF, MUF, MUPF, PF and MF resins • Formaldehyde	• Resins: 517 kT (of which PF resins had capacity of 47.5 kT) • Formaldehyde: 143 kT/y (100%)	Owned	46,880 m^2

(1) As of December 31, 2020.

We aim to align our production capacity in our production facility with the demand for our products in the markets in which we are active, as capacity utilization is a key strength in chemical industries. In 2020, the annual capacity of our production facility was 517 kT of resins. We believe that our production facility is the most modern among our competitors, with the average age of the production facilities of BASF, MetaDynea, Lerg and Chemcom ranging between ten and 20 years, and that our capacity makes us one of the biggest producers of resins in Central and Eastern Europe.

We have invested approximately €27 million in our Silekol production facilities since 2011, which has provided us with an efficient manufacturing base that benefits from numerous productivity increasing enhancements. For example, under our Project Heliex initiative, we installed a steam generator unit at one of our formaldehyde plants to generate our own energy supply. We have also invested in creating new phenol capacity at our resin production facility, which is operated by a team with the specific technical know-how to produce these new products in-house. In addition, our new Advanced (Automatic) Resin Technology ("ART") is a modern tool for the production of new innovative resins. ART gives us the opportunity to create efficient gluing systems with resins and hardeners to be used for the production of ecological panels, and design resins according to our customers' needs. As a result of our investments and the fact that much of our plant and equipment can be replaced on a modular basis, we have a low level of maintenance capital expenditure, which between 2018 and 2020 averaged €0.9 million annually for our Silekol division, with capital expenditure in the year ended December 31, 2020 strategically reduced as part of our cost saving measures during the COVID-19 pandemic. With our historical spend on growth and expansion projects substantially complete, we expect to invest in select efficiency projects in the future that have a short payback period.

Research and Development

As a leader in product quality and innovation, we consider research and development to be among the key factors in the development of new processes for a more efficient and sustainable use of raw materials and the further development of our product offerings and brands. Within our Engineered Wood Products division, we developed Duropal XTerior Compact in 2019 as an addition to our value-added product portfolio, an easy-to process, ultra-matte laminate for outdoor use. In 2020, we developed Compact worktops, new surfaces which meet current demand for haptic, smooth and matt surfaces that are easy to clean. Moreover, within our Silekol division, we have the technical know-how necessary to make resin recipes in-house to cater to growing customer needs, which allowed us to commence our specialty phenolic resin production in 2018. We seek to achieve further growth in existing and new markets through a strong pipeline of new products, including high-margin value-added products that differentiate us from our competitors. In addition, in line with our strong focus on further increasing the sustainability of our business, we continuously strive to reduce our wood consumption through the cascading utilization of wood through multiple processing stages and closed-loop recycling while not compromising product quality. See "*—Environmental, Social and Governance and Sustainability*."

Our current research and development activities primarily aim to improve our products' finishes. In particular, our goal is to expand the characteristics of the finish of our HPL products by combining or complementing them with varnish characteristics. For example, all of our decorative panel product lines, including our decorative MDF/HDF lines, are customizable by the customer who can choose the décor, surface and core materials to suit its needs. As part of our unique DST system (Décor, Surface and Träger), we have approximately 130 décors, 11 surface textures and 13 core panel materials, through which we can create over 20,000 different wood-based panel combinations to offer solutions for a variety of trades, regardless of whether the elements will be installed horizontally, vertically, play a functional role or are simply decorative. We offer an extensive range of plain color, wood reproduction, stone and creative decors, which can be combined with design- and application-oriented surface textures on a variety of core materials from chipboard, fiberboard and fire protection and moisture-resistant panels for classic furniture and interior design to special core materials such as LivingBoard for ecological construction. In addition, our pre-manufactured and customizable panel options are available in a range of prices with short lead-times, all with consistent quality due to our well-invested equipment. We also developed digital printing techniques to offer our customers the opportunity to customize products even further. Building on our research and development experience, we are currently developing new types of decorative surfaces that combine the haptic advantages of varnishes and foils with the hardness and durability of laminates.

In addition, we organize customer workshops and cooperation projects with our customers to understand their needs and generate ideas for new or improved products. For example, by collaborating with one of our customers in the kitchen industry, we introduced the award-winning worktop, Xtra, in 2019. The Xtra board is significantly more impact-resistant and less sensitive to water penetration and swelling than a conventional board. These properties therefore enable, among other things, flush-mounted installation of sinks and cooking hobs.

Environmental, Social and Governance and Sustainability

Wood, an inherently sustainable resource, has been at the core of our focus for more than 125 years. The renewable nature of wood, our single most important raw material, has historically played a major role in shaping our corporate culture. Over the last several decades, we have established a strong focus on Environmental, Social and Governance ("ESG") and sustainability trends in our key end-markets. This is supported by our sustainable manufacturing process focused on protecting the environment, while not compromising the high quality of our products.

Sustainability Goals and Wood Utilization

In order to protect the environment and meet sustainability needs, we focus primarily on optimizing the use of our raw materials, from sourcing and processing to transportation and recycling, increasing the percentage of recycled wood used in our products in place of fresh wood to produce fully sustainable products, improving our energy efficiency and production processes, avoiding any form of environmental pollution, reducing our Scope 1 & 2 Greenhouse Gas Emissions and minimizing waste production.

We estimate that recycled wood represented approximately 40% of the total wood we used in 2020 compared to approximately 38% in 2018, and we have committed to increase this share to at least 44% by the end of 2022 and 50% by the end of 2025. Based on management data and a report prepared for us by a leading international consulting firm, the share of recycled wood we use in our products is significantly higher than those of one of our key competitors, one of the few to make such information public, which was approximately 21% in 2020. In addition, we estimate that in the year ended December 31, 2020, industrial wood, which is used as pre-consumer recycling material, represented approximately 44% of total wood used, increasing the share of overall recycled materials used in our products to approximately 84%

We focus on the sustainable sourcing of wood and constantly endeavor to increase the share of recycled wood used in our products. By increasing the amount of recycled wood used in our products, we are able to decrease our use of fresh wood and lower our overall raw material costs and increase our margins. At the same time, utilizing recycled wood in our manufacturing processes allows us to meet the increasing demand for sustainable products in our end-markets. This is coupled with the growing willingness by our end-customers to pay higher prices for environmentally friendly products.

We are among the first in the industry to use closed-loop recycling of wood waste and cascading utilization of wood, which consists of the efficient utilization of wood as a resource through multiple processing stages, from harvesting to recycling and energy recovery. We believe that the cascading utilization of wood is the only wood utilization model that can guarantee sustainable production of high quality, innovative wood products, while relieving the burden on forestry and reducing our overall footprint on the environment. In addition, the sustainable production of goods and, in particular, cascading utilization and closed-loop recycling management, are an increasing focus of our customers and our partner companies, which are becoming more and more sensitive to sustainability and environmental concerns. We will continue to strengthen partnerships with external stakeholders, including innovative and certified recycling companies, furniture manufacturers, suppliers and customers to promote the cascading utilization of wood and closed-loop recycling to increase the supply of recycled wood in our production process. We have made dedicated and meaningful capital investments in order to increase the share of recycled wood used in our products.

Our cascading utilization cycles comprise the following key stages: (i) we source logs of fresh wood from sustainable forestry and deliver them to sawmills where they are cut in bars and planks; (ii) we collect industrial wood, consisting of thinning, chips and residual wood as well as sawdust and other sawing residues and obtain pre-consumer recycling material, (iii) we process pre-consumer recycling material together with fresh wood and post-consumer recycled wood through sorting, gluing, compacting and pressing to produce wood-based materials, such as wood fiber boards; (iv) we supply finished wood and wood-based products to our customers; (v) at the end of their service life, we dismantle used wood and wood-based products and process them in accordance with applicable laws through innovative and sophisticated technologies and waste management systems, whereby we remove minerals and metallic components as well as chemical and organic impurities; (vi) we re-use high quality recycled wood as post-consumer recycled material for the production of new wood-based products; and (vii) we convert wood that can no longer be recycled into thermal and electric energy at our integrated biomass power plants in Gütersloh, Neumarkt and Baruth, where we also operate as a certified waste management company, using such energy in our production processes and feed any surplus electricity into the public electricity network.

In order to protect the environment, meet sustainability needs and contribute to the mitigation of the effects of climate change, we also focus on minimizing environmental pollution and, in particular, on reducing our Scope 1 & 2 Greenhouse Gas Emissions. We estimate that in 2020 we generated approximately 220.2 kT of Scope 1 & 2 Greenhouse Gas Emissions compared to approximately 238.5 kT and approximately 270.6 kT in 2019 and 2018, respectively. Overall, we estimate that we reduced Scope 1 & 2 Greenhouse Gas Emissions by approximately 26% from 2013 to 2020. We have committed to reduce our Scope 1 & 2 Greenhouse Gas Emissions to 201.7 kT by the end of 2022 and to 173.9 kT by the end of 2025, in each case from 220.2 kT in 2020. We also estimate that approximately 95% of the electricity we used in 2020 came from carbon-neutral biomass produced at our CHP plants.

In addition to benefitting the environment, our meaningful investment in our recycled wood capacity also meaningfully enhances our relative cost position as recycled wood is cheaper to source than fresh wood. Furthermore, our commitment to reducing our Scope 1 & Scope 2 Greenhouse Gas Emissions, which we have focused on since the introduction of our emission-free LivingBoard in 1987, meaningfully enhances the attractiveness of our products to our sustainability-conscious end customers.

Sustainability of Other Raw Materials

In addition to continuously focusing on increasing our use of recycled wood, we aim to ensure the sustainability of other raw materials used in our production process, such as glue, by striving to use formaldehyde- reduced and formaldehyde-free solutions. For example, our LivingBoard panels, which were introduced to the market in 1987, are made with formaldehyde-free glue and have been given the "Blue Angel" certification, the ecolabel of the federal government of Germany. The gluing of our raw chipboard and fiberboard is carried out in closed systems and we are continuously researching to improve glue formulas.

In addition, we only use paper for decor coating. We process up to 9,000 tonnes of decor paper per year. For impregnation, we use melamine resin or a mixture of melamine resin and urea to impregnate the paper before it is applied to the chipboard on the laying belt under heat and pressure. We produce the resins for the melamine and phenol impregnation of our high-pressure laminate (HPL) boards ourselves to ensure the high durability and homogeneity of the HPL products.

At our Arnsberg plant, we test our boards for impurities, organ halogen compounds such as PCP and chlorine, and measure formaldehyde emissions in our own test chambers in order to guarantee the safety of our products.

Certifications

Our commitment to sustainability and environmental protection is underlined by the complete certification of all processes along the entire value chain. All of our six manufacturing plants hold sustainability certifications such as ISO 9001, ISO 14001 and ISO 50001. In addition, we are a member of the Quality Association for Wood-based Panels and all the fresh wood we process at our plants comes from sustainably managed forests typically certified by FSC® (the Forest Stewardship Council), which sets out clear requirements aimed at safeguarding existing fauna and flora as well as promoting biodiverse reforestation. We also utilize wood from companies certified by PEFC (the Programme for the Endorsement of Forest Certification Schemes) which ensures that the wood supplied was originally sourced from FSC-compliant forests. See also "*—Procurement and Purchasing of Raw Materials—Wood*." Our strong commitment to sustainability and environmental protection is also testified by the recognition of an increasing number of our engineered wood products as Cradle to Cradle Certified™, a globally recognized measure of safer, more sustainable products made for the circular economy, which is awarded based on the environmental and social performance of products across five critical sustainability categories: material health, material reuse, renewable energy and carbon management, water stewardship, and social fairness.

Employees and Communities

The commitment to sustainability is an integral part to our corporate culture and lies at the core of our relationship with our employees, customers, suppliers and the broader society in which we operate. We strive to ensure a safe, fair and inclusive working environment for our employees and place great importance on diversity and inclusion as well as talent recruitment and management. In particular, we endeavor to safeguard the health and safety of our employees by constantly upgrading our production facilities and equipment with the latest technologies and utilizing effective maintenance strategies. In addition, we maintain safety equipment and provide various practice-oriented safety trainings on a regular basis. In 2016, we began our current "*One Safety*" program, under which we train and instruct our managers and supervisors to create a safe workplace environment for all of our employees toward our target of zero workplace accidents. In addition, through our "Five minutes for safety" initiative, we aim to increase awareness about work-place safety by ensuring that safety is discussed during every daily meeting at all of our plants. In addition, in 2020 we have implemented multiple single improvement actions, including in relation to the COVID-19 pandemic, which we believe will contribute to an overall reduction in the risk of accidents at our facilities.

Overall, we place a great importance on our corporate social responsibility and our public image and endeavor to apply the highest ethical and legal standards when shaping our strategic goals and in our daily business activities, and we strive to incorporate ethical and social responsibility principles in our internal guidelines and procedures. We act in close adherence to all applicable regulations and government guidelines and expect our suppliers, customers and other business partners to also operate in compliance thereof.

Furthermore, we give our employees extensive opportunities to develop their skills and talents and encourage them to make suggestions for process improvements through a bonus system. In addition to training courses on their work and job security, we promote the environmental awareness of the people who work for us through training courses.

In addition, we work to support the communities in which we operate and seek to give back to local communities through impactful community projects to promote the local cultural and sports landscape as well as support social and environmental campaigns and the local fire brigades, for example by investing in new equipment, digital radio alarm receivers and other fire-fighting aids.

Sales and Marketing

Sales

Overview

Our Engineered Wood Products division sells our products in approximately 60 countries and provides quality customer service, including product consultations, to key European markets through our service departments located in Germany, the United Kingdom, the Netherlands, Switzerland, Austria, France and Romania. Our Silekol division sells our products in 15 countries and provides quality customer service, including product consultations, to key European markets through our service departments located in Poland, Germany, the United Kingdom, the Netherlands, Switzerland, France and Romania. We have dedicated sales teams in Germany, France, the United Kingdom, The Netherlands and Switzerland. Our sales team in Germany also operates in northern Italy, Austria, the Czech Republic and Slovakia. In our remaining markets, we are represented by independent agents.

As of December 31, 2020, we had approximately 201 employees (full-time equivalents) in sales and marketing in our Engineered Wood Products division, including employees which were temporarily furloughed under COVID-19-related measures.

Sales Channel

In our Engineered Wood Products division, in order to exploit the full potential of our customer base, we sell our products through both direct sales channels (directly to customers operating in our end-markets) and indirect sales channels (to wholesalers, retailers and other distributors that sell to their customers operating in our end-markets).

- Our direct sales channel allows us to maintain longstanding relationships with our customers, who are typically medium to large sized industry customers. As our sales strategy in this channel is to pursue needs-based selling, we focus on identifying and fulfilling our direct customers' preferences and requirements for products. Our sales representatives in our direct sales channel comprise end-market specialists and key account managers for major direct customers.
- Our indirect sales channel, through which we sell to wholesalers, retailers and other distributors, allows us to effectively serve smaller end customers and efficiently serve a range of accounts, including globally. We frequently partner with distributors to engage directly with, and best fit the needs of, our end customers in order to deepen customer insights and build brand awareness and loyalty. Our sales representatives in our indirect sales channel comprise generalists covering a wide span of products for dedicated regions, as well as a dedicated team of object consultants to support particular end-market businesses.

In our Silekol division, we sell our products directly to customers operating in our end-markets. We focus on identifying and fulfilling our direct customers' preferences and requirements for products. This approach similarly allows us to maintain longstanding relationships with our customers.

Sales Teams

Our sales teams have a deep understanding of the markets they serve and our product details and intended applications, have strong commercial acumen to negotiate costs and margins and work alongside our customers to understand their specific needs. In particular, our object consultants are end-market specialists who each support customers in particular industries.

Since profitability can vary considerably between end-markets and individual customers, our sales teams actively manage our customer portfolio by focusing on higher-margin businesses. We implement a targeted customer approach with clear and actionable segmentation of customers by sales and margin potential, considered together with other factors, such as loyalty and payment morale.

In order to ensure we have full coverage in all the regions we operate, we have developed longstanding relationships with certain key distributors and merchants, sometimes spanning over 30 years. We have a number of preferred suppliers that generally do not operate on an exclusive basis, but cooperate closely with our sales teams and benefit from our sales and marketing support, making us in turn their preferred producer.

Compensation for our sales teams is partly performance-based, creating an entrepreneurial culture and high commitment to our business, which is reflected in generally low turnover rates on our sales teams.

Pricing Strategies

We employ strategic pricing, with a two-pronged approach to first set prices through cost transparency after optimizing price targets for different products and customer groups and then make sales through adjustments or discounts for specific customers and/or large order volumes. For our basic products and some value-added products, such as MFC, we generally renegotiate prices and volumes with our customers on a quarterly or semi-annual basis. For products sold to our retail purchasers, we operate with price lists which we typically update once or twice per year, except for raw chipboard (P2-P3), where prices are agreed on a quarterly basis for some key customers. For products sold to the kitchen, furniture and construction end-markets, pricing is typically set at an agreed amount until further notice, offering us the flexibility to change our pricing, if and as needed, at a later point during the relationship with the customer. We agree with our customers on a non-exclusive basis to produce the value-added and high-value added products in the combinations they purchase available during the life of each collection, which typically is between three and five years. This consistency of supply is of particular importance to our customers in the kitchen and furniture industry to ensure stability of their products.

Pricing of our products is dependent on various factors, such as the cost of the underlying raw materials, the features and quality of products, supply and demand in our markets and the nature of, and the dynamics in, our customers' businesses and industries. Pricing for our products is also dependent on the history and the relationship we have with the customer, the exclusivity agreements and the utilization rate of the relevant product line. Our larger customers, including certain industrial manufacturers, take advantage of ordering in larger volumes, whereas our smaller customers, including certain retail customers, typically order smaller quantities. The individual customer's order size is reflected in the price level that can be achieved when negotiating with customers, in some cases resulting in a surcharge for small orders. We also produce weekly, monthly and quarterly reports relating to price, volume and margin developments and sales, to help the sales team better understand their performance and market environment. The trends of our price development have generally been in line with the market over the last five years, although we have also been able to maintain a premium over the average market prices in our core markets. Furthermore, in the last years we have been able to achieve a positive price pass through of sales prices compared to raw material prices dynamics.

Marketing

Our marketing strategy is designed to reach, consult and collaborate with decision makers responsible for the use and purchase of our products, such as architects, developers, civil engineers, builders, builder merchants, carpenters and distribution partners.

We use several types of marketing strategies, including trade fairs, seminars, customer events, joint customer visits, advertisements, targeted mailings, promotions and marketing campaigns. Training, brochures, technical documentation and online activities (such as central and regional websites, social networks, apps and marketing movies) also play an important role in our marketing activities. We are transitioning to using digital marketing techniques in order to increase the scope of our target groups as well as our marketing efficiency.

Our brand strategy focuses on our umbrella brand Pfleiderer, which is used throughout our business and across engineered wood products. In addition, we use the established sub-brands Duropal and Thermopal. We believe that we benefit from the broad recognition of our brands and their reputation for quality and proven material characteristics, and our offering of customer-specific building and design solutions.

Procurement and Purchasing of Raw Materials

Our global sourcing strategy is coordinated by sourcing teams, which negotiate price lists and payment targets with our suppliers based on the aggregate purchasing volume, thereby leveraging our group-wide scale. Individual orders are then placed by the division receiving the order. We project annual purchasing volumes based on our budget and continuously update our strategy throughout the year. Our teams integrate purchasing and production specialists to realistically assess needs, optimize inventories of raw materials and reduce material consumption. Other than as a result of the COVID-19 pandemic, since 2004, we have not experienced any incidents of having to interrupt production for lack of supplies.

We generally manage the purchase of our all of our key raw materials carefully and tend to solicit pricing from multiple suppliers in order to maintain negotiating leverage and ensure security of supply. In order to ensure an adequate level of supply, we attempt to reduce risks by diversifying our supply chain and purchasing raw materials strategically in a combination of bulk and spot rate purchases. We incentivize our sourcing teams to negotiate purchases of raw materials below the applicable spot rate. We have generally been able to pass on price increases of raw materials and other costs of sales to our customers as a result of strategic pricing. In our Engineered Wood Products division, we typically manage pass-through of costs by raising our prices for incoming contracts and contract renewals. We typically enter into supply agreements with a duration of three, six or twelve months to cover a significant portion of our raw material requirements. This has allowed us to mitigate the effect of rising or fluctuating raw material costs on our business. We typically purchase wood and paper one quarter in advance at fixed prices, electricity in advance for the whole year and chemicals one month or one quarter in advance. Our contract prices are set by our integrated supply chain management function, which continuously reviews the price index for our raw materials to determine appropriate pricing terms and will seek to raise the prices we charge our customers as raw material prices rise. In our Silekol division, we typically agree the pass-through directly in our customer contracts by tying the purchase price of our products to the price index for methanol, urea, melamine and phenol (benzene).

In the year ended December 31, 2020, our top ten external suppliers accounted for approximately 50% of our raw material costs. The key raw materials we purchase include wood, chemicals, paper and energy.

In the year ended December 31, 2020, the expense for raw materials and energy used in the production by our Engineered Wood Products division amounted to €310.6 million, or 45%, of divisional net sales. In the same period, the expense for raw materials and energy used in the production by our Silekol division amounted to €86.9 million, or 72% of divisional net sales.

Wood

Wood is our single most important raw material and accounted for 26% of the Engineered Wood Products division's overall raw material and energy costs in the year ended December 31, 2020. We have three primary sources of wood: (a) fresh wood, or wood sourced directly from forests or wood-farms; (b) industrial wood, which is residue and chips from saw mills; and (c) recycled wood, which is used and reprocessed wood from the construction industry or our own manufacturing processes. As a result of the COVID-19 pandemic, in 2020 it became more difficult to source recycled wood, and we estimate that in the year ended December 31, 2020, approximately 15% of the wood we used in our operations was fresh wood, approximately 45% was industrial wood and approximately 40% was recycled wood. In contrast, we estimate approximately 16% of the wood we used in our operations in the year ended December 31, 2018 was fresh wood, approximately 47% was industrial wood and approximately 38% was recycled wood. Industrial wood and recycled wood, which together constituted approximately 84% of our wood sources in the year ended December 31, 2020, are both cheaper and a favorable selling point as our customers are increasingly interested in sustainable and environmentally friendly products. Solid wood furniture is not generally common in the market due to modern trends and the sophistication of products such as ours, which can resemble wood in addition to meeting additional customer specifications such as color and texture preferences. In order to increase the share of recycled wood used in our products, starting from 2021 we plan to invest further in debottlenecking actions to unlock our capacity to produce higher quantities of recycled wood at our Neumarkt and Leutkirch facilities.

We also source wood from various suppliers in order to reduce the risk of disruptions to our supply. We contract with suppliers that are local to each of our production facilities to source saw mill residue and recycled wood, which we use in our raw chipboard and fiberboard production processes. In the year ended December 31, 2020, we purchased wood for an overall cost of €81.8 million from approximately 400 suppliers. Because of the relatively low value of our wood raw materials relative to transport costs, it is most cost-effective for us to contract with wood suppliers within approximately 150 to 200 kilometers of a production facility. However, we also procure wood from global sources, such as producers in the Czech Republic, the Netherlands, Denmark, Finland, Switzerland, Austria and Lithuania, to prevent dependencies from local market dislocations, to opportunistically benefit from attractive spot prices or exchange rate effects and as a tool to maintain negotiating leverage.

We use a proprietary forecasting model to manage our wood product purchasing, which we typically make a fiscal quarter in advance. The use of this model has generated cost advantages when compared to the industry average prices for raw materials, such as wood chips and wood shavings.

To control our supply and support sustainable forestry, we seek to only source wood from suppliers who are able to verify the district of origin for "controlled wood," which refers to wood from sustainably managed or certified forests or recycled wood. In sourcing wood, we adhere to ecological, social and economic standards set by the PEFC™ (Programme for the Endorsement of Forest Certification) and FSC® (Forest Stewardship Council). We do not use wood from exhaustive cultivation or forest destruction. See "*—Environmental, Social and Governance and Sustainability—Certifications.*"

Furthermore, in order to optimize costs and increase productivity, we launched a new wood recycling facility in Neumarkt in 2018 and have also increased the share of recycled wood that we purchase from our suppliers. This has resulted in a reduction in our wood procurement costs by approximately €34.7 million during the period from 2018 to 2020, without giving effect to fresh wood market price fluctuations.

In addition, in most of our production facilities, we run biomass CHPs plants or other biomass incineration production facilities, allowing us to convert the timber that we discard for quality reasons, and other waste timber, into energy for our production processes. The majority of our energy needs are covered by our own biomass-based CHP plants. We cover our additional electricity needs by entering into annual contracts for approximately 60% to 70% of our additional electricity demand as well as short-term forward contracts for a further 20% to 30% of the energy we purchase.

Chemicals

The manufacture of the products produced by each of our divisions involves the use of chemicals. For our Engineered Wood Products division, we purchase resins, glues and additives in order to create the wood-based products we sell to our customers. Our Engineered Wood Products division sources a portion of these chemicals from the Silekol division and also contracts with third-party suppliers in order to reduce the risk of disruptions to our supply. We typically purchase such chemicals a month in advance. In the year ended December 31, 2020, we purchased chemicals for our Engineered Wood Products division for an overall cost of €94.2 million from our suppliers, of which €32.3 million, or 34%, was purchased from our Silekol division, in total accounting for 30% of the total raw material and energy costs for our Engineered Wood Products division.

Our Silekol division also purchases certain chemicals in order to manufacture its resins, glues and additives. The key ingredients we use in the production of our own resins, glues and additives are urea, methanol, melamine and phenol. These ingredients are commodities with relatively transparent pricing in the global market. For some of our raw material supply agreements, our purchase price is tied to a price index and, for other of our raw material supply agreements, we specifically negotiate discounts and rebates based primarily on our purchase volumes. These discounts and rebates help us counteract, among other things, regulatory drivers of the cost of chemicals, including formaldehyde, that may otherwise set higher costs. In the year ended December 31, 2020, we purchased chemicals for our Silekol division for an overall cost of €83.2 million from our suppliers, which accounted for 96% of our total raw material and energy costs of our Silekol division.

Paper

We contract with global paper suppliers to source the décor paper and technical paper used in the production of our decorative wood-based panel boards. In the year ended December 31, 2020, we purchased paper for an overall cost of €64.4 million from our suppliers, which accounted for 21% of our total raw material and energy costs in our Engineered Wood Products division. By sourcing our papers globally from our headquarters, we are able to reduce prices by bundling volumes and minimize contract negotiations. We operate a single sourcing strategy for specific items of décor paper whereby we choose a single supplier to maximize purchase volumes even though other comparable suppliers exist in the supplier base, still allowing us to switch suppliers if necessary. This allows us to forge strategic partnerships with our supplier, which result in a higher quality products at lower total costs. We employ a dual sourcing strategy for the remainder of our paper raw materials. We typically purchase paper a fiscal quarter in advance.

Energy

We contract with suppliers of electricity, gas, wood and other biomass products to be used for own consumption needs and as fuel in our CHP plants to provide us with the majority of the thermal energy necessary to run our production facilities. We also operate our own CHP plants in Neumarkt, Gütersloh and Baruth, Germany, with an overall installed thermal output of 271MW and an overall installed electrical output of 52MW, which are fueled by biomass or natural gas. In addition, we installed an electricity generation unit at our Silekol production facility, which became fully operational in December 2019. We have ceased the use of heavy heating oil in our production facilities in Germany due to increasing prices, environmental issues and limited competition among suppliers and replaced this energy source with natural gas and biomass. In the year ended December 31, 2020, we purchased energy in an aggregate purchase price of €22.9 million (after energy reliefs) from our suppliers, which accounted for 6% of our total raw materials and energy costs.

Energy cost is affected by various factors, including the availability of supply of particular sources of energy as well as regulatory decisions. To mitigate the effects of fluctuating energy prices, we assess long-, middle- and short-term expectations for energy prices and enter into yearly contracts to hedge approximately 70% to 80% of our electricity demand and short-term futures contracts to hedge a further 20% to 30% of our energy supply. We also actively manage the energy usage at our production facilities to avoid expensive electricity peak loads. Energy costs are also affected by regulatory decisions. For example, in Germany, our energy costs are directly affected by relief benefits that we are granted annually, including the EEG relief for energy intensive consumers, grid cost relief and energy tax relief for highly efficient CHP plants like ours, which amounted to a total of €6.1 million in the year ended December 31, 2020. In addition, we have historically received grid cost reliefs in three plants (Gütersloh, Neumarkt and Baruth) which amounted €3.6 million per year, and a concession relief of €0.4 million.

While we use the heat produced in our CHP plants for our production processes, we also sell the electricity generated to the grid. Our energy sales further benefit from government pricing incentives through a state-granted fixed "EEG feed-in tariff" because we produce energy from renewable sources. In 2020, the price guarantee under the EEG feed-in tariff was extended until 2026 for all our biomass CHP plants, with a progressive phasing out starting from 2023. While such extension came into force under German energy law, it remains subject to final approval by the European Commission, which is currently expected in the second quarter of 2021. If the European Commission does not approve the extension or, in any event, if the price guarantee is not renewed after its new expiration date, we will no longer be able to sell electricity at the price guarantee under the EEG feed-in tariff and we will have to conduct electricity sales at market rates that are subject to fluctuation over time. As a result of the currently scheduled progressive reduction of the EEG feed-in tariff, we currently estimate our net sales form energy sales will progressively decrease over the coming years. We plan to offset a small portion of this reduction through operational initiatives, but we believe the net impact to Adjusted EBITDA of our energy sales will be €1.1 million in 2021, €2.3 million in 2022 and €7.9 million in 2023. Given the high degree of flexibility of our power plants, we also partner with utility companies to participate in their grid load management, which means that at times of high loads, which may be caused by weather-dependent high output of wind or solar power generation, we are paid for temporarily reducing the electricity output of our CHP plants, thereby reducing the stress on the grid.

As a result of our recycling practices, the use of heat we produce, the sale of the electricity we generate and self-water generation, we are able to typically offset volume-driven increases in freight and other costs related to sourcing our energy externally.

Moreover, our ongoing projects aim to further optimize our production network and reduce complexity, improve efficiency and standardize pricing across our business to continue to reduce costs and increase profitability. These projects include revised production processes, such as implementing more efficient glue application methods, improved processes to load wood into production machines, better product recipes and revised sales processes that set more effective target prices toward margin contribution.

Water

Furthermore, we require and recycle water in our production processes. We use wastewater, which remains after cleaning facility parts or washing and shredding chippings, directly in our production processes, including by mixing water for glue. After any remaining wastewater is vaporized, the distillate is fed back into our production process. In November 2019, we also completed the replacement of mechanical water seals at our Silekol production facility, enabling us to source our own water from an on-site well in which we installed new filters.

Logistics

Our integrated supply chain management ("SCM") function serves as a link between our supply, manufacturing and distribution operations. Based on our budget, SCM continuously updates our supply forecasts based with details of volumes, timing and production plans to optimize capacity utilization and inventory levels. SCM also oversees the delivery logistics of our decentralized delivery system.

Our logistics management focuses on improvements in service and inventory levels along our supply chain, both during the movement of goods from our suppliers to us and the movement of products from us to our customers. Delivery times to the customer's location depend on the type of product and final destination. We typically travel an average distance of approximately 400 kilometers to deliver products to customers from our Engineered Wood Products division and, in our Silekol division, we typically travel up to 850 kilometers to deliver industrial resins and up to 1,200 kilometers to deliver specialty resins from our Silekol division.

Deliveries for our Engineered Wood Products division are mostly made as full truck loads. Where customers order small quantities, we consolidate different customer orders into a single truck to achieve a full truck load. A single delivery truck can therefore have multiple unloading points to serve different customers' delivery addresses. We generally distribute our products within a radius of 50 to 600 kilometers depending on the product, which is partially due to our production facilities being located close to our key customers. To the extent required, in particular with transportation over longer distances, we increasingly review alternative transport solutions, such as transport by train or ship. Our production facilities in Neumarkt and Baruth were strategically built in close vicinity to railway stations.

Our Silekol division uses various delivery methods, including containers, trucks and block train wagons or train shuttles. In each of the years ended December 31, 2019 and 2020, less than 5% of our customers collected their product orders directly from our production facilities.

As part of our cost savings initiatives, in 2020 we finalized the rationalization and specialization of our own transportation fleet, reducing our fleet from 53 trucks in the year ended December 31, 2019 to 36 trucks as of September 30, 2020, consisting of 28 walking-floor trucks, compared to 20 in 2019, and only five standard taut liners and tanks for special transport needs. See "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Our Results of Operations—Cost and Efficiency Improvement Initiatives—Logistics Cost Reduction Initiatives*."

Our centrally-managed fleet of 36 leased trucks is operated by our subsidiary JURA-Spedition GmbH, through which we carried out approximately 11% of our deliveries in the year ended December 31, 2020. Our fleet consists of fuel-saving, Euro 6-compliant trucks, which enables us to achieve high levels of delivery performance while reduction energy consumption and CO_2 emissions. The remaining 89% of our transportation needs are carried out by third parties, which are selected and managed centrally by JURA-Spedition GmbH. To select the most cost-effective provider, we both cooperate with international and regional trucking companies on a recurring basis pursuant to contractual agreements and purchase capacity in the spot market. We use internet-based tools for price transparency. JURA-Spedition GmbH also operates 28 walking-floor trucks which work in round trips, transporting raw wood materials to our production facilities and transporting completed wood-based panels outbound, resulting in capacity utilization rates of about 90%. This translates into competitive costs compared to external providers. Our fleet of tanker trucks, which is used to deliver resin to our production facilities, is also used as short-term mobile storage on weekends to optimize the level of supply at our production facilities.

Information Technology

IT assists a significant portion of our business, and we have built control rooms to oversee our operations at our production facilities and increased our use of automated machinery to improve efficiency and decrease labor costs. We have a harmonized information technology infrastructure, whereby all back-end servers are on the same hardware and software release. The wide-area network is a Pfleiderer multi-protocol label-switching network hosted by a third-party provider. Our firewall is also monitored by a third-party provider. We have a data center in Neumarkt and use SAP software hosted by a third-party provider. We have maintenance and service contracts for all back-end systems.

Intellectual Property

We own several registered trademarks worldwide. Our significant trademarks include "Pfleiderer", "Thermopal", "Duropal", "DecoBoard", "PrimeBoard" and "Silekol", among others, and otherwise relate to these brand names, our logos or our product names.

We also own various registered patent and patent applications worldwide, of which several are registered under our Engineered Wood Products division and one of which is registered under our Silekol division. Protection of process innovations and other technology is essential to our business. We rely upon unpatented proprietary expertise, continuing technological process innovations and other trade secrets to develop and maintain our competitive position. Additionally, we rely on confidentiality agreements with third-party developers. We are also party to a series of licensing agreements relating to technical applications and production methods.

We are not aware of any major legal proceedings that have been brought against us for infringement of a patent or trademark or of any proceedings brought against any of our patents that could have a material adverse effect on our business if we do not prevail in such proceedings.

Environment and Health and Safety Regulations

Overview

One of the key barriers to entry in our industry is the variety of regulations and standards to which we are subject and the number of permits required to operate this business.

All of our operations require environmental permits, certificates and other approvals that are subject to modification, renewal and revocation by issuing authorities, certain of which can take years to acquire. For example, because all of our facilities emit carbon dioxide in the ordinary course of our operations, we are required to possess emission rights in the EU. In the EU, the right to emit such gas is regulated, allotted and granted by the competent public authorities. Our operating sites in Germany have sufficient emission rights for their present operations, particularly because we benefit from certain privileges available to energy-intensive production companies.

We are subject to a wide range of environmental, health and safety requirements, including those governing the control of atmospheric and water pollution, the use, handling, treatment, storage, transport and disposal of chemicals, hazardous materials and wastes, the remediation of contaminated sites, the makeup of our products and the protection of human health and safety. As an owner and as an operator of industrial properties, we are subject to potential liabilities and obligations relating to environmental conditions, particularly contaminations of soil, groundwater and buildings at our current facilities and former sites as well as neighboring properties, including investigation, cleanup, containment, decommissioning or closure obligations.

Costs

In the years ended December 31, 2018, 2019 and 2020, we spent approximately €1.3 million, €2.1 million and €0.5 million, respectively, on costs to comply with environmental requirements for our Engineered Wood Products division and approximately €0.2 million, €0.1 million and €0.1 million, respectively, on costs to comply with environmental requirements for our Silekol division. Costs include the use, handling, disposal of or exposure to chemicals and hazardous substances (including waste and waste water) and the control of atmospheric and water pollution. We have received permanent approval from the relevant EU authority to burn our wood dust in our incineration plants. Our major environmental costs consists of the disposal of the ashes generated in our power plants in Neumarkt, Gütersloh and Baruth.

Environmental, health and safety requirements change often and tend to become more stringent over time. Additional laws and regulations, or changes in existing laws and regulations, in the future could increase our costs or restrict our ability to manufacture or market our products.

Key Regulations and Standards

We are subject to the applicable laws and regulations of the respective jurisdictions in which we operate.

In particular, our production plants are subject to the IED, which was transposed into German law in 2020. The IED provides for close monitoring and inspection of certain industrial plants by the competent authorities, increased reporting duties for the relevant operators as well as enhanced public participation in administrative decision-making processes. Furthermore, the IED also introduced an EU-wide regime of emission limit values based on the BAT for each relevant industry sector. These emission limit values are adopted and updated at regular intervals on the EU-level as part of BREFs and are subsequently required to be implemented in each EU member state through binding national law. As a result of the IED, emission limit values have been lowered by the authorities. We continue to monitor the potential impact of these regulations and determinations on our business.

Under an integrated management system ("IMS"), we also adhere to the following standards: DIN EN ISO 9001 (for our quality management system), DIN EN ISO 14001 (for our environmental management system), DIN EN ISO 50001 (for our energy management system), FSC/PEFC (for our sustainable forestry management system), EfbV (according to the German Directive for Waste Management) and SQAS (for the CEFIC safety and quality assessment system). Our efficient energy management system has received certification in all our German production facilities to EN ISO 50001, the current global standard for energy management systems. Compliance with these standards is an integral part of our business.

Additionally, we must comply with applicable decisions by the EU REACH Committee. For example, in December 2013, the EU REACH Committee adopted a decision to reclassify formaldehyde as a "category 1B carcinogen" (presumed to have carcinogenic potential for humans, classification largely based on animal evidence). The reclassification of formaldehyde has significantly affected emission standards, workplace health and safety regulations and other regulations applying to our products, resulting in lower limit values. As we have historically used and continue to use formaldehyde as our primary bonding agent in the production of our wood-based panel products, we have made changes in our production processes in order to comply with the regulations relating to the reclassification, such as the installation of new ventilation systems in our press hall and changes to our gluing and board production systems. In February 2020, the European Commission published a regulation classifying titanium dioxide as a "category 2 carcinogen" (presumed to have carcinogenic potential for humans, classification largely based on animal evidence), which will apply starting from September 2021. In addition, we cannot exclude the possibility that additional chemicals or other materials used in our production processes may be formally designated as harmful or become subject to additional regulation. For example, in December 2020, the risk assessment committee of the European Commission proposed to reclassify melamine, which is used in our products, as a "category 2 carcinogen." See "*Risk Factors—Risks Related to the Market and Our Business—The EU REACH Committee previously reclassified formaldehyde and titanium dioxide as a carcinogen, and may* *do the same in the future in respect of additional chemicals or materials used in our production processes, which could have a material adverse effect on our business, financial condition and results of operations.*"

Employees

We receive employment applications by highly skilled workers and managers as well as young talent. We invest in the development and training of our employees during apprenticeships and our human resources department constantly monitors the development of our employees by tracking a qualification matrix as well as discussing training plans with our employees.

The following table sets forth our number of employees (full-time equivalents) and apprentices by country as of December 31, 2018, 2019 and 2020 (including employees which have been temporarily furloughed under COVID-19-related measures) for each of our Engineered Wood Products and Silekol divisions.

	As of December 31,		
	2018	**2019**	**2020**
Engineered Wood Products			
Germany	2,228	2,159	2,069
France	13	12	11
Netherlands	6	7	6
Switzerland	5	7	6
UK	8	10	11
Austria	2	2	1
Romania	2	3	2
Total	**2,264**	**2,200**	**2,106**
Silekol			
Poland	99	109	121
Total	**99**	**109**	**121**

As part of our headcount optimization programs, we have been working to rationalize our headcount at our production facilities as well as in certain sales back-office and administrative functions. See "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Our Results of Operations—Cost and Efficiency Improvement Initiatives—Headcount reduction program—Manufacturing Labor*" and See "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Our Results of Operations—Cost and Efficiency Improvement Initiatives—Headcount reduction program—SG&A.*"

We have not suffered any material work stoppages or strikes in recent years, and we consider relations with our employees, works councils and unions to be satisfactory. We are subject to collective bargaining agreements (*Tarifverträge*) with most of our employees in our German production facilities and strikes may occur in Germany and elsewhere at any time. Our current standard employment agreements were put in place in 2014, and have provisions for flexible working hours (*Betriebsvereinbarung zur Arbeitszeitflexibilierung*) as well as traffic light accounts (*Ampelkonten*), which create specified ranges of working hours for individual employees within which no overtime bonuses are provided, or overtime accounts (*Mehrarbeitskonten*), which create specified thresholds for individual employees beyond which overtime bonuses are provided. As German law prohibits asking employees whether they are members of unions, we are not aware of how many of our employees are unionized.

In general, our employees in Germany fall within the scope of the German Dismissal Protection Act (*Kündigungsschutzgesetz*), which limits our ability to terminate individual employment relationships unilaterally. In the year ended December 31, 2019, we entered into a framework Social Plan (*Rahmensozialplan*) covering all redundancies (*betriebsbedingte Kündigungen*) until December 31, 2021. We are also subject to the German Anti-Discrimination Act (*Allgemeines Gleichbehandlungsgesetz*) and comparable legislation in other countries in which we operate.

We operate a number of company-sponsored supplementary long-term defined benefit pension arrangements. These pension plans and individual pension commitments provide for the payment of old-age, long-term disability and survivors' benefits (spouses' and orphans' pensions). Subject to certain conditions, an employee's rights under those pension plans and individual pension commitments vest. In most cases, benefits payable are determined on the basis of an employee's length of service, earnings and position in our company.

In addition, employees in Germany may participate in defined contribution schemes (*Direktversicherung* or *Pensionskasse*), which are generally financed by employee contributions and partially supplemented by employer subsidies that are mainly financed by corresponding savings in employer contributions to the German social security system.

Insurance

We carry an all-risk insurance policy for our assets, as well as policies for fire, explosion, radiation, electrical damage, machinery breakdown, fuel or power shortages, third-party liability insurance, transport insurance, computer insurance, directors' and officers' insurance and other assurance coverage, such as credit insurance for receivables from customers, to the extent we believe necessary to operate our business. We believe our policies are in accordance with customary industry practices, including deductibles and coverage amounts. We regularly review our insurance program together with our insurance broker. We cannot guarantee, however, that we will not incur losses beyond the limits or outside the coverage of our insurance policies. In addition, longer interruptions of business in one or more of our production facilities can, even if insured, result in loss of sales, profit, customers and market share.

Compliance

We have in place policies, trainings (including online and in-person compliance internal trainings) and controls to avoid irregularities in business activities or corruption, and any critical matters are discussed and handled by our compliance committee. Additionally, we have a whistle blowing tool where reports on irregularities or critical matters can be filed anonymously. In regards to sanctions, we block any sanctioned countries in our Enterprise Resource Planning system to ensure that no order can be placed by or delivered to sanctioned countries, such that no sales are made into sanctioned countries.

Legal and Regulatory Proceedings

We are party to various legal proceedings arising in the ordinary course of business. Except as stated below, we are not and, have not been within the past twelve months, party to any material administrative, legal or arbitration proceeding that may have or have had a significant effect on our financial position or profitability, and we are not aware of any such proceedings being pending or threatened. We note, however, that the outcome of legal proceedings can be extremely difficult to predict, and we offer no assurances in this regard.

W. Classen GmbH & Co. KG ("Classen") has filed a case against us before the regional court of Düsseldorf seeking damages of €55.0 million plus a significant amount of interest, for deliveries by us, of HDF panels to three of its subsidiaries at excessive prices from 2002 to 2007. Classen filed the claim after an order from the German Federal Cartel Office, which imposed financial penalties against a number of individuals and legal entities, including us, for price collusion in the field of wood raw material products ("Chipboard Cartel"). As per the court's preliminary order passed on August 9, 2019, Classen's claim is justified on the merits, but subject to determination of the amount of damages. We have filed an appeal against the Düsseldorf regional court's decision before the Court of Appeal of Düsseldorf (*Oberlandesgericht Düsseldorf*). On February 10, 2021, the Court of Appeal largely confirmed the initial judgment on the merits, did not admit any further appeal to the German Federal Court of Justice ("FCJ") and ordered us to bear 85% of the legal costs for the appellate proceedings (approximately €0.2 million). On March 17, 2021, we filed a complaint with the FCJ to dispute the Court of Appeal's denial of leave to appeal. The amount of damages payable to Classen remains unclear and subject to separate proceedings on quantum which will be initiated only following a final and binding decision on the merits. We have only made provisions for the costs in respect of these proceedings.

Oeseder Möbel-Industrie Mathias Wiemann GmbH & Co. KG ("Oeseder"), one of our Group's customers, filed a case against Sonae Arauco Deutschland AG ("Sonae") before the regional court of Hannover, claiming damages of €26.0 million plus a significant amount of interest. Sonae has claimed that it suffered damages due to the Chipboard Cartel. The court has passed an order stating that Sonae's claim is justified on the merits but subject to determination of the amount of damages. Sonae has filed an appeal against the regional court's decision before the provincial High Court. We have been made a party to this case as an intervener (*Nebenintervenient*) and its obligation could result from a contribution claim based on joint and several liability. The appeal, as well as the proceedings for determination of damages, are currently pending and the next hearing is scheduled for June 22, 2021. We have only made provisions for the costs and potential settlement of the claims in respect of these proceedings.

MANAGEMENT

The Parent

As of the date of this offering memorandum, Pfleiderer is managed by the management board and Advisory board of the Parent.

The business of Panel East is also managed by the management board and the Advisory board of the Parent. Starting from February 1, 2021, the Advisory board of the Parent has delegated the responsibilities for the strategic development of Panel East and the Silekol division, the day-to-day management of Panel East and the representation of Panel East in its dealings with third parties in accordance with applicable laws and the articles of association, to Mr. Zbigniew Prokopowicz, who has been appointed on February 1, 2021 as member of the Advisory Board.

The Parent is a limited liability company & limited partner (*Gesellschaft mit beschränkter Haftung & Compagnie Kommanditgesellschaft*) organized under the laws of Germany. The Parent's principal business address is Ingolstädterst r. 51, 92318 Neumarkt, Germany. The managing directors and members of the Advisory board of the Parent can be contacted at the Parent's business address.

Management Board

The managing directors are responsible for the strategic development of Pfleiderer, the day-to-day management of Pfleiderer and representing Pfleiderer in its dealings with third parties in accordance with applicable laws and the articles of association. The managing directors must comply with the articles of association and binding resolutions of the shareholders and the advisory board.

The following table shows information concerning the current managing directors of the Parent.

Name	Age	Member since	Responsibilities
Dr. Boris Gorella	55	February 1, 2021	Chief Executive Officer and Chairperson of the Management Board
Dr. Mani Herold	50	January 1, 2021	Chief Financial Officer
Dr. Frank Herrmann	51	May 1, 2019	Chief Operating Officer
Stefan Zinn	54	May 1, 2019	Chief Commercial Officer

Set forth below is a brief summary of the biographies of the Parent's managing directors.

Dr. Boris Gorella

Dr. Gorella became Chief Executive Officer of Pfleiderer and Chairperson of the management board of the Parent on February 1, 2021. Prior to joining of Pfleiderer, Dr. Gorella was the CEO of Beckers Group since 2011. Prior to this, Dr. Gorella held senior positions with leading chemical and consulting companies. Dr. Gorella currently serves on the advisory board of Hidden Champion Institute (HCI), ESMT. Dr. Gorella holds a PhD in Chemistry from Technical University Berlin and an MBA from INSEAD.

Dr. Mani Herold

Dr. Herold became Chief Financial Officer of Pfleiderer on January 1, 2021. Prior to joining Pfleiderer, Dr. Herold was the CFO of Cerdia International, a global chemicals group, since 2016. Prior to this, Dr. Herold was CFO of E.ON Connecting Energies, a division of E.ON Group. Dr. Herold has also held senior positions at leading investment banks in London and in Frankfurt. Dr. Herold also serves on the boards of other Group companies. Dr. Herold holds a PhD in Economics (Dr. oec. publ.) and a diploma in business administration, both from Ludwig-Maximilians-University in Munich.

Dr. Frank Herrmann

Dr. Herrmann became Chief Operating Officer of Pfleiderer on May 1, 2019 and since June 2019 he is also the Chairperson of the supervisory board of Pfleiderer Deutschland GmbH. Prior to joining Pfleiderer, Dr. Herrmann was the Chief Operating Officer in URSA Insulation S.A. in 2017. From 2008 to 2016, Dr. Herrmann held high managerial positions in Braas Monier Building Group. Previously, Dr. Herrmann worked at Bain & Company Inc, Gemini Consulting GmbH and PricewaterhouseCoopers. Dr. Herrmann graduated with a degree in industrial engineering from Technical University in Darmstadt, Germany. He obtained a doctorate in engineering at the Technical University of Clausthal-Zellerfeld.

Stefan Zinn

Mr. Zinn became Chief Commercial Officer of Pfleiderer in January 2019 and is currently responsible for sales of the Engineered Wood Products division, export sales and marketing. Mr. Zinn joined Pfleiderer in a sales managerial position in 2013. Prior to joining the Group, from 1994 to 2012, Mr. Zinn was working in various managerial positions in Neschen AG. From 1991 to 1994, Mr. Zinn worked at Rolf Zinn & Partner Unternehmensberatung GmbH. Mr. Zinn also serves on the boards of other Group companies. In addition, Mr. Zinn has been a member of the Boards of the German Panel Association and the European Panel Association. Mr. Zinn graduated with a degree in business administration from the Bavarian Julius-Maximilian University of Würzburg, Germany.

Advisory Board

The Advisory board oversees the managing directors and the way the business is conducted and managed. The Advisory board represents Pfleiderer in dealings with the managing directors and possesses the authority to appoint and remove the managing directors. Furthermore, it oversees our accounting and financial reporting process and our compliance and risk management.

The following table shows information concerning the current members of the Advisory board of the Parent.

Name	Age	Member since	Responsibilities
Zbigniew Prokopowicz	53	February 1, 2021	Member of the Advisory Board
Miguel Kohlmann	59	September 20, 2020	Chairperson of the Advisory Board
John Brantl	37	September 20, 2020	Member of the Advisory Board
Anthony O'Carroll	46	September 20, 2020	Member of the Advisory Board
Julian von Martius	34	February 1, 2021	Member of the Advisory Board
Matthew Espe	62	September 20, 2020	Member of the Advisory Board
Julius Kling	31	February 1, 2021	Member of the Advisory Board

Set forth below is a brief summary of the biographies of the current members of the Advisory board of the Parent not included above.

Zbigniew Prokopowicz

Mr. Prokopowicz became a member of the Advisory board in February 2021 and he is responsible for Panel East and the Silekol division. From June 2019 through January 2021, Mr. Prokopowicz was the Chief Executive Officer of Pfleiderer. Prior to joining Pfleiderer in May 2016, Mr. Prokopowicz served in various capacities on the boards of Polenergia SA, Mondi Swiecie SA and Mondi Packaging (Anglo American Plc) in Poland as well as in the United Kingdom, Opoczno SA and DGS S.A. Mr. Prokopowicz is also the co-owner and CEO of Luneos sp z o.o., an energy services provider which develops and implements renewable and efficiency energy projects for industrial clients using clean energy technologies, such as LED, wind, photovoltaic cells and co-generation. Mr. Prokopowicz is a graduate of Paris-Dauphine University and an MBA graduate of Paris Institute of Political Studies. He also studied at the Main School of Planning and Statistics (renamed Warsaw School of Economics).

Miguel Kohlmann

Miguel Kohlmann joined Pfleiderer in May 2018 and he is the Chairperson of the Advisory board since September 2020. Mr. Kohlmann has previously been the chief executive officer of Icopal (a leading provider of roofing and structural solutions) and Pipelife International (a leading supplier of piping system solutions) and the managing director of Alusuisse (a leading Swiss aluminum manufacturer). In addition, Mr. Kohlmann is currently a member of supervisory boards of several other companies, including Ewelliz, Logstor, Archroma, H+H A/S and Bauder Flat Roofs. Mr. Kohlmann holds a master's degree in mechanical engineering from Escola de Engenharia Mauá.

John Brantl

John Brantl has been a member of the Advisory board since September 2020. Mr. Brantl is also currently a managing director and the co-head of the European investment team at SVPGlobal. He joined SVPGlobal in 2006 and has been based in London since 2012. Prior to joining SVPGlobal, Mr. Brantl worked in investment banking in Goldman, Sachs & Co.'s Financial Institutions Group. Mr. Brantl also serves on the boards of directors of several companies, including APCOA Parking and Klöckner Pentaplast. Mr. Brantl holds an AB degree in Economics from Princeton University.

Anthony O'Caroll

Anthony O'Caroll has been a member of the Advisory board since September 2020. Mr. O'Caroll has been a managing director at SVPGlobal since March 2015 and has previously also worked with TowerBrook Capital Partners and Bain & Company. Mr. O'Caroll serves on the boards of various leading companies in the energy, packaging and chemicals sectors. Mr. O'Carroll received an LLB in Law from Trinity College, Dublin University in 1996, and qualified as a Barrister in England and Wales, where he is a member of the Honorable Society of Lincolns Inn.

Julian von Martius

Julian von Martius has been a member of the Advisory board of since February 2021. Mr. von Martius is also currently a vice president and a member of the European investment team at SVPGlobal. He joined SVPGlobal in 2018, where he focuses on the construction and industrial materials sector. Prior to joining SVPGlobal, Mr. von Martius was a vice president at Bain Capital Private Equity, where he was part of the European and American investment teams. Mr. von Martius also serves on the boards of other companies, including APCOA. Mr. von Martius graduated from the London School of Economics with a Bachelor of Science in economics and from Harvard Business School with an MBA.

Matthew Espe

Matt Espe has been a member of the Advisory board since September 2020 and an operating partner of SVPGlobal since October 2018. Previously, Mr. Espe held various other positions, including at Radial Inc., Armstrong World Industries, Ricoh Americas, IKON Office Solutions, Inc. and General Electric. Mr. Espe also serves on the boards of various leading companies in the pharmaceuticals, packaging, manufacturing and real estate sectors, including Klöckner Pentaplast, Cenveo, Foundation Building Materials, WESCO and Realogy Holdings Corp. Mr. Espe received a B.S. in Business Administration from the University of Idaho in 1980 and a Master in Business Administration from Whittier College in 1986.

Julius Kling

Mr Kling joined Pfleiderer in February 2021 as member of the advisory board. Mr. Kling is also currently a director and a member of the European investment team at SVPGlobal, which he joined in 2020. Prior to joining SVP, Mr. Kling worked at King Street Capital Management, Oaktree Capital and Morgan Stanley. Mr. Kling also serves on the boards of other companies controlled by SVPGlobal. Mr. Kling received a Bachelor of Science in General Management & Economics from EBS Universität in 2011.

The Issuer

The Issuer is a limited liability company (*Gesellschaft mit beschränkter Haftung*) under the laws of Germany, established by conversion through change of legal form (from Pfleiderer AG) with effect as of February 26, 2013. The Issuer is registered with the commercial register of the local court of Nuremberg (Amtsgericht Nürnberg) under HRB 30135. The Issuer's principal business address is Ingolstädter Straße 51, D-92318 Neumarkt i.d.Opf., Germany. The Issuer's managing directors can be contacted at the Issuer's business address.

The following table shows information concerning the current managing directors of the Issuer.

Name	Age	Member since	Responsibilities
Dr. Boris Gorella	55	February 1, 2021	Chief Executive Officer
Dr. Mani Herold	50	January 1, 2021	Chief Financial Officer
Dr. Frank Herrmann	51	May 1, 2019	Chief Operating Officer
Stefan Zinn	54	April 9, 2019	Chief Commercial Officer

Committees

The Advisory board of the Parent may form committees from among its members and charge them with the performance of specific tasks. The committees' tasks, authorizations and processes are determined by the advisory board. Where permissible by law, important powers of the Advisory board may also be transferred to the committees. The Advisory board of the Parent has established the following committees:

Audit Committee

The audit committee (*Prüfungsausschuss*) performs advisory and consultancy functions for the Parent's advisory board. The tasks and responsibilities of the audit committee include, among others, monitoring the financial reporting process and the effectiveness of internal control, internal audit, risk management and internal accounting control systems, including in the area of financial reporting, carrying out audit activities, and controlling and monitoring the appointment and the independence of the statutory auditors. The audit committee consists of at least two members, including a chairperson appointed by the advisory board.

Nomination and Remuneration Committee

The nomination and remuneration committee performs consulting and advisory functions for the Parent's Advisory board and supports the Advisory board in its performance of its statutory obligations. The tasks and responsibilities of the nomination and remuneration committee include, among others, the monitoring of succession plans and employee rotation processes and the assessment of employees' satisfaction levels, the assessment of candidates for the management board, the supervision of compensation policies as well as the proposal of candidates for appointment to the advisory board. The audit committee consists of at least two members appointed by the advisory board.

Compensation, Other Benefits and Share Ownership

Our remuneration system consists of a fixed salary and a performance-related bonus based on meeting certain profitability and operational cash flow thresholds.

Service Agreements and Remuneration of the Members of the Management Board

Certain members of our Advisory Board and our Management Board, respectively, have entered into customary service agreements with the Parent and the Issuer, respectively. The directors' remuneration consists of a fixed salary, a performance-related bonus based on meeting certain profitability and operational cash flow thresholds, as well as a company car and contributions to a pension fund. We believe that each of the service agreements appropriately reflects the level of responsibility of the relevant director and their contribution to Pfleiderer's long-term success.

In the year ended December 31, 2020, the remuneration paid to the members of the management board and Advisory board of the Parent was initially recognized at the Parent level, since the management board is employed by the Parent as well as its subsidiaries, including Pfleiderer and Panel East. The portion of these costs economically attributable to Pfleiderer, which amounted to €2.4 million in the year ended December 31, 2020, was determined using an allocation method based on the number of FTEs and subsequently charged to Pfleiderer. For further details, see Note 26 to the Consolidated Financial Statements.

Management Investment Plan

Certain members of our senior management team, including our Chief Executive Officer, our Chief Financial Officer, our Chief Operating Officer, our Chief Commercial Officer and the Chairperson of the Parent's advisory board, indirectly hold interests in an indirect parent entity of the Issuer which, under certain circumstances, entitle them to receive a share of the proceeds from a future divestiture of the business.

OUR SHAREHOLDER

As of the date of this offering memorandum, all of the Issuer's shares are directly owned and controlled by the Parent. All of the shares of the Parent's general partner, Pfleiderer B.V., and all of the limited partnership interests in the Parent, are directly owned and controlled by Raven Hill S.à r.l. and Rathcoole S.à r.l. In turn, all of the shares of Raven Hill S.à r.l. and Rathcoole S.à r.l. are indirectly owned and controlled by investment funds sponsored by SVPGlobal.

Strategic Value Partners, LLC is a U.S.-headquartered investment firm focused on value investments primarily in Europe and the United States. Founded in 2001 by Victor Khosla, SVPGlobal has invested more than $30 billion in nearly 450 transactions globally, including $14 billion invested in Europe. SVPGlobal currently has assets under management of approximately $10 billion, the majority of which comes through private equity style funds. SVPGlobal has 127 employees located primarily in Greenwich, Connecticut and London, with a small presence in Tokyo, who have extensive experience. SVPGlobal's focus is on fundamentally sound businesses that are experiencing financial, managerial and/or operational issues and driving improvements in these areas. The team has also developed domain expertise in a select number of industries including infrastructure, power and industrials. SVPGlobal uses a hands-on approach, taking an active role in transactions, while working to improve performance by driving the strategic and operational direction of its portfolio companies. Current and former portfolio companies include Klöckner Pentaplast, Cory Riverside Energy, GenOn, GSE Environmental, Indiana Toll Road, McCarthy & Stone, OmniMax International, Vita and Texas State Highway 130.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

From time to time, we enter into transactions with our shareholders and other entities owned by, or affiliated with, our direct and indirect shareholders in the ordinary course of business. These transactions include, among other things, the sale of goods and services, including professional advisory, consulting and other corporate services. For a description of our material, historical transactions with related parties, see the notes to our Consolidated Financial Statements included elsewhere in this offering memorandum.

Domination and Profit and Loss Transfer Agreement

On November 18, 2020, with retroactive effect from January 1, 2020, the Issuer and the Parent entered into a domination and profit and loss transfer agreement (the "DPLTA") pursuant to which the Issuer and its consolidated subsidiaries located in Germany (other than Heller Holz GmbH) became part of the Parent's tax group for German corporate income and trade tax purposes. Pursuant to the DPLTA, the Parent is entitled to issue binding directives to the Issuer in respect to all corporate matters of the Group. Furthermore, pursuant to the DPLTA, the Issuer will be required to transfer its entire annual accounting profits and losses to the Parent. As a result of the DPLTA, commencing with the year ending December 31, 2020, the taxable profits of the Issuer and its subsidiaries that are part of the tax group are allocated to the Parent, which will be subject to German trade taxes and potentially will fund German corporate income taxes at the level of the limited partners of the Parent. We intend to comply with the Issuer's obligations to transfer its profits to the Parents by way of (x) cash payments to the Parents in respect of any German cash taxes to be paid by the Parent or funded by the Parent to its limited partners as set out above and (y) an annual non-cash set-off of the amount of other transferable profits of the Issuer against outstanding loan receivables due to the Issuer from the Parent, including the loan receivable put in place in connection with the Transactions on the Issue Date. See "Use of Proceeds." If the amount of transferable profits of the Issuer exceeds the total outstanding amounts under the loan receivables due to the Issuer from the Parent in the future, the Parent will convert such profits into a subordinated shareholder loan to the Issuer. The DPLTA has an initial duration of six years (until December 31, 2025), after which it will automatically renew for an indefinite period unless either party terminates the agreement by giving at least six months' notice.

Panel East Resin Supply Agreement

On November 17, 2020, with retroactive effect from January 1, 2020, Pfleiderer Grajewo, Pfleiderer MDF Grajewo and Pfleiderer Wieruszów, as customers, and Silekol, as supplier, entered into the Panel East Resin Supply Agreement pursuant to which each of the customers have agreed to purchase certain fixed quantities of resin and other chemicals from Silekol each year, which constitute a significant portion of the purchasers' annual resin requirements.

The price for each order is determined on the basis of a price per ton of products calculated in accordance with a formula that was contractually agreed at arm's length and which takes into account, among other things, prevailing raw material, labor and freight costs. The pricing formula may be updated with the agreement of all parties for changes in the rate of inflation, labor and fuel costs. Prices are quoted on a delivered-at-place-basis in euro and converted to Polish zloty at the average monthly euro to Polish zloty foreign exchange rate for the prior month as published by the National Bank of Poland. Pursuant to the Panel East Resin Supply Agreement, customers will receive a volume-based discount subject to meeting certain order thresholds. Payment for a resin order is due within 60 days of the delivery of weekly invoices and Silekol is entitled to suspend the delivery of resin if a customer fails to pay their invoice within 30 days after the due date.

The Panel East Resin Supply Agreement provides for customary liquidated damages if Silekol fails to fulfil its orders on time, in which case customers are also permitted to source their resin requirements from third parties and may require Silekol to reimburse them for any difference in the purchase price. Should a customer fail to order the fixed contractually agreed quantity of resin from Silekol, Silekol is entitled to charge such customer a penalty in an amount equal to (x) the unclaimed portion of the contractually agreed order volume multiplied by (y) the price per ton of resin.

The Panel East Resin Supply Agreement contains a market standard force majeure clause and will terminate on January 1, 2025. Prior to the expiration of its term, the Panel East Resin Supply Agreement may only be terminated with respect to any customer who definitively and fully discontinues production activity relating to particleboard and HDF boards. The Panel East Resin Supple Agreement is governed by Polish law.

In the year ended December 31, 2020, sales of resins from our Silekol division to Panel East contributed €6.8 million, or 39%, to the Adjusted EBITDA of our Silekol division.

Wood Products Supply and Distribution Agreement

Pfleiderer Deutschland GmbH and Pfleiderer Polska So. z o.o., as distributors, and certain of their respective subsidiaries, as suppliers, have entered into a supply and distribution agreement (the "Wood Products Supply and Distribution Agreement") pursuant to which the distributors agree to distribute certain pre-agreed engineered wood products supplied to them by the suppliers to external customers. The Wood Products Supply and Distribution Agreement does not provide for minimum order quantities and the prices charged by the suppliers for any products supplied is based on applicable standard market rates. Each distributor undertakes to support and advertise the sale of the supplied products in its markets and with its customers and to regularly provide the suppliers with updates relating to their products. We consider the Wood Products Supply and Distribution Agreement to be on standard market terms. The Wood Products Supply and Distribution Agreement can be terminated by any party for any reason by giving three months written notice and with immediate effect upon the occurrence of certain significant events, including the Parent ceasing to own, directly or indirectly, at least a majority of each of the parties to the agreement. As a result, the Wood Products Supply and Distribution Agreement would become terminable upon a sale of Panel East. Based on our unaudited management accounts, we estimate that the sale by our Engineered Wood Products division of products manufactured by Panel East under a Wood Supply and Distribution Agreement, contributed approximately €2.2 million, or 1.9%, to the Adjusted EBITDA of our Engineered Wood Products division in the year ended December 31, 2020. In addition, based on our unaudited management accounts, we estimate the sale by Panel East of products manufactured by our Engineered Wood Products division contributed approximately €2.2 million, or 1.9%, to the Adjusted EBITDA of our Engineered Wood Products division in the year ended December 31, 2020.

Joint Procurement

Historically, our Engineered Wood Products and Silekol divisions and Panel East have jointly purchased selected categories of raw materials, such as paper and chemicals, which has allowed us to benefit from certain procurement cost synergies due to the larger scale purchasing power of the three divisions compared to our Group. Following a sale of Panel East, we may no longer be able to benefit from such procurement cost synergies.

Ordinary Course of Business Relationships with Subsidiaries and Affiliated Companies

In the course of our ordinary business activities, we regularly enter into intercompany loan, intercompany receivables, purchase and supply agreements between subsidiaries and affiliated companies and with associated companies or shareholders of such associated companies, including holders of non-controlling interests that are not part of our Group.

In addition, in the ordinary course of business, the Issuer provides certain services to Panel East, including technical engineering services, information technology services and miscellaneous other corporate services, such as accounting, tax, legal and treasury services. We provide these services to Panel East on standard market terms. In the event of a sale of Panel East to a third party, we may enter into a transition services agreement with the new owner of Panel East for the provision of certain services, including information technology, selected technical support services and miscellaneous other corporate services.

The Issuer, the Parent and certain Group companies are also party to certain cash pooling agreements. For more information, please see "*Description of Certain Financing Arrangements—Cash Pooling Agreements.*"

Parent Loan

In connection with the Silekol Transfer, the Parent transferred all of the shares in Silekol sp.z o.o. to the Issuer in partial repayment of a loan owed to the the Issuer (the "Parent Loan"). As of December 31, 2020, €31.5 million remains outstanding under the Parent Loan. See "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Our Results of Operations—The Optimization of Our Corporate Structure—The Silekol Transfer.*"

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following is a summary of the material terms of our principal financing arrangements in addition to the Indenture after giving effect to the Transactions. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. Capitalized terms used in the following summaries and not otherwise defined in this offering memorandum have the meanings ascribed to them in their respective agreements.

New Revolving Credit Facility Agreement

Overview and Structure

In connection with the Transactions, the Issuer will enter into a new super senior revolving credit facility agreement with, among others, the Parent as Topco, Deutsche Bank AG, London Branch as the Security Agent, the facility agent named therein as Agent, and Goldman Sachs Bank Europe S.E., Credit Suisse (Deutschland) Aktiengesellschaft, Bank of America Europe Designated Activity Company, Deutsche Bank Aktiengesellschaft and Commerzbank Aktiengesellschaft as mandated lead arrangers (the "New Revolving Credit Facility Agreement"). The New Revolving Credit Facility Agreement provides for a new super senior revolving credit facility in a principal amount of €65.0 million (the "New Revolving Credit Facility" for the purposes of this description).

The New Revolving Credit Facility may be utilized by the Issuer, Pfleiderer Deutschland GmbH and Silekol s.p. z.o.o. and certain of its restricted subsidiaries which accede to the New Revolving Credit Facility Agreement as additional borrowers of that facility (the "SSRCF Borrowers") and may be applied in or towards (directly or indirectly): (A) financing or refinancing the general corporate purposes and/or working capital requirements of the Group (including, without limitation, the financing or refinancing of capital expenditure, any permitted acquisition, investments and joint ventures, operational restructurings and reorganization requirements of the Group, financing or refinancing financial indebtedness of the Group (including the refinancing or discharge of the existing indebtedness of certain members of the Group) or any acquisition target and paying any related breakage costs, redemption premium, make-whole costs and other fees, costs and expenses payable in connection with such 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/or (B) any other purpose contemplated by a funds flow statement relating to the Transactions or a tax structure memorandum relating to the Transactions.

The New Revolving Credit Facility will be available in euros, sterling, U.S. dollars and certain other currencies readily available in the relevant interbank market by the drawing of cash advances, the issue of letters of credit and ancillary facilities (on a bilateral and fronted basis).

The New Revolving Credit Facility Agreement includes (in addition to other permissions under the limitation on indebtedness covenant) the ability (without double counting against the limitation on indebtedness covenant) to incur additional indebtedness (including under one or more uncommitted additional facilities within the New Revolving Credit Facility Agreement and/or any additional notes and/or other facilities or notes documented outside the New Revolving Credit Facility Agreement) up to (after taking into account the commitments under the New Revolving Credit Facility) an aggregate amount of the greater of €105 million and 69% of LTM EBITDA (as defined in "*Description of the Notes*").

Availability

The New Revolving Credit Facility may be utilized from (and including) the issue date of the Notes (the "Closing Date") to (and including) the date which is one month prior to the maturity date of the New Revolving Credit Facility.

Conditions Precedent

Utilizations of the New Revolving Credit Facility are subject to customary conditions precedent.

Interest and Fees

Loans under the New Revolving Credit Facility will initially bear interest at rates per annum equal to EURIBOR or, for loans denominated other than in Euro, LIBOR, plus an applicable margin, which in each case will be subject to a decreasing margin ratchet based on the ratio of consolidated senior secured net debt to consolidated *pro forma* EBITDA (the "Senior Secured Net Leverage Ratio").

If EURIBOR is less than zero, EURIBOR shall be deemed to be zero in respect of loans made under the New Revolving Credit Facility. If LIBOR is less than zero, LIBOR shall be deemed to be zero in respect of loans made under the New Revolving Credit Facility.

A commitment fee will be payable on the aggregate undrawn and uncancelled amount of the New Revolving Credit Facility from the Closing Date to the end of the availability period applicable to the New Revolving Credit Facility at a rate of 30% of the applicable margin for the New Revolving Credit Facility. Commitment fees will be payable quarterly in arrears, on the last day of the availability period and on the date the New Revolving Credit Facility is cancelled in full or on the date on which the relevant lender cancels its commitment.

Default interest will be calculated as an additional 1% on the defaulted amount.

Repayments

The loans made under the New Revolving Credit Facility will be repaid on the last day of the interest period relating thereto, subject to an ability to roll over cash drawings. All outstanding amounts under the New Revolving Credit Facility will be repaid on the date falling fifty-four (54) months from the Closing Date. Amounts repaid by the borrowers on loans made under the New Revolving Credit Facility may be reborrowed, subject to certain conditions.

The New Revolving Credit Facility Agreement allows for voluntary prepayments (subject to *de minimis* amounts). The New Revolving Credit Facility Agreement also permits each lender to require the mandatory prepayment of all amounts due to that lender upon a "*Change of Control*."

A "Change of Control" for the purposes of the New Revolving Credit Facility shall be defined as per the Notes, including a change of control with respect to Topco ceasing to own 100% of the shares in the Issuer, but the proviso to the definition of "Change of Control Triggering Event" shall not apply.

Guarantees and Security

The New Revolving Credit Facility will be guaranteed by each Guarantor on a joint and several basis.

The New Revolving Credit Facility will be secured by the same security interests as for the Notes as set forth under "*Description of the Notes—Security.*"

Subject to certain adjustments and the agreed security principles that apply to the New Revolving Credit Facility Agreement, the Issuer is required to ensure that members of the Group that generate at least 80% of Consolidated EBITDA (as defined in the section entitled "*Description of the Notes*") are guarantors of the New Revolving Credit Facility Agreement (i) on the date which is 120 days following the Closing Date; and (ii) thereafter on the date when the annual financial statements of the Issuer are required to be delivered to the agent in connection with the New Revolving Credit Facility Agreement.

The provision and the terms of the security and guarantees set forth above will in all cases be subject to certain limitations and are at all times and in all cases subject to the requirements of applicable law and the other matters set forth in the New Revolving Credit Facility Agreement (and, to the extent such requirement at (ii) above is not satisfied on such date, the Issuer shall ensure that it is so satisfied within 120 days of such date).

Representations and Warranties

The New Revolving Credit Facility Agreement contains certain representations and warranties (subject to certain agreed qualifications and with certain representations being repeated), including: (i) status, binding obligations, non-conflict with other obligations, power and authority, validity and admissibility in evidence, governing law and enforcement and *pari passu* ranking; (ii) no insolvency, no litigation and taxation; (iii) no default, financial statements and no misleading information; (iv) no liens/indebtedness; (v) ownership and environmental laws; (vi) intellectual property; and (vii) centre of main interests and compliance with sanctions and anti-corruption laws.

Certain representations and warranties will be made on the Closing Date and will be repeated on the date of each utilization, on the first day of each interest period (other than in the case of roll over cash drawings) and at certain other times.

Covenants

The New Revolving Credit Facility Agreement contains certain of the incurrence covenants and related definitions (with certain adjustments and exceptions) that are set forth in the Indenture.

The New Revolving Credit Facility Agreement also contains a "note purchase condition" covenant. Subject to certain exceptions set out in the New Revolving Credit Facility Agreement, the Issuer may not, and shall procure that no restricted subsidiary will, repay, prepay, purchase, defease, redeem or otherwise retire any Notes (or additional Notes issued under the Indenture (or offer to do so) prior to their scheduled repayment date). The exceptions to such covenant include (among other things) notes purchases that do not exceed 50% of the aggregate original principal amount of the Notes as at the Closing Date.

The New Revolving Credit Facility Agreement also requires the 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) centre of main interests; (iv) provision of guarantees and security and further assurance; and (v) compliance with sanctions, anti-money laundering and anti-corruption laws.

In addition, the New Revolving Credit Facility Agreement includes a financial covenant requiring the drawn super senior leverage ratio not to exceed a ratio to be set with 40 per cent headroom versus the base case model for the New Revolving Credit Facility (which shall be calculated by reducing Consolidated EBITDA as set out in that base case model and assuming full utilisation of the New Revolving Credit Facility and no cash on the balance sheet (the "Drawn Super Senior Leverage Ratio")). The Drawn Super Senior Leverage Ratio is calculated as the ratio of consolidated drawn loans under the New Revolving Credit Facility and any other funded indebtedness that ranks *pari passu* with such loans in respect of the distribution of Recoveries (as defined in the Intercreditor Agreement) net of cash and cash equivalents (the "Drawn Super Senior Facilities Debt") to Consolidated *pro forma* EBITDA for the twelve month period preceding the relevant quarterly testing date, and is tested quarterly on a rolling basis, subject to the aggregate outstanding amount of all Loans outstanding under the New Revolving Credit Facility (excluding any utilizations drawn on the Closing Date, any utilizations by way of letters of credit (or bank guarantees), ancillary facilities, or any amounts used to fund any original issue discount paid on or around the date of the Closing Date and any other flex-related payments, fees and expenses) net of cash and cash equivalents exceeding 40% of the total commitments of the New Revolving Credit Facility on the relevant test date (the "Test Condition"). The Drawn Super Senior Leverage Ratio, if breached, will trigger a drawstop on any further borrowing under the New Revolving Credit Facility Agreement unless the breach is cured or remedied.

The Drawn Super Senior Leverage Ratio is based on the definitions and adjustments in the New Revolving Credit Facility Agreement, which may differ from similar definitions in the Indenture and the equivalent definitions described in this offering memorandum.

The New Revolving Credit Facility Agreement contains an equity cure provision enabling the shareholders of the Issuer to make shareholder injections by way of debt and/or equity to the Issuer to (i) increase the consolidated *pro forma* EBITDA under the New Revolving Credit Facility Agreement, (ii) decrease Drawn Super Senior Facilities Debt, or (iii) prepay the New Revolving Credit Facility so that the Test Condition is no longer satisfied. The equity cure rights pursuant to (i) and (ii) above may not be exercised on more than five occasions during the term of the New Revolving Credit Facility and may not be exercised more than twice in any consecutive four quarter periods.

It is intended that certain agreed covenants and other provisions of the New Revolving Credit Facility Agreement will fall-away on the satisfaction of certain release conditions, being (i) the occurrence of a listing which does not constitute a change of control and in respect of which the Group's senior secured net leverage ratio does not exceed an agreed ratio; or (ii) the Issuer having a long-term corporate credit rating equal to or better than Baa3 according to Moody's Investor Services Limited or BBB- according to Standard & Poor's Rating Services.

Events of Default

The New Revolving Credit Facility Agreement provides for substantially the same events of default as under the Notes. In addition, the New Revolving Credit Facility Agreement provides for additional events of default, subject to customary materiality qualifications and grace periods, including (i) inaccuracy of a representation or statement when made; (ii) repudiation, rescission, invalidity and unlawfulness of the New Revolving Credit Facility financing documents; and (iii) material failure to comply with the Intercreditor Agreement.

Governing Law

The New Revolving Credit Facility Agreement and any non-contractual obligations arising out of or in connection with it, are governed by, construed in accordance with and will be enforced in accordance with English law although the information undertakings, restrictive covenants, events of default and related definitions scheduled to the New Revolving Credit Facility Agreement will be interpreted in accordance with New York law (without prejudice to the fact that the New Revolving Credit Facility Agreement is governed by English law).

Intercreditor Agreement

General

To establish the relative rights of certain of our creditors under our financing arrangements, the Issuer, certain Guarantors and the Trustee will enter into the Intercreditor Agreement between, among others, the agent, arrangers and lenders under our New Revolving Credit Facility Agreement and the Security Agent. We expect the Trustee to accede to the Intercreditor Agreement on or about the Issue Date.

By accepting a Note, holders of the Notes will be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement.

The Intercreditor Agreement is governed by English law and sets out various matters governing the relationship of the creditors to our group including the relative ranking of certain debt of the Issuer, the Guarantors and any other person that becomes party to the Intercreditor Agreement as a Debtor or Third Party Security Provider, when payments can be made in respect of debt of the Debtors or Third Party Security Providers, when enforcement action can be taken in respect of that debt, the terms pursuant to which certain of that debt will be subordinated upon the occurrence of certain insolvency events and turnover provisions and provisions related to the enforcement of shared security.

The following description is a summary of certain provisions contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety and we urge you to read that document because it, and not the discussion that follows, defines certain rights of the holders of the Notes and of the Trustee. Capitalized terms used but not defined herein have the meanings given to them in the Intercreditor Agreement.

For the purposes of this description:

"*Senior Secured Group*" shall mean the Issuer and any of its Restricted Subsidiaries.

References to the "Senior Secured Notes" shall include the Notes and any other notes, securities or other debt instruments issued or to be issued by or in relation to which a New Debt Financing has been made available to or by a member of the Senior Secured Group which are designated by the Issuer as Senior Secured Notes under the Intercreditor Agreement and references to the "Topco Notes" shall include any notes, securities or other debt instruments issued or to be issued by or in relation to which a New Debt Financing has been made available to or by a Topco Borrower which are designated by the Issuer as Topco Notes.

The Intercreditor Agreement uses the term "the Company" to refer to the Issuer and "Senior Secured Notes Liabilities" to refer to the Notes and certain other indebtedness of the Issuer.

Ranking and Priority

Priority of Debts

The Intercreditor Agreement provides that the liabilities owed by the Senior Secured Group and each other debtor (under the Intercreditor Agreement (together, the "Debtors") (other than the Parent and any member of the Senior Secured Group which is designated as a Topco Borrower under the Intercreditor Agreement (a "Topco Borrower")) shall rank in right of priority and 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 any 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 the New Revolving Credit Facility Agreement or any future super senior facilities agreement (a "Permitted Super Senior Secured Facilities Agreement") and any hedge counterparty under a hedging agreement that is designated by the Issuer as super senior (together the "Super Senior Liabilities" and creditors thereof being the "Super Senior Creditors"), (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), the holders of the Notes or future senior secured notes (the "Senior Secured Notes") and the Security Agent in relation to the Senior Secured Notes (the "Senior Secured Notes Liabilities"), (iv) the lender under any future loan made by the issuer of any Senior Secured Notes (if so designated by the Issuer in its discretion and not including, for the avoidance of doubt, the Issuer) to a member of the Group for the purposes of on lending the proceeds of any Notes together with any additional or replacement loan made on substantially the same terms (a "Senior Secured Notes Proceeds Loan" and the liabilities to the lenders under a Senior Secured Notes Proceeds Loan being the "Senior Secured Notes Proceeds Loan Liabilities"), (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 (together with the hedging designated by the 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" and creditors thereof being the "Second Lien Creditors"), (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") (and, in each case, together with the applicable present and future liabilities and obligations (whether actual and contingent and whether incurred solely or jointly) of any Debtor and Third Party Security Provider to any arranger under the Debt Documents in respect thereof), (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") and (x) the Security Agent, *pari passu* and without any preference between them; and

(ii) second, all liabilities owed (i) to the trustee (other than certain amounts paid to it in its capacity as trustee), and the holders of any future notes issued by or in relation to which a New Debt Financing has been made available to or by a Topco Borrower and designated by the Issuer as Topco Notes and the Security Agent in relation to such Topco Notes (the "Topco Notes Liabilities"), (ii) to any creditors under any future loan facility made available to any Topco Borrower (the "Topco Facility Liabilities" and together with the Topco Notes Liabilities, the "Topco Liabilities") (and, in each case, together with the applicable present and future liabilities and obligations (whether actual and contingent and whether incurred solely or jointly) of any Debtor and Third Party Security Provider to any arranger under the Debt Documents in respect thereof), and (iii) the liabilities owed under any future loan (a "Topco Proceeds Loan") made by any Topco Borrower for the purpose of on lending the proceeds of any Topco Notes or Topco Loans (the "Topco Proceeds Loan Liabilities"), *pari passu* and without any preference between them.

Priority of Security

The Intercreditor Agreement provides that the liabilities owed by any Topco Borrower to the Secured Parties (as defined below) shall rank *pari passu* in right and priority of payment and without any preference between them in respect of (i) the Senior Lender Liabilities, (ii) the Super Senior Liabilities, (iii) the Senior Secured Notes Liabilities, (iv) the Cash Management Facility Liabilities, (v) the Hedging Liabilities, (vi) the Second Lien Lender Liabilities, (vii) the Second Lien Notes Liabilities, (viii) the Topco Liabilities, (ix) the Topco Proceeds Loan Liabilities, (x) the Agent Liabilities; (xi) any arranger in connection with the aforementioned liabilities.

The Intercreditor Agreement provides that the intra-group liabilities owed by one member of the Senior Secured Group to another member of the Senior Secured Group (other than any Senior Secured Notes Proceeds Loan Liabilities or Topco Proceeds Loan Liabilities) (the "Intra-Group Liabilities") will be subordinated to the liabilities owed by the Debtors and Third Party Security Providers to the creditors under the Senior Lender Liabilities, Super Senior Liabilities, Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Hedging Liabilities, Second Lien Lender Liabilities and Second Lien Notes Liabilities, Agent Liabilities and Notes Liabilities (such creditors, together with the Security Agent, any receiver or delegate, any creditor of the Agent Liabilities and any arranger with respect to the Secured Liabilities, the "Secured Parties").

The Intercreditor Agreement also provides that the liabilities owed by any member of the Senior Secured Group (other than any Topco Proceeds Loan Liabilities) to a holding company of the Issuer or to any other person who becomes a subordinated creditor (a "Subordinated Creditor") under the Intercreditor Agreement (the Subordinated Liabilities") will be subordinated to the liabilities owed by the Debtors and Third Party Security Providers to the Secured Parties and to the Intra-Group Liabilities.

For the purposes of this description only:

"*Debt Documents*" means the Intercreditor Agreement and the documents creating or evidencing the Cash Management Facility Liabilities, the Hedging Liabilities, the Second Lien Liabilities, the Senior Secured Liabilities, any Senior Secured Notes Proceeds Loan Liabilities (a "Senior Secured Notes Proceeds Loan Agreement"), the Topco Liabilities, the Topco Proceeds Loan Liabilities, the unsecured liabilities of any unsecured creditors who are party to the Intercreditor Agreement, the Subordinated Liabilities and the Intra-Group Liabilities (each as defined in this description) and any other document designated as such by the Security Agent and the Issuer.

"*Finance Documents*" means the New Revolving Credit Facility Agreement, any Permitted Senior Secured Facilities Agreement, any Permitted Super Senior Secured Facilities Agreement, the indenture in respect of any Senior Secured Notes, any Second Lien Facility Agreement, the indenture in respect of any Second Lien Notes, the facility agreement or other document or instrument documenting any Topco Facility, the indenture in respect of any Topco Notes and any document designated by the Issuer as an unsecured finance document under and in accordance with the Intercreditor Agreement.

"*Secured Creditors*" means the Super Senior Creditors, the Senior Secured Creditors, the Second Lien Creditors and the Topco Creditors (each as defined below).

"*Secured Debt Documents*" means the documents relating to the Super Senior Liabilities, the Senior Secured Liabilities, the Second Lien Liabilities, the Topco Liabilities and the Hedging Liabilities.

"*Third Party Security Provider*" means the Parent and any person that has provided Transaction Security (including Topco Shared Security) but is not a Debtor in respect of any direct borrowing or guarantee liabilities of the applicable secured obligations to which that Transaction Security relates and which is designated by the Issuer (in its discretion).

"*Transaction Security*" refers to security (from the Senior Secured Group, any Third Party Security Provider and Topco Shared Security (as defined below) (but excluding, for the avoidance of doubt, Topco Independent Transaction Security) (as defined below)) which is created, or expressed to be created, in favor of the Security Agent as agent or trustee 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")).

"*Topco Shared Security*" refers to security at any time which is created, or expressed to be created, over each of (i) the shares in the Issuer held by any direct shareholder of the Issuer, (ii) all receivables owed by the Issuer to a Topco Investor, Subordinated Creditor or other Holding Company or shareholder of the Issuer (including any Topco Proceeds Loan and the Topco Proceeds Loan Liabilities), (iii) the shares in any Topco Borrower which is a member of the Senior Secured Group, (iv) all receivables owed by a member of the Senior Secured Group under any Topco Proceeds Loan (or, in the case of a Topco Borrower which is a member of the Senior Secured Group, any Senior Secured Notes Proceeds Loan), (v) any escrow account relating to the proceeds of any Topco Liabilities and (vi), any other assets not falling within limbs (i), (ii), (iii), (iv) and (v) of this paragraph of a Topco Borrower, and (for the extent that the Issuer has confirmed to the Security Agent that the granting of such Security in favor of the Topco Shared Security Secured Obligations is not prohibited by any applicable prior ranking financing agreements) any other member of the Senior Secured Group and designated as Topco Shared Security by the Issuer (in its discretion) in favor of the Security Agent as agent or trustee 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 any member of the Senior Secured Group, and at any time after the incurrence of any Topco Liabilities by a Topco Borrower that is not a member of the Senior Secured Group, such Topco Borrower and each of its Restricted Subsidiaries (the "Topco Group"), each Debtor and each Third Party Security Provider to the Secured Parties under the Secured Debt Documents.

"*Topco Independent Transaction Security*" refers to security (other than Transaction Security) which is created, or expressed to be created, by the Parent, any Topco Borrower or any member of the Topco Group that directly holds shares in a Topco Borrower or any such person that is not a member of the Senior Secured Group) and designated as such by the Issuer (in its discretion) (together, the "Topco Independent Obligors") in favor of the Security Agent as agent or trustee 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). Topco Independent Transaction Security shall secure all liabilities and present and future obligations of each Topco Independent Obligor to the Topco Secured Parties under the Topco Finance Documents.

The Notes and the Notes Guarantees will be Senior Secured Notes Liabilities for the purposes of the Intercreditor Agreement. On the Issue Date, no other Senior Secured Liabilities, Second Lien Lender Liabilities, Second Lien Notes Liabilities or Topco Liabilities will be outstanding. Such liabilities and liabilities in respect of other new debt financings may only be incurred and/or designated if not prohibited under the terms of the Debt Documents, including, without limitation, the covenants applicable to the Notes described under "*Description of the Notes—Certain Covenants*."

Guarantees and Security: Topco Creditors

The creditors in respect of the Topco Liabilities (the "Topco Creditors") have the right to take, accept or receive the benefit of:

(i) any Topco Shared Security from any member of the Senior Secured Group or from a Third Party Security Provider in respect of the Topco Liabilities if and to the extent legally possible and subject to any agreed security principles, at the same time it is also offered either:

  (A) to the Security Agent as agent or trustee for the other Secured Parties (or applicable class thereof) in respect of their Liabilities; or

  (B) in the case of any jurisdiction in which effective security cannot be granted in favor of the Security Agent as agent or trustee for the Secured Parties (or applicable class thereof):

    (I) to the other Secured Parties (or applicable class thereof) in respect of their Liabilities; or

    (II) to the Security Agent under a parallel debt structure, joint and several creditor structure or agency structure for the benefit of the other Secured Parties (or applicable class thereof),

  and ranks in the same order of priority as described under "Priority of Security" above, provided that all amounts received or recovered by any Topco Creditor with respect to such Topco Shared Security are immediately paid to the Security Agent for application as set out under "*—Application of Proceeds*" below;

(ii) any guarantee, indemnity or other assurance from any member of the Senior Secured Group in respect of the Topco Liabilities in addition to any guarantee, indemnity or assurance in the original form of any Topco Finance Documents or the Intercreditor Agreement, or given to all the Secured Parties as security for the liabilities of the Topco Group, each Debtor and any Third Party Security Provider to the Secured Parties under the Debt Documents if, subject to any agreed security principles:

  (A) (except for any guarantee, indemnity or other assurance permitted by the Finance Documents), the Secured Parties other than the Topco Creditors (the "Priority Secured Parties") already benefit from such a guarantee, indemnity or other assurance or at the same time it is also offered to the Priority Secured Parties and ranks in the same order of priority as described under "—Priority of Debts" and "Priority of Security" above, as applicable; and

  (B) all amounts received by any Topco Creditor with respect to such guarantee, indemnity or assurance are immediately paid to the Security Agent for application as set out under "—Application of Proceeds" below; and

(iii) any security, guarantee indemnity or other assurance:

  (A) from any person that is not a member of the Topco Group; and

  (B) from any member of the Topco Group:

    (I) in connection with any escrow or similar arrangements relating to amounts held by a person which is not a member of the Topco Group prior to release of those amounts to a member of the Topco Group;

(II) in connection with any actual or proposed defeasance, redemption, prepayment, repayment, purchase or other discharge of any Secured Liabilities not prohibited by the Intercreditor Agreement; or

(III) as otherwise permitted by the Intercreditor Agreement.

No security (other than pursuant to the secured documents relating to Topco Independent Transaction Security or Topco Shared Security or as described above) shall be granted by a member of the Senior Secured Group in respect of any Topco Liabilities.

New Debt Financing

The Intercreditor Agreement provides, subject to certain conditions, for the implementation of existing, additional, supplemental or new financing arrangements that will constitute, for the purposes of the Intercreditor Agreement, Senior Lender Liabilities, Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Hedging Liabilities, Second Lien Liabilities, Topco Liabilities, Super Senior Liabilities or Hedging Liabilities (each a "New Debt Financing"). The conditions include certification by the Issuer that such New Debt Financing is not prohibited under the terms of the Finance Documents.

Such financing arrangements may be implemented by way of refinancing, replacement, exchange, set-off, discharge or increase of any such new, existing, additional, supplemental financing arrangement under the relevant finance documents. In connection with and in order to facilitate any New Debt Financing, each agent in respect of any Priority Secured Liabilities and the Security Agent (and each other person party to a Transaction Security document or a Topco Independent Transaction Security document) is authorized and instructed to enter promptly into any new security document, amend or waive any term of an existing security document and/or release any asset from the Transaction Security or Topco Independent Transaction Security (as the case may be) and/or to effect the ranking, priority guarantees and security of the New Debt Financing subject to certain conditions, including as regards the terms of any such new security in relation to such New Debt Financing (which shall be, unless otherwise agreed by the Issuer or otherwise required by the Issuer to the extent that the existing Transaction Security or Topco Independent Transaction Security is not being amended or released and the new Transaction Security or new Topco Independent Transaction Security only secures the New Debt Financing, substantially the same as the terms applicable to the existing Transaction Security or Topco Independent Transaction Security over equivalent assets).

Where any indebtedness ("Permitted Acquired Indebtedness") which is not prohibited under the Finance Documents is incurred by or in connection with the acquisition of (i) a person or any of its subsidiaries who, after the Closing Date, becomes a Restricted Subsidiary or merges, consolidates or is otherwise combined with a Restricted Subsidiary, or (ii) in relation to an asset of any such person or which is otherwise acquired after the Closing Date (together an "Acquired Person or Asset"), any security, guarantee, indemnity or other assurance against loss in respect of such New Debt Financing which is subsisting at the date when the conditions to the incurrence of such New Debt Financing set out in the Intercreditor Agreement have been satisfied (or is to be granted thereafter, including subject to any condition or periodic testing) shall be permitted to subsist and there is no requirement to offer that security, guarantee, indemnity or other assurance in respect of any other liabilities under any Debt Document. No security, guarantee, indemnity or other assurance against loss is required to be given by any member of the Topco Group in respect of any liabilities (including under any Debt Document) (i) over any Acquired Person or Asset if this would breach a contractual undertaking applicable to the Topco Group or is excluded or exempt from being given under the Agreed Security Principles (as defined in the New Revolving Credit Facility Agreement), (ii) over any asset required (including subject to any condition) to provide credit support in relation to any Permitted Acquired Indebtedness (other than as a result of any obligation to extend any Transaction Security rateably for the benefit of such Permitted Acquired Indebtedness), or (iii) where the grant of such security, guarantee, indemnity or other assurance against loss is prevented by the documentation in relation to such Permitted Acquired Indebtedness or would give rise to an obligation (including any payment obligation but not including any obligation to extend any Transaction Security 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, members of the Group and Third Party Security Providers may make payment in respect of the Senior Lender Liabilities, Senior Secured Notes Liabilities, Super Senior Liabilities and Cash Management

Facility Liabilities (together with the Hedging Liabilities, the "Senior Secured Creditor Liabilities," the creditors in respect thereof being the "Senior Secured Creditors") at any time, *provided* that following certain acceleration events under the New Revolving Credit Facility Agreement or any Permitted Senior Secured Facilities Agreement or Senior Secured Notes Indenture or Permitted Super Senior Secured Facilities Agreement or following an Insolvency Event (defined below), payments may only be made by Issuer, the members of the Group 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 ICA shall not prevent the occurrence of an event of default under such applicable Senior Secured Finance Documents.

Permitted Payments in Respect of the Second Lien Debt

Prior to the first date on which all of the Senior Liabilities, the Super Senior Liabilities and the Senior Secured Notes Liabilities (together, the "Senior Secured Liabilities" and together with the Second Lien Liabilities and Topco Liabilities being the "Secured Liabilities") have been discharged (the "Senior Secured Discharge Date"), the Issuer, the members of the Group and Third Party Security Providers may only make specified scheduled payments in respect of the Second Lien Liabilities, in accordance with the finance documents governing such Second Lien Liabilities, subject to compliance with certain conditions in the Intercreditor Agreement.

The principal conditions are that the relevant payment (if it is a payment of principal or capitalized interest) is not prohibited by any prior ranking financing agreement, including any Permitted Super Senior Secured Facilities Agreement, Permitted Senior Secured Facilities Agreement and any Senior Secured Notes Indenture (or if it is so prohibited, that all necessary consents have been obtained to permit it or is otherwise permitted under the Intercreditor Agreement), no payment stop notice has been issued to the agent or trustee for the relevant Second Lien Liabilities and no Senior Secured Payment Default (as defined below) has occurred and is continuing.

Certain specified payments in respect of Second Lien Liabilities are also permitted at all times, notwithstanding that a payment stop notice is outstanding or such a payment default is continuing. These payments and basket amounts are substantially similar to those referenced for Topco Liabilities in (ii) of the next paragraph.

Permitted Payments in Respect of Topco Liabilities

Prior to the date which is the later of the Senior Secured Discharge Date and the first date (the "Second Lien Discharge Date") on which all Second Lien Liabilities have been discharged (the "Priority Discharge Date"), the Issuer, the members of the Group, Topco Borrowers and Third Party Security Providers may only make specified scheduled payments to the Topco Creditors or any Topco Borrower (in respect of the Topco Liabilities) or a Topco Investor (in respect of any Topco Proceeds Loan Liabilities only) (together the "Topco Group Liabilities") to the Topco Creditors or any holding company of the Issuer or other lender in respect of a Topco Proceeds Loan (in respect of the Topco Proceeds Loan Liabilities only) (such payments, 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 (x) not prohibited by any prior ranking financing agreements (in respect of the Senior Secured Liabilities and the Second Lien Liabilities), or any required consents to permit such payment have been obtained or (y) required in connection with a Non-Distressed Disposal (as defined below) or any other transaction not prohibited by the terms of any Finance Documents or for claims and other proceeds sought before the occurrence of an acceleration event has occurred and is continuing or the enforcement of any Transaction Security pursuant to such acceleration event, (2) any other amount which is not an amount of principal or capitalized interest (such other amounts including all scheduled interest payments (including, if applicable, special interest (or liquidated damages) the accrual of cash interest otherwise payable during a period when a Topco Payment Stop Notice is outstanding and default interest on the Topco Liabilities accrued and payable but not included in paragraph (1) above in accordance with the terms of the relevant Topco Finance Document (as at the date of the issue of the same or as amended in accordance with the terms of the Intercreditor Agreement and the other Debt Documents), additional amounts payable as a result of the tax gross-up provisions relating to Topco Liabilities and amounts in respect of currency indemnities in any Topco Finance Document, (3) made in pursuance of a debt buy-back program approved by the Majority Senior Secured Creditors, Majority Super Senior Creditors and Majority Second Lien Creditors (each as defined below), or (4) amounts due under any syndication strategy letter relating to the Topco Finance Documents;

(ii) if, notwithstanding that a Topco Payment Stop Notice (as defined below) is outstanding and/or (other than in respect of paragraph (N) below) a Senior Secured Payment Default and/or a Second Lien Payment Default has occurred and is continuing and (if the Topco Borrower is a guarantor or borrower under any prior ranking debt facilities at such time, other than in respect of paragraph (L) below) irrespective of whether any creditors under prior ranking debt facilities have accelerated their debt, the payment is not prohibited to be made at such time by any prior ranking financing agreements (in respect of the Senior Secured Liabilities and the Second Lien Liabilities), or the payment is (without double counting any equivalent applicable basket in any Debt Document, but whether or not permitted by the Debt Documents): (A) of ongoing fees under any original fee letter relating to the Topco Finance Documents, (B) of commercially reasonable advisory and professional fees for restructuring advice and valuations (including legal advice and the advice of other appropriate financial and/or restructuring advisors) and any fees, costs or expenses of the relevant Topco Agent (as defined below)not exceeding €1,500,000 in aggregate, but excluding the costs of any litigation against a Senior Secured Creditor or Second Lien Creditor (or their affiliates), (C) of any amounts owed to a Topco Agent (as defined below), (D) of costs necessary to protect, preserve or enforce security, (E) of any costs, commissions, taxes, premiums, amendment fees (including any original issue discount and other consent and/or waiver fees) and any expenses incurred in respect of (or reasonably incidental to) the Topco Finance Documents (including in relation to any reporting or listing requirements under the Topco Finance Documents), (F) of any other amount not exceeding €5,000,000 in any financial year of the Issuer, provided that any such amount not so applied may be carried forward and utilized in the subsequent financial year (where it shall be deemed to have been used first), (G) of any amount of the Topco Liabilities which would have been payable but for the issue of a Topco Payment Stop Notice (which has since expired and no new Topco Payment Stop Notice is outstanding) which has been capitalized and added to the principal amount of the Topco Liabilities or where that amount is outstanding as a result of the accrual of cash interest payable in respect of the Topco Liabilities during such period or any such amount described at (i)(C) above, provided that no such payment may be made if certain events of default have occurred under the Senior Secured Liabilities or Second Lien Liabilities or would occur as a result of making such payment, (H) for as long as an event of default under the Senior Secured Liabilities, Second Lien Liabilities or Topco Group Liabilities documents which is continuing, all or part of the Topco Liabilities being released or otherwise discharged solely in consideration for the issues of shares in any holding company of the Issuer (a "Debt for Equity Swap") provided that no cash or cash equivalent payment is made in respect of the Topco Liabilities, that it does not result in a Change of Control as defined in any prior ranking finance agreement or Topco Finance Document and that any Liabilities owed by a member of the Senior Secured Group to another member of the Senior Secured Group, to the Subordinated Creditors or to any other holding company of the Issuer that arise as a result of any such Debt for Equity Swap are subordinated to the Senior Secured Liabilities and Second Lien Liabilities pursuant to the Intercreditor Agreement and the Senior Secured Creditors and Second Lien Creditors are granted Transaction Security in respect of any of those Intra-Group Liabilities or Subordinated Liabilities owed by any member of the Senior Secured Group, (I) of non-cash interest made by way of capitalizing interest or issuing a non-cash pay instrument which is subordinated on the same terms as the Topco Liabilities, (J) of audit fees, directors' fees, taxes and other proper and incidental expenses required to maintain existence or any other reasonable and ordinary course administrative and maintenance costs and expenses of a Topco Borrower or an Affiliate thereof, (K) if the payment is funded directly or indirectly with the proceeds of Topco Liabilities incurred under or pursuant to any Topco Finance Documents, (L) if the payment is made by the Topco Borrower in respect of its obligations under the Topco Finance Documents; and such payment is not directly or indirectly sourced from a member of the Senior Secured Group or such payment is funded from proceeds received by the Topco Borrower from the Senior Secured Group without breaching the terms of the Debt Documents, (M) if the payment is of a principal amount of the Topco Liabilities and made in accordance with a provision in a Topco Finance Document relating to prepayment upon illegality or any other provision that permits the repayment in full of the participation of any Topco Creditor (without a related requirement to repay all other Topco Creditors), including a provision (if any) in a Topco Finance Document which is substantially equivalent to the prepayment of a single lender in the event of a tax gross-up, increased costs or other indemnity becoming payable and (N) if no Senior Secured Payment Default or Second Lien Payment Default has occurred and is continuing the payment is a payment of principal, interest or any other amounts made on or after the final maturity date of the relevant Topco Liabilities (provided that such maturity date is no earlier than that contained in the original form of the relevant Topco Finance Document as of the date of first issuance or borrowing (as the case may be) of the applicable Topco Liabilities; or

(iii) if the requisite Senior Secured Creditors, Super Senior Creditors and Second Lien Creditors give prior consent to that payment being made.

A reference in the section above to a payment shall be construed to include any other direct or indirect step, matter, action or dealing in relation to any Topco Liabilities which are otherwise prohibited under the Intercreditor Agreement.

On or after the Priority Discharge Date, the Debtors, the Topco Borrowers and the Third Party Security Providers may make payments in respect of the Topco Group Liabilities in accordance with the Topco Finance Documents and the Topco Proceeds Loan Agreement (as applicable).

Topco Liabilities Payment Block Provisions

A Topco Payment Stop Notice (as defined below) is outstanding from the date falling one Business Day after the date on which, following the occurrence of an event of default under any Senior Secured Liabilities (a "Senior Secured Event of Default") or an event of default under the Second Lien Liabilities (a "Second Lien Event of Default"), the Security Agent (acting on the instructions of the requisite Super Senior Creditors, Senior Secured Creditors or Second Lien Creditors gave the instructions for the relevant stop notice to be delivered) (a "Topco Payment Stop Notice") to the agent under any Topco Facility (the "Topco Agent") and the trustee under any Topco Notes (the "Topco Notes Trustee") advising that the Senior Secured Event of Default or Second Lien Event of Default is continuing and suspending payments by the Senior Secured Group of the Topco Liabilities, until the first to occur of:

(i) the date falling 179 days after delivery of that Topco Payment Stop Notice;

(ii) the date on which a default occurs for failure to pay principal at the original scheduled maturity of the relevant Topco Liabilities;

(iii) if a Topco Standstill Period (as defined below) commences after delivery of that Topco Payment Stop Notice, the date on which such standstill period expires;

(iv) the date on which the relevant Senior Secured Event of Default or Second Lien Event of Default has been remedied or waived;

(v) the date on which the Security Agent (acting on the instructions of whichever of the Majority Super Senior Creditors, Majority Senior Secured Creditors or Majority Second Lien Creditors gave the instructions for the relevant Topco Payment Stop Notice to be delivered) delivers a notice to the Topco Borrower, the Topco Agent and the Topco Notes Trustee cancelling the Topco Payment Stop Notice;

(vi) the Priority Discharge Date; and

(vii) the date on which the Topco Creditors take any enforcement action that is permitted under the Intercreditor Agreement (see "—*Permitted Topco Enforcement*" below).

No Topco Payment Stop Notice may be delivered by the Security Agent in reliance on a Senior Secured Event of Default or a Second Lien Event of Default more than 45 days after the occurrence of the relevant event of default. No more than one Topco Payment Stop Notice may be served (i) with respect to the same event or set of circumstances, or (ii) in any period of 360 days.

Any failure to make a payment due in respect of the Topco Group Liabilities as a result of the issue of a Topco Payment Stop Notice or the occurrence of a Senior Secured Payment Default or Second Lien Payment Default shall not prevent (i) the occurrence of an event of default as a consequence of that failure to make a payment in relation to the relevant Topco Group Liabilities, or (ii) the issue of an enforcement notice in respect of an event of default under the finance documents documenting any Topco Group Liabilities (a "Topco Enforcement Notice") on behalf of the Topco Creditors.

Payment Obligations and Capitalization of Interest Continue

Nothing in the Second Lien or Topco payment block provisions will release any Debtor from the liability to make any payment (including of default interest, which shall continue to accrue) under the applicable Debt Documents even if its obligation to make such payment is restricted at any time. The accrual and capitalization of interest (if any) in accordance with the applicable Debt Documents shall continue notwithstanding the issue of a payment stop notice.

Cure of Payment Stop

If:

(i) at any time following the issue of a Topco Payment Stop Notice or the occurrence of a Senior Secured Payment Default or Second Lien Payment Default, that Topco Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Senior Secured Payment Default or Second Lien Payment Default ceases to be continuing; and

(ii) the relevant Debtor or Topco Borrower then promptly pays to the Topco Creditors or any party that has acceded to the Intercreditor Agreement as a creditor under a Topco Proceeds Loan (the "Topco Investors") (in respect of the Topco Proceeds Loan Liabilities only) an amount equal to any payments which had accrued under the Topco Finance Documents or the Topco Proceeds Loan Agreement (as applicable) and which would have been Permitted Topco Payments but for that Topco Payment Stop Notice or Senior Secured Payment Default or Second Lien Payment Default (as the case may be),

(iii) 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 (including, but not limited to, a provision that provides that any Intra-Group Lender in respect of Intra-Group Liabilities who is under a competing contractual requirement to turnover those proceeds to any trade creditor of the Topco Group (and that competing obligations is not prohibited by a Finance Document) is not required to turnover the applicable proceeds), the Intercreditor Agreement will provide that if, at any time prior to the latest to occur of the Super Senior Discharge Date (as defined below), the Senior Secured Discharge Date, the Second Lien Discharge Date and the first date on which all of the Topco Liabilities have been fully discharged (the "Topco Discharge Date") (the "Final Discharge Date") any creditor (other than a Senior Secured Creditor) receives or recovers from any Debtor, member of the Senior Secured Group or Third Party Security Provider:

(i) any payment or distribution of, or on account of or in relation to, any of the liabilities owed to the creditors under the Debt Documents other than any payment or distribution which is either (x) not prohibited under the Intercreditor Agreement or (y) made in accordance with the provisions set out below under "*—Application of Proceeds*";

(ii) any amount by way of set-off which does not give effect to a payment permitted under the Intercreditor Agreement;

(iii) any amount:

(A) on account of, or in relation to, any of the liabilities owed to the creditors under the Debt Documents (I) after the occurrence of an acceleration event or the enforcement of any Transaction Security as a result of such an acceleration event, or (II) as a result of any other litigation or proceedings against a Debtor, member of the Senior Secured Group or any Third Party Security Provider (other than after the occurrence of an Insolvency Event); or

(B) by way of set-off in respect of any of the liabilities owed to it after the occurrence of an acceleration event or the enforcement of any Transaction Security as a result of such an acceleration event,

other than, in each case, any amount received or recovered in accordance with the provisions set out below under "*Application of Proceeds"*;

(iv) the proceeds of any enforcement of any of the Transaction Security except in accordance with the provisions set out below under "*Application of Proceeds"*; or

(v) any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by any Debtor, any member of the Senior Secured Group or Third Party Security Provider which is not in accordance with the provisions set out below under "*—Application of Proceeds*" and which is made as a result of, or after, the occurrence of an Insolvency Event in respect of that Debtor, member of the Senior Secured Group or Third Party Security Provider,

That creditor will:

(i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for (or otherwise on behalf and for the account of) the Security Agent and promptly pay or distribute that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement, and (y) promptly pay or distribute an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

A turnover mechanism on substantially the same terms applies in the event that, at any time prior to the Final Discharge Date, any Senior Secured Creditor receives or recovers from any Debtor, any member of the Senior Secured Group or Third Party Security Provider (x) any proceeds from the enforcement of security or from a Distressed Disposal (as defined below) or following an acceleration event or the enforcement of security, any proceeds arising from any of the charged property or (y) any other amounts which should otherwise be received or recovered by the Security Agent except in accordance with the provisions set out below under "—Application of Proceeds."

Effect of Insolvency Event

"*Insolvency Event*" is defined as, in relation to any Obligor, Material Subsidiary (being each original obligor under the New Revolving Credit Facility Agreement and, subject to certain adjustments and the agreed security principles that apply to the New Revolving Credit Facility Agreement, each member of the Group that has an EBITDA representing 5% of the Consolidated EBITDA of the Group) or Third Party Security Provider, (a) the passing of any resolution or making of an order for insolvency, bankruptcy, winding up, dissolution, administration, examination or reorganization, (b) a moratorium is declared in relation to any of its indebtedness, (c) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of it or any of its assets, or (d) any analogous procedure or step is taken in any jurisdiction, other than (in each case), (i) frivolous or vexatious proceedings, (ii) proceedings or appointments which the Security Agent is satisfied will be withdrawn or unsuccessful or (iii) as permitted under any Senior Secured Credit Facility Agreement or in any Permitted Senior Secured Facilities Agreement, Permitted Super Senior Secured Facilities Agreement or a Second Lien Facility Agreement, or otherwise not constituting a default.

The Intercreditor Agreement provides that, after the occurrence of an Insolvency Event, any party entitled to receive a distribution out of the assets of an Obligor, Material Subsidiary or Third Party Security Provider (in the case of a Senior Secured Creditor, only to the extent such amounts constitute proceeds of enforcement) shall direct the person responsible for the distribution to pay that distribution to the Security Agent until the liabilities owing to the Secured Parties have been paid in full. The Security Agent shall apply all such distributions paid to it in accordance with the provisions set out under "*—Application of Proceeds*" below.

To the extent that any member of the Senior Secured Group or Third Party Security Provider's liabilities to creditors are, with certain exceptions, discharged by way of set-off (mandatory or otherwise and in the case of a

Senior Secured Creditor, only to the extent such amounts constitute proceeds of enforcement) after the occurrence of an Insolvency Event, any creditor benefiting from such set-off shall pay an amount equal to the amount of the liabilities owed to it which are discharged by that set-off to the Security Agent for application in accordance with the provisions set out under "—*Application of Proceeds*" below.

If the Security Agent or any other Secured Party receives a distribution in a form other than in cash in respect of any liabilities, the liabilities will not be reduced by that distribution until and except to the extent that the realization proceeds are actually applied towards such liabilities.

Subject to certain netting and set-off rights under ancillary or cash management facilities, after the occurrence of an Insolvency Event, each creditor irrevocably authorizes the Security Agent to take Enforcement Action (as defined below), make demands, collect and receive distributions, file claims and take other actions necessary to make recovery in relation to the Debtors, member of the Senior Secured Group or Third Party Security Provider. The creditors agree to do all things the Security Agent reasonably requests in order to give effect to these provisions.

Security Enforcement Regime

Enforcement of Security

The Intercreditor Agreement provides that the Security Agent may not take any action to enforce the Transaction Security or the Topco Independent Transaction Security without the prior written consent of an Instructing Group, Majority Second Lien Creditors or Majority Topco Creditors (as applicable) otherwise as specified in the provisions described below.

An "*Instructing Group*" means:

(i) prior to the later of the Senior Secured Discharge Date and the first date on which the Super Senior Liabilities have been fully and finally discharged (the "Super Senior Discharge Date"), Senior Secured Creditors (other than the Super Senior Creditors) representing more than 50% of the credit participations of the Senior Secured Liabilities (other than the Super Senior Liabilities) (the "Majority Senior Secured Creditors"), and Super Senior Creditors representing more than 50% of the credit participations of the Super Senior Secured Liabilities (the "Majority Super Senior Creditors") save that, for instructions relating to enforcement, it shall mean the group of Secured Creditors entitled to give instructions in accordance with the enforcement regime described under "—*Enforcement of Transaction Security*" below;

(ii) on or after the later of the Senior Secured Discharge Date and the Super Senior Discharge Date but before the Priority Discharge Date, Second Lien Creditors representing more than 50% of the credit participations of the Second Lien Liabilities (the "Majority Second Lien Creditors"); and

(iii) on or after the Priority Discharge Date but before the Topco Discharge Date, Topco Creditors representing more than 50% of the credit participations of the Topco Liabilities (the "Majority Topco Creditors").

Enforcement of Transaction Security

The Security Agent may refrain from enforcing the Transaction Security unless instructed otherwise in accordance with the provisions described in this paragraph. If the Transaction Security has become enforceable, if either the Majority Super Senior Creditors or the Majority Senior Secured Creditors wish to issue enforcement instructions their respective representatives (and, if applicable, the hedge counterparties) shall deliver a copy of those instructions (an "Initial Enforcement Notice") to the Security Agent and to the other agents, trustees and hedge counterparties which did not deliver such Initial Enforcement Notice.

The Security Agent will act in accordance with any instructions (provided they are consistent with the Enforcement Principles (as defined below)) received from (i) the Majority Senior Secured Creditors, (ii) if the Majority Senior Secured Creditors have not made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue within three months of the Initial Enforcement Notice or the Super Senior Discharge has not occurred within six months of the Initial Enforcement Notice, the Majority Super Senior Creditors, until the Super Senior Discharge Date has occurred, (iii) if an Insolvency Event (other than an Insolvency Event directly caused by enforcement action taken at the request of a Super Senior Creditor) is continuing, the Super Senior Creditors, until the Super Senior Discharge Date has occurred, (iv) if the Majority Senior Secured Creditors have not made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue and the Majority Super Senior Creditors (x) determine in good faith that a delay could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce the Transaction Security or on the realization of proceeds and (y) deliver instructions they reasonably believe is consistent with the Enforcement Principles (as defined below) before the Security Agent has received any instructions from the Majority Senior Secured Creditors, the Majority Super Senior Creditors, until the Super Senior Discharge Date has occurred, (v) if, prior to the later of the Senior Secured Discharge Date and the Super Senior Discharge Date, the Majority Senior Secured Creditors or the Majority Super Senior Creditors (as applicable) have not given instructions or they have instructed the Security Agent not to enforce or cease enforcing and have not required any Debtor or Third Party Security Provider to make a Distressed Disposal, the Majority Second Lien Creditors, where the rights of the Second Lien Creditors to enforce have arisen under the Intercreditor Agreement, or (vi) if, prior to the Priority Discharge Date, the Majority Senior Secured Creditors or the Majority Super Senior Creditors or the Majority Second Lien Creditors (as applicable) have not given instructions or they have instructed the Security Agent not to enforce or cease enforcing and have not required any Debtor or Third Party Security Provider to make a Distressed Disposal, the Majority Topco Creditors who are then entitled to give such instructions under the Intercreditor Agreement.

Notwithstanding the preceding paragraph, if at any time the agents or representatives of the Second Lien Creditors or Topco Creditors then entitled to give the Security Agent instructions either give such instruction or indicate any intention to give such instruction, then the Majority Senior Secured Creditors or Majority Super Senior Creditors to the extent that such group is entitled to give enforcement instructions as described in the paragraph above may give instructions to the Security Agent to enforce the Transaction Security as they see fit and the Security Agent shall act on such instructions.

"Enforcement Principles" means certain requirements as to the manner of enforcement, including that (i) to the extent consistent with a prompt and expeditious realization of value, the method of enforcement chosen should maximize the value realized from such enforcement, (ii) certain proceeds must be received in cash, and (iii) enforcement in relation to assets over €5,000,000 or shares if not carried out by way of a public auction or other competitive sales process, shall (if the Security Agent is 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 financial adviser.

Enforcement—Topco Independent Transaction Security

Subject to the Topco Independent Transaction Security having become enforceable in accordance with its terms, an agent or trustee under the Topco Finance Documents (acting on the instructions of the Majority Topco Creditors) may give or refrain giving, instructions to the Security Agent to enforce or refrain from enforcing the Topco Independent Transaction Security as they see fit.

Manner of Enforcement

If the Transaction Security or Topco Independent Transaction Security is being enforced in accordance with any of the above paragraphs, the Security Agent shall enforce the relevant Transaction Security or Topco Independent Transaction Security in such manner (including, without limitation, the selection of any administrator of any Debtor or Third Party Security Provider to be appointed by the Security Agent) as any persons entitled at any time under the above provisions shall instruct it or, in the absence of any such instructions, as the Security Agent sees fit (which may include taking no action).

Security Held by Other Creditors

If any Transaction Security or Topco Independent Transaction Security is held by a creditor other than the Security Agent, then creditors may only enforce that Transaction Security or Topco Independent Transaction Security in accordance with instructions given by instructing creditors in accordance with the paragraphs above.

Enforcement Regime

Restrictions on Enforcement by Second Lien Creditors

Certain of the features set out below with respect to Topco Creditors may apply to the Second Lien Creditors, with appropriate modifications for the relative position in the capital structure.

Restrictions on Enforcement by Topco Creditors

Until the Priority Discharge Date, except with the prior consent of or as required by an Instructing Group, (i) no Topco Creditor or Topco Investor shall direct the Security Agent to enforce, or otherwise require the enforcement of any Transaction Security (including the crystallization of any floating charge forming part of the Transaction Security); (ii) no Topco Creditor nor Topco Investor shall take or require the taking of any Enforcement Action (as defined below) against any member of the Senior Secured Group or Third Party Security Provider (other than in each case (and to the extent not restricted by (i) above and (iii) below) against a Topco Borrower) in relation to the Topco Group Liabilities; and (iii) no Topco Creditor nor Topco Investor nor Topco Borrower shall take or require the taking of any Enforcement Action (as defined below) in relation to Topco Proceeds Loan Liabilities, except in the case of each of (i) through (iii) as set out under "—*Permitted Topco Enforcement*" below.

Other than as restricted by (i) and (iii) in the paragraph above, any Topco Creditor may at any time take any Enforcement Action (as defined below) against any person that is not a member of the Senior Secured Group, in each case in accordance with the terms of the Topco Finance Documents.

"*Enforcement Action*" is defined as:

(i) (A) in relation to any liabilities (other than unsecured liabilities) the acceleration, putting on demand, making of a demand, requiring a member of the Topco Group or Third Party Security Provider to acquire such liabilities (subject to certain exceptions), exercising of rights of set-off (other than certain netting under hedging agreements or as otherwise permitted under the Debt Documents) or (B) suing or commencing proceedings in relation to such liabilities;

(ii) premature termination or close-out of a hedging agreement, save to the extent permitted by the Intercreditor Agreement;

(iii) the taking of steps to enforce or require the enforcement of the Transaction Security or, as the case may be, Topco Independent Transaction Security (including the crystallization of any floating charge) as a result of an acceleration event;

(iv) entering into any composition, compromise, assignment or similar arrangement with any Third Party Security Provider or a member of the Topco Group which owes any liabilities or has given security or guarantees or other assurances against loss in respect of liabilities owed to a creditor under the Intercreditor Agreement (other than any action permitted under the Intercreditor Agreement or any debt buy-backs pursuant to open market debt repurchases, tender offers or exchange offers not undertaken as part of an announced restructuring or turnaround plan or while a default was outstanding under the relevant finance documents); or

(v) petitioning, applying, voting for or taking steps (including the appointment of any liquidator, receiver, administrator or similar officer) in relation to the winding up, dissolution, administration or reorganization of any Third Party Security Provider or a member of the Topco Group which owes any liabilities or has given security or guarantees or other assurances against loss in respect of liabilities owed to a creditor under the Intercreditor Agreement or any of such Third Party Security Provider or member of the Topco Group's assets or any suspension of payments or moratorium of any indebtedness of any such Third Party Security Provider or member of the Topco Group, or any analogous procedure or step in any jurisdiction, except that the following shall not constitute Enforcement Action, (A) suing, commencing proceedings or taking any action referred to in paragraph (i)(B) and (v) where necessary to preserve a claim, (B) discussions between or proposals made by the Priority Secured Parties with respect to enforcement of the Transaction Security in accordance with the Intercreditor Agreement, (C) bringing proceedings in connection with a securities violation, securities or listing regulations or common law fraud or to restrain any breach of the Debt Documents or for specific performance with no claims for damages, (D) proceedings brought by a Secured Party to obtain injunctive relief, specific performance with no claim for damages or to request judicial interpretation in relation to a Debt Document to which it is party with no claim for damages, (E) demands made by Intra-Group Creditors 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, and (F) proceedings brought by an ancillary lender, a lender of Cash Management Facility Liabilities (a

"Cash Management Facility Lender"), hedge counterparty, issuing bank, or agent or trustee in respect of the Second Lien Liabilities or Topco Liabilities to obtain injunctive relief, specific performance with no claim for damages or to request judicial interpretation in relation to a Debt Document to which it is party with no claim for damages or in connection with any securities violation, securities or listing regulations or common law fraud.

Permitted Topco Enforcement

The restrictions set out above under "—*Restrictions on Enforcement by Topco Creditors*" will not apply in respect of the Topco Group Liabilities, Topco Proceeds Loan Liabilities, or any Transaction Security securing the Topco Group Liabilities, if:

(i) an event of default (the "Topco Event of Default") under a Topco Finance Document or a Topco Proceeds Loan Agreement (the "Relevant Topco Default") is continuing;

(ii) all agents or trustees in respect of the Senior Lender Liabilities, Senior Secured Notes Liabilities, and Second Lien Liabilities have received a notice of the Relevant Topco Default specifying the event or circumstance in relation to the Relevant Topco Default from the Topco Agent, the Topco Notes Trustee or the Topco Borrower in relation to the relevant Topco Group Liabilities;

(iii) a Topco Standstill Period (as defined below) has elapsed; and

(iv) the Relevant Topco Default is continuing at the end of that Topco Standstill Period.

Promptly upon becoming aware of a Topco Event of Default, a Topco Notes Trustee, Topco Agent or Topco Investor (as the case may be) may give a Topco Enforcement Notice notifying any agent under a Permitted Senior Secured Facilities Agreement (the "Senior Agent"), senior secured notes trustee, the Second Lien Agent and any second lien notes trustee of the existence of such event of default.

"*Topco Standstill Period*" means the period beginning on the date (the "Topco Standstill Start Date") a Topco Enforcement Notice is served in respect of such a Relevant Topco Default and ending on the earliest to occur of:

(i) the date falling 179 days after the Topco Standstill Start Date (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 shall not include action taken to preserve or protect any security as opposed to realize it;

(iii) the date of an Insolvency Event (as defined above) in relation to a particular Topco Guarantor against whom Enforcement Action is to be taken;

(iv) the expiry of any other Topco Standstill Period outstanding at the date such first mentioned Topco Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy); and

(v) the first date on which each of the Majority Super Senior Creditors, the Majority Senior Secured Creditors and the Majority Second Lien Creditors (as applicable) have given their consent to the relevant Enforcement Action.

The Topco Creditors or Topco Investor (in respect of the Topco Proceeds Loan Liabilities only) may take Enforcement Action under the provisions described in this section (*Permitted Topco Enforcement*) in relation to a Relevant Topco Default even if, at the end of any relevant Topco Standstill Period or at any later time, a further Topco Standstill Period has begun as a result of any other event of default in respect of the Topco Liabilities.

Option to Purchase: Topco Creditors

Following acceleration or the enforcement of Transaction Security upon acceleration under any Senior Secured Creditor Liabilities, Second Lien Liabilities or Topco Liabilities, Topco Creditors may elect, by giving not less than 10 days' prior written notice to the Security Agent, to purchase all, but not part of, the Senior Lender Liabilities, Super Senior Lender Liabilities, Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Second Lien Lender Liabilities and Second Lien Notes Liabilities for the amount that would have been required to prepay or redeem such liabilities on such date plus certain costs and expenses. Topco Creditors must also elect for the counterparties to hedging obligations to transfer their hedging obligations to holders in exchange (subject to specified conditions) for the amount that would have been payable under such hedging obligations had they been terminated on such date plus certain costs and expenses in connection with any such purchase.

Non-Distressed Disposals

The Security Agent (on behalf of itself and the other Secured Parties) and each other person party to a Transaction Security document or a Topco Independent Transaction Security document agrees that it shall (and is irrevocably authorized, instructed and obliged to do so without further consent, agreement or instruction from any creditor, other Secured Party or Debtor) promptly following receipt of a written request from the Issuer:

(i) release (or procure the release) from the Transaction Security or Topco Independent Transaction Security and the Secured Debt Documents:

(A) any security (and/or other claim relating to a Debt Document) over any asset which the Issuer has confirmed is the subject of:

(1) a disposal not prohibited under the Finance Documents or where any applicable release and/or consent has been obtained under the applicable Finance Document including a disposal to a member of the Senior Secured Group but without prejudice to any obligation of any member of the Senior Secured Group in a Finance Document to provide replacement security;

(2) any other transaction not prohibited by the Finance Documents pursuant to which that asset will cease to be held or owned by a member of the Senior Secured Group (or, to the extent any applicable Finance Document prohibits such transaction, the applicable Agent authorizes the release in accordance with the terms of the applicable Finance Document or the Required Creditor Consent for such transaction has been obtained),

in each case where such disposal is not a Distressed Disposal (as defined below) (in each case, a "Non-Distressed Disposal");

(B) any security (and/or other claim relating to a Debt Document) over any document or other agreement requested in order for any member of the Senior Secured Group to effect any amendment or waiver or otherwise exercise any rights, comply with any obligation or take any action in relation to such document or agreement to the extent that the Issuer has confirmed that such action is not prohibited by any Finance Document;

(C) any security (and/or other claim relating to a Debt Document) over any asset of any member of the Senior Secured Group which has ceased or will cease to be a Debtor or guarantor to the extent that the Issuer has confirmed that such ceasing to be a Debtor or guarantor in accordance with the terms of each Finance Document or the Agreed Security Principles (as defined in the New Revolving Credit Facility Agreement); and

(D) any security (and/or other claim relating to a Debt Document) over any other asset to the extent that the Issuer has confirmed that such security is not required to be given or such release in accordance with the terms of any Finance Document or the Agreed Security Principles (as defined in the New Revolving Credit Facility Agreement); and

(ii) in the case of a disposal of share or ownership interest in a Debtor, other member of the Senior Secured Group or any holding company of any Debtor or any other transaction pursuant to which a Debtor, other member of the Senior Secured Group or any holding company of any Debtor will cease to be a member of the Topco Group or a Debtor, release or procure the release of that Debtor or other member of the Senior Secured Group and its subsidiaries from all present and future liabilities under the Secured Debt Documents and the respective assets of such Debtor and its subsidiaries from the Transaction Security or Topco Independent Transaction Security and the Secured Debt Documents (including any claim relating to a Debt Document).

When making any request for a release pursuant to paragraphs (i)(A), (i)(B) or (ii) above, the Issuer shall confirm in writing to the Security Agent, that the relevant disposal or other action is not prohibited as at the date of completion of such release or, at the option of the Issuer, on the date that the definitive agreement for such disposal or similar transaction is entered into.

When making any request for a release pursuant to paragraph (i)(C) or (i)(D) above, the Issuer shall confirm in writing to the Security Agent, that such security is not required to be given or the relevant release or cessation is otherwise in accordance with the terms of the Finance Documents or the Agreed Security Principles (as defined in the New Revolving Credit Facility Agreement).

In the case of a disposal of shares or other ownership interests in a Debtor, member of the Senior Secured Group or holding company of any Debtor or any other transaction pursuant to which a Debtor, member of the Senior Secured Group or holding company of any Debtor will cease to be a member of Topco Group or a Debtor, to the extent the Issuer has confirmed to the Security Agent that it is not prohibited by the Finance Documents, if such member of the Topco Group or a Debtor is a borrower, issuer or primary debtor under any Debt Document, such person shall have the right to voluntarily prepay all Liabilities outstanding under any Debt Document.

Distressed Disposals

"Distressed Disposal" means a disposal of an asset or shares of, or other financial securities issued by a member of the Senior Secured Group or, in the case of a Third Party Security Provider, any assets or shares or financial securities which are subject to the Transaction Security which is being effected (a) at the request of an Instructing Group in circumstances where the Transaction Security has become enforceable as a result of an acceleration event, (b) by enforcement of the Transaction Security as a result of an acceleration event, or (c) after the occurrence of an acceleration event or the enforcement of security as a result of an acceleration event, by a Debtor or Third Party Security Provider to a person or persons which is not a member of the Group.

If a Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorized (at the cost of the relevant Debtor, Third Party Security Provider and the Issuer and without any consent, sanction, authority or further confirmation from any creditor under the Intercreditor Agreement, Third Party Security Provider or Debtor):

(i) to release the Transaction Security or any other claim over that asset, enter into any release of that Transaction Security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be necessary or desirable;

(ii) if the asset which is disposed of consists of shares in the capital of a Debtor to release (A) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing, guarantee or other liabilities; (B) any Transaction Security granted by that Debtor or any subsidiary of that Debtor over any of its assets, and (C) any other claim of an intra-group lender, a Topco Investor, Subordinated Creditor or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor, on behalf of the relevant creditors, Third Party Security Providers and Debtors;

(iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor to release (A) that holding company and any subsidiary of that holding company from all or any part of its borrowing, guarantee or other liabilities; (B) any Transaction Security granted by that holding company or any subsidiary of that holding company over any of its assets, and (C) any other claim of an intra-group lender, a Topco Investor, Subordinated Creditor or a Debtor over that holding company's assets or over the assets of any subsidiary of that Debtor, on behalf of the relevant creditors and Debtors;

(iv) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the liabilities owed by such Debtor or holding company or any of their subsidiaries to creditors or other Debtors:

    (A) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does not intend that any transferee of those liabilities (the "Transferee") will be treated as a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of all or part of those liabilities, provided that, notwithstanding any other provision of any Debt Document, the Transferee shall not be treated as a Secured Creditor or Secured Party for the purposes of the Intercreditor Agreement; and

    (B) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does intend that any Transferee will be treated as a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of all (and not part only) of the liabilities owed to the Secured Parties and all or part of any other liabilities,

on behalf of, in each case, the relevant creditors, Third Party Security Providers and Debtors; and

(v) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor (the "Disposed Entity") and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to transfer to another Debtor (the "Receiving Entity") all or any part of the Disposed Entity's obligations or any obligations of a subsidiary of that Disposed Entity in respect of the intra-group liabilities or liabilities owed to any Debtor, to execute and deliver or enter into any agreement to:

(A) 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, the Second Lien Liabilities or the Topco Liabilities) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities, liabilities owed to Debtors on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or liabilities owed to Debtors are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities as described above in (iv)) shall be paid to the Security Agent for application in accordance with the provisions set out under "*—Application of Proceeds*" below as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of liabilities has occurred pursuant to (iv) and (v) above, as if that disposal of liabilities had not occurred.

In the case of a Distressed Disposal (or a disposal of liabilities pursuant to (iv) and (v) above) effected by, or at the request of, the Security Agent, the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (although the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of liabilities in order to achieve a higher price), and shall in all cases comply with the requirements set out in the paragraphs below (as applicable) and act in accordance with them (as applicable).

If a Distressed Disposal is being effected at a time when the Majority Second Lien Creditors are entitled to give and have given instructions in accordance with the Intercreditor Agreement, the Security Agent is not authorized to release any Debtor, Subsidiary or holding company from any borrowing liabilities or guarantee liabilities or other liabilities owed to any Senior Secured Creditor unless those borrowing liabilities or guarantee liabilities or other liabilities and any other Senior Secured Liabilities will be paid (or repaid) in full (or, in the case of any contingent liability relating to a letter of credit, cash management facility or an ancillary facility, made the subject of cash collateral arrangements acceptable to the relevant senior creditor) immediately following that release.

If a Distressed Disposal is being effected at a time when the Majority Topco Creditors are entitled to give, and have given instructions in accordance with the Intercreditor Agreement, the Security Agent is not authorized to release any Debtor, subsidiary or holding company from any borrowing liabilities or guarantee liabilities or other liabilities owed to any Senior Secured Creditor or any Second Lien Creditor unless those borrowing liabilities or guarantee liabilities or other liabilities and any other Senior Secured Liabilities or Second Lien Liabilities will be paid (or repaid) in full (or, in the case of any contingent liability relating to a letter of credit, cash management facility or an ancillary facility, made the subject of cash collateral arrangements acceptable to the relevant senior creditor) immediately following that release.

Where borrowing liabilities, guarantee liabilities or other liabilities would otherwise be released pursuant to the Intercreditor Agreement, the creditor concerned may elect to have those borrowing liabilities, guarantee liabilities or other liabilities transferred to a holding company of the Issuer specified by such creditor, in which case the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or the Issuer and without any consent, sanction, authority or further confirmation from any creditor or Debtor) to execute such documents as are required to so transfer those borrowing liabilities, guarantee liabilities or other liabilities.

Subject to the paragraphs below, if a Distressed Disposal (or a disposal of liabilities pursuant to paragraphs (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 under paragraphs (i) to (v) above that:

(i) the consideration for such sale or disposal is in cash (or substantially all in cash); and

(ii) such sale or disposal (including any sale or disposal of any claim) is made:

(A) pursuant to a competitive sales process; or

(B) where a reputable, independent and internationally recognized investment bank, firm of accountants or third party financial adviser selected by the Security Agent has delivered an opinion (including an enterprise valuation of the Group which can be relied upon by the Security Agent and disclosed to the Senior Secured Creditors, the Second Lien Creditors and the Topco Creditors on a non-reliance basis) that the proceeds received or recovered in connection with such sale or disposal are fair from a financial point of view taking into account all relevant circumstances including the method of enforcement (it being acknowledged that the Security Agent shall have no obligation to select or engage any investment bank, firm of accountants or third party financial adviser unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction).

If before the Second Lien Discharge Date, a Distressed Disposal (or a disposal of Liabilities pursuant to paragraphs (iv) and (v) above) is being effected such that any Second Lien Liabilities and/or Transaction Security securing Second Lien Liabilities will be released, transferred or disposed pursuant to the Intercreditor Agreement, it is a further condition to any release, transfer, or disposal under paragraphs (i) to (v) above that either:

(i) the Second Lien Agent and each Second Lien Notes Trustee have approved the release, transfer or disposal; or

(ii) where shares or assets of a borrower, issuer or guarantor (a "Second Lien Guarantor") in respect of Second Lien Liabilities are sold:

(A) the consideration for such sale or disposal is in cash (or substantially in cash); and

(B) at the time of completion of the sale or disposal the borrowing liabilities, guarantee liabilities or other liabilities owing to each of the Secured Creditors all claims of the Secured Parties and unsecured creditors are sold or disposed of, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and not assumed by the purchaser or one of its affiliates), and in each case all Transaction Security, Topco Independent Transaction Security or other security in favor of the Secured Parties in respect of the assets of such members of the Group is simultaneously and unconditionally released and discharged concurrently with such sale, provided that if each Senior Agent and Senior Secured Notes Trustee:

(I) acting reasonably and in good faith determine that the Priority Secured Parties (collectively) will recover a greater cash amount if such claim is sold or otherwise transferred to the purchaser or one of its Affiliates and not released or discharged and provided such amount is nevertheless less than the aggregate amount of outstanding amount of the liabilities owed to the Priority Secured Parties (which shall be deemed to be the case if there are no bidders or if each Senior Agent and Senior Secured Notes Trustee (acting reasonably and in good faith) determines that there are no bona fide and fully committed bids in cash or substantially all in cash in excess of the outstanding amount of the liabilities owed to the Priority Secured Parties) (the "Priority Secured Liabilities"); and

(II) serves a written notice on the Security Agent confirming the same,

in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser); and

(C) such sale or disposal (including any sale or disposal of any claim) is made:

(I) pursuant to a public auction or other competitive sale process run in accordance with the advice of a reputable, independent and internationally recognized investment bank, firm of accountants or third party professional firm with a view to obtaining the best price reasonably obtainable taking into account all relevant circumstances and in which creditors under the Second Lien Liabilities and Topco Liabilities are entitled to participate as prospective buyers and/or financiers; or

(II) where a reputable, independent and internationally recognized investment bank, firm of accountants or third party professional firm which has delivered an opinion (including an enterprise valuation) in respect of such sale or disposal that the amount is fair from a financial point of view, taking into account all relevant circumstances including the method of enforcement (it being acknowledged that the Security Agent shall have no obligation to select or engage any investment bank, firm of accountants or third party professional firm unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction).

If before the Topco Discharge Date, a Distressed Disposal (or a disposal of Liabilities pursuant to paragraphs (iv) and (v) above) is being effected such that any Topco Liabilities and/or Transaction Security securing Topco Liabilities will be released, transferred or disposed pursuant to the Intercreditor Agreement, it is a further condition to any release, transfer or disposal pursuant to the Intercreditor Agreement that either:

(i) each Topco Agent and Topco Notes Trustee have approved the release, transfer or disposal; or

(ii) where shares or assets of a borrower, issuer or guarantor (a "Topco Guarantor") in respect of Topco Liabilities are sold:

(A) the consideration for such sale or disposal is in cash (or substantially in cash); and

(B) at the time of completion of the sale or disposal the borrowing liabilities, guarantee liabilities or unsecured liabilities owing to each of the Secured Creditors all claims of the Secured Parties and unsecured creditors are sold or disposed of, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and not assumed by the purchaser or one of its affiliates), and in each case all Transaction Security, Topco Independent Transaction Security or other security in favor of the Secured Parties in respect of the assets of such members of the Group is simultaneously and unconditionally released and discharged concurrently with such sale, provided that if each Senior Agent, Senior Secured Notes Trustee, Second Lien Agent and Second Lien Notes Trustee:

(I) acting reasonably and in good faith determine that the Priority Secured Parties (collectively) will recover a greater cash amount if such claim is sold or otherwise transferred to the purchaser or one of its Affiliates and not released or discharged and provided such amount is nevertheless less than the aggregate amount of outstanding amount of the liabilities owed to the Priority Secured Parties (which shall be deemed to be the case if there are no bidders or if each Senior Agent, Senior Secured Notes Trustee, Second Lien Agent and Second Lien Notes Trustee (acting reasonably and in good faith) determines that there are no bona fide and fully committed bids in cash or substantially all in cash in excess of the outstanding amount of the liabilities owed to the Priority Secured Parties) (the "Priority Secured Liabilities; and

(II) serves a written notice on the Security Agent confirming the same,

in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser); and

(C) such sale or disposal (including any sale or disposal of any claim) is made:

(I) pursuant to a public auction or other competitive sale process run in accordance with the advice of a reputable, independent and internationally recognized investment bank, firm of accountants or third party professional firm with a view to obtaining the best price reasonably obtainable taking into account all relevant circumstances and in which creditors under the Second Lien Liabilities and Topco Liabilities are entitled to participate as prospective buyers and/or financiers; or

(II) where a reputable, independent and internationally recognized investment bank, firm of accountants or third party professional firm which has delivered an opinion (including an enterprise valuation) in respect of such sale or disposal that the amount is fair from a financial point of view, taking into account all relevant circumstances including the method of enforcement (it being acknowledged that the Security Agent shall have no obligation to select or engage any investment bank, firm of accountants or third party professional firm unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction).

Application of Proceeds

Order of Application—Transaction Security

Subject to certain provisions set out in the Intercreditor Agreement and to the proviso described below, all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Debt Document (other than amounts in respect of Topco Independent Transaction Security or any other security which is not Transaction Security or any guarantees provided by any holding company of the Parent or any subsidiary of any holding company of the Issuer (other than a member of the Senior Secured Group) in respect of any Topco Liabilities or Topco Proceeds Loan Liabilities) or in connection with the realization or enforcement of all or any part of the Transaction Security shall be applied at any time as the Security Agent sees fit, in the following order of priority:

(i) in discharging any Agent Liabilities relating to the Senior Secured Liabilities, the Second Lien Liabilities or the Topco Liabilities and any sums owed to the Security Agent and any receiver or delegate on a *pari passu* basis;

(ii) in payment of all costs and expenses incurred by any agent or Secured Creditor in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

(iii) if the Super Senior Discharge Date has not occurred, for application towards the discharge of:

(A) the Super Senior Lender Liabilities and liabilities to arrangers and agents thereof; and

(B) Hedging Liabilities that have been designated by the Issuer as ranking alongside the Super Senior Lender Liabilities (the "Super Senior Hedging Liabilities") (on a *pro rata* basis between the Super Senior Hedging Liabilities of each hedge counterparty),

on a *pro rata* basis and ranking *pari passu* between paragraphs (A) and (B) above; and/or

(iv) if or after the Super Senior Discharge Date has occurred, for application towards the discharge of:

(A) the Senior Lender Liabilities and liabilities to arrangers thereof;

(B) the Senior Secured Notes Liabilities;

(C) the Cash Management Facility Liabilities; and

(D) the Hedging Liabilities which are not Super Senior Hedging Liabilities,

on a *pro rata* basis and ranking *pari passu* between paragraphs (A), (B), (C) and (D) above;

(v) for application towards the discharge of (x) the Second Lien Lender Liabilities and liabilities to arrangers thereof, and (y) the Second Lien Notes Liabilities, on a *pro rata* basis and ranking *pari passu* between themselves;

(vi) solely to the extent such proceeds are from the realization or enforcement of the Topco Shared Security and any guarantees provided by a Topco Guarantor that is a member of the Senior Secured Group or Third Party Security Provider in respect of the Topco Liabilities, for application towards the discharge of (A) the Topco Facility Liabilities and liabilities to arrangers thereof, and (B) the Topco Notes Liabilities, on a *pro rata* basis and ranking *pari passu* between themselves;

(vii) if none of the Debtors or Third Party Security Providers is under any further actual or contingent liability under any Debt Document relating to the Senior Secured Liabilities, the Second Lien Liabilities or the Topco Liabilities, in payment to any other person whom the Security Agent is obliged to pay in priority to any Debtor or Third Party Security Provider; and

(viii) the balance, if any, in payment to the relevant Debtor,

provided that, all amounts from time to time received or recovered by the Security Agent from or in respect of a Topco Borrower pursuant to the terms of any Debt Document (other than in connection with the realization or enforcement of the Transaction Security or Topco Independent Transaction Security) shall be held by the Security Agent on trust to apply at any time as the Security Agent sees fit, in the following order of priority:

(A) in accordance with paragraph (i) above;

(B) in accordance with paragraph (ii) above;

(C) in accordance with paragraphs (iii), or (as the case may be) (iv) and (v) above (in each case only to the extent there are liabilities due from the relevant Topco Borrower to such creditors);

(D) if none of the Debtors or Third Party Security Providers is under any further actual or contingent liability under any Secured Debt Document, in payment to any other person whom the Security Agent is obliged to pay in priority to any Debtor or Third Party Security Provider; and

(E) the balance, if any, in payment to the relevant Debtor.

Order of Application—Topco Independent Transaction Security

Subject to certain provisions set out in the Intercreditor Agreement, all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Topco Document in connection with the realization or enforcement of Topco Independent Transaction Security or any guarantees provided by a Topco Guarantor (other than a member of the Senior Secured Group) (the "Topco Recoveries") shall be applied at any time as the Security Agent sees fit, in the following order of priority:

(i) in discharging any Agent Liabilities in respect of the Topco Liabilities (to the extent related to such Topco Recoveries), the Security Agent and any receiver or delegate, on a *pari passu* basis;

(ii) in payment of all costs and expenses incurred by any agent or Topco Creditor in connection with any realization or enforcement of the Topco Independent Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

(iii) for application towards the discharge of:

(A) the Topco Facility Liabilities; and

(B) the Topco Notes Liabilities,

on a *pro rata* basis and ranking *pari passu* between paragraphs (A) and (B) above;

(iv) if none of the Debtors or Third Party Security Providers or Topco Independent Obligors is under any further actual or contingent liability in respect of the Secured Liabilities, in payment to any other person whom the Security Agent is obliged to pay in priority to any Debtor or Third Party Security Provider or Topco Independent Obligor; and

(v) the balance, if any, in payment to the relevant Debtor.

Equalization

The Intercreditor Agreement will provide that if, for any reason, any liabilities relating to Super Senior Liabilities, Senior Secured Liabilities, Second Lien Liabilities or Topco Liabilities remain unpaid after the first date on which certain types of Enforcement Action are taken (the "Enforcement Date") and the resulting losses are not borne by the creditors in any given specified class in the proportions which their respective exposures at the Enforcement Date bore to the aggregate exposures of all the creditors in that specified class at the Enforcement Date, the relevant class of creditors will make such payments amongst themselves as the Security Agent shall require to put the relevant creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

Required Consents

The Intercreditor Agreement will provide that, subject to certain exceptions, its terms may be amended or waived only with the consent of the Issuer, the agents and trustees for the Secured Parties, and the Security Agent, provided that, to the extent that an amendment, waiver or consent only affects one class of creditors, and such amendment, waiver or consent could not reasonably be expected materially or adversely to affect the interests of the other classes of creditors, only written agreement from the agent or trustee acting on behalf of the affected class shall be required.

An amendment or waiver of the Intercreditor Agreement that has the effect of changing or which relates to, among other matters, the provisions set out under "*—Application of Proceeds*" above and the order of priority or subordination under the Intercreditor Agreement shall not be made without the consent of 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, (i) each Cash Management Facility Lender (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Cash Management Facility Lender under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors), (iii) each Hedge Counterparty (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Hedge Counterparty under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors), and (iv) the Issuer.

Each agent or trustee shall, to the extent instructed to consent by the requisite percentage of creditors it represents or as otherwise authorized by the Debt Documents to which it is party, act on such instructions or authorizations in accordance therewith (save to the extent any amendments so consented or authorized to relate to any provision affecting the personal rights and obligations of that agent or trustee in its capacity as such).

Amendments and Waivers: Transaction Security Documents

Subject to certain exceptions under the Intercreditor Agreement (as described below) or as permitted by the Debt Documents, (i) the Security Agent may, if the Issuer consents, amend the terms of, release or waive any of the requirements of or grant consents under, any document creating Transaction Security or Topco Independent Transaction Security which shall be binding on each party, (ii) the Security Agent may, if the Issuer consents, amend, release and/or retake any Transaction Security Document where such amendment, release and/or retake is required in order to ensure the validity, perfection or priority of the Transaction Security purported to be created under such Transaction Security Document, together with any related or consequential waiver (including by reason of a failure to register such Transaction Security Document with Companies House within the prescribed time limit set out in section 859 of the Companies Act 2006, in which case the Security Agent shall also irrevocably waive any payment or other obligation or default arising out of such failure to register) and any such amendment, release, waiver and retake shall be binding on each party (iii) and the prior consent of the Secured Parties is required to authorize any amendment, release or waiver of, or consent under, any document creating Transaction Security which would adversely affect the nature or scope of the assets subject to Transaction Security or the manner in which the proceeds of enforcement of the Transaction Security or Topco Independent Transaction Security are distributed.

Exceptions

Subject to the paragraph below, an amendment, waiver or consent which relates to the rights or obligations which are personal to an agent, an arranger or the Security Agent in its capacity as such (including, without limitation, any ability of that Security Agent to act in its discretion under the Intercreditor Agreement) may not be effected without the consent of that agent, arranger or, as the case may be, Security Agent.

The preceding paragraph and the first paragraph above under "—*Amendments and Waivers: Transaction Security Documents*" are subject to certain exceptions under the Intercreditor Agreement, relating in particular to (i) any release of Transaction Security, claim or liabilities, or (ii) to any amendment waiver or consent, which, in each case, the Security Agent gives in accordance with the provisions of the Intercreditor Agreement relating to the incurrence of additional or refinancing debt or the provisions set out under "—*New Debt Financings,*" "*Non-Distressed Disposals*" and "—*Distressed Disposals*" above. Any release, amendment, waiver or consent effected in accordance with the relevant provisions of the Debt Documents relating to such matters can be effected solely by the Issuer and the Security Agent.

Snooze/Lose

If in relation to a request for a consent, to participate in a vote of a class of creditors, to approve any action or to provide any confirmation or notification, in each case, under the Intercreditor Agreement or another applicable agreement (but excluding any indenture), any creditor fails to respond to the request within ten Business Days (or any other period of time notified by the Issuer, with the agreement of each of the agents or trustee in the case of a shorter period of time) or fails to provide details of its credit participation, such creditor will be disregarded or be deemed to have zero participation in respect of the matter or be deemed to have provided the relevant confirmation or notification, as applicable.

Provisions Following an IPO

Following an initial public offering of a member of the Senior Secured Group (or a holding company thereof) (an "IPO"), the Issuer is entitled to give notice that the terms of the Debt Documents will automatically operate so that, amongst other things, (i) the Senior Secured Group (and all related provisions) will now refer to the member of the Senior Secured Group or holding company of the Issuer who will issue shares or whose shares are to be sold pursuant to such IPO (the "IPO Pushdown Entity," and if any Topco Notes are not refinanced in full on or before the date of such IPO, the IPO Pushdown Entity shall be the Topco Borrower) and its Restricted Subsidiaries, (ii) all financial ratio calculations shall be made excluding any holding company of the IPO Pushdown Entity, (iii) certain provisions of the Debt Documents (including representations, undertakings and events of default) will cease to apply to any holding company of the IPO Pushdown Entity.

Each holding company of the IPO Pushdown Entity shall be released from all obligations under the Debt Documents (including any Transaction Security) and each Subordinated Creditor, Third Party Security Provider, Investor (as defined in the New Revolving Credit Facility Agreement) or Topco Independent Obligor will be released from its obligations and restrictions under the Intercreditor Agreement in the appropriate capacity.

Subject to the consent of the majority lenders under and as defined in the Senior Lender Liabilities, noteholders representing more than 50% of any Senior Secured Notes Liabilities, the majority lenders under and as defined in any Second Lien Facility Agreement, noteholders representing more than 50% of any Second Lien Notes Liabilities, the majority lenders under and as defined in any Topco Facility and noteholders representing more than 50% of any Topco Notes Liabilities (following the relevant IPO), the Issuer and each subsidiary of the IPO Pushdown Entity shall also be released from all obligations as Debtor and guarantor under the Debt Documents and from the Transaction Security or Topco Independent Transaction Security (other than, in each case, borrowing liabilities). Each party to the Intercreditor Agreement shall be required to enter into any amendment, release or replacement of any Debt Document required to facilitate such matters.

Agreement to Override

To the extent any step or action is permitted under the Intercreditor Agreement (or permitted subject to the consent of specified parties under the Intercreditor Agreement), the parties agree that such step or action will be permitted under the other Debt Documents (or permitted thereunder subject to the consent of such specified parties) and if there is any conflict between the terms of, or the requirement for any conditions in, the Intercreditor Agreement and any other Debt Document, the terms of, or the requirement for any conditions in, the Intercreditor Agreement will prevail (save to the extent that to do so would result in or have the effect of any member of the Group contravening any applicable law or regulation, or present a material risk of liability for any member of the Group and/or its directors or officers, or give rise to a material risk of breach of fiduciary or statutory duties), in each case notwithstanding any restriction or prohibition to the contrary, any provision expressed or purported to override any provision of the Intercreditor Agreement or the requirement to fulfil any additional conditions, in each case, in any other Debt Document.

Cash Pooling Agreements

For the purposes of improved cash management, certain German companies of Pfleiderer (Pfleiderer Deutschland GmbH, Pfleiderer Arnsberg GmbH, Pfleiderer Neumarket GmbH, Pfleiderer Leutkirch GmbH, Heller Holz GmbH, JURA-Spedition GmbH, Pfleiderer Gütersloh GmbH and Pfleiderer Baruth GmbH) have implemented a central cash pooling (zero-balancing) system operated with Commerzbank Aktiengesellschaft. An account of Pfleiderer Deutschland GmbH serves as a central pooling account (*Zielkonto*). The balances resulting from the daily settlement of accounts are subject to customary interest rates. The general policy on cash balances regarding the accounts of the participating companies is to transfer these to central pooling account as well as settle the balances on the respective accounts by way of crediting the central pooling account. This takes place daily. As of the date of this offering memorandum, the Parent is a party to these cash pooling arrangements to cover any corporate and other expenses incurred by it as the shareholder of the Group.

Securitization and Factoring Arrangements

Securitization Program

Pfleiderer Deutschland GmbH, Pfleiderer Arnsberg GmbH, Pfleiderer Neumarkt GmbH, Pfleiderer Leutkirch GmbH, Heller Holz GmbH, JURA-Spedition GmbH, Pfleiderer Gütersloh GmbH and Pfleiderer Baruth GmbH are party to a securitization program arranged by Commerzbank Aktiengesellschaft through asset-backed commercial paper and medium-term note programs with Silvertower, initially dated as of October 15, 2012, and amended from time to time. Commencing on January 1, 2021, the securitization program provides for a financing volume of up to €60 million.

Under the securitization program, trade receivables are sold by the relevant companies in our group, as sellers and servicers, to Silvertower on a weekly basis. Subject to certain servicing termination events, each seller is obligated to continue to service the sold receivables on behalf of Silvertower and any cash receipts are placed in the relevant company's special collection account, which is pledged to Silvertower. Cash collections and payments for sold receivables are settled on a net basis once per week.

The purchase of receivables by Silvertower is made without the recourse to the respective sellers (with the exception of certain purchase price reductions retained to minimize risk for the buyer of our receivables). The sellers are obligated (joint and several liability) to indemnify the purchaser for any damages suffered as a result of a breach of customary representations, warranties and covenants. The sellers are obligated to pay to the purchaser certain customary fees in connection with the program, reimburse refinancing costs and pay foreign currency exchange fees with respect to receivables denominated in a currency other than euro.

Factoring Facility

Silekol sp.z o.o. is party to a factoring facility agreement with Bank Millennium S.A., as factor, initially dated as of December 4, 2017, and amended from time to time. The factoring facility provides for a financing volume of up to PLN 40 million, with this limit being reviewed annually.

Under the factoring facility, trade receivables are sold by Silekol sp.z o.o. to Bank Millennium S.A. on a bi-weekly basis.

The purchase of receivables by Bank Millennium S.A. is made without the recourse to the respective sellers (with the exception of certain purchase price reductions retained to minimize risk for the buyer of our receivables).

Lease Liabilities

We reported €14.4 million of lease liabilities as non-current liabilities and €9.1 million of lease liabilities as current liabilities as of December 31, 2020. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations*".

DESCRIPTION OF THE NOTES

You will find definitions of certain capitalized terms used in this "Description of the Notes" under the heading "—Certain Definitions." For purposes of this "Description of the Notes," (i) references to the "Issuer" refer only to PCF GmbH and (ii) references to "we," "our," "us" or "Group" refer to the Issuer and the Issuer's Restricted Subsidiaries.

The Issuer will issue €400 million aggregate principal amount of Sustainability-Linked Senior Secured Notes due 2026 (the "*Fixed Rate Notes*") and €350 million aggregate principal amount of Sustainability-Linked Senior Secured Floating Rate Notes due 2026 (the "*Floating Rate Notes*" and, together with the Fixed Rate Notes, the "*Notes*") under an indenture, to be dated April 22, 2021 (the "*Indenture*"), among, *inter alios*, the Issuer, the Guarantors (as defined below), Deutsche Trustee Company Limited, as trustee (the "*Trustee*"), Deutsche Bank AG, London Branch, as security agent (in such capacity, the "*Security Agent*") and as paying agent (in such capacity the "*Paying Agent*"), and Deutsche Bank Luxembourg S.A., as transfer agent (in such capacity, the "*Transfer Agent*") and registrar (in such capacity, the "*Registrar*"), 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 or refer to, any of the provisions of the U.S. Trust Indenture Act of 1939, as amended, including Section 316(b) of such act. Consequently, the Holders will not be entitled to the protections provided under the U.S. Trust Indenture Act of 1939, as amended, 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.

We will use the proceeds of the Notes sold on the Issue Date: (i) to fully repay the Existing Senior Facilities (including accrued interest thereon); (ii) to grant a loan to the Parenty so that the Parent may make a distribution to our Sponsor; and (iii) to pay certain fees and expenses, in each case, as more fully described in this Offering Memorandum in the section entitled "*Use of Proceeds*."

The Indenture will be unlimited in aggregate principal amount. We may, subject to applicable law and the terms of the Indenture, issue an unlimited principal amount of additional Fixed Rate Notes (the "*Additional Fixed Rate Notes*") and additional Floating Rate Notes (the "*Additional Floating Rate Notes*" and, together with the Additional Fixed Rate Notes, the "*Additional Notes*"); *provided* that if the Additional Fixed Rate Notes are not fungible with the Fixed Rate Notes originally issued for U.S. federal income tax purposes or the Additional Floating Rate Notes are not fungible with the Floating Rate Notes originally issued for U.S. federal income tax purposes, respectively, such Additional Fixed Rate Notes or Additional Floating Rate Notes, as applicable, will be issued with a separate ISIN code or common code or other identifying number, as applicable, from the Fixed Rate Notes or Floating Rate Notes, as applicable, originally issued. We will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenants restricting the Incurrence of Indebtedness and the Incurrence of Liens. See "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Limitation on Liens*." Except as otherwise provided for in the Indenture, each of the Fixed Rate Notes (together with any Additional Fixed Rate Notes) and Floating Rate Notes (together with any Additional Floating Rate Notes) will constitute a separate series of Notes, but shall 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, redemption and offers to purchase or any other action by the Holders hereunder, except to the extent otherwise provided by the Indenture. Unless the context otherwise requires, in this "*Description of the Notes*," references to the "*Notes*" include the Fixed Rate Notes and the Floating Rate Notes and any Additional Fixed Rate Notes and Floating Rate Notes that are actually issued under the Indenture.

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 priority of payment for amounts received by the Security Agent. See "*Description of Certain Financing Arrangements—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. This description does not restate those agreements in their entirety. Since this description is only a summary of the terms of the Notes, you should refer to the Notes, the Indenture, the Intercreditor Agreement and the Security Documents for complete descriptions of the obligations of the Issuer and the Guarantors and your rights because they, and not this summary, define your rights as Holders of the Notes. Copies of the Indenture, the form of Notes and the Intercreditor Agreement are available as set forth under "*Listing and General Information.*"

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 Issuer, secured as set forth under "—*Security*";
- rank *pari passu* in right of payment with any existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including the obligations of the Issuer under the Revolving Credit Facility and certain Hedging Obligations;
- rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes (if any);
- be effectively senior to any existing or future indebtedness or obligation of the Issuer that is not secured by the Collateral owned by the Issuer, to the extent of the value of such Collateral;
- be effectively subordinated to any existing or future indebtedness or obligation of the Issuer that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness;
- be structurally subordinated to any existing or future obligations of the Subsidiaries of the Issuer that are not Guarantors, including obligations to trade creditors and lease obligations;
- be guaranteed on the Issue Date by the Guarantors;
- mature on April 15, 2026; and
- be represented by one or more registered Notes in global form, but in certain circumstances may be represented by Definitive Registered Notes. See "*Book-Entry, Delivery and Form.*"

Under the terms of the Intercreditor Agreement, subject to certain conditions, amounts recovered in respect of the Collateral from certain distressed disposals of, or enforcement over, the Collateral will be used to repay amounts outstanding under the Revolving Credit Facility, certain hedging obligations and certain future indebtedness permitted under the terms of the Indenture and the Intercreditor Agreement to be classified as "super senior" (if any) before any such amounts will be available to repay the Notes, in each case, following the payment of fees and expenses of the agent under the Revolving Credit Facility, the Trustee and the Security Agent (and any receiver or delegate) and any fees and expenses of any other creditor representative of future indebtedness permitted under the terms of the Indenture to benefit from such security interests.

The Notes Guarantees

The Notes will be guaranteed by the Guarantors on the Issue Date. In addition, if required by the covenant described under "—*Certain Covenants—Additional Notes Guarantees*," certain other Restricted Subsidiaries may provide a Notes Guarantee in the future.

The 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 obligations under the Revolving Credit Facility and certain Hedging Obligations;
- rank senior in right of payment to any existing and future Indebtedness of that Guarantor that is expressly subordinated in right of payment to such Notes Guarantee (if any);

- be effectively senior to any existing or future indebtedness or obligation of that Guarantor that is not secured by the Collateral owned by that Guarantor, to the extent of the value of such Collateral;
- be effectively subordinated to any existing or future Indebtedness or obligation of such Guarantor that is secured by property and assets that do not secure such Notes Guarantee, to the extent of the value of the property and assets securing such Indebtedness; and
- be structurally subordinated to any existing or future obligations of the Subsidiaries of such Guarantor that are not Guarantors, including obligations to trade creditors and lease obligations.

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 or corporate benefit under applicable law, or otherwise to reflect limitations under applicable law, as well as to the extent required by or provided in the Agreed Security Principles. 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 Notes and Our Capital Structure—Each Notes Guarantee and security may be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*." 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 Notes Guarantees and the Security Interests*."

Principal, Maturity and Interest

On the Issue Date, the Issuer will issue €750 million in aggregate principal amount of Notes, consisting of €400 million in aggregate principal amount of Fixed Rate Notes and €350 million in aggregate principal amount of Floating Rate Notes. The Notes will mature on April 15, 2026. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. Interest on the Notes will be calculated on the aggregate principal amount of Notes outstanding as set forth under "*—Fixed Rate Notes*" and "*—Floating Rate Notes*" below.

Set forth below is a summary of certain of the defined terms used in the Indenture relating to the calculation of interest on the Notes:

"*Assurance Letter*" means an assurance letter from an External Reviewer confirming whether the Sustainability Performance Targets have been met.

"*Certification Date*" means the date that is 15 days prior to the Step-up Date.

"*Emission Reduction Target*" means the Issuer's target to reduce the Scope 1 & 2 Greenhouse Gas Emissions of the Engineered Wood Products Division to 201,670 tons or less by the Testing Date (from the 2020 baseline of the Engineered Wood Products Division of 220,164 tons).

"*External Reviewer*" means a qualified provider of third-party assurance or attestation services (i.e., and auditing firm) appointed by the Issuer to review the Issuer's compliance with the Sustainability Performance Targets.

"*Recycled Wood Utilization Target*" means the Issuer's Target to increase the overall share of recycled wood used in the products of the Engineered Wood Products Division to at least 44.0% by the Testing Date (from the 2020 baseline of the Engineered Wood Products Division of 40.3%).

"*Testing Date*" means December 31, 2022.

"*ton*" means one metric ton, or 1,000 kilograms.

"*Sustainability Performance Targets*" means, collectively, the Emission Reduction Target and the Recycled Wood Utilization Target.

Fixed Rate Notes

Interest on the Fixed Rate Notes will accrue at the rate of 4.750% per annum. Interest on the Fixed Rate Notes will be payable semi-annually in arrears on April 15 and October 15, commencing on October 15, 2021. From and including April 15, 2023 (the "*Step-up Date*"), the interest rate on the Fixed Rate Notes shall increase by (a) 0.1250% *per annum* unless the Issuer has achieved the Recycled Wood Utilization Target on the Testing Date and (b) 0.1250% *per annum* unless the Issuer has achieved the Emission Reduction Target on the Testing

Date, in each case, as certified by the Issuer to the Trustee (with a copy to the Paying Agent) in an Officer's Certificate, which shall also include the Assurance Letter, on or prior to the Certification Date (*provided* that, for the avoidance of doubt (i) the interest rate on the Fixed Rate Notes shall not increase if the Issuer has met both Sustainability Performance Targets on the Testing Date, (ii) the increase in the interest rate on the Fixed Rate Notes on the Step-up Date shall not exceed a total of 0.1250% if either (x) the Issuer has met the Recycled Wood Utilization Target on the Testing Date but has not met the Emission Reduction Target on the Testing Date or (y) the Issuer has met the Emission Reduction Target on the Testing Date but has not met the Recycled Wood Utilization Target on the Testing Date and (iii) in no event shall the total increase in the interest rate on the Fixed Rate Notes on the Step-up Date exceed 0.2500% (this being the consequence of the Issuer failing to meet both Sustainability Performance Targets on the Testing Date)). The Trustee and Paying Agent shall be entitled to conclusively rely on the Officer's Certificate and Assurance Letter from the Issuer, shall have no duty to inquire as to or investigate the accuracy of any Assurance Letter or related Officer's Certificate, verify the attainment of the Sustainability Performance Targets, or make calculations, investigations or determinations with respect to the attainment of the Sustainability Performance Targets. The Trustee and Paying Agent shall have no liability to the Issuer, any noteholder or any other Person in acting in good faith on any Assurance Letter and related Officer's Certificate. Any increase of the interest rate applicable to the Fixed Rate Notes on the Step-up Date shall also result in an increase of the optional redemption prices for the Fixed Rate Notes as set forth under "*—Optional Redemption—Fixed Rated Notes*."

The Issuer will make each interest payment to the Holders of record on the immediately preceding April 1 and October 1. Interest on the Fixed Rate Notes will accrue from the Issue Date 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.

Floating Rate Notes

Interest on the Floating Rate Notes will accrue at a rate per annum computed against the principal outstanding on the Notes (the "*Applicable Rate*"), reset quarterly, equal to EURIBOR (which is subject to a 0% floor) *plus* 4.750% (including any step-ups required pursuant to the immediately succeeding paragraph (if applicable), the "*FRN Margin*"), as determined by an agent appointed by the Issuer to calculate EURIBOR for the purposes of the Indenture (the "*Calculation Agent*"), which shall initially be Deutsche Bank AG, London Branch.

From and including the Step-up Date, the FRN Margin shall increase by (a) 0.1250% *per annum* unless the Issuer has achieved the Recycled Wood Utilization Target on the Testing Date and (b) 0.1250% *per annum* unless the Issuer has achieved the Emission Reduction Target on the Testing Date, in each case, as certified by the Issuer to the Trustee (with a copy to the Paying Agent) in an Officer's Certificate, which shall also include the Assurance Letter, on or prior to the Certification Date (*provided* that, for the avoidance of doubt (i) the FRN Margin shall not increase if the Issuer has met both Sustainability Performance Targets on the Testing Date, (ii) the increase in the FRN Margin on the Step-up Date shall not exceed a total of 0.1250% if either (x) the Issuer has met the Recycled Wood Utilization Target on the Testing Date but has not met the Emission Reduction Target on the Testing Date or (y) the Issuer has met the Emission Reduction Target on the Testing Date but has not met the Recycled Wood Utilization Target on the Testing Date and (iii) in no event shall the total increase in the FRN Margin on the Step-up Date exceed 0.2500% (this being the consequence of the Issuer failing to meet both Sustainability Performance Targets on the Testing Date)). The Trustee and Paying Agent shall be entitled to conclusively rely on the Officer's Certificate and Assurance Letter from the Issuer, shall have no duty to inquire as to or investigate the accuracy of any Assurance Letteror related Officer's Certificate, verify the attainment of the Sustainability Performance Targets, or make calculations, investigations or determinations with respect to the attainment of the Sustainability Performance Targets. The Trustee and Paying Agent shall have no liability to the Issuer, any noteholder or any other Person in acting in good faith on any Assurance Letter and related Officer's Certificate.

Interest on the Floating Rate Notes will be payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, commencing on July 15, 2021. The Issuer will make each interest payment to the Holders of record on the immediately preceding January 1, April 1, July 1 and October 1. If the due date for any payment in respect of any Floating Rate Notes is not a Business Day or a business day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day or business day at such place, as the case may be, and will not be entitled to any further interest or other payment as a result of any such delay. If a regular record date is not a Business Day, the record date shall not be affected. The Issuer will pay interest to the Holders of record on the Business Day immediately preceding the applicable interest payment date. The Floating Rate Notes will bear interest from the Issue Date or, if interest has already been paid, from the date it was most recently paid.

The Calculation Agent will, as soon as practicable after 11:00 a.m., Brussels time, on each Determination Date, determine the Applicable Rate, and calculate the aggregate amount of interest payable on the Floating Rate Notes in respect of the following Interest Period (the "*Interest Amount*"). The Interest Amount will be calculated by applying the Applicable Rate to the principal amount of the Floating Rate Notes outstanding at the commencement of the Interest Period, multiplying each such amount by the actual number of days in the Interest Period concerned divided by 360; *provided* that interest shall only be paid in respect of Floating Rate Notes outstanding on the applicable interest payment dates.

All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (e.g., 4.876545% (or 0.04876545) being rounded to 4.87655% (or 0.0487655)). All euro amounts used in or resulting from such calculations will be rounded to the nearest euro cent (with one-half euro cent being rounded upwards). The determination of the Applicable Rate and the Interest Amount by the Calculation Agent shall, in the absence of willful default, bad faith or manifest error, be binding on all parties. The Trustee and the Paying Agent shall not be responsible for, nor incur any liability in connection with, any loss resulting from any calculation made, or intended to be made, by the Calculation Agent.

The Calculation Agent will, upon the written request of the Holder of any Floating Rate Notes, provide the interest rate then in effect with respect to the Floating Rate Notes. The rights of holders of beneficial interests in the Floating Rate Notes to receive payments on such Floating Rate Notes are subject to applicable procedures of Euroclear and Clearstream.

Interest will be computed on the basis of a 365-day year and the actual number of days elapsed. The Applicable Rate on the Floating Rate Notes will in no event be higher than the maximum rate permitted by applicable law.

Set forth below is a summary of certain of the defined terms used in the Indenture relating to the calculation of interest on the Floating Rate Notes:

"*Determination Date*," with respect to an Interest Period, will be the day that is two TARGET Settlement Days preceding the first day of such Interest Period, except that the initial Determination Date will be April 22, 2021.

"*EURIBOR*" with respect to an Interest Period, will be the rate (expressed as a percentage per annum) for deposits in euros for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date that appears on Reuters Page EURIBOR1 as of 11:00 a.m. Brussels time, on the Determination Date; *provided, however*, that EURIBOR shall never be less than 0.00%. If Reuters Page EURIBOR1 does not include such a rate or is unavailable on a Determination Date, the Issuer will request the principal London office (or, at the Issuer's option, the principal Frankfurt office, Paris office, Amsterdam office or Brussels office) of each of four major banks in the eurozone inter-bank market, as selected by the Issuer, to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., Brussels time, on such Determination Date, to prime banks in the eurozone inter-bank market for deposits in a Representative Amount in euros for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Issuer will request each of three major banks in London (or, at the option of the Issuer, Frankfurt, Paris, Amsterdam or Brussels), as selected by the Issuer, to provide such bank's rate (expressed as a percentage per annum), as of approximately 11:00 a.m., Brussels time, on such Determination Date, for loans in a Representative Amount in euros to leading European banks for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such rates are so provided, the rate for the Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided then the rate for the Interest Period will be the rate in effect with respect to the immediately preceding Interest Period. Notwithstanding the foregoing, for the avoidance of doubt if for any Interest Period the rate determined based on the procedure specified in this paragraph is less than 0%, EURIBOR shall mean 0% for purposes of determining the Applicable Rate for such Interest Period.

"*eurozone*" means the region comprised of member states of the European Union that adopt the euro.

"*Interest Period*" means the period commencing on and including an interest payment date and ending on but excluding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and exclude July 15, 2021.

"*Representative Amount*" means the greater of (a) €1.0 million and (b) an amount that is representative for a single transaction in the relevant market at the relevant time.

"*Reuters Page EURIBOR1*" means the display page so designated by Reuters (or such other page as may replace that page on that service, or if no such page is available, Bloomberg page "*EBF*" or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

"*TARGET Settlement Day*" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open for the settlement of payments in euro.

If the Issuer determines that the EURIBOR rate is no longer being calculated or administered, or it becomes illegal for the Calculation Agent to determine any amounts due to be paid, as at the relevant Determination Date, any alternative rate which has replaced EURIBOR in customary market usage for the purposes of determining floating rates of interest in respect of euro-denominated securities, as identified by the Issuer, in consultation with an Independent Financial Advisor appointed by the Issuer, and promptly thereafter notified by the Issuer to the Holders and the Calculation Agent, shall be the new rate replacing EURIBOR; *provided, however*, that if the Independent Financial Advisor determines that there is no clear market consensus as to whether any rate has replaced EURIBOR in customary market usage, the Independent Financial Advisor shall determine an appropriate alternative rate, and the decision of the Independent Financial Advisor will be binding on the Issuer, the Calculation Agent and the Holders; *provided further* that any such alternative rate adopted pursuant to this paragraph shall in all cases never be less than 0.00%. Following the adoption of an alternative rate pursuant to this paragraph, all references to "EURIBOR" in the Indenture shall be deemed to refer to such alternative rate.

Methods of Receiving Payments on the Notes

The rights of Holders to receive payment of interest on any Global Notes representing the Notes will be subject to the then applicable procedures of the common depositary and Euroclear and Clearstream. Current procedures of Euroclear and Clearstream are to pay interest to their participants of record on the business day prior to the relevant interest payment date. If the Issuer redeems any Global Notes (as defined below) on a date that is on or after the record date and on or before the corresponding interest payment date, the accrued and unpaid interest up to, but excluding, the redemption date will be paid on the redemption date to the Holder in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

Principal, interest, premium and Additional Amounts, if any, on the Global Notes will be made by one or more Paying Agents by wire transfer of immediately available funds to the account specified by the registered Holder thereof (initially being the common depositary or its nominee for Euroclear and Clearstream).

Principal, interest and premium and Additional Amounts, if any, on any certificated securities ("*Definitive Registered Notes*") will be payable at the specified office or agency of one or more Paying Agents maintained for such purposes in London, United Kingdom. In addition, interest on the Definitive Registered Notes may be paid, at the option of the Issuer, by check mailed to the address of the Holder entitled thereto as shown on the register of Holders of Notes for the Definitive Registered Notes. See "*—Paying Agent and Registrar for the Notes.*"

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more Paying Agents for the Notes in London, including the initial Paying Agent. The initial Paying Agent will be Deutsche Bank AG, London Branch.

The Issuer will also maintain a registrar (the "*Registrar*") and a transfer agent (the "*Transfer Agent*"). The initial Registrar and the initial Transfer Agent will be Deutsche Bank Luxembourg S.A. The Registrar will maintain a register reflecting ownership of the Notes outstanding from time to time, if any, and together with the Transfer Agent, will facilitate transfers of the Notes on behalf of the Issuer. A register of the Notes shall be left at the registered office of the Issuer. In case of inconsistency between the register of Notes kept by the Registrar and the one kept by the Issuer at its registered office, the register kept by the Issuer shall prevail.

Upon written notice to the Trustee, the Issuer may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders of such Notes. The Issuer or any Subsidiary may act as Paying Agent or Registrar in respect of the Notes.

Transfer and Exchange

The Notes will initially be issued as follows:

- each series of Fixed Rate 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 Fixed Rate Notes*") and each series of Floating Rate 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 Floating Rate Notes*" and, together with the 144A Global Floating Rate Notes, 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 Fixed Rate 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 Fixed Rate Global Notes*") and each series of Floating Rate 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 Floating Rate Global Notes*" and, together with the Regulation S Fixed Rate Notes, 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/or Clearstream or persons that may hold interests through such participants.

Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Transfer Restrictions*." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes (the "*144A Book- Entry Interests*") may be transferred to a Person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes (the "*Regulation S Book-Entry Interests*") of the same series only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Regulation S Book-Entry Interests may be transferred to a Person who takes delivery in the form of 144A Book-Entry Interests of the same series only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a Person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Transfer Restrictions" and in accordance with any applicable securities law of any other jurisdiction.

No Book Entry Interest in any Global Note representing the Fixed Rate Notes (the "*Global Fixed Rate Notes*"), and no Definitive Registered Note issued in exchange for a Book Entry Interest in the Global Fixed Rate Notes (the "*Definitive Registered Fixed Rate Notes*"), may be transferred or exchanged for any Book Entry Interest in any Global Note representing the Floating Rate Notes (the "*Global Floating Rate Notes*") or any Definitive Registered Note issued in exchange for a Book Entry Interest in the Global Floating Rate Notes (the "*Definitive Registered Floating Rate Notes*"), and no Book Entry Interest in the Global Floating Rate Notes and no Definitive Registered Floating Rate Note may be transferred or exchanged for any Book Entry Interest in any Global Fixed Rate Note or any Definitive Registered Fixed Rate Note.

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 in principal amount, and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof to persons who take delivery thereof in the form of Definitive Registered Notes. 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 or exchange.

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 or an Asset Disposition Offer.

The Issuer, the Trustee, the Security Agent, the Paying Agent, the Registrar and the Transfer Agent 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 Issuer's direct and indirect Subsidiaries will be Restricted Subsidiaries. However, in the circumstances described below under "*—Certain Covenants—Designation of Restricted and Unrestricted Subsidiary,*" the Issuer will be permitted to designate Restricted Subsidiaries of the Issuer as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture and will not guarantee the Notes.

Notes Guarantees

General

Upon the initial issuance of the Notes on the Issue Date, subject to the Agreed Security Principles, the obligations of the Issuer pursuant to the Notes will be guaranteed, jointly and severally, on a senior secured basis by the Guarantors (each, a "*Notes Guarantee*" and, collectively, the "*Notes Guarantees*"). The Guarantors will also guarantee our obligations under the Revolving Credit Facility, subject to certain guarantee limitations as set out therein.

In addition, as described below "*—Certain Covenants—Additional Notes Guarantees*" and subject to the Intercreditor Agreement and the Agreed Security Principles, certain Restricted Subsidiaries of the Issuer that guarantee the Revolving Credit Facility or certain Credit Facility Indebtedness or Public Debt, in each case, of the Issuer or a Guarantor, in the future shall also enter into a supplemental indenture as a Guarantor of the Notes and accede to the Intercreditor Agreement.

The Agreed Security Principles, as provided below in the fourth paragraph under "*—Security—General*," apply to the granting of guarantees and security in favor of obligations under the Revolving Credit Facility and the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance rules, corporate benefit rules, fraudulent preference rules, "thin capitalization" rules, capital maintenance rules, retention of title claims and similar matters or where the time or cost of granting the Notes 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 general statutory limitations, capital maintenance, corporate benefit, financial assistance, fraudulent preference, "thin capitalization" rules and other similar laws, rules and regulations of any applicable jurisdiction. 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 Notes and Our Capital Structure—Each Notes Guarantee and security may be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability.*"

Not all of the Issuer's Subsidiaries will guarantee the Notes. In the event of a bankruptcy, liquidation, winding up or reorganization of any of these non-Guarantor Subsidiaries, the non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer for application under the Notes. As of and for the year ended December 31, 2020, the Issuer and its Subsidiaries that are Guarantors accounted for 99% of the unconsolidated total assets, 80% of the unconsolidated net sales and 94% of the unconsolidated EBITDA of the Issuer and its Restricted Subsidiaries, in each case, before intercompany eliminations.

The Issuer is a holding company with its material assets being the Capital Stock of its subsidiaries. As such, the Issuer will be dependent upon its Subsidiaries for cash to service interest, principal and other payments on the Notes. The Notes and the Notes Guarantees will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Issuer's non-guarantor Subsidiaries. Any right of the Issuer or any Guarantor to receive assets of any of its non-guarantor Subsidiaries upon that non-guarantor Subsidiary's liquidation, winding up or reorganization (and the consequent right of the holders of the Notes to participate in those assets) will be effectively subordinated to the claims of that non-guarantor Subsidiary's creditors, except to the extent that the Issuer, or such Guarantor is itself recognized as a creditor of the non-guarantor Subsidiary, in which case the claims of the Issuer or such Guarantor, as the case may be, would still be subordinated in right of payment to any security in the assets of the non-guarantor Subsidiary and any Indebtedness of the non-guarantor Subsidiary senior to that held by the Issuer or such Guarantor.

Although the Indenture will limit the Incurrence of Indebtedness by the Issuer and its Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the Incurrence by the Issuer or its Restricted Subsidiaries of liabilities that are not considered Indebtedness under the Indenture. See "*—Certain Covenants—Limitation on Indebtedness*."

Notes Guarantees Release

The Notes Guarantee of a Guarantor will terminate and be released:

(1) upon (a) a sale or other disposition (including by way of consolidation or merger) 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 (b) the sale or disposition of all or substantially all the assets of the Guarantor (including by way of merger, consolidation, amalgamation or combination) (other than to the Issuer or a Restricted Subsidiary), otherwise not prohibited by the Indenture;

(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*";

(4) in accordance with the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;

(5) as described under "*—Amendments and Waivers*";

(6) as described in the second paragraph of the covenant described below under "*—Certain Covenants—Additional Notes Guarantees*";

(7) as a result of a transaction permitted by "*—Certain Covenants—Merger and Consolidation*";

(8) in connection with a Permitted Reorganization; or

(9) upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes.

The Trustee and the Security Agent (as applicable) shall each take all necessary actions reasonably requested by the Issuer, 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 Issuer will be required to make a notation on the Notes to reflect any such release, termination or discharge. The Issuer may in its sole discretion elect to have any Notes Guarantee remain in place, as opposed to being released and shall notify the Trustee of such election.

Security

General

Pursuant to the Security Documents to be entered into, the Notes and the Notes Guarantees will (subject to the Agreed Security Principles) be secured by first-ranking security interests on the Issue Date, over the following assets:

- Capital Stock of (i) the Issuer held by the Parent, (ii) Pfleiderer Deutschland GmbH and Silekol sp.z o.o, in each case, held by the Issuer and (iii) Pfleiderer Neumarkt GmbH, Pfleiderer Gütersloh GmbH and Pfleiderer Baruth GmbH, in each case, held by Pfleiderer Deutschland GmbH;
- the material bank accounts of the Issuer, Pfleiderer Deutschland GmbH and Silekol sp.z o.o; and
- any structural intercompany loan receivables of the Issuer and the Guarantors (collectively, the "*Collateral*").

Pursuant to the Intercreditor Agreement, the first-ranking security interests over the Collateral securing the Notes are contractually deemed to rank equally with the security interests that secure (but only to the extent that such security is expressed to secure those liabilities) (i) obligations under the Revolving Credit Facility, (ii) certain obligations under hedging arrangements and (iii) certain other future indebtedness permitted to be incurred under the Indenture. Under the terms of the Intercreditor Agreement, subject to certain conditions, amounts recovered in respect of the Collateral from certain distressed disposals of, or enforcement over, the Collateral will be used to repay amounts outstanding under the Revolving Credit Facility, certain hedging obligations and certain future indebtedness permitted under the terms of the Indenture and the Intercreditor Agreement to be classified as "super senior" (if any) before any such amounts will be available to repay the Notes, in each case following the payment of fees and expenses of the agent under the Revolving Credit Facility, the Trustee and the Security Agent (and any receiver or delegate) and any fees and expenses of any other creditor representative of future indebtedness permitted under the terms of the Indenture to benefit from such security interests.

The Liens on the Collateral to secure the Notes and the Notes Guarantees are referred to herein collectively as the "*Security Interest*." Any other property or assets over which Security Interest may in the future be granted to secure obligations under the Notes and the Indenture would also constitute "*Collateral*."

The Collateral will be contractually limited to reflect limitations under applicable law with respect to maintenance of share capital, 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 general statutory limitations, capital maintenance, corporate benefit, financial assistance, fraudulent preference, "thin capitalization" rules and other similar laws, rules and regulations of any applicable jurisdiction. For a description of such contractual limitations, see "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests*." The grant and control of the security will also be subject to certain Agreed Security Principles. The following is a non-exhaustive summary of certain terms of the Agreed Security Principles (with "*Group*" being defined as the Issuer and its Restricted Subsidiaries), which provide that Collateral shall not be created or perfected to the extent that it would:

- result in any breach of general legal and statutory limitations, capital maintenance rules, corporate benefit, financial assistance, 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, retention of title claims, employee consultation or approval requirements (or analogous restrictions) of any applicable jurisdiction (*provided* that to the extent required by the Security Agent before signing any applicable security, the relevant grantor of security shall use reasonable endeavors (exercised for a specific period 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);

- result in members of the Group being 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 result in a material risk to the officers of the relevant grantor of security of contravention of their fiduciary or statutory duties, any applicable legal, regulatory or contractual prohibition or restriction and/or of civil or criminal liability (*provided* that to the extent required by the Security Agent before signing any applicable security, the relevant grantor of security shall use reasonable endeavors (exercised for a specific period 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);
- result in costs (including adverse effects on or with respect to taxes, interest deductibility, stamp duty, registration taxes, notarial costs & all applicable fees) that are disproportionate to the benefit obtained by the beneficiaries of that security;
- relative to any assets subject a legal requirement, contract, lease, license, instrument, regulatory constraint or to third party arrangements which prevent or condition those assets from being charged or assigned (*provided* that this does not prejudice the relevant entity from using reasonable endeavors (exercised for a specific period and without adverse impact on relationships with third parties) to obtain consent to such charging or assignment);
- have a material adverse effect on the ability of the relevant obligor to conduct its operations and business in the ordinary course as otherwise permitted by the Indenture (including dealing with the secured assets and all contractual counterparties or amending, waiving or terminating (or all owing to lapse) any rights, benefits or obligations, in each case prior to an Applicable Acceleration Event (as defined in the Intercreditor Agreement) which is continuing);
- result in security being given by or over any acquired person or asset which are required to support acquired (or acquisition) indebtedness to the extent such acquired (or acquisition) indebtedness is permitted by the terms of the Indenture to remain outstanding after an acquisition;
- result in security being given over any assets subject to security in favor of a third party or any cash constituting regulatory capital or customer cash (and such assets or cash shall be excluded from any relevant security document);
- purport to take security over certain categories of assets in respect of which it is impossible or impractical to take such security over;
- result in the creation of security on terms which are inconsistent with the turnover or sharing provisions in the Intercreditor Agreement; and
- result in guarantees and security being provided by material subsidiaries which are incorporated in China and any other jurisdiction that the Majority Lenders (as defined in the Revolving Credit Facility Agreement) and the Issuer (each acting reasonably) agree is an excluded jurisdiction (the "Excluded Jurisdictions") and no security or guarantees shall be required to be given by members of the Group incorporated in the Excluded Jurisdictions or by (or over the shares or investments in) any joint venture or similar arrangement, any minority interest, or (unless it is a borrower under the Revolving Credit Facility Agreement), any non-wholly owned member of the Group.

The Agreed Security Principles with respect to the Notes will be interpreted and applied in good faith by the Issuer.

In addition to the release provisions described below, the Security Interest will cease to exist by operation of law or will be released, depending on the type of security interest, upon the defeasance or discharge of the Notes as provided in "*—Defeasance*" or *"—Satisfaction and Discharge*," in each case in accordance with the terms and conditions of the Indenture.

There can be no assurance that the proceeds from the enforcement or sale of the Collateral would be sufficient to satisfy the obligations owed to the Holders, and the Collateral securing the Notes and the Notes Guarantees may be reduced or diluted under certain circumstances, including the issuance of Additional Notes and the disposition of assets comprising the Collateral, subject to the terms of the Indenture. 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 Notes and Our Capital Structure—It may be difficult to realize the value of the Collateral securing the Notes*." In addition, the Intercreditor Agreement places limitations on the ability of the Security Agent to release the Security Interest, by reference to the interests of other creditors of the Group. These limitations may include requirements that some or all of the Collateral be disposed of only pursuant to public auctions or only at a price confirmed by a valuation. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

Subject to the terms of the Security Documents and prior to enforcement of any such Collateral, the Issuer and the Guarantors, as the case may be, will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes and the Notes Guarantees, to freely operate the Collateral and to collect, invest and dispose of any income therefrom and, in respect of the shares that are part of the Collateral, will be permitted to retain entitled and to exercise any and all voting rights and to receive and retain any and all cash rights to dividends and other distributions (to the extent not prohibited by the Indenture), stock dividends, liquidating dividends, non-cash dividends, shares of stock resulting from stock splits or reclassifications, rights issue, warrants, options and other distributions (whether similar or dissimilar to the foregoing).

The creditors under the Revolving Credit Facility, the counterparties to the Hedging Obligations secured by the Collateral and the Trustee have, and by accepting a Note, each holder will be deemed to have, irrevocably appointed the Security Agent to act as its agent, trustee, joint and several creditor and/or beneficiary of any applicable parallel debt under the Intercreditor Agreement and with respect to the Security Interest, any Additional Intercreditor Agreement and the Security Documents. The creditors under the Revolving Credit Facility, the counterparties to the Hedging Obligations secured by the Collateral and the Trustee have, and by accepting a Note, each holder will be deemed to have, irrevocably authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement or the Security Documents, together with any other incidental rights, power and discretions, and (ii) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf.

Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound

The Indenture will provide that the Issuer and the Trustee will be authorized (without any further consent of the Holders) to enter into, or where applicable accede to, the Intercreditor Agreement to give effect to the provisions described in the section entitled "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The Indenture will also provide that each Holder, by accepting such Note, will be deemed to have:

(1) appointed and authorized the Security Agent and the Trustee to give effect to the provisions in the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents 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, or where applicable accede to, 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 Notes and Our Capital Structure—The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce certain of the Collateral may be restricted by 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*."

Security Documents

Under the Security Documents, the Issuer and the Guarantors will grant security over the Collateral to secure the obligations of the Issuer under the Notes and the Indenture and the obligations of the Guarantors under their respective Notes Guarantees and the Indenture. The Security Documents will be entered into by, *inter alios*, the relevant Security Provider and the Security Agent.

The Security Agent will enter into the Security Documents in its own name for the benefit of, *inter alios*, the Trustee and the Holders. The Security Agent will also act on behalf of the lenders under the Revolving Credit Facility and the counterparties under certain Hedging Obligations and other secured Indebtedness Incurred after the Issue Date (who will have the equal and ratable benefit of the same Collateral). The Security Agent will also act on behalf of certain future secured creditors who are permitted to accede to the Intercreditor Agreement in accordance with the terms thereof.

The Security Documents will provide that the rights with respect to the Collateral must be exercised by the Security Agent or the parties to the Security Documents. Since the Holders are not a party to the Security Documents, Holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The Holders may only act through the Security Agent.

The Security Agent will agree to any release of the Security Interest created by the Security Documents that is in accordance with the Indenture and the Intercreditor Agreement without requiring any consent of the Holders. See "*—Release of Liens*" and "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—There are circumstances other than the repayment or discharge of Notes under which the Collateral securing the Notes and the Notes Guarantees will be released automatically and under which the Notes Guarantees will be released automatically, without your consent or the consent of the Trustee*." In addition, the terms of the Security Documents and Intercreditor Agreement themselves provide for assets to cease to become subject to the security interests in certain circumstances without need for a formal release, such as the sale of assets which are subject to a charge, or the exclusion of certain assets from a debenture if such assets may not be subject to security (such as, for example, assets that may not be validly pledged, or assets that are subject to a Permitted Lien). The Security Agent will commence enforcement action under the Security Documents only in accordance with the terms of the Intercreditor Agreement. See "*—Enforcement of Security Interest*."

In the event that the Issuer or any of the Guarantors enters into insolvency, bankruptcy, dissolution or similar proceedings, the Security Interest created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interest or the terms of the Intercreditor Agreement were successful, the Holders might not be able to recover any amounts under the Security Documents. See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Each Notes Guarantee and security may be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*."

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) other than the Liens over the Capital Stock of the Issuer held by the Parent, in connection with any sale or other disposition of Collateral to (a) a Person that is not the Issuer or a Restricted Subsidiary (but excluding any transaction subject to "*—Certain Covenants—Merger and Consolidation*"), if such sale or other disposition does not violate the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" and is otherwise not prohibited by the Indenture or (b) any Restricted Subsidiary; *provided* that this clause 1(b) shall not be relied upon in the case of a transfer of Capital Stock or intercompany loan 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, and Capital Stock, of such Guarantor;

(3) as described under "*—Amendments and Waivers*" and "*—Certain Covenants—Limitation on Liens*";

(4) upon payment in full of principal, interest and all other obligations on the Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(5) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such

Unrestricted Subsidiary, and the release of any assets designated by the Issuer as Securitization Assets in connection with a Securitization Facility;

(6) in connection with a Permitted Reorganization; or

(7) 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 provisions of the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement and (b) as may be permitted by the covenant described under "*—Certain Covenants—Impairment of Security Interest*."

The Security Agent and the Trustee (but only if required) will take all necessary action reasonably requested by the Issuer 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/or 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 conclusively upon an Officer's Certificate and an 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.

Enforcement of Security Interests

The Indenture and the Intercreditor Agreement will restrict the ability of the Holders or the Trustee to enforce the Security Interests and provide for the release of the Security Interests created by the Security Documents in certain circumstances upon certain distressed disposals or enforcement by the Security Agent in accordance with the terms of the Intercreditor Agreement. These limitations are described under "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests.*" The ability to enforce may also be restricted by similar arrangements in relation to future Indebtedness that is secured on the Collateral in compliance with the Indenture and the Intercreditor Agreement.

The creditors under the Revolving Credit Facility, the counterparties to Hedging Obligations secured by the Collateral and the Trustee have and, by accepting a Note, each Holder will be deemed to have, appointed the Security Agent to act as its agent under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents. The creditors under the Revolving Credit Facility, the counterparties to Hedging Obligations secured by the Collateral and the Trustee have and, by accepting a Note, each Holder will be deemed to have, authorized the Trustee or the Security Agent, as applicable, to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the Security Documents securing such Indebtedness, together with any other incidental rights, power and discretions and (ii) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf.

IPO Debt Pushdown

The Intercreditor Agreement will provide that on or following certain Equity Offerings (or in contemplation of certain Equity Offerings with respect to the release of security if required to implement such Equity Offering), the Issuer shall be entitled to require (by written notice to the trustee under the Indenture (a "*Pushdown Notice*")) that the terms of the Indenture and the other Debt Documents (as defined in the Intercreditor Agreement) shall operate (with effect from the date specified in the relevant Pushdown Notice) as described under "*Description of Certain Financing Arrangements—Intercreditor Agreement—IPO Debt Pushdown*."

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 Issuer.

Fixed Rate Notes

At any time prior to April 15, 2023, the Issuer may redeem the Fixed Rate 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 Fixed Rate Notes plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, on the Fixed Rate Notes redeemed to, but excluding, the redemption date.

At any time and from time to time prior to April 15, 2023, the Issuer may on any one or more occasions redeem, upon notice as described under "—*Selection and Notice*," during each calendar year up to 10% of the original principal amount of the Fixed Rate Notes (including the original principal amount of any Additional Fixed Rate Notes), at a redemption price of 103.000% of the principal amount of the Fixed Rate Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, on the Fixed Rate Notes redeemed to, but excluding, the redemption date.

At any time and from time to time prior to April 15, 2023, the Issuer may redeem Fixed Rate Notes, upon notice as described under "—*Selection and Notice*," with the Net Cash Proceeds received by the Issuer from any Equity Offering at a redemption price equal to 104.750% of the principal amount of the Fixed Rate Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed 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 Fixed Rate Notes (including the original principal amount of any Additional Fixed Rate 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 Fixed Rate Notes (including Additional Fixed Rate Notes) issued under the Indenture remains outstanding immediately thereafter (excluding Fixed Rate Notes held by the Issuer or any of its Restricted Subsidiaries and unless all of the other Fixed Rate Notes are otherwise redeemed substantially concurrently therewith).

At any time and from time to time on or after April 15, 2023, the Issuer may redeem the Fixed Rate 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 Fixed Rate Notes so redeemed set forth below plus accrued and unpaid interest, if any, on the Fixed Rate Notes redeemed, to, but excluding, the applicable redemption date and Additional Amounts, if any, if redeemed during the twelve-month period beginning on April 15 of the year indicated below:

Year	Redemption Price
2023	102.3750%
2024	101.1875%
2025, and thereafter	100.0000%

In the event and to the extent that the interest rate applicable to the Fixed Rate Notes increases on the Step-up Date as set forth under "*—Principal, Maturity and Interest—Fixed Rate Notes*," the call premia applicable to the Fixed Rate Notes set forth in the immediately preceding table shall increase (i) with respect to the call premium applicable to the Notes from (and including) April 15, 2023 until (but excluding) April 15, 2024, by 50% of such increase in the interest rate applicable to the Fixed Rate Notes on the Step-up Date and (ii) with respect to the call premium applicable to the Notes from (and including) April 15, 2024 until (but excluding) April 15, 2025, by 25% of such increase in the interest rate applicable to the Fixed Rate Notes on the Step-up Date.

Floating Rate Notes

At any time prior to April 15, 2022, the Issuer may on any one or more occasions redeem the Notes in whole or in part, 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, on the Notes redeemed to, but excluding, the redemption date.

At any time and from time to time on or after April 15, 2022, the Issuer may on any one or more occasions 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 set forth below plus accrued and unpaid interest, if any, on the Notes redeemed, to, but excluding, the applicable redemption date and Additional Amounts, if any, if redeemed during the twelve-month period beginning on April 15 of the year indicated below:

Year	Redemption Price
2022	101.000%
2023, and thereafter	100.000%

Post-Tender Redemption

Notwithstanding the foregoing, in connection with any tender offer for the Notes, including a Change of Control Offer or Asset Disposition Offer, if Holders of Notes of not less than 90% in aggregate principal amount of the then outstanding Fixed Rate Notes or Floating Rate Notes, as they case may be, validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases, all of the Fixed Rate Notes or Floating Rate Notes, as they case may be, validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such tender offer expiration date, to redeem the Fixed Rate Notes or Floating Rate Notes, as applicable, 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 the Fixed Rate Notes or Floating Rate Notes, as applicable, (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.

General

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.

If the optional redemption date is on or after a record date and on or before the corresponding interest payment date, the accrued and unpaid interest up to, but excluding, the redemption date will be paid on the redemption date to the Holder in whose name the Note is registered at the close of business on such record date in accordance with the applicable procedures of Euroclear and Clearstream, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Mandatory Redemption or Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase Notes as described under "—*Change of Control*" and "—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

Selection and Notice

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). Under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis by way of pool factor in accordance with the rules and procedures of Euroclear and Clearstream (as applicable), on such basis as they deem fair and appropriate; *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 the Notes will be selected on a *pro rata* basis, subject to adjustments so that no Note in an unauthorized denomination remains outstanding after such redemption; *provided*, *however*, that no Note of €100,000 in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of €1,000 shall be redeemed. The Trustee, the Paying Agent and the Registrar shall not be liable for selections made under this paragraph.

Notices of redemption will be delivered electronically or mailed by first-class mail at least 10 days but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of Euroclear and Clearstream, except that redemption notices may be delivered electronically or mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

Notice of any redemption of the Notes may, at the Issuer's discretion, be given prior to the completion of a transaction (including an Equity Offering, an Incurrence of Indebtedness, a Change of Control or other transaction) and any redemption may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of a related transaction. If such redemption or purchase is so subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition, and if applicable, shall state that, in the Issuer's discretion, the redemption date may be delayed until such time (*provided*, *however*, that any redemption date shall not be more than 60 days after the date of the notice of redemption) as any or all such conditions shall be satisfied, 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 by the redemption date as so delayed. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

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 Issuer will notify the Authority of any such notice to the Holders of the relevant Notes and, in connection with any redemption, the Issuer will notify the Authority of any change in the principal amount of Notes outstanding.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, unless the Issuer defaults in the payment of the redemption price, interest ceases to accrue on Notes or portions of them called for redemption.

Redemption for Taxation Reasons

The Issuer may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior notice to the Holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "*Tax Redemption Date*") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts, as defined below under "*—Withholding Taxes*," if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if the Issuer determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations, official guidance or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any amendment to, introduction of, or change in an official written application, administration or interpretation of such laws, treaties, regulations, official guidance 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 or the Notes Guarantee, as applicable, would be, required to pay Additional Amounts with respect to the Notes or the Notes Guarantee, as applicable (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by another Guarantor who can make such payment without the obligation to pay Additional Amounts, or the Issuer), 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). 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 obligated 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 Issuer will deliver to the Trustee and the Paying Agent (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 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 and the Paying Agent will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

The foregoing provisions will apply *mutatis mutandis* to the laws and official positions of any jurisdiction in which any successor to a Payor is organized or otherwise considered to be a resident for tax purposes or any political subdivision or taxing authority or agency thereof or therein. The foregoing provisions will survive any termination, defeasance or discharge of the Indenture.

Withholding Taxes

All payments made by or on behalf of the Issuer or any Guarantor (including any successor entity) (each, a "*Payor*") in respect of the Notes or with respect to any Notes Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law or by 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 by or on behalf of the Payor 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 (without limitation) 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, without limitation, being resident for tax purposes, or being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in or place of management present or deemed 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, or reduction in the rate of, all or part of such Tax, but, in each case, only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation;

(3) any Taxes, to the extent such Taxes are imposed as a result of the presentation of a 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 (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(4) any Taxes that are payable otherwise than by deduction or withholding from a payment of principal, premium or interest on or with respect to the Notes or with respect to any Notes Guarantee;

(5) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;

(6) any Taxes imposed, deducted or withheld pursuant to section 1471(b) of the U.S. Internal Revenue Code or otherwise imposed pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code, in each case, as of the Issue Date (and any amended or successor version that is substantively comparable), any current or future regulations or agreements thereunder, official interpretations thereof, similar law or regulation, rule or practice implementing an intergovernmental agreement, treaty or convention relating thereto; or

(7) any combination of the items (1) through (6) 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 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, without further enquiry, 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 (i) a Relevant Taxing Jurisdiction from the execution, issuance, delivery, registration, enforcement of, or receipt of payments, or (ii) any jurisdiction in the case of stamp taxes in connection with an enforcement, with respect to any Notes, any Notes Guarantee, the Indenture, or any other document or instrument in relation thereto (limited, solely to the extent of such taxes or similar charges or levies that arise from the receipt of any payments of principal or interest on the Notes, to any such taxes or similar charges or levies that are not excluded under clauses (1) through (3) and (5) through (6)).

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 Person, or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

The Indenture will provide that if a Change of Control Triggering Event occurs, unless (i) a third party makes a change of control offer as described herein or (ii) the Issuer has previously or substantially concurrently therewith delivered a redemption notice with respect to all the outstanding Notes as described under "—*Optional Redemption*," the Issuer will make an offer to purchase all of the Notes (equal to €100,000 or in integral multiples of €1,000 in excess thereof; *provided*, that Notes of €100,000 or less 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; *provided* that if the repurchase date is on or after the record date and on or before the corresponding interest payment date, then Holders in whose name the Notes are registered at the close of business on such record date will receive interest on the repurchase date. No later than 60 days following any Change of Control Triggering Event, the Issuer will deliver or cause to be delivered a notice of such Change of Control Offer electronically in accordance with the applicable procedures of Euroclear and Clearstream or by first-class mail, with a copy to the Trustee, to each Holder of Notes at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of Euroclear and Clearstream, describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the Notes for the specified purchase price on the date specified in the notice, which date will be no earlier than 30 days and no later than the later of (x) 60 days from the date such notice is delivered and (y) the date of completion of the Change of Control Triggering Event, pursuant to the procedures required by the Indenture and described in such notice, except in the case of a conditional Change of Control Offer made in advance of a Change of Control Triggering Event as described below.

To the extent that the provisions of any securities laws, rules or regulations, including Rule 14e-1 under the Exchange Act, conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof. The Issuer may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The occurrence of events which would constitute a Change of Control Triggering Event may constitute a default under the Revolving Credit Facility that permits the lenders thereunder to accelerate the maturity of borrowings thereunder. Future Indebtedness of the Issuer or its Restricted Subsidiaries may contain prohibitions on certain events which would constitute a Change of Control Triggering Event or require such Indebtedness to be repurchased upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of such repurchase on the Issuer.

The Issuer's ability to pay cash to the Holders of Notes following the occurrence of a Change of Control Triggering Event may be limited by its then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases. The Change of Control Triggering Event purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. Subject to the limitations discussed below, the Issuer could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control Triggering Event under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to Incur additional Indebtedness are contained in the covenants described under "—*Certain Covenants—Limitation on Indebtedness" and "—Certain Covenants—Limitation on Liens."* Such restrictions in the Indenture can be waived only with the consent of the Holders of a majority in principal amount of the Notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford Holders protection in the event of a highly leveraged transaction.

The Issuer will not be required to make a Change of Control Offer following a Change of Control Triggering Event if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (ii) a notice of redemption of all outstanding Notes has been given pursuant to the Indenture as described under "*—Optional Redemption*," unless and until there is a default in the payment of the redemption price on the applicable redemption date or the redemption is not consummated due to the failure of a condition precedent contained in the applicable redemption notice to be satisfied. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control Triggering Event; *provided*, *however*, that such Change of Control Offer is conditional upon such Change of Control.

The definition of "*Change of Control*" includes a disposition of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, to any Person. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of such phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its Restricted 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 of Notes may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control 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 Issuer will notify the Authority 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.

Limitation on Indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness) and the Issuer will not issue Disqualified Stock and will not permit any of the Restricted Subsidiaries to issue Preferred Stock; *provided*, *however*, that the Issuer and any of the Restricted Subsidiaries may Incur Indebtedness (including Acquired Indebtedness) and the Issuer may issue Disqualified Stock and any of the Restricted Subsidiaries may issue Preferred Stock, if on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof), the Fixed Charge Coverage Ratio of the Issuer and its 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 Issuer or any 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 an amount equal to the greater of €105 million and 69% of LTM EBITDA, in each case, at any one time outstanding, *provided*, that any Indebtedness Incurred pursuant to this clause (1) may be refinanced at any time if the principal amount of the Indebtedness Incurred in 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 (including original issue discount, upfront fees or similar fees) incurred or payable in connection with such refinancing;

(2) any (a) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary; and (b) without limiting the covenant described under "*—Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary, in each case, so long as the Incurrence of such Indebtedness or other obligations is not prohibited by the terms of the Indenture;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary;

(4) Indebtedness represented by (a) the Notes issued on the Issue Date, including any Notes Guarantee and/or any "parallel debt" obligations under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, (b) Indebtedness of the Issuer and its Restricted Subsidiaries outstanding on the Issue Date after giving *pro forma* effect to the Transactions and the application of the proceeds therefrom (as described under "*Use of Proceeds*" in this Offering Memorandum), or Incurred under a facility committed and as in effect as of the Issue Date; (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant and (d) Indebtedness Incurred to finance Management Advances;

(5) Indebtedness (x) of the Issuer or any of the Restricted Subsidiaries, or any Person that will become a Restricted Subsidiary or that will be merged, consolidated or otherwise combined with or into the Issuer or any of its Restricted Subsidiaries, Incurred, assumed or issued to finance all or a portion of an acquisition (including an acquisition of any assets), Investment, merger, amalgamation, consolidation, capital expenditure or other similar transaction, (y) of Persons that are, or secured by any assets that are, acquired by the Issuer or any Restricted Subsidiary or merged into, amalgamated or consolidated with the Issuer or a Restricted Subsidiary in accordance with the terms of the Indenture or (z) in respect of any Acquired Indebtedness; *provided* that Indebtedness Incurred pursuant to this paragraph (5) is in an aggregate amount not to exceed (a) the greater of (i) €23 million and (ii) 15% of LTM EBITDA at the time of Incurrence, *plus* (b) unlimited additional Indebtedness to the extent that after giving effect to such acquisition, merger, amalgamation, consolidation or capital expenditure and without giving effect to any Indebtedness Incurred or issued pursuant to sub-clause (5)(a) above on the date of determination, either: (i) the Issuer and its Restricted Subsidiaries would be permitted to Incur at least €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant; or (ii) either the Fixed Charge Coverage Ratio of the Issuer and its Restricted Subsidiaries would not be lower, or the Consolidated Total Net Leverage Ratio of the Issuer would not be higher, in each case, than it was immediately prior to such acquisition, Investment, merger, amalgamation, consolidation, capital expenditure or similar transaction;

(6) Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes, as determined in good faith by the Issuer, and, for the avoidance of doubt, Hedging Obligations in effect on the Issue Date shall not be deemed to be for speculative purposes);

(7) Indebtedness (a) represented by, or consisting of, 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 (a) and then outstanding, does not exceed the greater of €39 million and 25% of LTM EBITDA at any time outstanding, 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 270 days thereafter) or (b) arising out of Sale and Leaseback Transactions (*provided* that the aggregate principal amount of any Indebtedness Incurred pursuant to this sub-clause (b), together with the principal amount of all other Indebtedness Incurred pursuant to this clause (b) and then outstanding, shall not exceed €30 million at any time outstanding);

(8) Indebtedness in respect of (a) workers' compensation claims, old-age part-time arrangements, self-insurance obligations, unemployment insurance (including premiums related thereto), other types of social security, pension obligations or partial retirement obligations, vacation pay, health, disability or other employee

benefits, customer guarantees performance, indemnity, surety, judgment, appeals, advance payment (including progress premiums), customs, value added or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees 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*, *however*, that such Indebtedness is extinguished within thirty (30) 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, discounted bills of exchange or the discounting of factoring of receivables for credit management of bad debt purposes 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 and/or Cash Management Services, depositary, cash management, credit card processing, automatic clearinghouse arrangements, overdraft protections, credit or debit card, purchase card, electronic funds transfer, the collection of checks and direct debits, cash pooling or netting or setting off arrangements or similar arrangements in the ordinary course of business or consistent with past practice, (f) Indebtedness representing (x) deferred consideration or compensation to current or former directors, officers, employees, members of management, managers and consultants of any Parent Entity, the Issuer or any of its Subsidiaries in the ordinary course of business or consistent with past practice and (y) deferred compensation or other similar arrangements in connection with any Investment or acquisition permitted hereby, (g) short-term borrowings of no longer than thirty (30) Business Days owed to banks and other financial institutions Incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries, (h) Settlement Indebtedness and (i) unless the Issuer elects to apply IAS 17 (*Leases*) pursuant to the Election Option, any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS immediately prior to the adoption of IFRS 16 (*Leases*);

(9) Indebtedness arising from agreements providing for guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that, in connection with a disposition, the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(10) 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 Issuer 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 herein)) of the Issuer, 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 (as defined herein) to the extent the Issuer and its Restricted Subsidiaries Incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause to the extent such Net Cash Proceeds or cash have been applied to make Restricted Payments;

(11) Indebtedness consisting of promissory notes issued by the Issuer or any of its Restricted Subsidiaries to any future, present or former employee, director, contractor or consultant of the Issuer, any of its Subsidiaries or any Parent Entity (or permitted transferees, assigns, estates, or heirs of such employee, director, contractor or consultant), to finance the purchase or redemption of Capital Stock of the Issuer or any Parent Entity or

payment of a transaction bonus that is permitted by the covenant described below under "*—Limitation on Restricted Payments*";

(12) Indebtedness in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (12) and then outstanding, will not exceed the greater of €61 million and 40% of LTM EBITDA;

(13) Indebtedness (a) Incurred pursuant to factoring financings, reverse factoring financings, securitizations, asset-backed loans and financings, receivables financings or similar arrangements, in each case, that are not recourse to the Issuer and the Restricted Subsidiaries other than a Securitization Subsidiary (except to the extent customary in the good faith determination of the Issuer for such type of arrangement and except for Standard Securitization Undertakings) and (b) to the extent not covered in sub-clause (a), in respect of any Qualified Securitization Financing or any Securitization Facility;

(14) any obligation, or guarantee of any obligation, of the Issuer or any Restricted Subsidiary to reimburse or indemnify a Person extending credit to customers of the Issuer or a Restricted Subsidiary Incurred in the ordinary course of business or consistent with past practice for all or any portion of the amounts payable by such customers to the Person extending such credit;

(15) Indebtedness of the Issuer or any of its Restricted Subsidiaries arising pursuant to any Permitted Tax Restructuring;

(16) Indebtedness consisting of local lines of credit, bilateral facilities, overdraft facilities or local working capital facilities in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (16) and then outstanding, will not exceed the greater of €31 million and 20% of LTM EBITDA; and

(17) Indebtedness of Restricted Subsidiaries that are not Guarantors and Guarantees by the Issuer 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 clause (17) and then outstanding, will not in an aggregate amount exceed the greater of €31 million and 20% of LTM EBITDA at any time outstanding, when taken together with any refinancing Indebtedness Incurred pursuant to this clause (17) in respect thereof.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) 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 Issuer, 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; *provided* that any amounts outstanding under the Revolving Credit Facility on the Issue Date shall be deemed to be incurred under clause (1) of the preceding paragraph;

(2) with respect to any Indebtedness incurred pursuant to a clause limited by a fixed euro amount in the second paragraph of this covenant, if at any time that the Issuer or any of its Restricted Subsidiaries would be entitled to have Incurred any then outstanding item of Indebtedness pursuant to the first paragraph of this covenant, such item of Indebtedness shall be automatically reclassified into an item of Indebtedness Incurred pursuant to the first paragraph of this covenant (other than to the extent such reclassification would result in any Indebtedness incurred pursuant to clause (1) of the preceding paragraph to not be entitled to priority with respect to the proceeds from a distressed disposal of, or enforcement of, the Collateral pursuant to the definition of Permitted Collateral Liens);

(3) for purposes of determining compliance with this covenant, with respect to Indebtedness Incurred under a Credit Facility, reborrowings 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 purposes of this covenant to have been Incurred on the date such Indebtedness was first Incurred and not on the date of any subsequent reborrowing thereof;

(4) in the case of any refinancing Indebtedness, when measuring the outstanding amount of such Indebtedness, such amount shall not include any amounts necessary to pay accrued and unpaid interest and any fees and expenses, including any premium and defeasance costs, indemnity fees, discounts, premiums and other costs and expenses (including original issue discount, upfront fees or similar fees) Incurred or payable in connection with such refinancing;

(5) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(6) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to any clause of the second paragraph above or the first 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;

(7) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(8) 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, indemnities, discounts and other costs and expenses (including original issue discount, upfront fees or similar fees) Incurred or payable in connection with such refinancing; and

(9) 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 this "*Limitation on Indebtedness*" covenant; *provided that* the amount of any Refinancing Indebtedness in respect of any outstanding Indebtedness may (in the Issuer's sole discretion) be increased by the amount of all such accrued and/or capitalized interest, accreted value, original issue discount and/or additional Indebtedness in respect of such Indebtedness and such increased amount will not be deemed to be Indebtedness for the purpose of calculating any basket, permission or threshold under which such Refinancing Indebtedness is permitted to be Incurred.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this "*—Limitation on Indebtedness*," the Issuer shall be in default of this covenant).

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the euro equivalent principal amount of Indebtedness denominated in a currency other than the euro 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* (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than the euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (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, (b) the euro equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date, and (c) if any such Indebtedness that is denominated in a different currency is subject to a Hedging Obligation (with respect to the euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any such payment in connection with any merger or consolidation involving the Issuer or any of the Restricted Subsidiaries) except:

   (a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding;

   (b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or any 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 Issuer or any Restricted Subsidiary or is otherwise considered Indebtedness of the Issuer or any Restricted Subsidiary; *provided* that any net proceeds from such Indebtedness are, directly or indirectly, contributed to the equity of the Issuer or any Restricted Subsidiary or otherwise received by the Issuer or any Restricted Subsidiary in any form; *provided, further* that (x) such net proceeds shall be excluded for purposes of increasing the amount available for distribution pursuant to clause (C) below of this paragraph and shall not be Excluded Contributions or Excluded Amounts) and (y) in the case that such net proceeds are contributed to the Issuer or its Restricted Subsidiaries in the form of Indebtedness (a "*Parent Debt Contribution*"), there shall be no double-counting of interest paid (i) 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 and (ii) on such Indebtedness directly related to any Guarantee of such Indebtedness given by the Issuer or any Restricted Subsidiary;

(2) purchase, repurchase, redeem, retire or otherwise acquire or retire for value any Capital Stock of the Issuer or any direct or indirect Parent Entity of the Issuer held by Persons other than the Issuer 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 Issuer or such Restricted Subsidiary makes such Restricted Payment:

(A) an Event of Default shall have occurred and be continuing (or would immediately thereafter result therefrom);

(B) the Issuer is not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph under the "—*Limitation on Indebtedness*" covenant 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 Issue Date (and not returned or rescinded) (including Permitted Payments (as defined below) made pursuant to clauses (1) and (10) of the next succeeding paragraph (in each case, without duplication), but excluding all other Restricted Payments permitted by the next succeeding paragraph) would exceed the sum of (in each case, without duplication):

(i) 50% of Consolidated Net Income of the Issuer and its Restricted Subsidiaries for the period (treated as one accounting period) from the first day of the first fiscal quarter in which the Issue Date occurs to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which consolidated financial statements of the Issuer are available, which may at the option of the Issuer be internal consolidated financial statements (or, in the case such Consolidated Net Income is a deficit, *minus* 100% of such deficit); *plus*

(ii) 100% of the aggregate amount of cash, and the fair market value of property or assets or marketable securities, received by the Issuer from the issue or sale of its Subordinated Shareholder Funding or Capital Stock or as a result of a merger or consolidation with another Person subsequent to the Issue Date or otherwise contributed to the equity (in each case, other than through the issuance of Disqualified Stock or Designated Preferred Stock) of the Issuer or a Restricted Subsidiary (including the aggregate principal amount of any Indebtedness of the Issuer or a Restricted Subsidiary contributed to the Issuer or a Restricted Subsidiary for cancellation) or that becomes part of the capital of the Issuer or a Restricted Subsidiary through consolidation or merger subsequent to the Issue Date (other than (w) Subordinated Shareholder Funding or Capital Stock sold to a Restricted Subsidiary of the Issuer, (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of their employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) 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 and (z) Excluded Contributions, Excluded Amounts and Parent Debt Contributions); *plus*

(iii) 100% of the aggregate amount of cash, and the fair market value of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than (x) Subordinated Shareholder Funding or (y) Capital Stock sold to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of their employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness, Disqualified Stock or Designated Preferred Stock that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preferred Stock) *plus*, without duplication, the amount of any cash, and the fair market value of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange; *plus*

(iv) 100% of the aggregate amount received in cash and the fair market value, as determined in good faith by the Issuer, of marketable securities or other property received by the Issuer or any Restricted Subsidiary by means of: (A) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of Restricted Investments made by the Issuer or its Restricted Subsidiaries and repurchases and redemptions of such Restricted Investments from the Issuer or its Restricted Subsidiaries and repayments of loans or advances, and releases of guarantees, which constitute Restricted Investments by the Issuer or its Restricted Subsidiaries, in each case, after the Issue Date; or (B) the sale (other than to the Issuer or a Restricted Subsidiary) of the stock of an Unrestricted Subsidiary or a distribution from an Unrestricted Subsidiary or a dividend from a Person that is not a Restricted Subsidiary after the Issue 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)(a) of the next succeeding paragraph and will increase the amount available under the applicable clause of the definition of "Permitted Investment" or clause (17)(a) of the next succeeding paragraph, as the case may be); *plus*

(v) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger, amalgamation or consolidation of an Unrestricted Subsidiary into the Issuer or a Restricted Subsidiary or the transfer of all or substantially all of the assets of an Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary after the Issue Date, the fair market value of the Investment in such Unrestricted Subsidiary (or the assets transferred), as determined in good faith by the Issuer at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary or at the time of such merger, amalgamation or consolidation or transfer of assets (after taking into consideration any Indebtedness associated with the Unrestricted Subsidiary so designated or merged, amalgamated or consolidated or Indebtedness associated with the assets so transferred), other than to the extent of the amount of the Investment that constituted a Permitted Investment or was made under clause (17)(a) of the next succeeding paragraph and will increase the amount available under the applicable clause of the definition of "Permitted Investment" or clause (17)(a) of the next succeeding paragraph, as the case may be; *plus*

(vi) €10 million;

provided that notwithstanding the foregoing, any amounts (such amounts, the "*Excluded Amounts*") that would otherwise be included in the calculation of the amount available for Restricted Payments pursuant to sub-clauses (ii) or (iii) of the preceding clause (C) will be excluded to the extent (a) such amounts result from the receipt of Net Cash Proceeds, property or assets or marketable securities received in contemplation of, or in connection with, an event that would otherwise have constituted a Change of Control Triggering Event, (b) the purpose of, or the effect of, the receipt of such Net Cash Proceeds, property or assets or marketable securities was to reduce the Consolidated Total Net Leverage Ratio of the Issuer so that a Change of Control Triggering Event did not occur, which would not have been achieved without the receipt of such Net Cash Proceeds, property or assets or marketable securities and (c) no Change of Control Offer is made in connection with such event in accordance with the requirements of the Indenture; *provided further* that the amount of any Excluded Amounts shall be limited to the amount of Net Cash Proceeds, property or assets or marketable securities necessary to reduce the Consolidated Total Net Leverage Ratio to cause the occurrence of a Change of Control Triggering Event, and amounts of Net Cash Proceeds, property or assets or marketable securities received in excess thereof shall not constitute Excluded Amounts.

The foregoing provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) the payment of any dividend or distribution, or any purchase, redemption, defeasance, repurchase, other acquisition or retirement for value, completed within 60 days after the date of declaration or notice thereof, if at the date of declaration or notice 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, repayment or payment 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 prepayment, purchase, repurchase, redemption, defeasance or other acquisition, discharge or retirement of Capital Stock (including any accrued and unpaid dividends thereon) ("*Treasury Capital Stock*") or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Subordinated Shareholder Funding or Capital Stock of the Issuer (other than Disqualified Stock or Designated Preferred Stock) ("*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, a Parent Debt Contribution or Excluded Amounts) of the Issuer; *provided*, *however*, 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 prepayment, purchase, exchange, repurchase, redemption, defeasance, discharge or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "—*Limitation on Indebtedness*" above;

(4) any prepayment, purchase, repurchase, redemption, defeasance, discharge or other acquisition or retirement of Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "—*Limitation on Indebtedness*" above;

(5) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness or Disqualified Stock or Preferred Stock of a Restricted Subsidiary:

   (a) from Net Available Cash to the extent permitted under "—*Limitation on Sales of Assets and Subsidiary Stock*" below, but only if (and to the extent required) the Issuer shall have first complied with the terms described under "—*Limitation on Sales of Assets and Subsidiary Stock*" and 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 Issuer 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 Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition);

(6) a Restricted Payment to pay for the repurchase, redemption, prepayment, purchase, defeasance, cancellation, retirement or other acquisition or retirement for value of Capital Stock (including any options, warrants or other rights in respect thereof) (other than Disqualified Stock) or Subordinated Shareholder Funding of the Issuer or any Parent Entity held by any future, present or former employee, director, contractor or consultant of the Issuer, any of its Subsidiaries or any Parent Entity (or permitted transferees, assigns, estates, 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 do not exceed the greater of €16 million and 10% of LTM EBITDA (or, following an Equity Offering of common stock of the Issuer or any Parent Entity, the greater of €39 million and 25% of LTM EBITDA) in any calendar year (with unused amounts in any calendar year being carried over to succeeding calendar years and amounts that will not be used in the subsequent calendar year being carried back to the immediately preceding calendar year); *provided further* that such amount in any calendar 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, a Parent Debt Contribution, Excluded Contributions or Excluded Amounts) of the Issuer and, to the extent contributed to the capital of the Issuer (other than through the issuance of Disqualified Stock or Designated Preferred Stock, a Parent Debt Contribution, an Excluded Contribution or Excluded Amounts), Subordinated Shareholder Funding or Capital Stock of any Parent Entity, in each case, to members of management, directors or consultants of the Issuer, any of its Subsidiaries or any Parent Entity that occurred after the Issue Date, to the extent the cash proceeds from the sale of such Capital Stock or Subordinated Shareholder

Funding have not otherwise been applied to the payment of Restricted Payments by virtue of clause (C) of the preceding paragraph; *plus*

(b) the cash proceeds of key man life insurance policies received by the Issuer and its Restricted Subsidiaries after the Issue Date,

and *provided yet further that* (x) cancellation of Indebtedness owing to the Issuer or any Restricted Subsidiary from any future, present or former members of management, directors, employees, contractors or consultants of the Issuer or any Restricted Subsidiary or any Parent Entity in connection with a repurchase of Capital Stock of the Issuer or any Parent Entity and (y) the repurchase of Capital Stock deemed to occur upon the exercise of options, warrants or similar instruments if such Capital Stock represents all or a portion of the exercise price thereof or payments, in lieu of the issuance of fractional Capital Stock or withholding to pay other taxes payable in connection therewith, in the case of each of clauses (x) and (y), will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

(7) [*Reserved*];

(8) payments made or expected to be made by the Issuer or any Restricted Subsidiary in respect of withholding or similar taxes payable upon exercise of Capital Stock by any future, present or former employee, director, officer, contractor or consultant (or their respective Related Persons) of the Issuer or any Restricted Subsidiary or any Parent Entity and purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of options, warrants or similar instruments 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 Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent Entity to pay any Parent Entity Expenses or any Related Taxes; and

(b) amounts constituting or to be used for purposes of making payments to the extent specified in clauses (2), (3), (5), (10), (11), (12), (18) and (19) of the second paragraph under "*—Limitation on Affiliate Transactions*";

(10) the declaration or payment of dividends or distributions, or the making of any cash payments, advances, loans or expense reimbursements on the Capital Stock, common stock or common equity interests of the Issuer, any Parent Entity or any IPO Entity following a Public Offering of such Capital Stock, common stock or common equity interests; *provided* that the aggregate amount of all such dividends or distributions shall not exceed in any fiscal year the greater of (a) 6% of the Net Cash Proceeds received from such Public Offering or subsequent Equity Offering by the Issuer or an IPO Entity that is contributed to the capital of the Issuer by any Parent Entity in any form other than Indebtedness, Excluded Contributions, Parent Debt Contributions or Excluded Amounts and (b) following the Initial Public Offering, an amount equal to the greater of (i) the greater of (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization; *provided* that, in the case of this sub-clause (i), after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Total Net Leverage Ratio shall be equal to or less than 4.65 to 1.00 and (ii) the greater of (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization; *provided* that in the case of this sub-clause (ii) after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Total Net Leverage Ratio shall be equal to or less than 4.90 to 1.00; *provided*, *further* that, if such Public Offering was of Capital Stock of a Parent Entity, the net proceeds of any such dividends or distributions are used to fund a corresponding dividend or other distribution in equal or greater amount on the Capital Stock of such Parent Entity;

(11) payments by the Issuer, or loans, advances, dividends or distributions to any Parent Entity to make payments, to holders of Capital Stock of the Issuer or any Parent Entity in lieu of the issuance of fractional shares of such Capital Stock; *provided*, *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 Issuer);

(12) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate amount of Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (12);

(13) the declaration and payment of dividends (a) on Designated Preferred Stock of the Issuer or Preferred Stock of any Restricted Subsidiary, in each case, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*"; (b) to any Parent Entity, the proceeds of which will be used to fund the payment of dividends on Disqualified Stock or Preferred Stock issued by such Parent Entity; *provided that* the amount of dividends paid pursuant to this sub-clause (b) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed as Subordinated Shareholder Funding or in cash to the equity of the Issuer (other than through the issuance of Disqualified Stock or an Excluded Contribution of the Issuer or a Parent Debt Contribution or Excluded Amounts), from the issuance or sale of such Designated Preferred Stock, or (c) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock in excess of the dividends declarable and payable thereon pursuant to clause (2) above;

(14) distributions, by dividend or otherwise, or other transfer or disposition of shares of Capital Stock, of equity interests and participation interests in, or other securities of, or Indebtedness (including convertible debt) owed to the Issuer or 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 and purchases of Securitization Assets pursuant to a Securitization Repurchase Obligation, in each case, in connection with a Qualified Securitization Financing or Securitization Facility;

(16) any Restricted Payment (a) using the proceeds of the offering of the Notes following the repayment of the Existing Senior Facilities, (b) made in connection with the Transactions and any costs and expenses (including all legal, accounting and other professional fees and expenses) related thereto and (c) used to fund amounts owed to Affiliates in connection with the Transactions (including dividends to any Parent Entity to permit payment by such Parent Entity of such amounts); *provided* that, for the avoidance of doubt, any Restricted Payment pursuant to this clause (16) may also be made by way of one or more Parent Entity RP Loans;

(17) so long as no Event of Default has occurred and is continuing, (a) Restricted Payments (including loans or advances) in an aggregate amount outstanding at the time made not to exceed the greater of €46 million and 30% of LTM EBITDA at such time, (b) 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 3.90 to 1.00, and (c) subject to meeting the conditions set forth under clause 3(c) of the first paragraph of the covenant set forth in "*—Limitations on Sales of Assets and Subsidiary Stock*", Restricted Payments in an amount not exceeding the amount of Net Available Cash received from an Asset Dispositions of the Silekol Division;

(18) mandatory redemptions of Disqualified Stock issued as a Restricted Payment or as consideration for a Permitted Investment;

(19) payments or distributions to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, that complies with the covenants described under "*—Merger and Consolidation*";

(20) Restricted Payments to a Parent Entity to finance Investments that would otherwise be permitted to be made pursuant to this covenant if made by the Issuer; *provided* that (a) such Restricted Payment shall be made substantially concurrently with the closing of such Investment, (b) such Parent Entity shall, promptly following the closing thereof, cause (i) all property acquired (whether assets or Capital Stock) to be contributed to the capital of the Issuer or one of its Restricted Subsidiaries or (ii) the merger or amalgamation of the Person formed or acquired into the Issuer or one of its Restricted Subsidiaries (to the extent not prohibited by the covenant "*—Merger and Consolidation*") to consummate such Investment, (c) such Parent Entity and its Affiliates (other than the Issuer or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Issuer or a

Restricted Subsidiary could have given such consideration or made such payment in compliance with the Indenture, (d) any property received by the Issuer shall not increase amounts available for Restricted Payments pursuant to clause (C) of the preceding paragraph, clauses (2) or (6) above or be deemed to be a Parent Debt Contribution, an Excluded Contribution or an Excluded Amount and (e) such Investment shall be deemed to be made by the Issuer or such Restricted Subsidiary pursuant to another provision of this covenant (other than pursuant to clause (12) hereof) or pursuant to the definition of "*Permitted Investments*" (other than pursuant to clause (12) thereof); and

(21) without duplication of any of the aforementioned, any Permitted Tax Distribution.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment or Investment (or, in each case, a portion thereof) meets the criteria of more than one of the categories of Permitted Payments described in clauses (1) through (21) above, and/or is permitted pursuant to the first paragraph of this covenant and/or one or more of the clauses contained in the definition of "*Permitted Investments*," the Issuer will be entitled to classify such Restricted Payment or Investment (or, in each case, a portion thereof) on the date of its payment or later reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment or Investment (or, in each case, portion thereof) in any manner that complies with this covenant, including in each case as an Investment pursuant to one or more of the clauses contained in the definition of "*Permitted Investments*." and may aggregate capacity in multiple clauses of the definition of Permitted Payments above, the first paragraph of this covenant and/or in the definition of "*Permitted Investments*" in any manner that complies with this covenant.

If a Parent Entity RP Loan is outstanding, the Issuer or any of its Restricted Subsidiaries may distribute the right to collect a payment under that loan or receivable to a Parent Entity or write off, set-off, discount, surrender, cancel or forgive such loan or right to collect payment, in full or in part, at any time following the Issue Date, and such distribution, write off, set-off, discount, surrender, cancellation or forgiveness shall not constitute a Restricted Payment.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment, property or assets other than cash shall be determined conclusively by the Issuer acting in good faith.

Unrestricted Subsidiaries may use value transferred from the Issuer and the Restricted Subsidiaries in a Permitted Investment to purchase or otherwise acquire Indebtedness or Capital Stock of the Issuer, any Parent Entity or any of the Restricted Subsidiaries, and to transfer value to the holders of the Capital Stock or any Parent Entity and to Affiliates thereof, and such purchase, acquisition, or transfer will not be deemed to be a "direct or indirect" action by the Issuer or the Restricted Subsidiaries.

Limitation on Liens

The Issuer will not, and the Issuer will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary), 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, (i) Permitted Liens or (ii) Liens on property or assets that are not Permitted Liens if the obligations under the Notes (or a Notes Guarantee in the case of Liens on assets of a Guarantor) and the Indenture are directly secured, subject to the Agreed Security Principles, equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes under (a)(ii) in the preceding paragraph will be automatically and unconditionally released and discharged upon (x) the release and discharge of the Initial Lien to which it relates, and (y) otherwise as set forth under "*—Security—Release of Liens*."

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "*Increased Amount*" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer;

(B) make any loans or advances to the Issuer; or

(C) sell, lease or transfer any of its property or assets to the Issuer,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility), (b) the Intercreditor Agreement or (c) any other agreement or instrument, in the case of (a), (b) and (c) in effect at or entered into on the Issue Date;

(2) (a) any encumbrances or restrictions existing under, or by reason of, the Indenture, the Notes, the Notes Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents or (b) any encumbrance or restriction pursuant to applicable law, rule, regulation or order;

(3) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or any Restricted Subsidiary or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary or entered into in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause, if another Person is the Successor Issuer, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Issuer;

(4) any encumbrance, restriction or condition: (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract or agreement, or the assignment or transfer of any lease, license or other contract or agreement; (b) contained in mortgages, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer or encumbrance of the property or assets subject to such mortgages, pledges, charges or other security agreements; (c) contained in any trading, netting, operating, construction, service, supply, purchase, sale or other agreement to which the Issuer or any of its Restricted Subsidiaries is a party entered into in the ordinary course of business or consistent with past practice; *provided* that such agreement prohibits the encumbrance of solely the property or assets of the Issuer or such Restricted Subsidiary that are the subject to such agreement, the payment rights arising thereunder or the proceeds thereof and does not extend to any other asset or property of the Issuer or such Restricted Subsidiary or the assets or property of another Restricted Subsidiary; or (d) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes customary restrictions on the distribution or transfer of the assets or Capital Stock of the joint venture;

(6) any encumbrance or restriction imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of the Issuer or any Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, shareholder agreements, joint venture agreements and other similar agreements, organizational documents and instruments;

(8) encumbrances or restrictions arising or existing by reason of, or pursuant to, applicable law or any applicable rule, regulation, licensing requirement or order, or required by any regulatory authority or any governmental licenses, concessions, franchises or permits, including restrictions or encumbrances on cash or deposits (including assets in escrow accounts) paid on property;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers or suppliers, or as required by insurance, surety or bonding companies or indemnities, in each case, under agreements entered into in the ordinary course of business or consistent with past practice;

(10) any encumbrance or restriction pursuant to Hedging Obligations;

(11) restrictions created in connection with any Qualified Securitization Financing or Securitization Facility that, in the good faith determination of the Issuer, are necessary or advisable to effect such Securitization Facility;

(12) 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 than (i) the encumbrances and restrictions contained in (A) the Revolving Credit Facility, together with the Security Documents associated therewith, and (B) the Intercreditor Agreement, as in effect on the Issue Date or (ii) as is customary in comparable financings (as determined in good faith by the Issuer), (b) that the Issuer determines at the time of entry into such agreement or instrument (i) such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes or (ii) such encumbrance or restriction applies only during the continuance of a default relating to such agreement or instrument, or (c) constituting an Additional Intercreditor Agreement;

(13) any encumbrance or restriction existing by reason of any Lien permitted under "*—Limitation on Liens*"; or

(14) 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 (13) of this paragraph or this clause (an "*Initial Agreement*") or contained in any amendment, supplement or other modification to an agreement referred to in clauses (1) to (13) of this paragraph or this clause; *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Issuer).

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Issuer of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied:

(a) to the extent the Issuer or any Restricted Subsidiary, as the case may be, elects (i) to prepay, repay, redeem or purchase any Indebtedness of a Restricted Subsidiary that is not a Guarantor (in each case, other than Indebtedness owed to the Issuer or any Restricted Subsidiary), any Indebtedness secured on assets of the Issuer or any Restricted Subsidiary that does not constitute Collateral, any Senior Secured Indebtedness or any other Indebtedness under any Credit Facility Incurred pursuant to clause (1) of the second paragraph of the covenant described under "—*Limitation on Indebtedness*" (or any refinancing Indebtedness in respect thereof) within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided, however*, that, in connection with any prepayment, repayment, redemption or purchase of Indebtedness (other than Indebtedness outstanding under the Revolving Credit Facility or any other working capital facility) pursuant to this clause (a), the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be reduced in an amount equal to the principal amount so prepaid, repaid or purchased; (ii) to (A) purchase Notes in the open market or otherwise or (B) redeem Notes pursuant to the optional redemption provisions of the Indenture; *provided* that, in each case, the relevant purchase, repurchase or redemption is launched, or the relevant redemption notice is delivered, within, 365 days from the later of (x) the date of such Asset Disposition and (y) the receipt of such Net Available Cash; or (iii) to make an Asset Disposition Offer in accordance with the terms of the Indenture; *provided further* that to the extent the Issuer or any Restricted Subsidiary has elected to prepay, repay or purchase any amount of Senior Secured Indebtedness at a price not less than par and has extended such offer to the Holders 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 Issuer or such Restricted Subsidiary will be deemed to have applied an amount of Net Available Cash equal to such amount not tendered under this sub-clause (a), and such amount shall not increase the amount of Excess Proceeds;

(b) to the extent the Issuer or any Restricted Subsidiary elects, to invest in or purchase or commit to invest in or purchase Additional Assets (including by means of an investment in Additional Assets equal to the amount of Net Available Cash received by the Issuer or any of its Restricted Subsidiaries) within 365 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 of any Acceptable Commitment is later cancelled or terminated for any reason before such amount is applied in connection therewith, then such Net Available Cash shall constitute Excess Proceeds;

(c) to the extent the Issuer or any Restricted Subsidiary elects, following an Asset Disposition of the Silekol Division, within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash, make Restricted Payments or declares that it will make a Restricted Payment in an amount not exceeding the Net Cash Proceeds from the Asset Disposition of the Silekol Division, so long as, immediately after giving *pro forma* effect to such Restricted Payment or the declaration of such Restricted Payment, the Consolidated Total Net Leverage Ratio shall be no greater than 4.40 to 1.00; or

(d) to consummate any combination of the foregoing,

provided that, (1) pending the final application of the amount of any such Net Available Cash in accordance with clauses (a) through (c) above, the Issuer and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise use such Net Available Cash in any manner not prohibited by the Indenture; and (2) the Issuer or any Restricted Subsidiary (as the case may be) may elect to invest in Additional Assets prior to receiving the Net Available Cash attributable to any given Asset Disposition (*provided* that such investment shall be made no earlier than the earliest of notice to the Trustee of the relevant Asset Disposition, execution of a definitive agreement for the relevant Asset Disposition or consummation of the relevant Asset Disposition) and deem the amount so invested to be applied pursuant to and in accordance with clause (b) above with respect to such Asset Disposition.

Notwithstanding the foregoing, to the extent that (1) a distribution of any or all of the Net Available Cash of any Asset Disposition by a Subsidiary of the Issuer to the Issuer or any of its Restricted Subsidiaries (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 (2) a distribution of any or all of the Net Available Cash of any Asset Disposition by a Subsidiary to the Issuer, or any of its Restricted Subsidiaries (to the extent necessary to comply with this covenant) could result in material adverse Tax consequences that are not *de minimis*, as determined by the Issuer in its sole discretion, the portion of such Net Available Cash so affected will not be required to be applied in compliance with this covenant and shall not constitute Excess Proceeds.

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. On the 366th day after the later of an Asset Disposition or the receipt of such Net Available Cash (or (i) such earlier date as the Issuer or its Restricted Subsidiaries may elect or (ii) such later date as set forth in clause (3)(b) of the first paragraph of this covenant), if the aggregate amount of Excess Proceeds under the Indenture exceeds the greater of €39 million and 25% of LTM EBITDA, the Issuer will within 10 Business Days, be required to make an offer ("*Asset Disposition Offer*") to all Holders of Notes issued under such Indenture and, to the extent the Issuer or any other Restricted Subsidiary elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Notes and to repay, prepay or purchase any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be 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 not 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 which may include in the case of such Pari Passu Indebtedness that is Public Debt, such higher price as may be contemplated by the agreement governing such Pari Passu Indebtedness (*provided* that such agreement has not been amended or modified to provide for such higher price in connection with such prepayment, repayment, purchase or redemption and *provided further* that the excess over 100% of the principal amount shall not be paid with Excess Proceeds), and with respect to the, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will deliver notice of such Asset Disposition Offer electronically or by first-class mail, with a copy to the Trustee, the Paying Agent and each Holder of Notes at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of Euroclear and Clearstream, describing the transaction or transactions that constitute the 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 and described in such notice. The Issuer may satisfy the foregoing obligations with respect to any Net Available Cash from an Asset Disposition by making an Asset Disposition Offer with respect to all Net Available Cash prior to the expiration of the relevant 365 days (or such longer period provided above) or with respect to any unapplied Excess Proceeds.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer or any Restricted Subsidiary 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 Excess Proceeds shall be allocated among the Notes and such 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 such Pari Passu Indebtedness. Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero. Additionally, the Issuer may, at its option, make an Asset Disposition Offer using proceeds from any Asset Disposition at any time after the consummation of such Asset Disposition. Upon consummation or expiration of any Asset Disposition Offer, any remaining Net Available Cash shall not be deemed Excess Proceeds and the Issuer may use such Net Available Cash for any purpose not prohibited by the Indenture.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than euro, the amount thereof payable in respect of the Notes shall not exceed the net amount of funds in euro that is actually received by the Issuer upon converting such portion into euro.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness or other liabilities, contingent or otherwise, of the Issuer or a Restricted Subsidiary (other than Subordinated Indebtedness) and the release of the Issuer or a Restricted Subsidiary from all liability on such Indebtedness or other liability in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Issuer or any Restricted Subsidiary from the transferee that are converted by the Issuer 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 Issuer and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

(4) consideration consisting of Indebtedness of the Issuer or a Guarantor (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Issuer or any Restricted Subsidiary;

(5) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed the greater of €31 million and 20% 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);

(6) consideration consisting of Additional Assets; and

(7) any combination of the consideration specified in the preceding clauses (1) through (6).

To the extent that the provisions of any securities laws or regulations, including Rule 14e-1 under the Exchange Act, conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws, rules and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof.

Notwithstanding any other provision in the Indenture to the contrary, the provisions of the Indenture relative to the Issuer's obligation to make an offer to repurchase the Notes as a result of an Asset Disposition may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

The Revolving Credit Facility may prohibit or limit, and future credit agreements or other agreements to which the Issuer becomes a party may prohibit or limit, the Issuer from purchasing any Notes pursuant to this covenant. In the event the Issuer is prohibited from purchasing the Notes, the Issuer could seek the consent of its lenders to the purchase of the Notes or could attempt to refinance the borrowings that contain such prohibition. If the Issuer does not obtain such consent or repay such borrowings, it will remain prohibited from purchasing the Notes. In such case, the Issuer's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any Restricted Subsidiary to enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (any such transaction or series of related transactions being an "*Affiliate Transaction*") involving aggregate value in excess of the greater of €16 million and 10% of LTM EBITDA unless:

(i) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(ii) in the event such Affiliate Transaction involves an aggregate value in excess of the greater of €23 million and 15% of LTM EBITDA, the terms of such Affiliate Transaction have been approved by a majority of the members of the Board of Directors of the Issuer.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (ii) of this paragraph if such Affiliate Transaction is approved by a majority of the Disinterested Directors of the Issuer, if any.

The provisions of preceding paragraph above will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "—*Limitation on Restricted Payments*," any Permitted Investment, or any distribution, write off, set-off, discount, surrender, cancellation or forgiveness of a Parent Entity RP Loan;

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent Entity, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans, transaction bonuses or transaction-related securities repurchase plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer, in each case, in the ordinary course of business or consistent with past practice;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) (a) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries and (b) any 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 Issuer and such merger, amalgamation or consolidation is otherwise permitted under the Indenture;

(5) the payment of compensation, fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, contractors, consultants, distributors or employees of the Issuer, any Parent Entity or any Restricted Subsidiary (whether directly or indirectly and including through any Controlled Investment Affiliate of such directors, officers, contractors, consultants, distributors or employees);

(6) the entry into and performance of obligations of the Issuer or any of the Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect;

(7) any transaction effected as part of a Qualified Securitization Financing or Securitization Facility, any disposition or repurchase of Securitization Assets or related assets in connection with any Qualified Securitization Financing or Securitization Facility;

(8) transactions with customers, clients, joint venture partners, suppliers, franchisees, contractors, distributors or purchasers or sellers of goods or services, in each case, in the ordinary course of business or consistent with past practice, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the senior management of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate or similar entity that would constitute an Affiliate Transaction solely (i) because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity or (ii) due to the fact that a director of such Person is also a director of the Issuer, a Restricted Subsidiary or any direct or indirect Parent Entity of the Issuer (*provided*, *however*, that such director abstains from voting as a director of the Issuer, a Restricted Subsidiary or such direct or indirect Parent Entity of the Issuer, as the case may be, on any matter involving such other Person);

(10) (a) any issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preferred Stock) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding and the granting of registration and other customary rights (and the performance of the related obligations) in connection therewith or any contribution to capital of the Issuer or any Restricted Subsidiary and (b) any 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 "*Subordinated Shareholder Funding*";

(11) (a) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly), including to its affiliates or its designees, of (i) annual management, consulting, monitoring or advisory fees in an amount not to exceed the greater of €8 million and 5% of LTM EBITDA in any fiscal year and (ii) refinancing, transaction, subsequent transaction exit fees, related costs and expenses and indemnities in connection with any arrangement described in this clause (a) and any termination fees (including any such cash lump sum or present value fee upon the consummation of a corporate event, including an Initial Public Offering) and (b) customary payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent Entity) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with loans, capital markets transactions, acquisitions or divestitures, which payments, agreements or arrangements providing for such payments are approved in the case of clause (b) by a majority of the Board of Directors of the Issuer in good faith;

(12) payment to any Permitted Holder of all out of pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Issuer and its Subsidiaries;

(13) the Transactions and the payment of all costs and expenses (including all legal, accounting and other professional fees and expenses) related to the Transactions;

(14) transactions in which the Issuer or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating either (x) that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or (y) that such transaction meets the requirements of clause (i) of the preceding paragraph;

(15) the existence of, or the performance by the Issuer or any Restricted Subsidiary of its obligations under the terms of, any equityholders agreement (including any registration rights agreement or purchase agreements related thereto) to which it is party as of the Issue Date and any similar agreement that it may enter into thereafter; *provided*, *however*, that the existence of, or the performance by the Issuer or any Restricted Subsidiary of its obligations under any future amendment to the equityholders' agreement or under any similar agreement entered into after the Issue Date will only be permitted under this 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 Issuer;

(16) any purchases by the Issuer's Affiliates of Indebtedness or Disqualified Stock of the Issuer or any of the Restricted Subsidiaries the majority of which Indebtedness or Disqualified Stock is purchased by Persons who are not the Issuer's Affiliates; *provided* that such purchases by the Issuer's Affiliates are on the same terms as such purchases by such Persons who are not the Issuer's Affiliates;

(17) (a) Investments by Affiliates in securities of the Issuer or any of its Restricted Subsidiaries (and payment of reasonable out-of-pocket expenses Incurred by such Affiliates in connection therewith) so long as the Investment is being offered by the Issuer or such Restricted Subsidiary generally to other non-affiliated third party investors on the same or more favorable terms and (b) payments to Affiliates in respect of securities of the Issuer or any of the Restricted Subsidiaries contemplated in the foregoing clause (17)(a) or that were acquired from Persons other than the Issuer and its Restricted Subsidiaries, in each case, in accordance with the terms of such securities;

(18) the execution, delivery and performance of any Tax Sharing Agreement or any arrangement pursuant to which any Parent Entity or any of its general or limited partners, the Issuer and its Restricted Subsidiaries is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business; *provided* that any cash payments under such Tax Sharing Agreement, to the extent not a Permitted Tax Distribution, shall not exceed, and shall not be duplicative of, the amounts described under clause (5) of the definition of the term "Parent Entity Expenses";

(19) without duplication, payments by any Parent Entity, the Issuer and its Restricted Subsidiaries (including payments in respect of Taxes) pursuant to any Tax Sharing Agreement or other equity agreements in respect of Related Taxes among any such Parent Entity, the Issuer and its Restricted Subsidiaries on customary terms to the extent attributable to the ownership or operation of the Issuer and its Subsidiaries;

(20) payments, Indebtedness and Disqualified Stock (and cancellation of any thereof) of the Issuer and its Restricted Subsidiaries and Preferred Stock (and cancellation of any thereof) of any Restricted Subsidiary to any future, current or former employee, director, officer, contractor or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer, any of its Subsidiaries or any of its Parent Entities pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement; and any employment agreements, stock option plans and other compensatory arrangements (and any successor plans thereto) and any supplemental executive retirement benefit plans or arrangements with any such employees, directors, officers, contractors or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) that are, in each case, approved by the Issuer in good faith;

(21) any transition services arrangement, supply arrangement or similar arrangement entered into in connection with or in contemplation of the disposition of assets or Capital Stock in any Restricted Subsidiary permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*." or entered into with any Business Successor, in each case, that the Issuer determines in good faith is either fair to the Issuer or otherwise on customary terms for such type of arrangements in connection with similar transactions;

(22) transactions entered into by an Unrestricted Subsidiary with an Affiliate prior to the day such Unrestricted Subsidiary is redesignated as a Restricted Subsidiary as described under "*—Designation of Restricted and Unrestricted Subsidiaries*" and pledges of Capital Stock of Unrestricted Subsidiaries;

(23) any lease entered into between the Issuer or any Restricted Subsidiary, as lessee, and any Affiliate of the Issuer that is not a Restricted Subsidiary, as lessor, which is approved by a majority of the members of the Board of Directors of the Issuer;

(24) intellectual property licenses in the ordinary course of business or consistent with past practice;

(25) payments to or from, and transactions with, any joint venture, including for the avoidance of doubt, the entry into, and performance of obligations and related services under, any management services agreement or any licensing agreement with regard to any existing or future joint venture, in the ordinary course of business or consistent with past practice (including any cash management activities related thereto);

(26) any participation in a public tender or exchange offer for securities or debt instruments issued by, the Issuer or any of its Subsidiaries that provides for the same price or exchange ratio, as the case may be, to all holders accepting such tender or exchange offer;

(27) the payment of costs and expenses related to registration rights and customary indemnities provided to shareholders under any shareholder agreement; and the entry into, and performance of obligations and related services under, any registration rights or other listing agreement;

(28) any Permitted Tax Restructuring; and

(29) employment and severance arrangements between the Issuer or the Restricted Subsidiaries and their respective officers, directors, managers, contractors, consultants, distributors and employees in the ordinary course of business or entered into in connection with or as a result of the Transactions.

Designation of Restricted and Unrestricted Subsidiaries

The Issuer may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause an Event of Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Issuer and its 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 Issuer. 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. The Issuer may re-designate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause an Event of Default.

Any designation of a Subsidiary of the Issuer as an Unrestricted Subsidiary (and any re-designation of an Unrestricted Subsidiary as a Restricted Subsidiary) will be evidenced to the Trustee by filing with the Trustee an Officer's Certificate certifying that such designation complies with the preceding conditions and was permitted by the covenant described under "*—Limitation on Restricted Payments*" or under one or more clauses of the definition of Permitted Investments (as determined by the Issuer). 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 Issuer will be in default of such covenant.

The Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such 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 (a) such Indebtedness is permitted under the covenant described under "*—Limitation on Indebtedness*" (including pursuant to clause (5) of the second paragraph thereof treating such redesignation 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 applicable reference period and (b) no Event of Default would be in existence immediately following such designation.

Reports

So long as any Notes are outstanding, the Issuer will furnish to the Trustee the following reports:

(1) within 150 days after the end of the Issuer's fiscal year ending December 31, 2021 and within 120 days after the end of each of the Issuer's fiscal years thereafter, annual reports containing: (a) an operating and financial review of the audited financial statements, including a discussion of the consolidated financial condition, results of operations and material changes in liquidity and capital resources of the Issuer; (b) unaudited *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below); *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition, acquired company financial information; (c) the audited consolidated balance sheet of the Issuer as at the end of the most recent two fiscal years and audited consolidated income statements and statements of cash flow of the Issuer for the most recent two fiscal years, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years and the report of the independent auditors on the financial statements; (d) a brief description of the business, management and shareholders of the Issuer, all material Affiliate Transactions and a description of all material debt instruments of the Group; (e) a description of material operational risk factors and material subsequent events; and (f) reported EBITDA; *provided* that the information described in clauses (d), (e) and (f) may be provided in the footnotes to the audited financial statements;

(2) within 90 days with respect to the fiscal quarter ending March 31, 2021 and thereafter, within 60 days following the end of each of the first, second and third fiscal quarters in each fiscal year of the Issuer, beginning with the quarter ending June 30, 2021, quarterly financial statements containing the following information: (a) the Issuer's unaudited condensed consolidated balance sheet as at the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year to date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (b) unaudited *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates; *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition, acquired company financial information; (c) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition, results of operations and material changes in liquidity and capital resources of the Issuer; (d) a discussion of material

changes in material debt instruments since the most recent report; (e) material subsequent events and any material changes to the operational risk factors disclosed in the most recent annual report; and (f) reported EBITDA; *provided* that the information described in clauses (d), (e) and (f) may be provided in the footnotes to the unaudited financial statements; and

(3) promptly after the occurrence of a material event that the Issuer announces publicly or any acquisition, disposition or restructuring, merger or similar transaction by the Issuer or a Restricted Subsidiary that is material to the Issuer and the Restricted Subsidiaries, taken as a whole, or a senior executive officer or director changes at the Issuer or a change in auditors of the Issuer, a report containing a description of such event.

In addition, the Issuer shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Notes are not freely transferable under the Exchange Act by persons who are not "affiliates" under the Securities Act.

All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. No report need include separate financial statements for any Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. 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 Issuer's *pro forma* total revenue or Consolidated EBITDA or total assets as of and for the most recent four quarters for which annual or quarterly financial reports have been delivered to the Trustee.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Issuer, then the quarterly and annual financial information required by the first paragraph of this "*Reports*" covenant will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

In the event that (i) any Parent Entity or the Issuer becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) such Parent Entity or the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that such Parent Entity or the Issuer is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirements and, in case of a Parent Entity, subject to the second succeeding paragraph, the Issuer will be deemed to have complied with the provisions contained in this "*Reports*" covenant.

All reports provided pursuant to this "*Reports*" covenant shall be in English, or with a certified English translation.

At its election, the Issuer may provide consolidated financial statements of (x) one of its Restricted Subsidiaries or (y) a Parent Entity, in each case, in lieu of those for the Issuer, in which case references to the Issuer in clauses (1), (2) and (3) of the preceding paragraph will be deemed to be references to such Restricted Subsidiary or the Parent Entity, as applicable; *provided* that if the consolidated financial statements of such Restricted Subsidiary or the Parent Entity, as the case may be, are included in such report, a qualitative description of material differences between the consolidated financial statements of such Restricted Subsidiary or the Parent Entity, as the case may be, and the Issuer shall be included for any period after the Issue Date.

If and for so long as the equity securities of the Issuer or a Parent Entity are listed on a Recognized Stock Exchange and the Issuer or a Parent Entity is subject to the admission and disclosure standards applicable to issuers of equity securities admitted to trading on a Recognized Stock Exchange, for so long as it elects, the Issuer will be entitled to make available to the Trustee such annual reports, information, documents and other reports that the Issuer or a Parent Entity is, or would be, required to file with the Recognized Stock Exchange. Upon complying with the foregoing sentence and the preceding paragraph, and *provided* that such requirements require the Issuer or a Parent Entity to prepare and file annual reports, information, documents and other reports with a Recognized Stock Exchange and the Issuer additionally provides the reports set forth in paragraph (2) above with respect to its first and third fiscal quarters, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs in this covenant. "*Recognized Stock Exchange*" means a regulated market operated by any of Euronext, the New York Stock Exchange, NASDAQ, the London Stock Exchange (including, for the avoidance of doubt, AIM and Main Market listings), the Deutsche Börse, the Paris Stock Exchange Group, the Luxembourg Stock Exchange, the Milan Stock Exchange, the Toronto Stock Exchange, TSX Venture Exchange, the Amsterdam Stock Exchange, the Warsaw Stock Exchange, the Hong Kong Stock Exchange, the Singapore Exchange or such other similar regulated national securities exchange.

Impairment of Security Interest

The Issuer shall not, and shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the 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 and the Holders, and the Issuer shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee 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 (a) the Parent, the Issuer and its Restricted Subsidiaries may amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents, for the purposes of Incurring Permitted Collateral Liens, (b) the Parent, the Issuer and its Restricted Subsidiaries may amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents, for the purposes of undertaking a Permitted Reorganization or in connection with a transaction not prohibited by the covenant set forth under "*—Merger and Consolidation*," (c) 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, (d) the applicable Security Documents may be amended from time to time (i) to cure any ambiguity, mistake, omission, defect, error or inconsistency therein, (ii) to add to the Collateral, (iii) to evidence the succession of another Person to the Parent, the Issuer or any Security Provider and the assumption of such successor of the obligations under the Indenture, the Notes, the Intercreditor Agreement and/or the Security Documents, in each case, including in accordance with the terms under "*—Merger and Consolidation*," and (iv) to evidence and provide for the acceptance of the appointment of a successor Trustee or Security Agent, (e) the applicable Security Documents may be amended from time to time in any manner that does not adversely affect Holders of the Notes in any material respect (as determined in good faith by the Issuer) and (f) the Security Interests and the related Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or released if there is a substantially concurrent retaking of a Lien over the same assets or class of assets; *provided*, *however*, that in the case of clauses (a) and (f) above, the Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced, unless contemporaneously with any such action, the Issuer delivers to the Trustee and the Security Agent, either (1) a solvency opinion, in a form reasonably satisfactory to the Trustee and the Security Agent from an Independent Financial Advisor confirming the solvency of the Issuer and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (2) a certificate from the Board of Directors of the relevant Person, in a form reasonably satisfactory to the Trustee and the Security Agent, which confirms the solvency of the Person granting such Security Interest, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, or (3) an Opinion of Counsel, in a form reasonably satisfactory to the Trustee and the Security Agent, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, the Lien or Liens created under the Security Documents, as 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 Parent, the Issuer or any Restricted Subsidiary complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications and each of the Trustee and the Security Agent being indemnified and secured to its satisfaction) consent to such amendment, extension, renewal, restatement, supplement, release or other modification or replacement without the need for instructions from the Holders.

Additional Notes Guarantees

Notwithstanding anything to the contrary in this covenant, and subject to the Agreed Security Principles, no Restricted Subsidiary shall Guarantee Indebtedness outstanding under a Credit Facility or Public Debt, in each case, in an aggregate principal amount in excess of €50 million, in each case, of the Issuer or a Guarantor unless such Restricted Subsidiary is or becomes a Guarantor at substantially the same time at which the Guarantee of such other Indebtedness is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee, which Notes Guarantee will be senior to or *pari passu*, as applicable, with such Restricted Subsidiary's Guarantee of such other Indebtedness; *provided*, *however*, that such Restricted Subsidiary shall not be obligated to become such a Guarantor to the extent and for so long as the Incurrence of such Notes Guarantee is contrary to the Agreed Security Principles or could give rise to or result in: (a) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules, retention of title claims or the laws, rules or regulations (or analogous restriction) of any applicable jurisdiction; (b) 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 (c) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses. At the option of the Issuer, any 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 (including any usury laws).

The Issuer shall be entitled at its option at any time to procure that the Parent Entity of which the Issuer is a direct Subsidiary may issue a Guarantee in respect of the Notes (such entity, the "*Parent Guarantor*"). So long as such entity is subject to a customary high yield "holding company" covenant (which shall include a customary merger covenant), references to the "Issuer and its Restricted Subsidiaries" in the following covenants and sections of the Indenture summarized in this "*Description of Notes*" shall be deemed to refer to the "Parent Guarantor and its Restricted Subsidiaries" and applicable references to the "Issuer" in its capacity as the Person that directly and indirectly owns the Capital Stock of all of the Restricted Subsidiaries in the group of Persons bound by the following covenants and sections (and the related definitions contained in the Indenture) shall be deemed to refer to the "Parent Guarantor":

- "*—Limitation on Indebtedness*";
- "*—Limitation on Restricted Payments*";
- "*—Limitation on Liens*";
- "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*";
- "*—Limitation on Affiliate Transactions*";
- "*—Designation of Restricted and Unrestricted Subsidiaries*;
- "*—Impairment of Security Interest*";
- "*—Additional Intercreditor Agreements*";
- "*—Events of Default*";
- "*—Limitation on Sales of Assets and Subsidiary Stock*"; and
- "*—Reports*";

The Issuer and the Guarantors shall be entitled to enter into a Supplemental Indenture without the consent of any Holder to give effect to the foregoing.

Future Notes Guarantees granted pursuant to the first paragraph of this provision shall be released as set forth under "*—Notes Guarantees—Notes Guarantees Release*" or in accordance with the terms of the

Intercreditor Agreement or the Security Documents. A Notes Guarantee of a future Guarantor may also be released at the option of the Issuer if at the date of such release there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, reasonably requested by the Issuer 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 Notes and Our Capital Structure—Each Notes Guarantee and security may be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*" and "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests.*"

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or 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 Issuer, 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, protections, indemnifications, liabilities 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 one time, the correlative terms of such intercreditor agreements must not conflict.

The Indenture also will provide that, at the direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement 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 (including new Credit Facilities) of Indebtedness covered by any such agreement that may be Incurred by the Issuer or any Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes); (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement; (4) further secure the Notes (including Additional Notes); (5) to facilitate a Permitted Reorganization; (6) make provision for equal and ratable pledges of the Collateral to secure Additional Notes; (7) implement any Permitted Collateral Liens; (8) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof; or (9) make any other change to any such agreement that does not adversely affect the Holders (taken as a whole) in any material respect, making all necessary provisions to ensure that the Notes and the Notes Guarantees are secured by senior ranking Liens over the Collateral. The Issuer shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement or Additional Intercreditor Agreement 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 Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities, protections, indemnifications 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 or any Additional Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement.

Merger and Consolidation

The Issuer

The Issuer will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose of all or substantially all 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 Issuer*") (if not the Issuer) will be a Person organized or incorporated and existing under the laws of Jersey, any member state of the European Union, the United Kingdom, Switzerland, Norway, Canada or the United States of America, any State of the United States or the District of Columbia and the Successor Issuer (if not the Issuer) will expressly assume (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Indenture and the Notes and (b) all obligations of the Issuer under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Issuer or the Successor Issuer (as the case may be) would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio of the Issuer and the Restricted Subsidiaries would not be lower or the Consolidated Total Net Leverage Ratio of the Issuer and the Restricted Subsidiaries would not be higher, in each case, than it was immediately prior to giving effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture, and an Opinion of Counsel to the effect that such supplemental indenture (if any) is a legal, valid and binding agreement, enforceable against the Successor Issuer; *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).

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer, on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture, but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

The Guarantors

None of the Guarantors (other than a Guarantor whose Notes Guarantee is to be released in accordance with the terms of the Indenture or the Intercreditor Agreement) may:

(1) consolidate with or merge with or into any Person (whether or not such Guarantor is the surviving corporation);

(2) sell, assign, convey, transfer, lease or otherwise dispose of, all or substantially all its assets, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into it,

unless:

(A) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor; or

(B) (1) either (x) a Guarantor or the Issuer 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 and all obligations of the Guarantor under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents to which it is a party (as applicable); and (2) immediately after giving effect to such transaction, no Event of Default shall have occurred and is continuing; or

(C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Guarantor or the sale or disposition of all or substantially all the assets of a Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise not prohibited by the Indenture.

General

The provisions set forth in this "*—Merger and Consolidation*" covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not the Issuer or a Guarantor from consolidating with, merging or liquidating into or assigning, transferring, leasing or otherwise disposing of all or substantially all of its properties and assets to the Issuer, a Guarantor or any other Restricted Subsidiary that is not the Issuer or a Guarantor; (ii) any Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Guarantor; (iii) any consolidation or merger of the Issuer into any Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents and clauses (1) and (4) under the heading "*—The Issuer*" shall apply to such transaction; and (iv) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; *provided*, *however*, that clauses (1) and (4) under the heading "*—The Issuer*" or clause (B) under the heading "*—The 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.

Notwithstanding anything to the contrary set forth herein, the Issuer and its Restricted Subsidiaries may implement a Permitted Reorganization.

Financial Calculations

When calculating the satisfaction of or availability under any basket or ratio under the Indenture (including those based on LTM EBITDA, Fixed Charge Coverage Ratio, Consolidated Senior Secured Net Leverage Ratio and/or Consolidated Total Net Leverage Ratio), in each case, in connection with any acquisition, disposition, dividend, merger, joint venture, Investment, Incurrence, Change of Control or other similar transaction where there is a time difference between commitment and closing or Incurrence (including in respect of Incurrence of Indebtedness, Restricted Payments, Change of Control and Permitted Investments), the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Issuer, either (x) be the date of any announcement, definitive agreement, written commitment or put option (conditional or otherwise) for such acquisition, disposition, dividend, merger, joint venture, Investment, Incurrence, Change of Control or similar transaction or (y) the date of such acquisition, disposition, dividend, merger, joint venture, Investment, Incurrence, Change of Control or similar transaction and, in each case, such baskets or ratios shall be calculated on a *pro forma* basis after giving effect to such acquisition, disposition, dividend, merger, joint venture, Investment, Incurrence, Change of Control or similar transaction and the other transactions to be entered into in connection therewith (including any Restricted Payment, Permitted Investment, Asset Disposition, Incurrence or repayment of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable Relevant Testing Period for purposes of determining the ability to consummate any such transaction (and not for purposes of any subsequent availability of any basket or ratio).

For the avoidance of doubt, (1) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in LTM EBITDA, Consolidated EBITDA, Consolidated Total Net Indebtedness, Senior Secured Indebtedness or cash and Cash Equivalents of the Issuer or the target company) subsequent to such date of determination and at or prior to the consummation of the relevant transaction, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transactions are permitted hereunder; and (2) such baskets or ratios shall not be tested at the time of consummation of such transaction or related transactions; *provided*, *further*, that if the Issuer elects to have such determinations occur at the time of the announcement or the entry into such definitive agreement, written commitment or put option (conditional or otherwise), any such transactions (including any Restricted Payment, Permitted Investment, Asset Disposition, Change of Control or Incurrence of Indebtedness and the use of proceeds thereof) shall be deemed to have occurred on the date of the announcement or the date the definitive agreement, written commitment or put option (conditional or otherwise) are entered into, as applicable, and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such announcement, agreement or put option (conditional or otherwise), as applicable, and before the consummation of such transactions.

Suspension of Covenants on Achievement of Investment Grade Status

Following the first day:

(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 Issuer and its 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*";
- "*—Impairment of Security Interest*";
- "*—Additional Notes Guarantees*"; and
- the provisions of clause (3) of the first paragraph of "*—Merger and Consolidation—The Issuer*,"

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries.

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 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 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 Indenture, the Notes or the Notes Guarantees with respect to the Suspended Covenants based on, and none of the Issuer or any of its Restricted Subsidiaries shall bear any liability with respect to such Suspended Covenants for, any actions taken or events occurring during the Suspension Period, or any actions taken at any time pursuant to any contractual obligation arising prior to the Reversion Date, regardless of whether such actions or events would have been permitted if the applicable Suspended Covenants remained in effect during such period. The period of time between the date of suspension of the covenants and the Reversion Date is referred to as the "*Suspension Period*."

On the Reversion Date, all Indebtedness Incurred during the Suspension Period will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) 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 clauses (A) through (C) of 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 Issuer and its 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. Subject to the Agreed Security Principles, all obligations 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 Issuer 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 covenants to be effective.

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 issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Issuer or any Guarantor to comply for 60 days (or, in the case of an obligation set out in "*—Certain Covenants—Reports*," 120 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;

(4) the occurrence of a 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 Issuer or any Significant Subsidiary, other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:

(a) is caused by a failure to pay principal of such Indebtedness, at its Stated Maturity (after giving effect to any applicable grace periods) provided in such Indebtedness ("*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 Maturity (after giving effect to any applicable grace periods) or the maturity of which has been so accelerated, aggregates €35 million or more at any one time outstanding;

(5) certain events of bankruptcy, insolvency or court protection of the Issuer or a Significant Subsidiary (the "*bankruptcy provisions*");

(6) failure by the Issuer or a Significant Subsidiary to pay final judgments aggregating in excess of €35 million 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 with respect to a material portion of the Collateral shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture) for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such Security Interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any such Security Interest created thereunder shall be declared invalid or unenforceable or the Issuer or any Restricted Subsidiary shall assert in writing that any such Security Interest is invalid or unenforceable and any such Default continues for 30 days; and

(8) except as permitted by the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement (including with respect to any limitations), any Senior Secured Notes Guarantee of a Senior Secured Notes Guarantor constituting a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect for any reason

Notwithstanding any other term of this "*Description of the Notes*" or the Indenture, no Permitted Reorganization shall (or shall be deemed to) constitute, or result in, a breach of any undertaking or other term in this "*Description of the Notes*" or the Indenture, or a Default or an Event of Default, and shall be expressly permitted under the terms of this "*Description of the Notes*" or the Indenture. Furthermore, for the avoidance of doubt, it will not constitute an Event of Default if the Issuer fails to satisfy any of the Sustainability Performance Targets on the Testing Date, and the sole recourse of Holders in such instance shall be the right to receive the applicable increase in (i) interest rate, in the manner described under the heading "*—Principal, Maturity and Interest*" and (ii) in call premium applicable to the Fixed Rate Notes, in the manner described under the heading "*—Optional Redemption—Fixed Rate Notes*."

However, a Default under clauses (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of at least 30% in aggregate principal amount of the outstanding Notes notify the Issuer of the Default and, with respect to such clauses (4) and (6), the Issuer does not cure such Default within 60 days after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee, by written notice to the Issuer, or the Holders of at least 30% in principal amount of the outstanding Notes, by written notice to the Issuer and the Trustee may, and the Trustee (subject to certain conditions) at the request of such Holders shall, declare the principal of and accrued and unpaid interest, if any, on all the Notes to be due and payable. Upon such a declaration, such principal and accrued and unpaid interest, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under "*Events of Default*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the Event of Default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, 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.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of and accrued and unpaid interest, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal or interest as described in clauses (1) and (2) above, 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 if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

The Indenture will provide that (i) if a Default for a failure to report or failure to deliver a required certificate in connection with another default (the "*Initial Default*") occurs, then at the time such Initial Default is cured, such Default for a failure to report or failure to deliver a required certificate in connection with another default that resulted solely because of that Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—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 satisfactory to the Trustee in its sole discretion against any loss, fees, liability or expense. 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 offer of security and/or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

A Holder may not use the Indenture to affect, disturb or prejudice the rights of another Holder, to obtain a preference or priority over another Holder or to enforce any right under the Indenture except in the manner herein provided and for the equal and ratable benefit of all Holders (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holders).

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.

The Indenture will provide that if a Default occurs and is continuing, of which a responsible officer of the Trustee has received written notice, and the Trustee is informed in writing of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as the Trustee in good faith determines that withholding notice is in the interests of the Holders.

The Issuer is required to deliver to the Trustee, within 150 days after the end of the Issuer's fiscal year ending December 31, 2021 and within 120 days after the end of each of the Issuer's fiscal years thereafter beginning with the fiscal year ending December 31, 2022, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous fiscal year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

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). If any amendment, supplement or waiver will only affect the Fixed Rate Notes or the Floating Rate Notes, only the holders of a majority in aggregate principal amount of the then outstanding Fixed Rate Notes or Floating Rate Notes (and not the consent of the holders of the majority of all Notes), as the case may be, 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 the Notes (*provided*, *however*, that if any amendment, supplement, waiver or other modification or consent will only affect the Fixed Rate Notes or the Floating Rate Notes, only the consent of the holders of at least 90% (or, in the case of clause (9) of this paragraph, 75%) of the aggregate principal amount of the then outstanding Fixed Rate Notes or Floating Rate Notes will be required), an amendment or waiver may not, with respect to any 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) amend the contractual 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, 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 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 non-payment 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 all or substantially all of the Guarantors from any of their obligations under their Notes Guarantees or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement; or

(10) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

For the avoidance of doubt, no amendment to, or deletion of, or actions taken in compliance with, the covenants described under "—*Certain Covenants*" shall be deemed to impair or affect any rights of holders of the Notes to receive payment of principal of, or interest or premium, if any, on the Notes.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee 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, conform any provision of the Notes Documents to this "Description of the Notes" or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or a Restricted Subsidiary under any Notes Document, including, without limitation, in connection with a Permitted Reorganization;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes;

(4) add to the covenants or provide for a Notes Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(5) make any change that would provide additional rights or benefits to the Trustee or the Holders or make any change (including changing the ISIN or other identifying number on any Notes) that does not adversely affect the rights of any Holder in any material respect;

(6) make such provisions as necessary (as determined in good faith by the Issuer) for the issuance of Additional Notes that may be issued in compliance with the Indenture;

(7) provide for any Restricted Subsidiary to provide a Notes Guarantee in accordance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or "*—Certain Covenants— Additional Notes Guarantees*," to add Notes Guarantees with respect to the Notes, including a Note Guarantee by a Parent Guarantor and make the related changes to the Indenture by way of Supplemental Indenture described in the second paragraph of "*—Certain Covenants— Additional Notes Guarantees*," 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;

(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 Revolving Credit Facility, in any property which is required by the Security Documents or the Revolving Credit Facility (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a Security Interest is required to be granted to the Security Agent, or to the extent necessary to grant a Security Interest in the Collateral for the benefit of any Person; *provided* that the granting of such Security Interest is not prohibited by the 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 (a) 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 (b) such amendment does not adversely affect the rights of Holders to transfer Notes in any material respect;

(11) to facilitate a Permitted Reorganization or any transaction that complies with the covenants described under the headings "*—Certain Covenants—Merger and Consolidation*" and/or "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" relating to mergers, consolidations and sales of assets;

(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 of Notes given in connection with a tender of such Holder's Senior Secured Notes will not be rendered invalid by such tender. The Indenture shall not contain a covenant regulating the offer and/or payment of a consent fee to Holders.

Notwithstanding anything to the contrary in the paragraphs above, in order to effect an amendment authorized by clauses (4) and (7) of the second paragraph of this section "*Amendments and Waivers*" to add a Guarantor under the Indenture, it shall only be necessary for the supplemental indenture providing for the accession of such additional Guarantor to be duly authorized and executed by (i) the Issuer, (ii) such additional Guarantor and (iii) the Trustee. Any other amendments permitted by the Indenture need only be duly authorized and executed by the Issuer, the Trustee and the Security Agent (to the extent applicable).

Defeasance

The Issuer at any time may terminate all obligations of the Issuer and the Guarantors under the Notes Documents ("*legal defeasance*") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registrations of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its and the Guarantors' obligations under the covenants described under "*—Certain Covenants*" (other than clauses (1), (2) and (4) of the covenant described under "*—Certain Covenants—Merger and Consolidation—The Issuer*") and "*—Change of Control*" and the default provisions relating to such covenants described under "*—Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions (other than with respect to the Issuer), the judgment default provision, the guarantee provision and the security default provisions described under "*—Events of Default*" above ("*covenant defeasance*").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than clauses (1), (2) and (4) of the covenant described under "*—Certain Covenants—Merger and Consolidation—The Issuer*"), (4), (5) (other than with respect to the Issuer), (6), (7) or (8) under "*—Events of Default*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee cash in euro 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 will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the U.S. Internal Revenue Service or change in applicable U.S. federal income tax law since the issuance of the Notes);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer; and

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents, will be discharged and cease to be of further effect (except as to surviving rights of transfer or exchange of the Notes and rights of the Trustee, as expressly provided for in the Indenture) as to all Notes when (a) either (i) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Trustee for cancellation; or (ii) all Notes not previously delivered to the Paying Agent for cancellation (A) have become due and payable, (B) will become due and payable at their Stated Maturity within one year or (C) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; (b) the Issuer has deposited or caused to be deposited with the Trustee, money in euro or European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Paying Agent for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (c) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (d) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be; and (e) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each stating that all conditions precedent under the "*—Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (a), (b), (c) and (d)). If requested in writing by the Issuer to the Trustee, the Trustee shall distribute any amounts deposited to the Holders prior to Stated Maturity or the redemption date, as the case may be, *provided however*, that the Holders shall have received at least three Business Days' notice from the Issuer of such earlier repayment date (which may be included in the notice of redemption). For the avoidance of doubt, the distribution and payment to holders prior to the maturity or redemption date as set forth above shall not include any negative interest, present value adjustment, break cost or any additional premium on such amounts. To the extent the Notes are represented by a global note deposited with a depositary for a clearing system, any payment to the beneficial holders holding interests as a participant of such clearing system shall be subject to the then applicable procedures of the clearing system.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, manager, officer, employee, incorporator or shareholder of the Issuer or any of its Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer 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

Deutsche Trustee Company 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 written notice, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default of which a responsible officer of the Trustee has written notice, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliate, including the Issuer and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (a) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the outstanding Notes, or may resign at any time by giving written notice to the Issuer and (b) that if the Trustee at any time (i) has or acquires actual knowledge of a conflict of interest that is not eliminated or (ii) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a *bona fide* Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, taxes and expenses incurred without gross negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the Indenture. Each of the Trustee and the Security Agent shall be entitled to rely solely and conclusively on any Officer's Certificate and Opinion of Counsel in formulating its opinion or in taking any action (including, without limitation, release of a Guarantee or Collateral) under the Indenture and may rely on such Officer's Certificate and Opinion of Counsel without the need for investigation or verification, except as may otherwise be provided for in 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 Issuer with respect to the Notes will be sent to the Authority.

All notices to Holders of Notes will be validly given if electronically delivered or mailed to them at their respective addresses in the register of the Holders, if any, maintained by the Registrar. For so long as any Notes are represented by global notes, all notices to Holders will be delivered to Euroclear and Clearstream in accordance with the applicable procedures of Euroclear and Clearstream, delivery of which shall be deemed to satisfy the requirements of this paragraph, which will give such notices to the Holders of Book-Entry Interests.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it. If a notice or communication is given in via Euroclear or Clearstream, it is duly given on the day the notice is given to Euroclear or Clearstream.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, premium, if any, or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed six years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

Euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors, if any, under or in connection with the Notes and the Notes Guarantees, if any, including damages. Any amount received or recovered in a currency other than Euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint and several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be *prima facie* evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any 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 Official List of 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 of the assets of the Issuer and its Subsidiaries are located outside the United States, any judgment obtained in the United States against the Issuer or the Guarantors, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes, the Issuer and the Guarantors will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States. The Indenture will provide that the Issuer and each Guarantor will appoint an agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the 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, 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 and construed in accordance with the law of the location of the relevant amount that is part of the Collateral.

Certain Definitions

"*Acquired Indebtedness*" means, with respect to any Person, Indebtedness (1) of any other Person or any of its Subsidiaries existing at the time such other Person becomes a Restricted Subsidiary or merges or amalgamates with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from another Person, in each case, whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Issuer or such acquisition, or (3) of a Person at the time such Person merges or amalgamates with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary, or (4) secured by a Lien encumbering any asset acquired by such Person. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clauses (2) and (4) 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, amalgamation, consolidation or other combination.

"*Additional Assets*" means:

(1) any property or assets (other than Capital Stock) used or to be used by the Issuer, a Restricted Subsidiary or otherwise useful (including investments in property or assets for potential future use) in a Similar Business (it being understood that capital expenditures on property or assets already used, or to be used, in a Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the agreed security principles appended to the Indenture.

"Applicable Premium" means

(x) with respect to any Fixed Rate Note the greater of (a) 1% of the principal amount of such Fixed Rate Note; and (b) on any redemption date, the excess (to the extent positive) of:

(i) the present value at such redemption date of (A) the redemption price of such Fixed Rate Note at April 15, 2023 (such redemption price (expressed in percentage of principal amount) being set forth in the table set forth under "*—Optional Redemption—Fixed Rate Notes*" (excluding accrued and unpaid interest)), *plus* (B) all required interest payments due on such Fixed Rate Note to and including April 15, 2023 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date *plus* 50 basis points; over

(ii) the outstanding principal amount of such Fixed Rate Note; and

(y) with respect to any Floating Rate Note the greater of (a) 1% of the principal amount of such Floating Rate Note; and (b) on any redemption date, the excess (to the extent positive) of:

(i) the present value at such redemption date of (A) the redemption price of such Floating Rate Note at April 15, 2022 (such redemption price (expressed in percentage of principal amount) being set forth in the table set forth under "*—Optional Redemption—Floating Rate Notes*" (excluding accrued and unpaid interest)), *plus* (B) all required interest payments due on such Floating Rate Note to and including April 15, 2022 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date *plus* 50 basis points and assuming that the rate of interest on such Note from the redemption date to and including April 15, 2022 will equal the rate of interest on such Note in effect on the date on which the applicable notice of redemption is given; over

(ii) the outstanding principal amount of such Floating Rate Note,

in each case, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, the calculation of the Applicable Premium shall not be the responsibility or obligation of the Trustee, Calculation Agent, Paying Agent, Registrar or Transfer Agent.

"*Asset Disposition*" means:

(a) the voluntary sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of property or assets (including by way of a Sale and Leaseback Transaction) of the Issuer or any of its Restricted Subsidiaries (in each case other than Capital Stock of the Issuer) (each referred to in this definition as a "*disposition*"); or

(b) 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:

(1) a disposition by the Issuer or a Restricted Subsidiary to the Issuer or a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, receivables, trading stock, security equipment or other assets (including Settlement Assets) in the ordinary course of business or consistent with past practice or held for sale or no longer used in the ordinary course of business, including any disposition of disposed, abandoned or discontinued operations;

(4) a disposition of obsolete, worn-out, uneconomic, damaged, retired, or surplus property, equipment, facilities or other assets or property, equipment, facilities or other assets that are no longer economically practical or commercially desirable to maintain or used or useful in the business of the Issuer and its Restricted Subsidiaries whether now or hereafter owned or leased or acquired in connection with an acquisition or used or useful in the conduct of the business of the Issuer and its Restricted Subsidiaries (including by ceasing to enforce, allowing the lapse, abandonment or invalidation of or discontinuing the use or maintenance of or putting into the public domain any intellectual property that is, in the reasonable judgment of the Issuer or the Restricted Subsidiaries, no longer used or useful, or economically practicable to maintain, or in respect of which the Issuer or any Restricted Subsidiary determines in its reasonable judgment that such action or inaction is desirable);

(5) transactions permitted under "*—Certain Covenants—Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(6) an disposition, issuance, sale or transfer of Capital Stock (a) by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary, or as part of or pursuant to an equity-based, equity-linked, profit sharing or performance based, incentive or compensation plan approved by the Board of Directors of the Issuer or (b) relating to directors' qualifying shares and shares issued to individuals as required by applicable law;

(7) any disposition, issuance, sale or transfer of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Issuer) of less than the greater of €23 million and 15% of LTM EBITDA;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "*—Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (3) of the first paragraph under "*— Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," asset dispositions, sales or transfers (or portions thereof), to the extent that the proceeds of which are used to make such Restricted Payments or Permitted Investments, and any distribution, write off, set-off, discount, surrender, cancellation or forgiveness of a Parent Entity RP Loan;

(9) dispositions in connection with Permitted Liens and/or Permitted Collateral Liens;

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or consistent with past practice or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Issuer or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Issuer or any Restricted Subsidiary;

(11) conveyances, sales, transfers, licenses or sublicenses, lease or assignment or other dispositions of intellectual property rights, software or other general intangibles and licenses, sub-licenses, leases or subleases of other tangible and non-tangible property, in each case, in the ordinary course of business or consistent with past practice or pursuant to a research or development agreement in which the counterparty to such agreement receives a license or other right in the intellectual property or software that result from such agreement;

(12) the lease, assignment, license, sublease or sublicense of any real or personal property in the ordinary course of business or consistent with past practice;

(13) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(14) the sale or discount (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes, including pursuant to any factoring arrangements) of accounts receivable or other loans or notes receivable arising in the ordinary course of business or consistent with past practice, or the conversion or exchange of accounts receivable for notes receivable;

(15) any issuance, sale or transfer of Capital Stock in, or Indebtedness or other securities of, an Unrestricted Subsidiary or any other disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(16) any disposition, issuance, sale or transfer of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such

acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) dispositions of property to the extent (a) that such property is exchanged for credit against the purchase price of similar replacement property that is promptly purchased, (b) 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 (c) allowable under section 1031 of the U.S. Internal Revenue Code (or any similar provision under applicable tax law) and constituting any exchange of like property (excluding any boot thereon) for use in a Similar Business;

(18) any disposition of Securitization Assets or participations therein, in connection with any Qualified Securitization Financing or Securitization Facility, or the disposition of an account receivable in connection with any factoring transaction or the collection or compromise thereof or otherwise in the ordinary course of business or consistent with past practice;

(19) any disposition pursuant to a financing transaction with respect to property constructed, acquired, replaced, repaired or improved (including any reconstruction, refurbishment, renovation and/or development of real property) by the Issuer or any Restricted Subsidiary, including Sale and Leaseback Transactions and asset securitizations, permitted by the Indenture (*provided* that in the case of any real property, only to the extent such real property is acquired after the Issue Date);

(20) dispositions of Investments in joint ventures, Associates or similar entities to the extent required by, or made pursuant to, customary buy/sell arrangements in joint venture arrangements and similar binding arrangements relating to such entities;

(21) any surrender or waiver of contractual rights or the settlement, release, surrender or waiver of contractual, tort, litigation or other claims of any kind;

(22) the unwinding of any Cash Management Services or Hedging Obligations;

(23) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person; *provided, however*, that the Issuer shall certify that in its opinion, the outstanding transaction will be economically beneficial to the Issuer and its Restricted Subsidiaries (considered as a whole); and

(24) dispositions of non-core assets (as determined by the Issuer in its good faith judgment) in connection with an acquisition; *provided that* the value of such non-core assets does not exceed 50% of the consideration payable in connection with such acquisition and the consideration received by the Issuer or any Restricted Subsidiary from such disposition is not less than the fair market value of such disposition (or, if lower, the consideration paid by the Issuer or any Restricted Subsidiary for such non-core asset).

In the event that a transaction (or any portion thereof) meets the criteria of a permitted Asset Disposition and would also be a Permitted Investment or an Investment permitted under "*—Certain Covenants—Limitation on Restricted Payments*," the Issuer, in its sole discretion, will be entitled to divide and classify such transaction (or a portion thereof) as an Asset Disposition and/or one or more of the types of Permitted Investments or Investments permitted under "*—Certain Covenants—Limitation on Restricted Payments.*"

"*Associate*" means (1) any Person engaged in a Similar Business of which the Issuer or the Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (2) any joint venture entered into by the Issuer or any Restricted Subsidiary.

"*Authority*" means The International Stock Exchange Authority Limited.

"*Board of Directors*" means (1) with respect to any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof, (2) with respect to any partnership, the board of directors or other governing body of the general partner, as applicable, of the partnership or any duly authorized committee thereof, (3) with respect to a limited liability company, the managing member or members or any duly authorized controlling committee thereof and (4) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). Unless the context requires otherwise, Board of Directors means the Board of Directors of the Issuer.

"*Bund Rate*" as selected by the Issuer, means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bunds* or *Bundesanleihen*) with a constant maturity as officially compiled and published in the most recent financial statistics that have become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected in good faith by the Issuer) most nearly equal to the period from the redemption date to, with respect to the Fixed Rate Notes, April 15, 2023, and, with respect to the Floating Rate Notes, April 15, 2022; *provided*, *however*, that if the period from the redemption date to, with respect to the Fixed Rate Notes, April 15, 2023, and, with respect to the Floating Rate Notes, April 15, 2022, is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to, with respect to the Fixed Rate Notes, April 15, 2023, and, with respect to the Floating Rate Notes, April 15, 2022, is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used. In no case for any purposes in the Indenture shall the Bund Rate be less than 0.00%.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in (1) Frankfurt, Germany, (2) London, United Kingdom or (3) New York, New York, United States are authorized or required by law to close.

"*Business Successor*" means (1) any former Subsidiary of the Issuer and (2) any Person that, after the Issue Date, has acquired, merged or consolidated with a Subsidiary of the Issuer (that results in such Subsidiary ceasing to be a Subsidiary of the Issuer), or acquired (in one transaction or a series of transactions) all or substantially all of the property and assets or business of a Subsidiary or assets constituting a business unit, line of business or division of a Subsidiary of the Issuer.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase or acquire, warrants, options or depositary receipts for, or other equivalents of, or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into, or exchangeable for, such equity.

"*Capitalized Lease Obligations*" means, in relation to any determination under the Indenture, an obligation that is required to be classified and accounted for as a lease liability on the balance sheet in accordance with IFRS 16 (*Leases*) (or any equivalent measure under U.S. GAAP) or, as the case may be and subject to (as applicable) the Election Option, a finance lease or a capitalized lease for financial reporting purposes on the basis of IAS 17 (*Leases*) (or any equivalent measure under U.S. GAAP). The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalized on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, subject 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, British pounds sterling, U.S. dollars, Japanese yen, Australian dollars or any national currency of any member state of the European Union or (b) any other currency held by the Issuer and its Restricted Subsidiaries in the ordinary course of business or consistent with past practice;

(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 (whether party to the Revolving Credit Facility or otherwise) or by any bank or trust company (a) whose commercial paper is rated at least "A-2" or the equivalent thereof by S&P or at least "P-2" 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 (8) of this definition 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) readily marketable direct obligations issued by a member state of the European Union, Switzerland, Norway, Canada, the United States of America, any State of the United States or the District of Columbia or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P;

(7) commercial paper and variable or fixed rate notes issued by a bank meeting the qualifications specified in 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-2" or higher by S&P or "P-2" 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;

(8) Indebtedness or Preferred Stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(9) bills of exchange issued in a member state of Norway, the European Union, United Kingdom, Switzerland, Canada, Japan, Australia, the United States of America, any State of the United States or the District of Columbia, eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(10) with respect to a jurisdiction in which the Issuer or a Restricted Subsidiary conducts business or is organized, certificates of deposit, time deposits, recognized time deposits, overnight bank deposits or bankers' acceptances with any bank, trust company or similar entity, which would rank, in terms of combined capital and surplus and undivided profits or the ratings of its long term debt, among the top five banks in such jurisdiction, in an amount not to exceed cash generated in or reasonably required for operations in such jurisdiction;

(11) interests in any investment company, money market, enhanced high yield fund or other investment fund which invests 90% or more of its assets in instruments of the types specified in clauses (1) through (9) above; and

(12) for purposes of clause (2) of the definition of "Asset Disposition," the marketable securities portfolio owned by the Issuer and its Subsidiaries on the Issue Date.

"*Cash Management Services*" means any of the following: automated clearing house transactions, treasury, depository, credit or debit card, purchasing card, stored value card, electronic fund transfer services, daylight or overnight draft facilities and/or cash management services, including controlled disbursement services, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services or other cash management arrangements in the ordinary course of business or consistent with past practice.

"*Change of Control*" means:

(1) the Issuer becomes aware of (by way of a report or any other filing pursuant to any public regulatory filing made available to it, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (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 Issuer, other than in connection with any transaction or series of transactions in which the Issuer 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 Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than the Issuer (including, for the avoidance of doubt, any successor thereto pursuant to the provisions

described under "*Certain Covenants—Merger an Consolidation*") or any of its Restricted Subsidiaries or one or more Permitted Holders.

Notwithstanding the preceding or any provision of Section 13d-3 of the Exchange Act, (i) a Person or group shall not be deemed to beneficially own Voting Stock subject to a stock or asset purchase agreement, merger agreement, option agreement, warrant agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the acquisition of the Voting Stock in connection with the transactions contemplated by such agreement, (ii) if any group includes one or more Permitted Holders, the issued and outstanding Voting Stock of the Issuer owned, directly or indirectly, by any Permitted Holders that are part of such group shall not be treated as being beneficially owned by such group or any other member of such group for purposes of determining whether a Change of Control has occurred, (iii) a Person or group will not be deemed to beneficially own the Voting Stock of another Person as a result of its ownership of Voting Stock or other securities of such other Person's parent entity (or related contractual rights) unless it owns 50% or more of the total voting power of the Voting Stock entitled to vote for the election of directors of such parent entity having a majority of the aggregate votes on the board of directors (or similar body) of such parent entity and (iv) the right to acquire Voting Stock (so long as such Person does not have the right to direct the voting of the Voting Stock subject to such right) or any veto power in connection with the acquisition or disposition of Voting Stock will not cause a party to be a beneficial owner.

"*Change of Control Triggering Event*" means the occurrence of a Change of Control unless, on a *pro forma* basis for the Change of Control, the Consolidated Total Net Leverage Ratio (taking into account any shareholder injection or increase to balance sheet cash received by the Issuer and the Restricted Subsidiaries and after giving *pro forma* effect to synergies and cost savings arising from or relating to the transaction or transactions giving rise to the Change of Control) immediately following such Change of Control does not exceed 4.90 to 1.00; *provided* that the occurrence of any subsequent Change of Control shall be deemed to be a Change of Control Triggering Event without reference to the Consolidated Total Net Leverage Ratio either before or after the occurrence of such Change of Control.

"*Clearstream*" means Clearstream Banking S.A., or any successor thereof.

"*Collateral*" means any and all assets from time to time in which a security interest has been or will be granted pursuant to any Security Document to secure the obligations under the Indenture, the Notes and/or any Notes Guarantee; *provided* that any property or asset of a Guarantor subject only to a floating charge (and not any other Lien) under any Security Document to the extent such charge has not crystallized into a fixed charge shall not be deemed Collateral for purposes of determining whether a Permitted Lien is permitted over such asset or property pursuant to the covenant under "*—Certain Covenants—Limitation on Liens*."

"*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 (1) intangibles and non-cash organization costs, (2) deferred financing fees or costs and (3) capitalized expenditures, (subject to the Election Option) lease obligations, 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 its 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, in each case, without giving effect to the DPLTA; *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

(i) through (ix) in clause (1) thereof), 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), including (i) such fees, expenses or charges (including rating agency fees and related expenses) related to the offering of the Notes, the Revolving Credit Facility, any other Credit Facility or Public Debt and any Securitization Fees and (ii) any amendment, waiver or other modification of the Notes, the Revolving Credit Facility, Securitization Facilities, any other Credit Facility or Public Debt, any Securitization Fees any other Indebtedness permitted to be Incurred under the Indenture or any Equity Offering, 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), transaction or integration cost or other business optimization expense or cost (including charges directly related to the implementation of cost-savings initiatives) that is deducted (and not added back) in such period in computing Consolidated Net Income, including any one-time costs Incurred in connection with acquisitions or divestitures after the Issue Date, including those related to any severance, retention, signing bonuses, relocation, recruiting and other employee related costs, internal costs in respect of strategic initiatives and curtailments or modifications to pension and post-retirement employment benefit plans (including any settlement of pension liabilities), operational and technology systems development and establishment costs, future lease commitments and costs related to the opening, pre-opening, abandonment, disposal, discontinuation and closure and/or consolidation of facilities and to exiting lines of business and consulting fees Incurred with any of the foregoing and (ii) fees, costs and expenses associated with acquisition related litigation and settlements thereof; *plus*

(f) any non-cash charges, write-downs, expenses, losses or items reducing Consolidated Net Income for such period including any impairment charges or the impact of purchase accounting; *provided* that if any such non-cash charge, write-down or item to the extent it represents an accrual or reserve for a cash expenditure for a future period then the cash payment in such future period shall be subtracted from Consolidated EBITDA when paid or other items classified by the Issuer as special items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period); *plus*

(g) the amount of board of director fees, management, monitoring, advisory, consulting, refinancing, subsequent transaction, advisory and exit fees (including termination fees) and related indemnities and expenses paid or accrued in such period to any member of the Board of Directors of the Issuer, any Permitted Holder or any Affiliate of a Permitted Holder to the extent permitted under "—*Certain Covenants—Limitation on Affiliate Transactions*"; *plus*

(h) the "*run rate*" cost savings (including cost savings with respect to salary, benefit and other direct savings resulting from workforce reductions and facility, benefit and insurance savings), operating expense and loss reductions, synergies, restructuring charges and expenses, revenues, revenue enhancements, capacity or capacity utilization increases, expense reductions, operating improvements or other similar or other adjustments or initiatives (collectively, "*Synergies*") that are expected by the Issuer (in good faith) to be realized as a result of actions commenced, taken or expected to be taken (calculated on a pro forma basis as though such 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* such actions are projected by the Issuer (in good faith) to be realized, after taking into account (from the date of such action to the date falling twenty-four (24) months following the date of completion of such action or, if later, the date on which such action or step has been taken or committed to be taken by the Issuer or a Restricted Subsidiary) the full run rate effect of all such actions which the Issuer (in good faith) believes can be achieved directly or indirectly as a result of such action or the related steps; *provided further that* if any Synergies described in this sub-clause (h) are included in any calculation of Consolidated EBITDA under the Indenture, the aggregate amount of projected (but not realized) Synergies pursuant to this sub-clause (h) that may be included in such calculation for any Relevant Testing Period shall not exceed 25% of the Consolidated EBITDA (calculated after fully taking into account any adjustments to be made by the Issuer pursuant to the Indenture) for such period; *plus*

(i) the amount of loss or discount on sale of Securitization Assets and related assets in connection with a Qualified Securitization Financing or Securitization Facility; *plus*

(j) any costs or expense incurred by the Issuer or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement, any severance agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of the Issuer or Net Cash Proceeds of an issuance of Capital Stock (other than Disqualified Stock) of the Issuer solely to the extent that such Net Cash Proceeds are excluded from the calculation set forth in clause (C) of the first paragraph under "*—Certain Covenants—Limitation on Restricted Payments*"; *plus*

(k) 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*

(l) any net loss included in the Consolidated Net Income attributable to non-controlling interests; *plus*

(m) realized foreign exchange losses resulting from the impact of foreign currency changes on the valuation of assets or liabilities on the balance sheet of the Issuer and its Restricted Subsidiaries; *plus*

(n) net realized losses from Hedging Obligations or embedded derivatives; *plus*

(o) the amount of any minority interest expense consisting of 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*

(p) 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 Issuer's and its 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*

(q) earn-out and contingent consideration obligations (including to the extent accounted for as bonuses or otherwise) and adjustments thereof and purchase price adjustments; *plus*

(r) 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*

(s) the amount of expenses relating to payments made to option holders of the Issuer or any Parent Entity in connection with, or as a result of, any distribution being made to equityholders of such Person or its Parent Entities, which payments are being made to compensate such option holders as though they were equityholders at the time of, and entitled to share in, such distribution, in each case, to the extent permitted under the Indenture; *plus*

(t) the amount of any losses, charges, expenses, costs or other payments (including all fees, expenses or charges related thereto) in respect of facilities no longer used or useful in the conduct of the business of the Issuer or its Restricted Subsidiaries, abandoned, closed, disposed or discontinued operations and any losses on disposal of abandoned, closed or discontinued operations; *plus*

(u) to the extent not already otherwise included herein, adjustments and add-backs similar to those, or of the nature of those, made in calculating "Pro Forma Adjusted EBITDA" included in the Offering Memorandum; *plus*

(v) earn out obligations Incurred in connection with any acquisition or other Investment not prohibited 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 Issuer or any Restricted Subsidiary; and

(2) decreased (without duplication) by non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period.

For purposes of making the computation of Consolidated EBITDA or any component definition thereof, the Issuer may, at its option, include such *pro forma* adjustments as are consistent with the *pro forma* adjustments set forth in the definition of "*Fixed Charge Coverage Ratio*" and (without duplication) any other adjustments permitted by the Indenture.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, without duplication, the sum of:

(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period (in each case, determined on the basis of IFRS), to the extent such expense was deducted (and not added back) in computing Consolidated Net Income (including (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, (e) net payments, if any, pursuant to interest rate Hedging Obligations with respect to Indebtedness, (f) cash interest actually paid by the Issuer or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person, and (g) interest accrued on any Indebtedness of a Parent Entity that is Guaranteed by the Issuer or any Restricted Subsidiary to the extent (x) serviced directly or indirectly by the Issuer or any Restricted Subsidiary and (y) not already included in calculating Consolidated Interest Expense and excluding (i) Securitization Fees, (ii) penalties and interest relating to taxes (but excluding, for the avoidance of doubt, any Additional Amounts paid with respect to the Notes), (iii) any additional cash interest owing pursuant to any registration rights agreement, (iv) 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 any acquisition, (vi) 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, 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, (vii) any expensing of bridge, commitment and other financing fees, (viii) 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, (ix) Subordinated Shareholder Funding, (x) credit insurance costs and other payments to credit insurers and (xi) to the extent the Issuer has elected to apply IAS 17 (*Leases*) in accordance with the definition of "*IFRS*," any interest component of any operating lease; *plus*

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (but excluding any interest capitalized, accrued, accreted or paid in respect of Subordinated Shareholder Funding); *less*

(3) interest income for such period.

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 Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that (as

reasonably determined by an Officer of the Issuer) could have been distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment (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)(i) 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)(i) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," any net income (loss) of any Restricted Subsidiary (other than the Issuer or 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 Issuer 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 Revolving Credit Facility, the Intercreditor Agreement, the Notes, the Indenture or any Security Document, and (c) restrictions specified in the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*") except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents or non-cash distributions to the extent converted into cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss), together with any related provisions for taxes on any such gain (or the tax effect of any such loss), realized upon the sale or other disposition of any asset (including pursuant to any Sale and Leaseback Transaction) or disposed or discontinued operations of the Issuer or any of its Restricted Subsidiaries which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Issuer);

(4) any extraordinary, exceptional, unusual or non-recurring 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 and the build-out, renovation and expansion of production facilities), systems development and establishment costs, accruals or reserves (including restructuring and integration costs related to acquisitions after the Issue Date and adjustments to existing reserves), whether or not classified as restructuring expense on the consolidated financial statements, 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), litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events), 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 Issuer to apply U.S. GAAP at any time following the Issue Date;

(6) any (a) 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, any non-cash net after tax gains or losses attributable to the termination or modification or revaluation of any employee pension benefit plan and (b) 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 (including Hedging Obligations) 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 other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes

therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of any Hedging Obligations;

(9) any fees, expenses and other charges (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, reorganization, restructuring, asset disposition, 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 or realized foreign currency translation increases or decreases or transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person, including those related to currency remeasurements of Indebtedness (including any net loss or gain resulting from Hedging Obligations for currency exchange risk) or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary and any unrealized or realized 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 Issuer and its Restricted Subsidiaries), as a result of any consummated acquisition (including the Transactions), 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 payouts on existing earn-outs) that are so required to be established as a result of the Transactions in accordance with IFRS, or changes as a result of adoption or modification of accounting policies;

(16) any costs associated with the Refinancing Transactions;

(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 Transactions, or the release of any valuation allowances related to such item, in each case, without giving effect to the DPLTA, and any transfer of profits under the DPLTA;

(18) (a) 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 (b) effects of adjustments to accruals and reserves during a period relating to any change in the methodology of calculating reserves for returns, rebates, deposits and other chargebacks (including government program rebates);

(19) any net gain (or loss) from disposed, abandoned, ceased or discontinued operations and services and any net gain (or loss) on disposed, discontinued, ceased or abandoned operations; and

(19) 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 (1) 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 Issuer 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 (2) to the extent covered by insurance (including business interruption insurance) and actually reimbursed, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer 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 (1) the aggregate principal amount of Senior Secured Indebtedness *minus* cash and Cash Equivalents (which may include any cash that collateralizes guarantee or letter of credit facilities of the Issuer or any Restricted Subsidiary) of the Issuer and its Restricted Subsidiaries as of the date of determination, to (2) LTM EBITDA, in each case, with such *pro forma* adjustments as are consistent with the *pro forma* adjustments set forth in the definition of "*Fixed Charge Coverage Ratio*"; *provided, however*, that the *pro forma* calculation shall not give effect to (x) 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 clause (5)(b) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*") or (y) 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 Indebtedness Incurred pursuant to clause (5)(b) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*").

"*Consolidated Total Net Indebtedness*" means, as of any date of determination, (1) the aggregate principal amount of Indebtedness for borrowed money (but excluding Indebtedness with respect to Cash Management Services and intercompany Indebtedness as of such date), *plus* (2) the aggregate principal amount of Capitalized Lease Obligations, Purchase Money Obligations and unreimbursed drawings under letters of credit of the Issuer and its Restricted Subsidiaries outstanding on such date *minus* (3) the aggregate amount of cash and Cash Equivalents (which may include any cash that collateralizes guarantee or letter of credit facilities of the Issuer or any Restricted Subsidiary) of the Issuer and its Restricted Subsidiaries as of the Determination Date, in each case, with such *pro forma* adjustments as are consistent with the *pro forma* adjustments set forth in the definition of "Fixed Charge Coverage Ratio." For the avoidance of doubt, Consolidated Total Net Indebtedness shall exclude Indebtedness in respect of any Hedging Obligations or Securitization Facilities.

"*Consolidated Total Net Leverage Ratio*" means, as of any date of determination, the ratio of (1) Consolidated Total Net Indebtedness as of such date to (2) LTM EBITDA, in each case, with such *pro forma* adjustments as are consistent with the *pro forma* adjustments set forth in the definition of "*Fixed Charge Coverage Ratio*"; *provided, however*, that the *pro forma* calculation shall not give effect to (x) 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 clause (5)(b) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*") or (y) 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 Indebtedness Incurred pursuant to clause (5)(b) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*").

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease (subject, as applicable, to the Election Option), dividend or other obligation that does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

  (a) for the purchase or payment of any such primary obligation; or

  (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Controlled Investment Affiliate*" means, as to any Person, any other Person, which directly or indirectly is in control of, is controlled by, or is under common control with such Person and is organized by such Person (or any Person controlling such Person) primarily for making direct or indirect equity or debt investments in the Issuer and/or other companies.

"*Credit Facility*" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, indentures, instruments or other arrangements (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, other financial institutions, funds, governmental or quasi-governmental agencies or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the original Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "*Credit Facility*" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default; *provided* that any Default that results solely from the taking of an action that would have been permitted but for the continuation of a previous Default will be deemed to be cured if such previous Default is cured prior to becoming an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Issuer or any Restricted Subsidiary) of non-cash consideration received by the Issuer or any of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, *less* the amount of cash 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 Issuer or a Parent Entity (other than Disqualified Stock) that is issued for cash (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Restricted Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Restricted Subsidiary) and that is designated as "Designated Preferred Stock" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clauses (C)(ii) and (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 Issuer or any options, warrants or other rights in respect of such Capital Stock.

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise; or

(2) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided, 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 issuer thereof 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 Issuer, any of its Subsidiaries, any Parent Entity or any other entity in which the Issuer or a Restricted Subsidiary has an Investment and is designated in good faith as an "affiliate" by the Board of Directors (or the compensation committee thereof) or any other plan for the benefit of current, former or future employees (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer or its Subsidiaries or by any such plan to such employees (or their respective Controlled Investment Affiliates or Immediate Family Members), such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries in order to satisfy applicable statutory, contractual or regulatory obligations.

"*DPLTA*" means the domination and profit and loss transfer agreement dated as of November 18, 2020 between the Parent and the Issuer, as described in more detail in this Offering Memorandum in the section entitled "*Certain Relationships and Related Party Transactions—Domination and Profit and Loss Transfer Agreement*."

"*Engineered Wood Products Division*" means the Group's engineered wood products and laminates business division operated by the Issuer and its Restricted Subsidiaries (other than Silekol Sp.z o.o.).

"*Equity Offering*" means (1) a sale of Capital Stock of the Issuer (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions), or (2) the sale of Capital Stock or other securities by any Person, the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity of the Issuer or any of its Restricted Subsidiaries by any Parent Entity in any form other than Indebtedness or Excluded Contributions of the Issuer or any of its Restricted Subsidiaries or Excluded Amounts or any Parent Debt Contribution.

"*Escrowed Proceeds*" means the proceeds from the offering or incurrence of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*euro*" or "€" means the single currency of participating member states of the economic and monetary union as contemplated in the Treaty on 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-2*" or higher by Moody's or "*A*" or higher by S&P or the equivalent rating category of another Nationally Recognized Statistical Rating Organization on the date of the Indenture, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a Person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*Exchange*" means The International Stock Exchange.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets (other than Excluded Amounts and Parent Debt Contributions) received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preferred Stock) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of their employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preferred Stock) or Subordinated Shareholder Funding of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer; *provided* that such designation occurs on or at any time prior to the utilization of such Excluded Contribution.

"*Existing Senior Facilities*" means the senior facilities agreement originally dated as of April 13, 2017 by and between, among others, the Parent, as parent, the Issuer, as the company, and Deutsche Bank Luxembourg S.A., as facility agent, as amended and restated on July 31, 2018.

"*fair market value*" wherever such term is used in this "*Description of the Notes*" or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this "*Description of the Notes*" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Issuer or the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith, and may take into consideration the fair market value of a group of assets being transferred and any liabilities, encumbrances or restrictions relating to such assets.

"*Fitch*" means Fitch Ratings, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Fixed Charge Coverage Ratio*" means, with respect to any Person on any determination date, the ratio of (a) LTM EBITDA of such Person for the Relevant Testing Period ending immediately prior to such determination date calculated in accordance with the provisions of "*—Certain Covenants—Financial Calculations*" to (b) the Fixed Charges of such Person for the Relevant Testing Period. In the event that the Issuer or any Restricted Subsidiary Incurs, assumes, guarantees, redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness during such 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, however*, 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 of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred pursuant to clause (5)(b) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*") or (ii) any Fixed Charges attributable to Indebtedness discharged on the Fixed Charge Coverage Ratio Calculation Date 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 Incurred pursuant to clause (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, ceased or discontinued operations that have been made by the Issuer or any of its 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 Issuer or any of its 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, ceased or discontinued operations had occurred at the beginning of the Relevant Testing Period.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or chief accounting officer of the Issuer (and may include cost savings, expense reductions and synergies reasonably expected to occur, including from the result of an acquisition, investment, 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). If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated, at the Issuer's option, either (x) as if the rate in effect on the determination date had been the applicable rate for the entire Relevant Testing Period or (y) using the average rate in effect over the Relevant Testing Period, in each case, taking into account any Hedging Obligations applicable to such Indebtedness. Interest on a lease (including any Capitalized Lease Obligation) shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such lease in accordance with IFRS. For purposes of making the computation referred to above, 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 Issuer 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 (a) endorsements for collection or deposit in the ordinary course of business or consistent with past practice and (b) standard contractual indemnities or product warranties \ 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.

"*Guarantors*" means (x) Pfleiderer Deutschland GmbH, Pfleiderer Neumarkt GmbH, Pfleiderer Gütersloh GmbH, Pfleiderer Baruth GmbH and Silekol sp.z o.o. and (y) any other Restricted Subsidiary that Guarantees the Notes in the future, in each case, until such Guarantee is released in accordance with the terms of the Indenture.

"*Hedging Obligations*" means, with respect to any Person, the obligations of such Person under any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate hedge agreement, commodity swap agreement, commodity cap agreement, commodity collar agreement, commodity purchase agreement, commodity futures or forward agreement, commodity option agreement, commodities derivative agreement, foreign exchange agreement, currency swap agreement, currency futures agreement, currency option agreement, currency derivative or similar agreements providing for the transfer or mitigation of interest rate, commodity price or currency risks either generally or under specific contingencies.

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the respective nominee of 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 Issuer or the Restricted Subsidiaries are, or may be, required to comply, as in effect on the Issue Date or, with respect to the information undertakings described in "*—Certain Covenants—Reports*" as in effect from time to time; *provided that*:

(1) except as otherwise set forth in the Indenture, all ratios and calculations based on IFRS (or, as applicable, GAAP) contained in the Indenture shall be computed in accordance with IFRS as in effect on the Issue Date (or, as applicable, GAAP as in effect at the date specified by the Issuer in its election to adopt GAAP in accordance with clause (3) below);

(2) at any time after the Issue Date, the Issuer may elect to implement any new measures or other changes to IFRS (or, as applicable, GAAP) in effect on or prior to the date of such election; *provided further that* any such election, once made, shall be irrevocable;

(3) at any time after the Issue Date, the Issuer may elect to apply GAAP accounting principles in lieu of IFRS and, upon any such election, references herein to IFRS shall thereafter be construed to mean GAAP (except as otherwise provided in the Indenture), including as to the ability of the Issuer to make an election pursuant to the previous sentence; *provided further that* (a) any such election, once made, shall be irrevocable and (b) any calculation or determination in the Indenture that require the application of IFRS for periods that include fiscal quarters ended prior to the Issuer's election to apply GAAP shall remain as previously calculated or determined in accordance with IFRS; *provided that* the Issuer may only make such election if it also elects to report any subsequent financial reports required to be made by the Issuer in accordance with GAAP; and

(4) notwithstanding any of the foregoing or any other provision of the Indenture: (a) in relation to the making of any determination or calculation under the Indenture, the Issuer may elect (the "*Election Option*"), from time to time, either (i) to apply IFRS 16 (*Leases*) or (ii) to apply IAS 17 (*Leases*) (or, in either case, the equivalent measure under U.S. GAAP) to the making of such determination or calculation (*provided that* for the avoidance of doubt, in connection with any determination hereunder which is based upon the calculation of more than one component, including any determination in respect of the Consolidated Interest Expense, Fixed Charge Coverage Ratio, Consolidated Senior Secured Net Leverage Ratio and Consolidated Total Net Leverage Ratio, all such components shall be calculated on a consistent basis, applying the same accounting standard), (b) any adverse impact (from the perspective of the Issuer) 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 U.S. 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 and (c) with respect to the information undertakings described "*—Certain Covenants—Reports*," any exception to the requirement to present financial information on a consolidated basis pursuant to IFRS which may be applicable to the Senior Secured Notes Issuer, a member of the Group or other applicable reporting entity from time to time, shall be deemed to be dis-applied.

"*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 Notes 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 provisions set forth in "*—Certain Covenants—Financial Calculations*."

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed) (except to the extent such reimbursement obligations relate to trade payables or other obligations that are not themselves Indebtedness and except to the extent that such obligations are satisfied within 60 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 Issuer) 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 described in (3) and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with IFRS; *provided*, that Indebtedness of any Parent Entity appearing upon the balance sheet of the Issuer prepared on the basis of IFRS shall be excluded.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amount of funds borrowed and then outstanding. The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount of Indebtedness, or liquidation preference thereof, in the case of any other Indebtedness. Indebtedness represented by loans, notes or other debt instruments ("*proceeds on-loan debt*") shall not be included to the extent funded with the proceeds of Indebtedness which the Issuer or any Restricted Subsidiary has guaranteed or for which any of them is otherwise liable and which is otherwise included ("*primary debt*"); *provided* that the proceeds on-loan debt shall only be excluded to the extent that the corresponding primary debt is included.

Notwithstanding the above provisions, in no event shall any of the following constitute Indebtedness:

(a) Contingent Obligations Incurred in the ordinary course of business or consistent with past practice, or any buy-back obligations with regards to stock and inventory under agreements entered into by franchisees with their third party financing sources in each case other than Guarantees or other assumptions of Indebtedness of such franchisee;

(b) Cash Management Services;

(c) (i) any lease, concession or license of property (or Guarantee thereof) in place, effect or outstanding on the Issue Date, which would be considered an operating lease under IAS 17 (*Leases*) and (ii) any lease, concession or license of property (or Guarantee thereof) incurred after the Issue Date which would, in accordance with the Election Option if the Issuer elects to apply IAS 17 (*Leases*), be considered an operating lease or any prepayments of deposits received from clients or customers in the ordinary course of business or consistent with past practice;

(d) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) incurred prior to the Issue Date or in the ordinary course of business or consistent with past practice;

(e) in connection with the purchase by the Issuer or any Restricted Subsidiary of any 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, pension or partial retirement obligations and liabilities, or similar claim, obligations or contributions or social security or wage Taxes;

(g) obligations under, or in respect of, Qualified Securitization Financing or Securitization Facilities;

(h) Indebtedness of any Parent Entity appearing on the balance sheet of the Issuer solely by reason of push down accounting under IFRS;

(i) Capital Stock (other than Disqualified Stock of the Issuer and Preferred Stock of a Restricted Subsidiary);

(j) amounts owed to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, that complies with the covenant described under "*—Certain Covenants—Merger and Consolidation*";

(k) non-interest bearing installment obligations and accrued liabilities Incurred in the ordinary course of business that are not more than 120 days past due and any accrued expenses and trade payables;

(l) (i) guarantees, letters of credit (to the extent not drawn or satisfied within 60 days of such drawing) or similar instruments in respect of any leases or provided to suppliers in the ordinary course of business (or provided to credit insurers relating to ordinary course of business payables of the Issuer and its Restricted Subsidiaries) or (ii) other Indebtedness in respect of standby letters of credit, performance bonds or surety bonds provided by the Issuer or any Restricted Subsidiary in the ordinary course of business to the extent such letters of credit or bonds are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and if, to be reimbursed, are reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit or bond;

(m) Indebtedness Incurred by the Issuer or one of the Restricted Subsidiaries in connection with a transaction where (A) such indebtedness is borrowed from a bank or trust company, having a combined capital and surplus and undivided profits of not less than €250 million, whose debt has a rating immediately prior to the time such transaction is entered into, of at least A or the equivalent thereof by S&P and A2 or the equivalent thereof by Moody's and (B) a substantially concurrent Investment is made by the Issuer or a Restricted Subsidiary in the form of cash deposited with the lender of such indebtedness, or a Subsidiary or Affiliate thereof, in amount equal to such indebtedness;

(n) Subordinated Shareholder Funding;

(o) 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 or any analogous arrangement in any other jurisdiction of which the Issuer or any Restricted Subsidiary is or becomes a member; and

(p) any liability pursuant to or in connection with section 8a of the German Old-Age Part Time Act (*Altersteilzeitgesetz*) or section 7e of the Fourth Book of the German Social Code (*Sozialgesetzbuch IV*);

"*Independent Financial Advisor*" means an appraisal, investment banking or accounting firm or consultant to Persons engaged in Similar Businesses of international standing or any third party appraiser of international standing; *provided, however*, that such firm or appraiser is not an Affiliate of the Issuer.

"*Initial Investors*" means (a) Strategic Value Partners LLC (the "*Sponsor*") and individually or collectively one or more investment funds, co-investment vehicles, limited partnerships and/or other similar vehicles or accounts or other entities in each case advised or managed by the general partner, manager or advisor to the Sponsor and (b) any successor, Affiliate or Related Fund of any person listed in clause (a) above (but excluding, in each case, any portfolio company in which any person listed in clause (a) above or any successor, Affiliate, Related Fund or investor thereof, holds an investment).

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent Entity or any successor of the Issuer 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 to be dated prior to the Issue Date, by and among, *inter alios*, the Issuer, the Security Agent and the Trustee, as amended from time to time. We expect the Trustee to accede to the Intercreditor Agreement on or about the Issue Date.

"*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.

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 Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Issuer's "Investment" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets (as determined by the Issuer) 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 Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully guaranteed or insured by the United States of America or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by the European Union or a member of the European Union, the United Kingdom, Switzerland, Australia, Japan or Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "BBB-" or higher from S&P or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries;

(4) Investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and

(5) any investment in repurchase obligations with respect to any securities of the type described in clauses (1), (2) and (3) above which are collateralized at par or over.

"*Investment Grade Status*" shall occur when 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 (1) 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 (2) 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 April 22, 2021.

"*Issuer*" means PCF GmbH.

"*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 be deemed to constitute a Lien.

"*local line of credit"* or *"local working capital facility*" means a term or revolving non-syndicated debt facility borrowed by the Issuer or a Restricted Subsidiary that may be Guaranteed by the Issuer and any Restricted Subsidiaries and may benefit from any Permitted Liens or Permitted Collateral Liens on any assets of the borrower and guarantors thereunder as permitted by the Indenture, the proceeds of which are intended to be used primarily in the jurisdiction of the borrower or where the substantial portion of its operations are located.

"*LTM EBITDA*" means Consolidated EBITDA of the Issuer and its Restricted Subsidiaries measured for the Relevant Testing Period ending immediately prior to the date of such determination calculated in accordance with "*—Certain Covenants—Financial Calculations*," in each case, with such *pro forma* adjustments 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 Issuer or any Restricted Subsidiary, or to any management equity plan, stock option plan, any other management or employee benefit, bonus or incentive plan or any trust, partnership or other entity of, established for the benefit of or the beneficial owner of which (directly or indirectly) is, any of the foregoing:

(1) (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 Issuer, its Subsidiaries or any Parent Entity with (in the case of this clause (1)(b)) the approval of the Board of Directors of the Issuer;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) additional amounts not exceeding the greater of €12 million and 7.5% of LTM EBITDA in the aggregate outstanding at the time of Incurrence.

"*Management Stockholders*" means (1) the current or former officers, directors, employees and other members of the management of, or consultants to, any Parent Entity, the Issuer or any of their respective

Subsidiaries or spouses, family members or relatives thereof, or any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or any Parent Entity or participate in an employee arrangement that tracks equity value and is designed to distribute amounts based on a sale, share repurchase, dividend or other shareholder exit event and (2) such entity or trust as may hold shares transferred by departing members of the management team, directors, employees or consultants of any Parent Entity, the Issuer or any Restricted Subsidiary

"*Market Capitalization*" means an amount equal to (1) the total number of issued and outstanding shares of common Capital Stock of the Issuer or any Parent Entity, as relevant, on the date of the declaration of a Restricted Payment permitted pursuant to clause (10) of the second paragraph under "*—Certain Covenants—Limitation on Restricted Payments*" *multiplied* by (2) the arithmetic mean of the closing prices per share of such common Capital Stock on the principal securities exchange on which such common Capital Stock are traded for the 30 consecutive trading days immediately preceding the date of declaration of such Restricted Payment.

"*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, withholding and other Taxes payable as a result of the distribution of such proceeds to the Issuer and after taking into account any available tax credits or deductions and any Tax Sharing Agreement), as a consequence of such Asset Disposition, including distributions for Related Taxes;

(2) all payments made on any Indebtedness which (a) is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets or (b) which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent Entity, the Issuer or any of its respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition;

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition, including pension and other post-employment benefits liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such transaction; 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*" means, with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of Taxes paid or reasonably estimated to be actually payable as a result of such issuance or sale (including, for the avoidance of doubt, any income, withholding and other Taxes payable as a result of the distribution of such proceeds to the Issuer and after taking into account any available tax credit or deductions and any Tax Sharing Agreement, and including distributions for Related Taxes).

"*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.

"*Obligations*" means any principal, interest (including Post-Petition Interest and fees accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer or any Guarantor whether or not a claim for Post-Petition Interest or fees is allowed in such proceedings), penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and bankers' acceptances), damages and other liabilities payable under the documentation governing any Indebtedness.

"*Offering Memorandum*" mean this offering memorandum, dated as of April 15, 2021, relating to 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 Issuer or its Subsidiaries.

"*Parent*" means Pfleiderer Group B.V. & Co KG, a *besloten vennootschap* & limited partner (*besloten vennootschap & Compagnie Kommanditgesellschaft*) organized under the laws of Germany.

"*Parent Entity*" means, with respect to the Issuer, any direct or indirect parent of the Issuer and with respect to any other Person, any direct or indirect parent of such Person.

"*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, Notes Guarantees or any other Indebtedness of the Issuer 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 Issuer or its Subsidiaries;

(3) obligations of any Parent Entity in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent Entity related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries, (b) costs and expenses with respect to the ownership, directly or indirectly, by any Parent Entity, (c) costs and expenses with respect to the maintenance of any equity incentive or compensation plan, (d) any Taxes and other fees and expenses required to maintain such Parent Entity's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Parent Entity and (e) to reimburse reasonable out-of-pocket expenses of the Board of Directors of such Parent Entity;

(5) without duplication, any Permitted Tax Distribution and other fees and expenses required to maintain such Parent Entity's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Parent Entity, the Issuer and its Subsidiaries;

(6) expenses Incurred by any Parent Entity in connection with (a) any offering, sale, conversion or exchange of Subordinated Shareholder Funding, Capital Stock or Indebtedness, and (b) any related compensation paid to officers, directors and employees of such Parent Entity; and

(7) any other costs or expenses of any Parent Entity up to the greater of €8 million and 5% of LTM EBITDA per calendar year (with unused amounts in any calendar year being carried forward to the next succeeding calendar year and the amounts that will not be used in the subsequent calendar year being carried back to the immediately preceding calendar year; *provided* that amounts available in the subsequent calendar year will be reduced by an equal amount).

"*Parent Entity RP Loan*" means (x) any upstream loan between the Issuer or a Restricted Subsidiary, as lender, and a Parent Entity, as borrower, that is outstanding on the Issue Date after giving effect to the Transactions and (y) without double-counting, a Restricted Payment made to a Parent Entity by way of an advance or a loan pursuant to one or more of the categories of Permitted Payments described in clause (1) through (21) of the covenant described under "*—Certain Covenants—Restricted Payments*" or pursuant to the first paragraph of such covenant, and such Restricted Payment would also have been permitted under the Indenture to be made by way of a dividend at the time it was made.

"*Pari Passu Indebtedness*" means Indebtedness (1) of the Issuer which ranks equally in right of payment to the Notes or (2) 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 Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"*Permitted Asset Swap*" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents between the Issuer 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:

(1) that are described in one or more of clauses (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), (14), (15), (16), (17), (18), (19), (21), (22), (23), (24), (25), (26), (27), (28), (30), (33), (34), (35), (36), (37), (38), (40), (41), (42) and (43) of the definition of "*Permitted Liens*" and Liens arising by operation of law or that would not materially interfere with the ability of the Security Agent to enforce the Security Interests in the Collateral; or

(2) to secure all obligations (including paid-in-kind interest) in respect of:

   (a) the Notes (other than Additional Notes), including any Notes Guarantees thereof;

   (b) Indebtedness described under clause (1) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

   (c) Indebtedness described under clause (2) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens;

   (d) Indebtedness described under (i) clause (5)(a) of the second paragraph of "*—Certain Covenants—Limitation on Indebtedness*" and (ii) Indebtedness incurred under clause 5(b) of the second paragraph of "*—Certain Covenants— Limitation on Indebtedness*"; *provided* that in the case of this clause 2(d)(ii), if such Liens secure Senior Secured Indebtedness, at the time of such acquisition or other transaction and after giving *pro forma* effect to such acquisition or other transaction and to the related Incurrence of Indebtedness, the Consolidated Senior Secured Net Leverage Ratio of the Issuer would have been either (x) no greater than 4.70 to 1.00 or (y) no greater than it was immediately prior to giving effect to the relevant transaction;

   (e) Indebtedness described under clauses (6), (7) (other than with respect to Capitalized Lease Obligations), (10), (12) or (16) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

   (f) Indebtedness described under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"; *provided* that if such Liens secure Senior Secured Indebtedness, at the time of Incurrence and after giving *pro forma* effect thereto, the Consolidated Senior Secured Net Leverage Ratio would be no greater than 4.70 to 1.00; or

(g) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (a) through (f); and

(3) to secure obligations of the Issuer and its Restricted Subsidiaries that in total do not exceed the greater of (i) €16 million and (ii) 10% of LTM EBITDA at any one 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 Issuer's or such Restricted Subsidiary's business;

provided, that, in the case of clause (2) of this definition of "*Permitted Collateral Liens*," each of the secured parties to any such Indebtedness or obligations, as the case may be (acting directly or through its respective creditor representative) will have entered into or acceded to the Intercreditor Agreement or an Additional Intercreditor Agreement; *provided further* that Indebtedness Incurred under clauses (1), (6) and (7) (other than with respect to Capitalized Lease Obligations) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" may receive priority as to the receipt of proceeds from enforcement of, and certain distressed disposals of, the Notes Guarantees and the Collateral on terms not materially less favorable to the Holders (taken as a whole) than accorded to the Revolving Credit Facility Agreement pursuant to the Intercreditor Agreement.

For purposes of determining compliance with this definition, in the event that a Permitted Collateral Lien meets the criteria of one or more of the categories of Permitted Collateral Liens described above, the Issuer will be permitted to classify such Permitted Collateral Lien on the date of its Incurrence and reclassify such Permitted Collateral Lien at any time and in any manner that complies with this definition.

"*Permitted Holders*" means, collectively (1) the Initial Investors, (2) 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 or whose beneficial ownership constitutes or results in a Change of Control that is not a Change of Control Triggering Event, (3) the Management Stockholders, (4) 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 Senior Secured Notes Issuer, acting in such capacity and (5) any group (within the meaning of section 13(d)(3) or section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing are members; *provided that*, in the case of such group and without giving effect to the existence of such group or any other group, Persons referred to in the preceding clauses (1) to (4), collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Issuer or any Parent Entity held by such group.

"*Permitted Investment*" means (in each case, by the Issuer or any of the Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) 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 its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business or consistent with past practice;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business or consistent with past practice;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business or consistent with past practice and owing to the Issuer or any Restricted Subsidiary or in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor or otherwise with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets or through the provision of any services, including an Asset Disposition;

(9) Investments existing or pursuant to agreements or arrangements in effect or existence 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 permitted 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 Issuer (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 or services, in any case, in the ordinary course of business or consistent with past practice, and in accordance with the Indenture;

(15) (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 (which shall include such arrangements in respect of providers of credit insurance related to the ordinary course of business payables of the Issuer and the Restricted Subsidiaries or in favor of landlords or for or on behalf of franchisees), 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 Issuer or merged or amalgamated into or consolidated with a Restricted Subsidiary after the Issue Date to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(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 Issuer;

(20) Investments in joint ventures and similar entities, Associates and Unrestricted Subsidiaries having an aggregate fair market value, which 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 €42 million and 27.5% 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 Issuer or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) above and shall cease to have been made pursuant to this clause for so long as such Person continues to be the Issuer 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 €54 million and 35% 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 Issuer or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) above and shall cease to have been made pursuant for so long as such Person continues to be the Issuer or a Restricted Subsidiary;

(22) Investments made with, or received from or in exchange for, (a) the licensing or use of intangible assets or (b) the provision of management, advisory, sales, marketing and/or other similar services;

(23) Investments (a) arising in connection with a Qualified Securitization Financing or Securitization Facilities and (b) constituting distributions or payments of Securitization Fees and purchases of Securitization Assets in connection with a Qualified Securitization Financing or Securitization Facility;

(24) (a) Investments (including repurchases) in Indebtedness of the Issuer or its Restricted Subsidiaries and (b) Investments in connection with the Transactions;

(25) Investments by an Unrestricted Subsidiary entered into prior to the day such Unrestricted Subsidiary is redesignated as a Restricted Subsidiary as described under "*—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*";

(26) guarantee and indemnification obligations arising in connection with surety bonds issued in the ordinary course of business or consistent with past practice;

(27) Investments consisting of purchases and acquisitions of real property, any other assets or services in the ordinary course of business or consistent with past practice or made in the ordinary course of business or consistent with past practice in connection with obtaining, maintaining or renewing customer or client contacts and loans or advances made to distributors in the ordinary course of business or consistent with past practice;

(28) 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;

(29) advances, loans or other extensions of credit to any joint venture or franchisee (but not, for the avoidance of doubt, any purchase or acquisition of Capital Stock of a joint venture or franchisee or any other form of contribution to the equity of such joint venture to franchisee) in the ordinary course of business;

(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;

(31) transactions entered into in order to consummate a Permitted Tax Restructuring; and

(32) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property or Investments in customers in respect of any such purchases and acquisitions, in any case, in the ordinary course of business and otherwise in accordance with the Indenture.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary (including the Capital Stock of such Restricted Subsidiary) that is not a Guarantor or the Issuer securing Indebtedness and other Obligations of any Restricted Subsidiary that is not a Guarantor or the Issuer;

(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 (including any Liens given

pursuant to section 8a of the German Old Age Employees Part Time Act (*Altersteilzeitgesetz*) or section 7e of the Fourth Book of the German Social Code (*Sozialgesetzbuch IV*)), 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 ordinary course payables (or obligations of credit insurers with respect thereto), 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, leases (including operating leases), easements (including reciprocal easement agreements), survey exceptions, restrictions, encroachments, protrusions, by-law, regulation, zoning restrictions or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of their properties, including servicing agreements, development agreements, site plan agreements, subdivision agreements, facilities sharing agreements, cost sharing agreements and other agreements, which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries, including, for the avoidance of doubt (a) ground leases entered into by the Issuer or any of its Restricted Subsidiaries in connection with any development, construction, operation or improvement of assets on any real property owned by the Issuer or any of its Restricted Subsidiaries (and any Liens created by the lessee in connection with any such ground lease, including easements and rights of way, or on any of its assets located on the real property subject to such ground lease), and (b) leases, licenses, subleases and sublicenses in respect of real property to any trading counterparty to which the Issuer or any of its Restricted Subsidiaries provides services on such real property;

(6) Liens (a) on assets or property of the Issuer 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 savings banks, including liens of the Issuer and the Restricted Subsidiaries under the German general terms and conditions of banks and 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 Issuer or any Subsidiary or (iii) relating to purchase orders and other agreements entered into with customers of the Issuer 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; and/or (e) (i) of a collection bank arising under Section 4-210 of the UCC on items in the course of collection and (ii) 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 (iii) 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 (a) on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations, or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing Indebtedness or other Obligations Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business or consistent with past practice; *provided* that (i) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (ii) any such Liens may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements, accessions and/or fixtures to such assets and property, including any real property on which such improvements or construction relates and (b) 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 (or similar filings in other applicable jurisdictions), including precautionary UCC financing statements regarding operating leases entered into by the Issuer and its 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 Revolving Credit Facility);

(12) Liens on property or assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, amalgamation, consolidation or other business combination transaction with or into the Issuer 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 Issuer or any Restricted Subsidiary securing Indebtedness or other Obligations of the Issuer or such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(14) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that were previously so secured, and permitted to be secured under the Indenture (other than initially Incurred pursuant to clause (29) of this definition); *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 resulting from (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 Issuer or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(16) any encumbrance, restriction (including put and call arrangements) or other Liens with respect to Capital Stock of any joint venture, Associate or entity (a) pursuant to any joint venture or similar agreement (including the articles, by-laws and other governing documents of such entity); or (b) securing obligations of joint ventures, Associates or similar entities;

(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 or receivables resulting from the sale of goods entered into in the ordinary course of business;

(19) Liens securing Indebtedness and other Obligations under clauses (16) or (17) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" (*provided* that, in the case of clause (17) of such paragraph, such Liens cover only the assets of such Restricted Subsidiary);

(20) Permitted Collateral Liens;

(21) (a) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary and (b) Liens then existing with respect to assets of an Unrestricted Subsidiary on the day such Unrestricted Subsidiary is redesignated as a Restricted Subsidiary as described under "*—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*";

(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 Issuer or any Restricted Subsidiary or Liens on bills of lading, drafts or other documents of title arising by operation of law or pursuant to the standard terms of agreements relating to letters of credit, bank guarantees and other similar instruments and (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 in respect of any credit support in favor of any provider of credit insurance relating to the payable Issuer and its Subsidiary;

(24) Liens on equipment of the Issuer or any Restricted Subsidiary and located on the premises of any client or supplier in the ordinary course of business;

(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 €50 million and 32.5% 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) (a) Liens arising in connection with a Qualified Securitization Financing or a Securitization Facility or (b) Settlement Liens;

(32) Liens created on any asset acquired by the Issuer or a Restricted Subsidiary or developed by the Issuer or a Restricted Subsidiary after the Issue Date for the sole purpose of financing or refinancing such acquisition or development and securing not more than 100% of the cost of acquisition or development; *provided* that such Lien is released within 12 months of such acquisition or completion of such development;

(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 Issuer or any Restricted Subsidiary or by a statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;

(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 Issuer or any Restricted Subsidiary;

(37) Liens arising in connection with any Permitted Tax Restructuring;

(38) Liens arising by virtue of any statutory or common law provisions or customary standard terms relating to banker's Liens or similar general terms and conditions of banks with whom the Issuer or a Restricted Subsidiary maintains a banking relationship in the ordinary course of business or consistent with past practice, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(39) (a) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or (b) Liens on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case, to the extent such cash or government securities are held in escrow accounts or similar arrangement;

(40) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts and receivables securing cash pooling or cash management arrangements;

(41) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes, (b) Liens pursuant to the Intercreditor Agreement and the security documents entered into pursuant to the Indenture, (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss-sharing as among the Holders of the Notes and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement, (d) Liens securing Indebtedness Incurred under clause (1) of the second paragraph of the covenant entitled "*—Limitation on Indebtedness*" to the extent the Agreed Security Principles would permit such Lien to be granted to such Indebtedness and not to the Notes, (e) Liens securing Indebtedness Incurred under clause (12) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and (f) Liens on rights under any proceeds loan that are assigned to the third party creditors of the Indebtedness Incurred by the Issuer or any Restricted Subsidiary to finance such proceeds loan and incurred in compliance with the Indenture and securing that Indebtedness;

(42) Liens created or subsisting in order to secure any pension liabilities or partial retirement liabilities or any liabilities arising in connection with any pension insurance plan;

(43) Liens required to be granted under mandatory law in favor of creditors as a consequence of a merger or conversion permitted under the Senior Secured Notes Indenture due to §§ 22, 204 German Transformation Act (*Umwandlungsgesetz - UmwG*);

(44) Liens arising in connection with any joint and several liability and any netting or set-off arrangement arising in each case by operation of law as a result of the existence or establishment of a fiscal unity or any analogous arrangement in any other jurisdiction of which the Issuer or a Restricted Subsidiary is or becomes a member; and

(45) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (44); *provided* that any such extension, renewal or replacement shall not extend in any material respect to any additional property or assets.

In the event that a Permitted Lien meets the criteria of more than one of the types of Permitted Liens (at the time of incurrence or at a later date), the Issuer in its sole discretion may divide, classify or from time to time reclassify all or any portion of such Permitted Lien in any manner that complies with the Indenture and such Permitted Lien shall be treated as having been made pursuant only to the clause or clauses of the definition of Permitted Lien to which such Permitted Lien has been classified or reclassified.

"*Permitted Reorganization*" means:

(a) any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving the Issuer or any of its Restricted Subsidiaries and the assignment, transfer or assumption of intragroup receivables and payables among the Issuer and its Restricted Subsidiaries in connection therewith (a "*Reorganization*") that is made on a solvent basis (as determined by an Officer or the Board of Directors of the Issuer in good faith); *provided* that:

  (i) any payments or assets distributed in connection with such Reorganization remain within the Issuer and its Restricted Subsidiaries;

  (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; and

  (iii) the Security Agent and the Trustee shall take any action necessary to effect any releases of Notes Guarantees reasonably requested by the Issuer in connection with the reorganization; *provided that*, reasonably promptly after completion of the reorganization, Notes Guarantees are provided by such Restricted Subsidiaries of the Issuer as is necessary to procure that such new Note Guarantees will (taken as a whole together with any pre-existing Notes Guarantees that were not released in connection with the reorganization) have substantially similar value (as determined in good faith by the Board of Directors or senior management of the Issuer) to the Notes Guarantees existing prior to the reorganization; and

(b) to the extent not included in sub-clause (a), any reorganization, amalgamation, merger, acquisition, disposal or other transaction (and to enter into any intermediary steps in connection therewith), including the insertion of a new holding company of the Issuer or any member of the Group, as may be necessary or desirable to facilitate a Change of Control or an initial public offering of Capital Stock, *provided* that any such reorganization, amalgamation, merger, acquisition, disposal or other transaction shall be conditional upon the Holders continuing to benefit from the same or substantially equivalent Notes Guarantees and Security Interests of substantially similar value (and ignoring for the purpose of assessing such equivalency any limitations required in accordance with the Agreed Security Principles which do not materially and adversely affect the value or enforceability of those Notes Guarantees and Security Interests taken as a whole), other than assets that have ceased to exist as a result of such reorganization, amalgamation, merger, acquisition, disposal or other transaction.

"*Permitted Tax Distribution*" means, without duplication of any payments, loans or advances under any Tax Sharing Agreement, (a) if and for so long as the Issuer or any of its Subsidiaries is a member (or a disregarded entity of a member) of a group, unity or fiscal unity (whether resulting from a domination and profit or loss pooling agreement or otherwise) or a group filing, a consolidated, affiliated, combined or unitary tax return with any Parent Entity or any other entity, any direct or indirect dividends, repayments of equity, reductions of capital, intercompany loans, other intercompany balances or other distributions (including, for the avoidance of doubt, from Subsidiaries of the Issuer) to fund any income or corporate income Taxes, trade taxes, value added taxes, or any similar Taxes, for which such Parent Entity or such other entity is liable up to an amount not to exceed the amount of any such Taxes that the Issuer and its Subsidiaries that are included in such consolidated, affiliated, combined or unitary tax return, or which such Parent Entity or other entity is otherwise required to pay or account for to any tax authority, would have been required to pay on a separate company basis or on a group or unitary basis, or on a consolidated basis calculated as if the Issuer and its relevant Subsidiaries had paid Tax on a consolidated, combined, group, affiliated or unitary basis on behalf of a group, unity, or fiscal unity, or an affiliated group (as applicable) consisting only of the Issuer and its relevant Subsidiaries and/or (b) for any taxable year (or portion thereof) ending after the Issue Date for which the Issuer is treated as a disregarded entity, partnership, or other flow-through entity not described in clause (a) of this definition for applicable federal, state, provincial, territorial, and/or local income or corporate income (as applicable) Tax purposes (such treatment, "flowthrough" treatment), the payment of direct or indirect dividends or other distributions (including, for the avoidance of doubt, from Subsidiaries of the Issuer to the Issuer and from the Issuer directly or indirectly through intermediate entities) in an amount sufficient to fund the income or corporate (as applicable) Tax liability of direct or indirect owners who are required to pay the relevant income or corporate income (as applicable) Tax under the applicable Tax rules as a result of the flow-through treatment (each, a "Taxable Recipient") for such taxable year (or portion thereof) attributable to the taxable income of the Issuer and its direct and indirect Subsidiaries, in an aggregate amount for any particular Taxable Recipient not to exceed the product of (x) the highest combined marginal federal, state, provincial, territorial, and/or local, as applicable, statutory income or corporate income (as applicable) Tax rate in the relevant jurisdiction imposing such Taxes with respect to such Taxable Recipient and (y) the taxable income of the Issuer for such taxable year (or portion thereof) allocable to such Taxable Recipient under such applicable Tax rules (taking into account any applicable foreign tax credits or losses allocable to such Taxable Recipient attributable to the Issuer and its direct and indirect Subsidiaries to the extent not previously utilized and available for utilization by such Taxable Recipient in such taxable year (or portion thereof)) as reasonably determined by the Issuer; *provided, however, that* to the extent any Taxes are attributable to Unrestricted Subsidiaries (computed on a "with" and "without" basis), payment for such Taxes shall be permitted only to the extent such Unrestricted Subsidiaries have distributed cash to the Issuer for the purposes of such payments.

"*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 or beneficial owners (taken as a whole) (as determined by the Issuer 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.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional and other investors, in each case, that are not Affiliates of the Issuer, that is underwritten for resale 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 financing pursuant to which the Issuer or any Restricted Subsidiary may sell, convey or otherwise transfer a Securitization Subsidiary or any other Person that is not the Issuer or a Restricted Subsidiary or grant a security interest in any Securitization Assets for fair consideration (as determined in good faith by the Issuer); *provided* that and (1) the covenants, events of default and other provisions applicable to such financing shall be on market terms (as determined in good faith by the Issuer) at the time such financing is entered into and (2) such financing shall be non-recourse to the Issuer and the Restricted Subsidiaries, except to a limited extent customary for such transaction (which may include Securitization Repurchase Obligations).

"*rating agencies*" means S&P, Moody's and Fitch or if no rating of S&P, Moody's or Fitch is publicly available, as the case may be, the equivalent of such rating selected by the Issuer by any other Nationally Recognized Statistical Ratings Organization.

"*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 (or unutilized commitment in respect of Indebtedness) existing on the Issue Date or Incurred (or established) in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness, and Indebtedness Incurred pursuant to a commitment that refinances any Indebtedness or unutilized commitment; *provided, however*, that:

(1) (a) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, 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 or, if shorter, the maturity date of the Notes; 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 on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced;

(2) Refinancing Indebtedness shall not include:

  (a) Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or a Guarantor; or

  (b) Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or a Restricted Subsidiary that refinances Indebtedness, Disqualified Stock or Preferred Stock of an Unrestricted Subsidiary; and

(3) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the sum of (a) the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding (plus fees and expenses, including premiums, accrued and unpaid interest and defeasance costs) of the Indebtedness being Refinanced, *plus* (b) an amount equal to any unutilized commitment that has been deemed to be Incurred pursuant to "*—Certain Covenants—Financial Calculations*" relating to the Indebtedness being refinanced or otherwise then outstanding under a Credit Facility or other financing arrangement being refinanced immediately prior to such refinancing, *plus* (c) fees, underwriting discounts, accrued and unpaid interest, premiums (including tender premiums) and other costs and expenses (including original issue discount, upfront fees and similar fees) Incurred or payable in connection with such refinancing;

provided that clause (1) above will not apply to any extension, replacement, refunding, refinancing, renewal or defeasance of any Credit Facilities or Senior Secured Indebtedness or to any Indebtedness under revolving credit, working capital, commercial paper or letter of credit facilities or any receivables financing. Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Related Person*" means, with respect to any Permitted Holder:

(1) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person;

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means 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 (i) Taxes measured by income and (ii) withholding Taxes), required to be paid (*provided* such Taxes are in fact paid) by any Parent Entity by virtue of its:

(1) being organized or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries) or otherwise maintain its existence or good standing under applicable law;

(2) (i) being a holding company parent, directly or indirectly, of the Issuer or any Subsidiaries of the Issuer or (ii) issuing or holding Subordinated Shareholder Funding;

(3) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any Subsidiaries of the Issuer; or

(4) having made any payment in respect to any of the items for which the Issuer is permitted to make payments to any Parent Entity pursuant to "*—Certain Covenants—Limitation on Restricted Payments*".

"*Relevant Testing Period*" means, for purposes of the calculation of any applicable financial covenant, test, basket or ratio (including those based on LTM EBITDA, Fixed Charge Coverage Ratio, Consolidated Senior Secured Net Leverage Ratio and/or Consolidated Total Net Leverage Ratio), the most recently completed four consecutive fiscal quarters ending on the last day of the most recent fiscal quarter (or fiscal year, if later) for which financial statements have been delivered pursuant to "*—Certain Covenants—Reports*" or, at the option of the Issuer, the most recently completed twelve consecutive months ending on the last day of a calendar month for which the Issuer has, in its sole determination, sufficient available information to be able to determine any applicable financial covenant, test, basket or ratio.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"*Revolving Credit Facility*" means the revolving credit facility made available under the Revolving Credit Facility Agreement.

"*Revolving Credit Facility Agreement*" means the revolving credit facility agreement entered into on or about the Issue Date by and among the the Issuer, the Guarantors from time to time party thereto, the administrative agent named therein, the Security Agent, and each lender from time to time party thereto, 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.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Sale and Leaseback Transaction*" means any arrangement providing for the leasing by the Issuer or any of the Restricted Subsidiaries of any real or tangible personal property, which property has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to a third Person in contemplation of such leasing.

"*SEC*" means the Securities and Exchange Commission or any successor thereto.

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Securitization Asset*" means (1) any accounts receivable, mortgage receivables, loan receivables, royalty, franchise fee, license fee, patent, rent or other revenue streams and other rights to payment or related assets and the proceeds thereof and (2) 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, receivables financing, factoring or receivables sales facilities, as amended, supplemented, modified, extended, renewed, restated or refunded from time to time, pursuant to which the Issuer or any of the Restricted Subsidiaries sells, transfers, pledges or otherwise conveys any Securitization Assets (whether now existing or arising in the future) to a Securitization Subsidiary or any other Person that is not the Issuer or any Restricted Subsidiary, pursuant to which (1) the Issuer or such Restricted Subsidiary, as applicable, sells (directly or indirectly) to such Person accounts receivable owing by customers, together with Securitization Assets related thereto, (2) the obligations of the Issuer or such Restricted Subsidiary, as applicable, thereunder are non-recourse (except for Securitization Repurchase Obligations) to the Issuer and such Restricted Subsidiary and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings.

"*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 Securitization Facility.

"*Securitization Repurchase Obligation*" means any obligation of a seller of or grantor of security interests in Securitization Assets 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 Issuer in each case formed for the purpose of and that solely engages in one or more Qualified Securitization Financings and other activities reasonably related thereto or another Person formed for this purpose.

"*Security Documents*" means all security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the Security Interests in the Collateral as contemplated by the Indenture.

"*Senior Secured Indebtedness*" means Indebtedness of the type referred to in the definition of "Consolidated Total Net Indebtedness" that is (a) secured by a Lien on the Collateral ranking senior to, or *pari passu* with, the Liens on the Collateral securing the Notes and that is not contractually subordinated to obligations under the Notes or the Notes Guarantees as of such date, or entitled to receive proceeds of an enforcement of the Collateral after Holders pursuant to any "waterfall" or similar provision in the Intercreditor Agreement or any Additional Intercreditor Agreement or similar agreement and that (x) is Incurred under the first paragraph described under "*—Certain Covenants—Limitation on Indebtedness*" or clauses (1), (2)(a), (4)(a), (b) and (c), (5), (7), (10), (12) or (16) of the second paragraph of the covenant described under "*—Certain Covenants— Limitation on Indebtedness*" or (b) is Refinancing Indebtedness in respect thereof; and in each case, without double counting.

"*Settlement*" means the transfer of cash or other property with respect to any credit or debit card charge, check or other instrument, electronic funds transfer, or other type of paper-based or electronic payment, transfer, or charge transaction for which a person acts as a processor, remitter, funds recipient or funds transmitter in the ordinary course of its business.

"*Settlement Asset*" means any cash, receivable or other property, including a Settlement Receivable, due or conveyed to a person in consideration for a Settlement made or arranged, or to be made or arranged, by such person or an Affiliate of such Person.

"*Settlement Indebtedness*" means any payment or reimbursement obligation in respect of a Settlement Payment.

"*Settlement Lien*" means any Lien relating to any Settlement or Settlement Indebtedness (and may include, for the avoidance of doubt, the grant of a Lien in or other assignment of a Settlement Asset in consideration of a Settlement Payment, Liens securing intraday and overnight overdraft and automated clearing house exposure, and similar Liens).

"*Settlement Payment*" means the transfer, or contractual undertaking (including by automated clearing house transaction) to effect a transfer, of cash or other property to effect a Settlement.

"*Settlement Receivable*" means any general intangible, payment intangible, or instrument representing or reflecting an obligation to make payments to or for the benefit of a person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person.

"*Significant Subsidiary*" means any Restricted Subsidiary or group of Restricted Subsidiaries (taken together) that meets any of the following conditions:

(1) the Issuer's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and its Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Silekol Division*" means the Group's resin and chemicals business division operated by Silekol sp.z o.o.

"*Similar Business*" means (1) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date and (2) any businesses, services and activities engaged in by the Issuer or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, guarantees and indemnities entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Securitization Facility, including those relating to the servicing of the assets of a Securitization Subsidiary, it being understood that any Securitization Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*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 is expressly subordinated in right of payment to the Notes or any Notes Guarantees pursuant to a written agreement. No Indebtedness will be deemed to be subordinated in right of payment to any other Indebtedness solely by virtue of being unsecured or by virtue of being secured on a junior priority basis or by virtue of being secured or different assets, or due to the fact that the holders (or an agent, trustee or representative thereof) of any Indebtedness have entered into intercreditor or similar arrangements giving one or more of such holders priority over the other holders in the Collateral held by them.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Issuer by any Parent Entity, any Affiliate of any Parent Entity or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case, issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided, 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 Issuer or any funding meeting the requirements of this definition) or the making of any such payment prior to the date that is six months after the Stated Maturity of the Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to the date that is six months after the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the date that is six months after the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control, asset sale or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the date that is six months after the Stated Maturity of the Notes or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in

each case, prior to the date that is six months after the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries;

(5) pursuant to its terms or to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes 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 Issuer;

(7) contains restrictions on transfer to a Person who is not a Parent Entity, any Affiliate of any Parent Entity, any holder of Capital Stock of a Parent Entity or any Affiliate of a Parent Entity or any Permitted Holder or any Affiliate thereof; *provided* that any transfer of Subordinated Shareholder Funding to any of the foregoing persons shall not be deemed to be materially adverse to the interest 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 thereof or compliance by the Issuer or any Guarantor with its obligations under the Notes, any Notes Guarantee thereof or the Indenture.

"*Subsidiary*" means, with respect to any Person:

(1) any corporation or other business entity (other than a partnership, association, 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, association, 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.

"*Tax Sharing Agreement*" means any tax sharing, profit and loss pooling, domination and profit and loss transfer or similar agreement with customary or arm's-length terms entered into with any Parent Entity or Unrestricted Subsidiary (including the DPLTA), as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture, and any arrangements or transactions made between the Issuer and/or any of its Subsidiaries and any Parent Entity in order to satisfy the obligations arising under any such Tax Sharing Agreement (including, for the avoidance of doubt, distributions for purposes of compensating accounting losses in relation to a profit and loss pooling and/or domination and profit and loss transfer agreement (including the DPLTA) and/or upstream loans to any Parent Entity to enable a Parent Entity to compensate the Issuer or such Subsidiary for losses incurred which may need to be compensated by a Parent Entity under any profit and loss pooling and/or domination and profit and loss transfer agreement (including the DPLTA)).

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"*Temporary Cash Investments*" means any of the following:

(1) any Investment in:

  (a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any European Union member state and the United Kingdom, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (v) 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 Revolving Credit Facility; and

(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 million (or the currency equivalent thereof in other currencies) and whose long-term debt is rated at least "A-" by S&P or "A-3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its 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, Canada, any European Union member state, the United Kingdom, Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB-" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a member state of the European Union, the United Kingdom, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the equivalent thereof in other currencies) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) Investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(9) investments in money market funds 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.

"*Transactions*" shall have the meaning assigned to such term in this Offering Memorandum.

"*Transaction Expenses*" means any fees or expenses incurred or paid by the Issuer 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.

"*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 Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer in accordance with the provisions set forth under "*—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*"); and

(2) any Subsidiary of an Unrestricted Subsidiary.

"*U.S. Bankruptcy Code*" means Title 11 of the United States Code, as amended.

"*U.S. GAAP*" means generally accepted accounting principles in the United States of America as in effect from time to time.

"*U.S. Internal Revenue Code*" means the United States Internal Revenue Code of 1986, 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.

BOOK-ENTRY, DELIVERY AND FORM

General

Notes sold within the United States to "qualified institutional buyers" in reliance on Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (the "Rule 144A Global Notes"). On the Issue Date, the Rule 144A Global Note representing the Fixed Rate Notes (the "Fixed Rate Rule 144A Global Note") and the Rule 144A Global Note representing the Floating Rate Notes (the "Floating Rate Rule 144A Global Note") will be deposited with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Notes sold outside the United States in reliance on 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 Rule 144A Global Notes, the "Global Notes"). On the Issue Date, the Regulation S Global Note representing the Fixed Rate Notes (the "Fixed Rate Regulation S Global Note" and, together with the Fixed Rate Rule 144A Global Note, the "Fixed Rate Global Notes") and the Regulation S Global Note representing the Floating Rate Notes (the "Floating Rate Regulations S Global Note" and, together with the Floating Rate Rule 144A Global Note, the "Floating Rate Global Notes") will be deposited with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the 144A Global Notes ("144A Book-Entry Interests") and ownership of interests in the Regulation S Global Notes (the "Regulation S Book-Entry Interests" and, together with the 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and/or Clearstream and their participants. The Book-Entry Interests in the Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear or Clearstream, as applicable, will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, owners of interests in the Global Notes will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form (subject to very limited exceptions) and will not be considered the registered owners or "holder" of the Notes under the Indenture for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or their respective nominees), as applicable, will be considered the holder of the Notes for all purposes under the Indenture. As such, participants and indirect participants must rely on the procedures of Euroclear or Clearstream, as applicable, and, in the case of indirect participants, the participants through which they own Book-Entry Interests, in order to exercise any rights of holders of the Notes under the Indenture.

None of the Issuer, the Trustee, the Paying Agent, the Transfer Agent, the Calculation Agent or the Registrar, nor any of their respective agents, will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive definitive Notes in registered form (the "Definitive Registered Notes"):

(1) if Euroclear or Clearstream notifies us that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days;

(2) if Euroclear or Clearstream so requests following an Event of Default under the Indenture (as defined therein); or

(3) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an Event of Default under the Indenture.

Euroclear and Clearstream have advised us that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (3), their current procedure is to request that we issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names of holders and issued in any approved denominations, requested by or on behalf of Euroclear or Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

In the case of the issue of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Definitive Registered Note by surrendering it to the Registrar. In the event of a partial transfer or a partial redemption of one Definitive Registered Note, a new Definitive Registered Note will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note will be issued to the transferor or the holder, as applicable, in respect of the balance of the holding not transferred or redeemed; *provided* that a Definitive Registered Note will only be issued in denominations of €100,000 or in integral multiples of €1,000 in excess thereof.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken, or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of the Transfer Agent, we will issue and the Trustee or an authenticating agent appointed by the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and our requirements are met. We or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and us to protect us, the Trustee or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. We and/or the Trustee may charge for expenses in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by us pursuant to the provisions of the Indenture, we, in our discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Transfer Restrictions*."

To the extent permitted by law, we, the Trustee, the Paying Agent, the Transfer Agent, the Calculation Agent, the Registrar and any of their respective agents shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer or as otherwise provided in the Indenture, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Redemption of the Global Notes

In the event any Global Note, or any portion thereof, is redeemed, Euroclear or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate in accordance with their respective operational procedures; *provided*, *however*, that no Book-Entry Interest of less than €100,000 principal amount at maturity, may be redeemed in part.

Payments on Global Notes

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) will be made by the Issuer to the Paying Agent. The Paying Agent will, in turn, make such payments to Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture governing the Notes, the Issuer, the Trustee, the Paying Agent, the Transfer Agent, the Calculation Agent, the Registrar and any of their respective agents will treat the registered holder of the Global Notes (for example, Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Registrar, the Transfer Agent, the Paying Agent or the Calculation Agent, nor any of their respective agents, has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest;
- Euroclear, Clearstream or any participant or indirect participant; or
- the records of the common depositary.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name."

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Issuer, the Trustee, the Initial Purchasers, the Paying Agent, the Transfer Agent, the Calculation Agent and the Registrar, nor any of their respective agents, will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment. Holders may be subject to foreign exchange risks that may have economic and tax consequences to them.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of (i) the Fixed Rate Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euro and (ii) the Floating Rate Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of the Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be done in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

The Global Notes will bear a legend to the effect set forth in "*Transfer Restrictions*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "*Transfer Restrictions*."

Beneficial interests in a 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note denominated in the same currency only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144A or any other exemption (if available under the Securities Act).

For the avoidance of doubt, (i) no Book-Entry Interest in any Fixed Rate Global Note and no Definitive Registered Note issued in exchange for a Book-Entry Interest in the Fixed Rate Global Notes may be transferred or exchanged for any Book-Entry Interest in any Floating Rate Global Note or any Definitive Registered Note issued in exchange for a Book-Entry Interest in the Floating Rate Global Notes (the "Definitive Registered Floating Rate Notes"), and (ii) no Book-Entry Interest in the Floating Rate Global Notes and no Definitive Registered Floating Rate Note may be transferred or exchanged for any Book-Entry Interest in any Fixed Rate Global Note or any Definitive Registered Note issued in exchange for a Book-Entry Interest in the Fixed Rate Global Notes (the "Definitive Registered Fixed Rate Notes").

Subject to the foregoing, and as set forth in "*Transfer Restrictions*," Book-Entry Interests may be transferred and exchanged as described under "*Description of the Notes—Transfer and Exchange*." Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it retains such a Book-Entry Interest.

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, the Transfer Agent and the Registrar a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See "*Transfer Restrictions*."

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. None of the Issuer, the Initial Purchasers, the Trustee, the Paying Agent, the Transfer Agent, the Calculation Agent or the Registrar, nor any of their respective agents, are responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations, and they also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through the Euroclear and Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear and Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The 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 Issuer, the Guarantors, the Initial Purchasers, the Trustee, the Transfer Agent, the Paying Agent, the Calculation Agent or the Registrar, nor any of their respective agents, will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euros. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the Issue Date against payment for value on the Issue Date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Notes through Euroclear or Clearstream on days when those systems are open for business.

In addition, because of time zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Notes, or to receive or make a payment or delivery of Notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or in Brussels if Euroclear is used.

CERTAIN TAX CONSIDERATIONS

The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in Germany and the United States, and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

Prospective purchasers of the Notes are advised to consult with their own tax advisors as to the tax consequences of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium paid (if any), and the sale or redemption of the Notes or any interest therein.

The discussion set forth below is based upon law as in effect on the date of this offering memorandum and is subject to any change in such law that may take effect after such date. Terms defined in the sections below only have such meanings as defined therein for such respective section. The discussion assumes that the Notes will be issued, and any transfers thereof will be made, in accordance with the Indenture.

The discussion below is a general summary and is not tax advice. 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 federal, state, local and foreign tax consequences relating to the purchase, ownership and disposition of the Notes in light of the investor's own circumstances.

Certain German Tax Considerations

The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of the Notes. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase 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 Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of the Notes, including the effect of any state or local or church taxes under the tax laws of Germany and any country of which they are residents or whose tax laws apply to them for other reasons.

Withholding Tax

Ongoing interest payments received by an individual holder of the Notes who is a German tax resident (meaning, persons whose residence, habitual abode, statutory seat or place of effective management and control is located in Germany) will be subject to German withholding tax (*Kapitalertragsteuer*) if the Notes are held in custody with or administered by or presented for an over-the-counter payment to (i) a German branch of a German or non-German bank or financial services institution, (ii) a German securities trading company, (iii) a German securities trading bank (each, a "Disbursing Agent", *auszahlende Stelle*), or (iv)—if no German bank or financial services institution is the Disbursing Agent—the Issuer. The withholding tax rate to be withheld by the Disbursing Agent is 25% (plus 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.

The same treatment applies to capital gains (meaning, the difference between the proceeds from the disposal, redemption, repayment or assignment after 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 Notes ("Accrued Interest", *Stückzinsen*) derived by an individual holder who is a German tax resident irrespective of any holding period provided that the 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 (meaning, without the Notes), the proceeds from the disposition are subject to withholding tax. The same applies to proceeds from the redemption of interest coupons or the payment of interest claims if the Notes have been disposed of separately.

To the extent that the 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 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 Notes by the previous Disbursing Agent or by a statement of a bank or financial services institution within the European Union, the European Economic Area or the countries/territories, the Swiss Confederation, the Principality of Liechtenstein, the Republic of San Marino, 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 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, in case the actual gain is higher than 30% of the disposal proceeds a German tax resident individual holder is obliged 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 Notes via the Disbursing Agent (for example, losses from the sale of other capital investments (*Kapitalvermögen*) with the exception of shares). The Disbursing Agent may also deduct Accrued Interest on the Notes or other capital investments 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 capital investments 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 €801 (€1,602 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 Notes has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent tax authorities.

German withholding tax will generally not apply to gains from the disposal, redemption, repayment or assignment of 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 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 Notes are held in a custodial account with a 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*).

Taxation of Current Income and Capital Gains

Tax Residents

This subsection "*—Tax Residents*" refers to persons who are tax residents of Germany (meaning, 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 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 Notes are held as private investment (*Privatvermögen*). Individual holders who are tax resident in Germany are entitled to a maximum annual allowance (*Sparer-Pauschbetrag*) of €801 (€1,602 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 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 Notes kept in custody abroad or if no Disbursing Agent being involved in the payment process or if the withholding tax on 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 Notes in its annual tax return and will then also be taxed at a rate of 25% (plus solidarity surcharge and, where applicable, church tax thereon). Further, an individual holder may apply for a 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 Notes may only be offset with investment income of the individual holder realized in the same or following assessment periods.

Pursuant to recent legislative changes, 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.

Where Notes form part of a trade or business of an individual or corporate holder or the income from the 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 solidarity surcharge and, where applicable, church tax). Where 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 Notes form part of a German trade or business the current income and gains from the disposal, redemption, repayment or assignment of the 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 (meaning, 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 Notes received by holders who are not tax-resident in Germany are generally not subject to German taxation, unless (i) the 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 or (ii) the income otherwise constitutes German source income (such as income from the letting and leasing of certain German-situs real estate or income from capital investments directly or indirectly secured by German-situs real estate, unless the Notes qualify as global certificate (*Sammelurkunde*) within the meaning of Section 9a of the German Custody Act (*Depotgesetz*) or as fungible notes representing the same issue (*Teilschuldverschreibungen*)). 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 Disbursing Agent and the Notes are not held in custody with the same 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 double taxation treaty (*Doppelbesteuerungsabkommen*).

Abolishment of Solidarity Surcharge

According to a bill enacted in December 2019, 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 Notes by reason of death or as a gift will be subject to German inheritance or gift tax if the decedent or 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 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 Notes are directly or indirectly secured by German-situs real estate (unless the Notes qualify as fungible notes representing the same issue (*Teilschuldverschreibungen*)). 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 such duties will be payable in Germany in connection with the issuance, delivery or execution of the 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 currently 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. Prospective holders of the Notes are advised to seek their own professional advice in relation to the financial transaction tax.

Proposed Abolishment of German Flat Tax on Interest Income

The coalition agreement between the German Christian Democratic Party and the German Social Democratic Party dated 7 February 2018 provides that 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 shall be partially abolished. As a result, interest on the Notes could become subject to a taxation at a respective Note holder's individual personal tax rate—where such holder of the Notes 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, should then be creditable).

Certain U.S. Federal Income Tax Considerations

The following is a discussion of certain U.S. federal income tax considerations relevant to the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax effects. The discussion is limited to considerations relevant to a U.S. Holder (as defined below) 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 federal income tax laws of the United States, including the U.S. 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 differing interpretations and change at any time, possibly with retroactive effect which could significantly affect the U.S. federal tax consequences described below. No rulings from the U.S. Internal Revenue Service ("IRS") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS or a court will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes than those discussed herein or that any such position would not be sustained 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 Notes.

This discussion is general in nature and 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 or status, including the impact of the unearned income Medicare contribution tax, FATCA (generally, Sections 1471 through 1474 of the Code, the Treasury regulations and any administrative guidance issued thereunder, and any laws relating to an intergovernmental agreement entered into in connection therewith), the alternative minimum tax, or the base erosion and anti-abuse tax, or to holders subject to special rules, such as banks, certain financial institutions, persons who have ceased to be U.S. citizens or lawful permanent residents of the United States and other U.S. expatriates, insurance companies, retirement plans, individual retirement and other tax-deferred accounts, brokers or dealers in securities or currencies, traders that elect to mark their securities to market, U.S. Holders whose functional currency is not the U.S. dollar, tax exempt entities, regulated investment companies, real estate investment trusts, partnerships, S corporations, or other pass through entities and investors in such entities, entities covered by the U.S. anti-inversion rules, corporations that accumulate earnings to avoid U.S. federal income tax, persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction, persons that purchase or sell the Notes as part of a wash sale for tax purposes, persons who own, actually or under applicable constructive ownership rules, 10% or more of our ordinary shares, any person acquiring the Notes in connection with the performance of services, and persons subject to special tax accounting rules as a result of gross income with respect to the Notes being taken into account in an applicable financial statement. In addition, this discussion is limited to persons who purchase the Notes for cash at original issue and at their "issue price" (meaning, the first price at which a substantial amount of the 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 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 Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust if it is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partner and the partnership. A partnership considering an investment in the Notes, and partners in such a partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

The discussion of certain U.S. federal income tax considerations set forth below is for general information purposes only. Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of other federal, state, local or other non-U.S. tax laws.

Additional Payments

In certain circumstances, the Issuer may be required to pay additional amounts if certain taxes are withheld or deducted from payments on the Notes or make payments on the Notes in excess of stated principal and interest. Although the issue is not free from doubt, we intend to take the position that the possibility of paying such additional amounts or payments does not result in the Notes being treated as "contingent payment debt instruments" under the applicable Treasury regulations. This position will be based in part on our determination that, as of the date of the issuance of the Notes, the possibility that such additional amounts or payments will have to be paid is a remote or incidental contingency within the meaning of the applicable Treasury regulations.

Our determination that the Notes are not contingent payment debt instruments is binding on a U.S. Holder, unless the U.S. Holder explicitly discloses to the IRS on its tax return for the year during which such U.S. Holder acquires the 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 interest income on its Notes at a rate in excess of the stated interest rate and any otherwise applicable OID, to treat as ordinary income, rather than capital gain, some or all of any gain recognized on the taxable disposition of the Notes, and to recognize foreign currency exchange gain or loss with respect to such income. In the event a contingency occurs, the amount, timing and character of a U.S. Holder's income, gain or loss with respect to the Notes may be affected. U.S. Holders should consult their tax advisors regarding the tax consequences of the Notes being treated as contingent payment debt instruments. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments.

Payments of Interest

Subject to the foreign currency rules discussed below, the gross amount of interest on a Note (which includes any foreign tax withheld) will generally be taxable to you as ordinary income at the time it is paid or accrued in accordance with your method of accounting for tax purposes.

If you receive a payment of interest on a Note denominated in euro and you use the cash method of accounting for U.S. federal income tax purposes, you will be required to include in income (as ordinary income) the U.S. dollar value of the interest received on the Notes, determined by translating the euro received at the spot rate on the date such payment is received regardless of whether the payment is in fact converted into U.S. dollars. You will not recognize exchange gain or loss with respect to the receipt of such payment, but may recognize exchange gain or loss attributable to the actual disposition of the euros so received.

If you receive a payment of interest on a Note denominated in euro and you use the accrual method of accounting for U.S. federal income tax purposes (or you are otherwise required to accrue interest prior to receipt), you may determine the amount of income recognized with respect to interest received on the Notes in accordance with either of two methods. Under the first method, you will be required to include in income for each taxable year the U.S. dollar value of the interest that has accrued during such year, determined by translating such interest at the average rate of exchange for the period or periods during which such interest accrued or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year. Under the second method, you may elect to translate interest income at the spot rate on:

- the last day of the accrual period;
- the last day of the portion of the accrual period within the applicable taxable year if the accrual period straddles your taxable year; or
- the date the stated interest payment is received if such date is within five business days of the end of the accrual period.

This election will apply to all debt obligations you hold from year to year and cannot be changed without the consent of the IRS. You should consult your own tax advisor as to the advisability of making the above election.

Whether or not such election is made, upon receipt of an interest payment on a Note denominated in euro (including, upon the sale of a Note, the receipt of proceeds which include amounts attributable to accrued but unpaid interest previously included in income), you will recognize U.S. source ordinary income or loss in an amount equal to the difference, if any, between the U.S. dollar value of such payment (determined by translating the euros received at the spot rate on the date such payment is received) and the U.S. dollar value of the interest income you previously included in income with respect to such payment. This exchange gain or loss will not be treated as an adjustment to interest income or expense.

Original Issue Discount

If the Notes are issued at an "issue price" (as defined above) which is less than the stated redemption price at maturity such Notes will be considered to have been issued with original issue discount ("OID") for U.S. federal income tax purposes unless the difference is less than a *de minimis* threshold (generally equal to 1/4 of 1% of the Notes' stated principal amount multiplied by the number of complete years to maturity from their "issue date"). The "issue date" is the first date upon which a substantial amount of the Notes is sold for cash to persons other than bondhouses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

If the Notes are issued with OID, a U.S. Holder (whether a cash or accrual method taxpayer) generally will be required to include in gross income (as ordinary income) any OID as it accrues on a constant yield to maturity basis, before the holder's receipt of cash payments attributable to this income. Subject to the foreign currency rules discussed below, the amount of OID, if any, includible in gross income for a taxable year will be the sum of the daily portions of OID with respect to the Note for each day during that taxable year on which the U.S. Holder holds the Note. Generally, the daily portion is determined by allocating to each day in an "accrual period" a pro rata portion of the OID allocable to that accrual period. The OID allocable to any accrual period will generally equal the excess, if any, of (a) the product of the "adjusted issue price" of the Note as of the beginning of such accrual period and the Note's "yield to maturity" (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the aggregate of all stated interest allocable to the accrual period. The term "qualified stated interest" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the Issuer), or that is treated as constructively received, at least annually at a single fixed rate or, under certain circumstances, at a variable rate. Stated interest on the Notes should be treated as qualified stated interest. In general, the "adjusted issue price" of a Note at the beginning of the first accrual period is its issue price and, on any day thereafter, is the sum of the issue price and the amount of OID previously includible in the gross income of any U.S. Holder, reduced by the amount of any payment (other than a payment of qualified stated interest) previously made on the Note.

Since the Floating Rate Notes bear a floating rate of stated interest, both the "yield to maturity" and the amount of stated interest in each accrual period will be determined, solely for purposes of calculating the accrual of OID, as though the Floating Rate Note will bear stated interest in all periods at a fixed rate generally equal to the rate that would be applicable to stated interest payments on such Floating Rate Note on its date of issue. To the extent the stated interest actually accrued or paid during an accrual period exceeds (or is less than) the stated interest to be accrued or paid during the accrual period based on such fixed rate on the date of issue, such difference will be accounted for United States federal income tax purposes as an adjustment to stated interest and will have no effect on the computation of OID.

OID will be determined for any accrual period in foreign currency and then translated into United States dollars in the same manner as stated interest income accrued by a holder on the accrual basis, as described above. You will recognize exchange gain or loss when OID is paid (including, upon the sale of a Note, the receipt of proceeds that include amounts attributable to OID previously included in income) to the extent of the difference between the United States dollar value of such payment (determined by translating the foreign currency received at the spot rate on the date such payment is received) and the U.S. dollar value of the accrued OID (determined in the same manner as for accrued interest). Exchange gain or loss generally 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 or expense. For these purposes, all receipts on a Note will be viewed: first, as the receipt of any stated interest payments called for under the terms of the Note; second, as receipt of previously accrued OID (to the extent thereof), with payments considered made for the earliest accrual periods first; and third, as the receipt of principal.

A U.S. Holder may irrevocably elect, subject to certain limitations, to treat all interest on any Note as OID and calculate the amount includible in gross income under the method described above. The election is to be made for the taxable year in which the U.S. Holder acquired the Note and may not be revoked without the consent of the IRS. U.S. Holders should consult their own tax advisors about this election.

The rules regarding OID are complex and the rules described above may not apply in all cases. Accordingly, you should consult your tax advisors regarding their application.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. Holder generally will recognize gain or loss equal to the difference, if any, between the amount realized upon such disposition (less any amount attributable to accrued but unpaid interest not previously included in income, which will be taxable as such) and such U.S. Holder's adjusted tax basis in the Note, in each case as determined in U.S. dollars. If a U.S. Holder receives foreign currency on such a sale, exchange, redemption, retirement or other taxable disposition of a Note, the amount realized generally will be based on the U.S. dollar value of such foreign currency received (with such U.S. dollar value based on the spot rate of exchange on the date of disposition). In the case of a Note that is considered to be traded on an established securities market, a cash basis U.S. Holder and, if it so elects, an accrual basis U.S. Holder, will determine the U.S. dollar value of such foreign currency by translating such amount at the spot rate on the settlement date of the disposition. The special election available to accrual basis U.S. Holders in regard to the sale or other disposition of Notes traded on an established securities market must be applied consistently to all debt instruments held by the U.S. Holder and cannot be changed without the consent of the IRS. An accrual basis U.S. Holder that does not elect to determine the amount realized using the spot exchange rate on the settlement date will recognize foreign currency gain or loss equal to the difference between the U.S. dollar value of the amount received based on the spot exchange rates in effect on the date of the sale or other disposition and the settlement date.

A U.S. Holder's adjusted tax basis in a Note will, in general, be the amount paid for such Note by such U.S. Holder, increased by previously accrued OID, if any. If a U.S. Holder uses foreign currency to purchase a Note, the amount paid for the Note generally will be the U.S. dollar value of the foreign currency purchase price determined at the spot rate on the date of purchase. In the case of a Note that is considered to be traded on an established securities market, a cash basis U.S. Holder and, if it makes the special election described in the preceding paragraph, an accrual basis U.S. Holder, will determine the U.S. dollar value of the foreign currency purchase price at the spot rate on the settlement date of the purchase.

Any gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note generally will be capital gain or loss and, except as discussed below with respect to foreign currency gain or loss, generally will be long term capital gain or loss so long as the U.S. Holder has held the Note for more than one year on the date of disposition. Long term capital gains of certain non-corporate U.S. Holders (including individuals) are generally eligible for preferential tax rates. The deductibility of capital losses is subject to limitations.

Gain or loss realized upon the sale, exchange, redemption, retirement or other taxable disposition of the Note that is attributable to fluctuations in currency exchange rates with respect to the principal amount of such Note generally will be treated as ordinary income or loss and not be treated as interest income or expense. For these purposes, the "principal amount" of a Note is the U.S. Holder's foreign currency purchase price of the Note. Gain or loss attributable to fluctuations in currency exchange rates with respect to the principal amount of such Note generally will equal the difference, if any, between (i) the U.S. dollar value of the principal amount of the Note, determined at the spot rate on the date the U.S. Holder disposes of the Note and (ii) the U.S. dollar value of the principal amount of the Note, determined at the spot rate on the date the U.S. Holder purchased such Note. In addition, upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. Holder may realize exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest, which will be treated as discussed above under "*—Payments of Stated Interest*" or "*—Original Issue Discount*," as applicable. However, upon a sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. Holder will realize any foreign currency exchange gain or loss (including with respect to principal amount and accrued and unpaid stated interest and, if any, OID) only to the extent of total gain or loss realized by such U.S. Holder on such disposition.

Source of Income and Foreign Tax Credit

Stated interest income and OID, if any, on a Note generally will constitute foreign source income and generally will be considered "passive category income" in computing the foreign tax credit allowable to U.S. Holders under U.S. federal income tax laws. Any gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note and any gain or loss attributable to fluctuations in currency exchange rates generally will be treated as U.S. source. There are significant complex 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. U.S. Holders should consult their tax advisors regarding the creditability or deductibility of any withholding taxes.

Tax Return Disclosure Requirements

Treasury regulations issued under the Code provisions meant to require the reporting to the IRS of certain tax shelter transactions cover certain transactions generally not regarded as tax shelters, including certain foreign currency transactions giving rise to losses in excess of a certain minimum amount, such as the receipt or accrual of interest or OID 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 tax advisors to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Individuals and certain entities that own "specified foreign financial assets" with an aggregate value exceeding certain threshold amounts, generally are required to file an information report with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in an account at certain financial institutions.

U.S. Holders are urged to consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of principal and interest (and the accrual of OID, if any) on the Notes and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. Holder unless such U.S. Holder is an exempt recipient (such as a corporation), and, when required, provides evidence of such exemption. The payor generally will be required to impose backup withholding, currently at a rate of 24%, on such payments if the U.S. Holder fails to furnish an accurate taxpayer identification number and otherwise establish an exemption from backup withholding or if certain other conditions apply. 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.

Payment by a Guarantor

If a Guarantor, including any Guarantor organized in Poland, makes any payments in respect of (or that are classified as) interest on the 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 which may apply. It is not certain that such payments by the Guarantor will be eligible for exemption from withholding

CERTAIN INSOLVENCY LAW CONSIDERATIONS AND LIMITATIONS ON THE VALIDITY AND ENFORCEABILITY OF THE SUBSIDIARY GUARANTEES AND SECURITY INTERESTS

The following is a summary of certain insolvency law considerations in the jurisdictions in which the Issuer, the Guarantors and certain subsidiaries are incorporated or organized, and a summary of certain limitations on the validity and enforceability of the Notes Guarantees and the security interests for the Notes and the Note Guarantees. The description is only a summary and does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the Notes and the Notes Guarantees and the security interests. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations.

European Union

The Issuer and the Guarantors are incorporated in Germany and Poland, which are Member States 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. An "establishment" is defined to mean "any place of operations where the debtor carries out or has carried out in the three-month period prior to the request to commence main insolvency proceedings a non-transitory economic activity with human means and assets."

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 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 met, 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 COMI 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 officeholder 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.

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 (a) a stay of individual enforcement actions by creditors against debtors must be introduced by Member States national legislation, (b) 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), (c) 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 (d) 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 shall 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 Issuer experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the Issuer and some of the Guarantors. The insolvency, administration and other laws of the jurisdictions in which the respective companies are organized or operate may be materially different from, or conflict with, each other and there is no assurance as to how the insolvency laws of the potentially involved jurisdictions will be applied in relation to one another.

Germany

The Issuer and certain of 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. In the event of an insolvency of the Issuer or a Guarantor organized under the laws of Germany and/or having its "centre of main interests" in Germany (each a "German Guarantor" and collectively, the "German Guarantors") at the time the petition for the opening of insolvency proceedings (*Insolvenzeröffnungsantrag*) is filed, any main insolvency proceedings would most likely be initiated in Germany. Such proceedings would then be governed by German law. Under certain circumstances, insolvency proceedings over certain assets of the Issuer and/or a German Guarantor may be opened in other jurisdictions, in particular if such assets are located in another Member State of the European Union. 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 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 than the insolvency laws of the United States or another jurisdiction with which you may be familiar, including in respect of priority of creditors' claims, the ability to obtain post-petition interest as well as, in certain circumstances, priority recovery for secured creditors and the duration of the insolvency proceedings, and thus may limit your ability to recover payments due on the Notes to an extent exceeding the limitations arising under other insolvency laws.

Insolvency

The following is a brief description of certain aspects of the proceedings under the German Insolvency Code (*Insolvenzordnung*):

Under German insolvency law, insolvency proceedings are not initiated by the competent insolvency court *ex officio*, but require that the debtor and/or a creditor files a petition for the opening of insolvency proceedings. 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 that the debtor is unable to pay 10% or more of its debts as and when they fall due 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*) based on a 12 months' forecast horizon (*positive Fortführungsprognose*). If a limited liability company (*Gesellschaft mit beschränkter Haftung*), a public limited liability company (*Aktiengesellschaft*), a European law stock corporation based in Germany (*Societas Europaea*) or any other company not having an individual as 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 usually 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.

The Act to Temporarily Suspend the Obligation to File for Insolvency and to Limit Directors' Liability in the Case of Insolvency Caused by the COVID-19 Pandemic, which was adopted on March 27, 2020 (as amended from time to time, the "COVInsAG"), provides, inter alia, for a suspension of the obligation to file for insolvency due to over-indebtedness until, currently, April 30, 2021. The suspension—as in force from January 1, 2021—applies to debtors who, in the period from November 1, 2020 to February 28, 2021, have applied for financial assistance under state assistance programs to mitigate the consequences of the COVID-19 pandemic, unless the insolvency is not caused by consequences of the COVID-19 pandemic and there is obviously no prospect of obtaining the state financial assistance or the assistance that can be obtained is insufficient to eliminate the over-indebtedness.

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 (*Schutzschirmverfahren*), 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 that period, 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. During the period of either the preliminary debtor-in-possession proceedings (*vorläufige Eigenverwaltung*) or the protective shield proceedings (*Schutzschirmverfahren*), 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 trustee or 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*) / preliminary trustee (vorläufiger Sachwalter) and an insolvency administrator (*Insolvenzverwalter*) / trustee (*Sachwalter*); and court orders for "debtor-in-possession" proceedings (*Anordnung der Eigenverwaltung*).

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 Notes Guarantees. 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 Notes, the consequences of the opening of German insolvency proceedings against the Issuer or any German Guarantor 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 the Issuer's or German Guarantor'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 the Issuer's or German Guarantor'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 and 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 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 or restructuring 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 (*Absonderungsrech*t)), who wish to assert claims against the debtor need to participate in the insolvency proceedings and have to file their claims against the debtor and the rights they claim in the assets of the 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*). According to some voices in legal literature, it is uncertain whether the secured creditors are entitled to initiate the enforcement process in respect of pledged uncertificated shares on their own or, insofar as the pledged assets are part of any insolvency estate, whether the insolvency administrator has standing to realize the pledges on behalf of and for the benefit of the secured creditors. However, there is no authoritative case law on this question. That having been said, the German Federal Court of Justice (*Bundesgerichtshof*) views 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. It therefore appears likely that in this particular case, secured creditors would not be held competent to realize the respective share pledges.

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 9% (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 Notes (to the extent not satisfied after enforcement of the Collateral securing the Notes). If the Issuer or a German Guarantor or a subsidiary thereof subject to German insolvency proceedings grants security over its assets to creditors other than the holders of the Notes, such security may result in a preferred 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 obligations under the Notes by the Issuer or the German Guarantors 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 Notes or the Notes Guarantees or the Collateral which are less favorable to the holders of the Notes than the provisions of the German Insolvency Code (*Insolvenzordnung*), such as the release of the Collateral or the release of obligations under the Notes or the Notes Guarantees. Under certain conditions, such provisions could be adopted against the votes of the affected holders of the 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 consents to the impairment. Creditors affected by such impairment are entitled to receive adequate compensation. This means that the claims under the Notes Guarantees can get impaired if the Issuer would enter into German insolvency proceedings, regardless of whether or not the relevant German 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 appointment 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 Notes or a Notes Guarantee may be enforced against the Issuer or a German Guarantor outside of the insolvency proceedings over the assets of the Issuer or the relevant German Guarantor, as applicable. Any insolvency proceedings over the assets of the 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 German Guarantor 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 Indentures may result in the holders of the 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 Issuer or a German Guarantor, the claims arising from the Notes or a Notes Guarantee 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 the Issuer or a German Guarantor 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. 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.

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 Notes as well as the granting of collateral for or providing credit support for the benefit of the 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 Notes, the respective Notes Guarantees or any Collateral in favor of the Notes is challenged successfully, the holder of the Notes may not be able to recover any amounts under the Notes, the Notes Guarantees or the relevant Collateral. If payments have already been made under the Notes, the Notes Guarantee or 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 Notes would only have a general unsecured claim under the Notes and the Notes 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 in the four years prior to the filing of the petition for the commencement of insolvency proceedings;

(v) any act performed by the debtor during the 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 an 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., a German Guarantor) 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 it may not be subject to avoidance rights under the German Insolvency Code (*Bargeschäftsprivileg*). 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.

Any kind of newly granted third-party financing (i.e., not only traditional cash loans but also commercial credits and other forms of financing) and respective collateral as well as shareholder loans under German insolvency law avoidance provisions, which have been granted from March 1, 2020 until September 30, 2020 are privileged under German insolvency law due to the CovInsAG. Thus, the repayment (including reasonable interest payments) of third-party financing and shareholder loans by September 30, 2023 shall not be considered disadvantageous to creditors if the relevant financing is granted between March 1, 2020 and September 30, 2020 (in certain cases, if the debtor fulfilled the respective requirements for a further suspension of the filing duties at the time, until December 31, 2020 or April 30, 2021). Loans granted, and security taken, by certain public institutions as part of COVID-19 subsidies remain privileged even if granted or taken after that period. The general privilege also includes the provision of collateral in favor of third-party financing providers, but does not apply in case of the provision of collateral in favor of a shareholder loan or receivables from economically similar acts.

Furthermore, 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. If, however, such was additional funding has been provided or existing funding has been extended or respective collateral has been granted between March 1, 2020 and September 30, 2020 (in certain cases, until December 31, 2020 or April 30, 2021), any such transaction is statutorily exempted from the lender liability concept as laid out above.

Satisfaction of Subordinated Claims

The insolvency estate shall serve to satisfy the liquidated claims held by the personal creditors against the debtor on the date when the insolvency proceedings were opened. The following claims shall be satisfied ranking below the other claims of insolvency creditors in the order given below, and according to the proportion of their amounts if ranking with equal status: (i) interest and penalty payments accrued on the claims of the insolvency creditors from the day of the opening of the insolvency proceedings; (ii) costs incurred by individual insolvency creditors due to their participation in the proceedings; (iii) fines, regulatory fines, coercive fines and administrative fines, as well as such incidental legal consequences of a criminal or administrative offence binding the debtor to pay money; (iv) claims to the debtor's gratuitous performance of a consideration; and (v) claims for restitution of a shareholder loan (*Gesellschafterdarlehen*) or claims resulting from legal transactions corresponding in economic terms to such a loan. However, the statutory subordination of shareholder loans and receivables from economically similar acts is suspended in insolvency proceedings applied for up until September 30, 2023 for newly granted shareholder loans granted between March 1, 2020 and September 30, 2020 (in certain cases, if the debtor fulfilled the respective requirements for a further suspension of the filing duties at the time, until December 31, 2020 or April 30, 2021).

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 German Guarantors as well as to the Issuer.

As the Corporate Stabilization and Restructuring Act (*StaRUG*) has only come into force on January 1, 2021, no corresponding (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 uncertainty.

For the holders of the Notes, among the relevant consequences of an initiation of restructuring proceedings by a German Guarantor or any other Guarantor 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 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
- 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. A debtor is eligible to file for restructuring proceedings 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 within a two years' look-forward period.

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 (*Zahlungsunfähigkei*t) 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.

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 Indenture 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 (*gruppeninterne Drittsicherheiten*) may also be released and/or granted under a restructuring plan, provided that affected creditors are adequately compensated. Consequently, the Notes or the Notes' Guarantees could also be subject to a restructuring plan provided 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. Debt-to-equity swaps can be implemented without the 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 Notes or Notes Guarantees were subject to a restructuring plan providing for debt-to-equity swap, single holders of the Notes could not be forced under the restructuring plan to take equity in the Issuer or a 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. This is expected to occur in July 2022. 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 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 Issuer and certain of the Guarantors are incorporated in Germany in the form of a limited liability company (*Gesellschaft mit beschränkter Haftung,* "GmbH").

Consequently, the granting of guarantees, indemnities and security interests by these companies is 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 German Guarantor in the form of a GmbH or a partnership with a GmbH as unlimited liability partner (e.g., *Gesellschaft mit beschränkter Haftung & Compagnie Kommanditgesellschaft*, "GmbH & Co. KG").

GmbH Limitation Language—General

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 (meaning, 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*); in case of a GmbH & Co. KG, such provisions apply to the general partner which is a GmbH. The granting or enforcement of guarantees or security interests by a GmbH or by a GmbH & Co. KG 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 GmbH & Co. KG. 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 KG, its general partner that is a GmbH) 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 Notes Guarantee, the Indenture and the Security Documents provided by the German Guarantors will contain such limitation language and therefore the enforcement of the Notes Guarantees, the Indenture and the Collateral is limited in the manner described. This could lead to a situation in which the respective Notes Guarantee or security granted by the relevant German Guarantor cannot be enforced at all.

GmbH Limitation Language—Wording

The limitation language for any GmbH or GmbH & Co, KG to be incorporated into the relevant Notes Documents (as defined in "*Description of the Notes*"), in particular in the Indenture, will substantially be in the form as follows:

(a) *Definitions*

In this Section:

"AktG" means the German Stock Corporation Act (*Aktiengesetz, AktG*).

"Auditor's Determination" means the determination pursuant to paragraph (b)(iv) below.

"BGB" means the German Civil Code (*Bürgerliches Gesetzbuch, BGB*).

"DPLA" means a domination and/or profit and loss pooling agreement (*Beherrschungs- und/oder Gewinnabführungsvertrag*) as defined in § 291 (1) AktG and applied *mutatis mutandis* to a GmbH.

"EU Guarantor" means any limited liability company (or limited partnership with a limited liability company as its general partner) incorporated in a jurisdiction other than Germany whose centre of main interest (as that term is used in Article 3(1) of Regulation (EU) No. 2015/848 of 20 May 2015 on Insolvency Proceedings) is in Germany.

"German Guarantor" means any GmbH Guarantor and any EU Guarantor.

"GmbH" means (i) a limited liability company (*Gesellschaft mit beschränkter Haftung, GmbH*) incorporated under German law and/or (ii) a limited partnership (*Kommanditgesellschaft*) with a limited liability company (*Gesellschaft mit beschränkter Haftung, GmbH*) as general partner (*Komplementär*) established under German law.

"GmbH Capital Impairment" means the GmbH Net Assets of a GmbH Guarantor falling below the amount (*Entstehung einer Unterbilanz*) required to maintain that GmbH Guarantor's registered share capital (*Stammkapital*) or an increase of an existing shortage (*Vertiefung einer Unterbilanz*) of its registered share capital (*Stammkapital*) and thereby violating §§ 30, 31 GmbHG.

"GmbH Guarantor" means a Guarantor which is a GmbH.

"GmbH Net Assets" means the net assets (*Reinvermögen*) of a GmbH Guarantor calculated in accordance with § 42 GmbHG, §§ 242, 264 HGB and the generally accepted accounting principles applicable (*Grundsätze ordnungsgemäßer Buchführung*) from time to time in Germany as adjusted pursuant to paragraph (b)(vi) below.

"GmbHG" means the German Limited Liability Company Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung, GmbHG*).

"HGB" means the German Commercial Code (*Handelsgesetzbuch, HGB*).

"InsO" means the German Insolvency Code (*Insolvenzordnung, InsO*).

"Limited Obligation" means any guarantee and any other liability, indemnity or other payment obligation under any provision of the Notes Documents.

"Limited Upstream Obligation" means any Limited Obligation if and to the extent such Limited Obligation secures or relates to liabilities which are owed by direct or indirect shareholders of the relevant German Guarantor (upstream) or Subsidiaries of such shareholders (such Subsidiaries not to include the relevant German Guarantor and the Subsidiaries of that relevant German Guarantor) (cross-stream).

"Liquidity Impairment" means a German Guarantor being deprived of the liquidity necessary to fulfil its liabilities towards its creditors and thereby violating § 15 b (5) InsO.

"Management Notification" means the notification pursuant to paragraph (b)(iii) below.

(b) *GmbH Capital Impairment Limitation Language*

(i) Save as set out in this paragraph (b), the Trustee shall not enforce, and any GmbH Guarantor (and/or the relevant subsidiary of a GmbH Guarantor) shall have a defence (*Einrede*) against, any Limited Upstream Obligation if and to the extent a discharge (*Erfüllung*) or enforcement (*Vollstreckung*) in respect of a Limited Upstream Obligation would cause a GmbH Capital Impairment to occur.

(ii) The restrictions in paragraph (i) shall not apply:

(A) if and to the extent the Limited Upstream Obligation of the GmbH Guarantor secures any indebtedness under any Notes Document in respect of:

(1) amounts which are (directly or indirectly) on-lent or otherwise passed on to the relevant GmbH Guarantor or its Subsidiaries; or

(2) bank guarantees or letters of credit that are issued for the benefit of any of the creditors of the GmbH Guarantor or the 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 relevant Limited Upstream Obligation; for the avoidance of doubt, nothing in this paragraph (ii) shall have the effect that such on-lent amounts may be enforced multiple times (no double dip);

(B) if, at the time of enforcement of the Limited Upstream Obligation, a DPLA (either directly or indirectly through an unbroken chain of domination and/or profit transfer agreements) exists between the Issuer or the relevant Guarantor whose obligations are secured by the relevant Limited Upstream Obligation as dominating company (*herrschendes Unternehmen*) and the relevant GmbH Guarantor as a dominated company (*beherrschtes Unternehmen*), provided that:

(1) the GmbH Guarantor is a Subsidiary of the Issuer or the relevant Guarantor whose obligations are secured by the relevant Limited Upstream Obligation; or

(2) the GmbH Guarantor and the Issuer or the relevant Guarantor whose obligations are secured by the relevant Limited Upstream Obligation are both Subsidiaries of a joint (direct or indirect) parent company with such parent company as dominating entity (*beherrschendes Unternehmen*),

in each case unless the mere existence of such DPLA does not lead to the inapplicability of § 30 (1) sentence 1 GmbHG;

(C) if and to the extent any payment under the Limited Upstream Obligation is covered (*gedeckt*) by a fully valuable and recoverable consideration or recourse claim (*vollwertiger Gegenleistungs- oder Rückgewähranspruch*) of the GmbH Guarantor against the Issuer or the relevant Guarantor whose obligations are secured by the relevant Limited Upstream Obligation; or

(D) if the relevant GmbH Guarantor has not complied with its obligations pursuant to paragraphs (iii) and/or (iv) (as applicable) below; however, if and to the extent that the relevant Limited Upstream Obligation has been enforced without regard to the restrictions contained in this paragraph (b) because the Management Notification and/or the Auditor's Determination has not (or not in a timely manner) been delivered pursuant to paragraphs (iii) and/or (iv) (as applicable) below, but the Auditor's Determination has then been delivered within four months from its due date in accordance with paragraphs (iv) below, the Trustee shall upon demand of the GmbH Guarantor repay any amount received from the 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.

(iii) If the relevant GmbH Guarantor does not notify the Trustee within fifteen (15) Business Days after the making of a demand against that GmbH Guarantor under the relevant Limited Upstream Obligation:

(A) to what extent such Limited Upstream Obligation is an upstream or cross-stream guarantee or indemnity; and

(B) to what extent a GmbH Capital Impairment would occur as a result of an enforcement of the Limited Upstream Obligation (setting out in reasonable detail the amount of its GmbH Net Assets, providing an up-to-date *pro forma* balance sheet),

then the restrictions set out in paragraph (i) above shall cease to apply until a Management Notification has been provided.

(iv) If the Trustee disagrees with the Management Notification, it may within twenty (20) Business Days of its receipt, request the relevant 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 appointed by the GmbH Guarantor (at its own cost and expense) setting out in reasonable detail the amount in which the payment under the Limited Upstream Obligation would cause a GmbH Capital Impairment subject to the terms set out under this paragraph (b). Save for manifest errors, the Auditor's Determination shall be binding on all parties.

(v) If, after it has been provided with an Auditor's Determination which prevented it from demanding any or only partial payment under the Limited Upstream Obligation, the Trustee ascertains in good faith that the financial conditions of the GmbH Guarantor as set out in the Auditor's Determination has substantially improved, the Trustee (acting reasonably) may, at the GmbH Guarantor's cost and expense, arrange for the preparation of an updated balance sheet of the 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 has been cured as result of the improvement of the financial condition of the 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 demand payment under the Limited Upstream Obligation to the extent the Auditors determine that the Capital Impairment have been cured.

(vi) The GmbH Net Assets shall be adjusted as follows:

(A) the amount of any increase in the registered share capital of the relevant GmbH Guarantor which was carried out after the relevant GmbH Guarantor became a party to this Indenture and made from retained earnings (*Kapitalerhöhung aus Gesellschaftsmitteln*) shall be deducted from the amount of the registered share capital (Stammkapital) of the relevant GmbH Guarantor if it is expressly prohibited under the Notes Documents and has been carried out without the prior written consent of the Trustee;

(B) the amount of non-distributable assets according to § 253 (6) HGB shall not be included in the calculation of GmbH Net Assets;

(C) the amount of non-distributable assets according to § 268 (8) HGB shall not be included in the calculation of GmbH Net Assets;

(D) the amount of non-distributable assets according to § 272 (5) HGB shall not be included in the calculation of GmbH Net Assets; and

(E) loans or other liabilities incurred by the relevant GmbH Guarantor in willful or grossly negligent violation of the Notes Documents shall not be taken into account as liabilities.

(vii) Where a GmbH Guarantor claims in accordance with the provisions of this paragraph (b) that the Guarantee can only be enforced in a limited amount, it shall realize, to the extent lawful and within reasonable opinion commercially justifiable, any and all of its assets that are shown in the balance sheet with a book value (*Buchwert*) that is significantly lower than the market value of the assets and are not necessary for the relevant GmbH Guarantor's business (*nicht betriebsnotwendig*).

(c) *Liquidity Impairment Limitation Language*

(i) Save as set out in this paragraph (c), the Trustee shall not enforce, and any German Guarantor shall have a defence (Einrede) against, any Limited Upstream Obligation if and to the extent a payment and/or enforcement in respect of a Limited Upstream Obligation would cause a Liquidity Impairment for such German Guarantor.

(ii) Paragraphs (b)(iii), (b)(iv), (b)(v) and (b)(vii) above (including the repayment contemplated in paragraph (b)(ii)(D) above) shall apply mutatis mutandis to the restriction in paragraph (i) above provided that the relevant German Guarantor shall use best efforts to realize to the extent lawful any and all of its assets that are not necessary for the relevant German Guarantor's business (nicht betriebsnotwendig) (irrespective of whether it is commercially justifiable).

(d) Where the provisions of this Section [●] apply to a limited partnership (*Kommanditgesellschaft*), all references to the assets of a German Guarantor shall mutatis mutandis include a reference to the assets of the general partner (*Komplementär*) of such limited partnership (*Kommanditgesellschaft*).

(e) In addition to the restrictions set out in paragraphs (b) through (d) above, if a German Guarantor demonstrates that, according to the decisions of the German Federal Supreme Court (*Bundesgerichtshof*) or a higher regional court of appeals (*Oberlandesgericht*), the payment under and/or enforcement of any Limited Upstream Obligation against such German Guarantor would result in personal liability of its managing director(s) (*Geschäftsführer*) or director(s) (*Vorstände*) for a reimbursement of payments made under any Limited Upstream Obligation (including, without limitation, pursuant to §§ 30, 31, 43 GmbHG, § 15(b) InsO and/or § 826 BGB), the German Guarantor shall have a defence (*Einrede*) against the Limited Upstream Obligation to the extent required in order not to incur such liability.

(f) The restrictions set out in this Section [●] do not affect the rights of the Trustee to claim any outstanding amount again at a later point in time if and to the extent the restrictions set out in this Section [●] would allow such claim at that later point in time.

(g) For the avoidance of doubt, the validity and enforceability of any Limited Upstream Obligation granted by a German Guarantor or of any subsidiary of a German Guarantor in respect of any borrowing liabilities which are owed by that German Guarantor or any of its subsidiaries shall not be limited under Section [●].

(h) Nothing in this Section shall prevent the Trustee or a German Guarantor from claiming in court that payments under and/or an enforcement of the Limited Upstream Obligations do or do not fall within the scope of §§ 30, 31, 43 GmbHG, § 15(b) InsO and/or § 826 BGB (as applicable) or that the limitations set out in this Section are not required to avoid any violation of these laws or liability issues for any managing director or board director.

(i) Nothing in this Section [●] shall constitute a waiver (*Verzicht*) of any right granted under this Indenture or any other Notes Document to the Trustee or vice versa.

(j) Notwithstanding anything to the contrary in this Indenture, this Section [●] 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 GmbHG and Section 15(b) InsO), 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 a GmbH, which can negatively affect the ability of the German Guarantors to make payments on the Notes or the Notes Guarantees or the enforceability of the Notes Guarantees, the Indenture and the Security Documents relating to the Collateral provided by the German Guarantors.

In addition, it cannot be ruled out that the case law of the German Federal Supreme Court (*Bundesgerichtshof*) regarding destructive interference (*existenzvernichtender Eingriff*) (meaning, 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 German 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 German Guarantors.

The enforcement of security granted by a German Guarantor may also be excluded (entirely) in case the granting or enforcement of such security and/or the filing for insolvency as a consequence of a claim by any so secured finance party under such security resulted or would result in any personal liability of the relevant German Guarantor's managing directors pursuant to Section 15(b) InsO.

Furthermore, the beneficiary (for example, a holder of Notes) of a transaction qualifying as a repayment of the stated share capital of the 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 Notes from time to time will not be party to the Security Documents. In order to permit the holders of the Notes from time to time to benefit from pledges granted to the Security Agent under German law, the Intercreditor Agreement will provide for the creation of a Parallel Debt (as defined therein). 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 Notes and the Notes Guarantees. The pledges governed by German law will directly and exclusively secure the Parallel Debt rather than the obligations under the Notes or the Notes Guarantees or the holders of the 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 Notes bear some risk associated with a possible insolvency or bankruptcy of the Security Agent. See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce certain of the Collateral may be restricted by local law*."

German law does not generally permit the appropriation of pledged assets by the pledgee upon enforcement of the pledge. The enforcement of a share pledge under German law usually requires the sale of the asset constituting the collateral through a formal process involving a public auction to which certain waiting periods and notice requirements apply. Under German law, it is unclear whether the security interest in the collateral gives the Security Agent the right to prevent other creditors of the entities having granted such security from foreclosing on and realizing the asset constituting the collateral. Some courts have held that certain types of security interests only give their holders priority (according to their ranking) in the distribution of any proceeds from the realization of the asset constituting the collateral and no right to intervene (meaning, the right to request the court to impose a stay on proceedings initiated by other creditors).

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 in tort if such creditor was aware of the debtor's (impending) insolvency or of circumstances indicating such debtor's (impending) insolvency at the time such funding was provided or extended or such security was granted. The German Federal Supreme Court (*Bundesgerichtshof*) held that this could be the case if, for example, 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.

Poland

Overview

The validity and enforcement of the Notes Guarantees provided by the Guarantors organized under the laws of Poland (the "Polish Guarantors") may be limited by the laws relating to bankruptcy, reorganization or other laws relating to or affecting the enforcement of the rights of creditors in general.

In the event of insolvency of the Polish Guarantor, insolvency proceedings may be initiated in Poland. Note, however, that if the centre of main interest of the Polish Guarantor is situated in another European Union member state, the courts of that state shall have jurisdiction and the insolvency laws of that state shall generally apply pursuant to the Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015, on insolvency proceedings (Official Journal No. L 141 of June 5, 2015) (however Polish law will continue to apply with respect to the enforcement of security interests).

If the centre of main interest of the Polish Guarantor is situated in Poland, the insolvency proceedings will be governed by the Bankruptcy Law (*Prawo Upadłościowe*) of February 28, 2003 (consolidated text: Journal of Laws of 2020, item 1228, as amended) (the "Bankruptcy Law"), and the restructuring proceedings will be governed by the Restructuring Law (*Prawo Restrukturyzacyjne*) of May 15, 2015 (consolidated text: Journal of Laws of 2020, item 814, as amended) (the "Restructuring Law").

Please find below the general and non-exhaustive description of certain provisions of the Bankruptcy Law and the Restructuring Law.

Note that the Bankruptcy Law and the Restructuring Law may not be as favorable to your interests as creditors as the insolvency laws of other jurisdictions, including in respect of priority of creditors, the ability to obtain interest after the commencement of insolvency proceedings and the duration of the insolvency proceedings, and hence may limit your ability to recover payments due on the Notes and the Notes Guarantees to an extent exceeding the limitations arising under other insolvency laws.

Insolvent Debtor

Bankruptcy proceedings under Polish law may be initiated against insolvent debtors. There are two tests according to which the state of insolvency of the debtor is determined. The first (liquidity) test is satisfied when the debtor has lost its ability to satisfy the due monetary debts, provided that such loss of ability to settle due monetary debts is presumed when the debtor's delay with the performance of its obligations exceeds three months. In turn, according to the second (assets) test, debtors being legal persons and organizational units without legal personality yet enjoying legal capacity are also deemed insolvent in case their liabilities (due and not due) exceed the value of all the assets of such entity and such situation continues for more than 24 months. Note that even if the above conditions are met, the court may reject a bankruptcy petition if it determines that there is no threat to the debtor's ability to perform its due and payable obligations in a short term.

After the issuance of the Notes Guarantees, the solvency of the Polish Guarantors would be reviewed in light of the above tests. Yet, the enforceability of the Notes Guarantees would be subject to certain mandatory provisions of Polish law governing the scope of allowed financial assistance, maintenance of statutory capital and fraudulent conveyances, as well as adequate level of remuneration payable to the security provider in return for the grant of security. Therefore, in order to enable the Polish Guarantors to grant guarantees securing the liabilities of the Issuer without the risk of insolvency of the Polish Guarantors and addressing the other legal issues raised above, the Notes Guarantees shall contain "limitation language" pursuant to which the liability under the Notes Guarantees granted by the Polish Guarantors will be limited to the net value of the assets owned by the Polish Guarantors.

Bankruptcy Petition

Bankruptcy proceedings are initiated upon submitting a bankruptcy petition. Such a petition may be submitted by either the debtor or any of its creditors.

According to the Bankruptcy Law, the catalogue of persons authorized and obliged to submit a bankruptcy petition for the debtor has been determined, inter alia, as all persons who on the basis of the law, articles of association/statute of the company have the right to conduct the company's affairs and to represent it. The deadline for submitting the bankruptcy petition is thirty days from the date on which the reason for bankruptcy occurred.

Note that persons obliged to submit the bankruptcy petition may be held liable for damages resulting from a delay in submitting the petition to the court.

The court is obliged to refuse to initiate bankruptcy proceedings if the debtor's assets are insufficient to cover the cost of the proceedings or, additionally if the debtor's assets are sufficient to cover only the cost of the proceedings. The court may also reject the petition to declare bankruptcy if the debtor's assets are encumbered with a mortgage, pledge, registered pledge, treasury pledge or maritime mortgage to such a degree that the debtor's remaining assets are not sufficient to cover the cost of the proceedings.

Safeguard Procedure Before the Bankruptcy Proceedings

Upon receiving a bankruptcy petition, the court can, *ex officio* or upon a motion, secure the debtor's assets. The court may do so, *inter alia*, through the appointment of an interim court supervisor (*tymczasowy nadzorca sądowy*) or a mandatory administrator (*zarządca przymusowy*), and suspend the execution proceedings against the debtor (and additionally the court may revoke seizure of a bank account).

Bankruptcy Proceedings

Pursuant to the Bankruptcy Law, the bankruptcy proceedings are conducted in the form of liquidation bankruptcy proceedings.

Upon filing of the bankruptcy petition, the court decides whether to initiate the bankruptcy proceedings. This decision shall be made within two months of submitting the bankruptcy petition, however this deadline has only instructive character. The date of the bankruptcy is the date on which the bankruptcy order is issued by the court.

Creditors have the right to submit their claims within thirty days from the announcement of the bankruptcy order; claims may be submitted also after the lapse of the set deadline, however, all actions undertaken in the bankruptcy proceedings until that date are valid towards the creditor. Only claims recorded in public registers as well as employees claims are automatically (*ex officio*) placed on such a list. If a claim is not included in the list prepared by a court receiver despite the relevant creditor having submitted the claim, such creditor has the right to appeal. The procedural requirements for submitting claims are very formal.

Prepared Liquidation (So Called "Pre-Pack")

The Bankruptcy Law provides for an institution called prepared liquidation (*przygotowana likwidacja*), also called "pre-pack."

In the pre-pack procedure, the bankruptcy petition may be accompanied by an application for approval of the terms of sale of a debtor's enterprise, its organized part or assets representing a major part of its enterprise. Nevertheless, it may not include assets secured with registered pledge if the registered pledge agreement provides for foreclosure of the assets or their sale to satisfy a pledgee's claims (unless a pledgee gives its consent). Such application for approval of terms of sale must specify at least the sale price and a potential purchaser, and be accompanied by a valuation report prepared by a certified court expert.

It is possible to request that the debtor's enterprise will be handed over to the purchaser on the bankruptcy declaration day, in which case the full price will have to be paid in advance to the court's deposit account. Note that the sale to an affiliated company of the debtor is permissible only at a price not lower than the price indicated in the valuation report.

The court is obliged to accept the application if the offered price is higher than the estimated liquidation proceeds that could be raised in "standard" bankruptcy proceedings, less the estimated costs of the proceedings. If the offered price is lower than (but still close to) the estimated net liquidation proceeds, the court will still be in a position to approve the sale if it is supported by an "important social interest" or if it allows the distressed enterprise to be preserved.

Each creditor will be entitled to appeal against the court's decision approving a pre-packed sale within two weeks of its publication (whereas only the petitioner may appeal against a negative decision).

Liquidation Bankruptcy

As a rule, upon the court declaring bankruptcy, the debtor loses its right to manage its assets and a bankruptcy receiver (*syndyk masy upadłości*) is appointed. The financial liabilities of the debtor that have not yet become due and payable, automatically become due and payable on the day the bankruptcy order is issued. The debtor's assets become the bankruptcy estate to be used to settle the debtor's creditors. The bankruptcy estate is managed by a bankruptcy receiver appointed by the court. Consent of the creditors' committee (*zgromadzenie wierzycieli*) or the bankruptcy receiver responsible for administering the bankruptcy is required for specified decisions made in relation to some matters connected with the bankruptcy process.

As a rule, the preferred type of liquidation under the Bankruptcy Law is the sale of the bankrupt's business as a whole.

Ineffectiveness of Some Legal Acts with Respect to the Bankruptcy Estate

Following the declaration of bankruptcy, the bankrupt's assets become the bankruptcy estate, which serves to satisfy the claims of the bankrupt's creditors. The bankruptcy estate covers, subject to exceptions, the assets belonging to the insolvent debtor on the date of the bankruptcy or acquired by it during the bankruptcy proceedings. The Bankruptcy Law lists assets that are excluded from the bankruptcy estate by virtue of law, while other assets of the debtor can be excluded from the bankruptcy estate by a resolution of the creditors' committee or through the proceedings reviewed by the judge-commissioner (*sędzia-komisarz*).

Under the Bankruptcy Law, contractual provisions which provide for a change or termination of a legal relationship, to which the bankrupt is a party to, due to the declaration of bankruptcy (or in the case of filling a petition for bankruptcy), are null and void. Furthermore, contractual provisions, which make it impossible or difficult to achieve the objective of the bankruptcy proceedings, are ineffective towards the bankruptcy estate.

Legal transactions are ineffective towards the bankruptcy estate if concluded by the bankrupt within one year preceding the day, on which the bankruptcy petition was submitted and resulting in the bankrupt disposing of its assets: (i) without any reciprocal consideration for the bankrupt or (ii) bankrupt's consideration significantly exceeds the value of the consideration received by the bankrupt or reserved for the bankrupt or a third party.

Also ineffective towards the bankruptcy estate is granting of collateral for an undue debt and the payment of such debt effected by the insolvent debtor in six months preceding the day, on which the bankruptcy petition was submitted. The beneficiaries of such actions may, however, apply to have these transactions considered effective, if they have not been aware of grounds for the declaration of bankruptcy while receiving payment or being granted the collateral.

Moreover, in relation to non-gratuitous legal transactions concluded by an insolvent legal person with its shareholders, representatives (including their spouses), as well as affiliated companies, their shareholders or representatives (including their spouses) executed within six months before the day on which the bankruptcy petition was submitted, the judge-commissioner (*sędzia-komisarz*) is entitled to declare them ineffective (*ex officio* or upon a motion) unless the party to such legal transaction demonstrates that such transaction was not to the creditors' detriment.

In addition, a transfer of future receivable is ineffective towards the bankruptcy estate if such receivable arises after the declaration of bankruptcy, unless the agreement on the transfer of receivable was concluded in writing with a certified date (*forma pisemna z datą pewną*) at least six months before the day on which the bankruptcy petition was submitted.

Mortgages, pledges, registered pledges or maritime mortgages established by the bankrupt within one year preceding the day on which the bankruptcy petition was submitted may be challenged in one of the following situations: (i) the bankrupt was not the personal debtor of the creditor (for example, if the debtor was a guarantor) and the bankrupt did not receive any consideration in connection with such security, (ii) the consideration received was substantially lower than the value of the security, or (iii) the security interests was established for the benefit of its shareholders, representatives (including their spouses), as well as affiliated companies, their shareholders or representatives (including their spouses). The judge-commissioner, acting upon a motion, is competent to decide on the ineffectiveness of the established security towards the bankruptcy estate, however in case described in point (iii) above it is obliged to decide on such ineffectiveness unless the party to such legal transaction demonstrates that it was not to the creditors' detriment.

Pursuant to the Bankruptcy Law, the judge-commissioner, is authorized to deem ineffective towards the bankruptcy estate any contractual penalty (reserved for non-performance or improper performance of obligations) if the obligation was already performed to a large extent or the contractual penalty is excessive.

The security transfer of the ownership title to a thing, claim or other right to the creditor (*przewłaszczenie/przelew na zabezpieczenie*) is effective towards the bankruptcy estate if such agreement has been made in writing with a certified date, but for the purposes of the bankruptcy proceedings the property or rights so transferred by way of security shall be treated as though it were pledged.

A credit agreement expires on the date bankruptcy is declared if prior to that date the lender did not disburse the funds to the bankrupt. The lender may pursue a claim in the bankruptcy proceedings for compensation by filing the claim with the judge-commissioner. If only a portion of the funds was disbursed to the bankrupt prior to the date of declaring bankruptcy, the bankrupt loses the right to request the disbursement of the remaining balance.

A declaration of bankruptcy does not affect the bankrupt's bank account agreement, securities account agreement, account agreement for derivatives, clearing account or collective account agreement.

Certain Other Consequences of Bankruptcy

Declaration of bankruptcy proceedings affects the court, arbitratioin, administrative proceedings and enforcement proceedings pending against the bankrupt. After declaration of bankruptcy, court, arbitration and administrative proceedings related to the bankruptcy estate may be opened and continued only by a bankruptcy receiver or against him. Execution proceeding concerning a claim subject to filing to the bankruptcy estate, opened before the bankruptcy has been declared, shall be stayed by the virtue of law as at the date bankruptcy is declared. Execution proceeding shall be discontinued by the virtue of law after the decision declaring bankruptcy becomes final.

Satisfaction of Claims in Bankruptcy Proceedings

The bankruptcy estate is composed of the assets owned by the bankrupt at the time of declaration of bankruptcy and the assets acquired thereafter, subject to certain exceptions specified in the Bankruptcy Law. Once the judge commissioner approves the list of claims and the liquidation is wholly or partially completed, the receiver prepares the plan of distribution of such funds. Then the plan is submitted to the judge commissioner who can amend or supplement it. The plan can be objected to within two weeks from the date of its announcement. All objections are examined by the judge-commissioner whose decision in this respect can be objected to in the court. If no objections are made against the plan or if, upon the examination of the plan, it has been corrected, the plan is then executed.

In the case of bankruptcy, settling the creditors' claims is usually only possible upon the registration of the claims by the bankruptcy receiver. The claims are satisfied according to certain priorities. The costs of bankruptcy proceedings shall be satisfied on an on-going basis during the process of liquidation, before first category. Claims described in the below categories are settled only after all costs of the bankruptcy proceedings, debts of bankruptcy estate have been settled.

Unsecured creditors' claims are settled in the following order (as applicable to the bankrupt other than an individual):

- first category—this category, inter alia, covers claims arising out of an employment relationship falling due and payable before the bankruptcy was declared, with certain exceptions, certain contributions to the social security insurance system, certain claims which arise during restructuring proceedings, claims arising from credit, loans, bonds, guarantees or letters of credit or other financing arrangement provided in the approved restructuring proceedings and granted in connection with the performance of such arrangement (if the bankruptcy was declared as a recognition of a bankruptcy petition submitted not later than three months after the final repeal of such restructuring arrangement).
- second category—covers claims not covered in other categories including claims payable to private creditors as well as tax liabilities, other public levies and contributions to the social security insurance system. Thus, private creditors are treated equally with tax authorities.
- third category—covers subordinated interest on claims included in the senior categories in the order, in which they are paid on the capital, as well as judicial and administrative fines and claims arising under donations and legacies.

- fourth category—covers shareholders' claims arising from loan agreements as well as other legal transactions with similar effects, which were executed within five years before the bankruptcy announcement was made (with some exceptions such as loans granted within the frame of the restructuring proceedings or loans granted by the shareholders), shareholders under this category are also entitled to interest on described transactions.

Settling claims from one of these categories is only possible after fully settling claims of the creditors from a more senior category. If settling all debts included in the same category is not possible due to lack of assets, the debts should be settled proportionally.

The liquidation of the bankruptcy estate is performed by selling the bankrupt's enterprise as a whole or by organized parts, by selling all immovable and movable property, by enforcing claims against the debtors of the bankrupt, and by exercising other proprietary rights included in the bankruptcy estate or by alienation thereof.

The Bankruptcy Law distinguishes between two regimes of sale (*meaning,* a public tender procedure available to all interested investors or a private sale (*z wolnej ręki*) negotiated by an administrator with a selected investor). The sale (transfer) of receivables is permissible. As stated above, as a rule, the bankrupt's enterprise should be sold as a whole.

The above order does not affect rights of secured creditors as monies obtained from the liquidation of assets, liabilities and rights encumbered with a mortgage, a pledge or security transfer of title, registered pledge, treasury pledge, maritime mortgages are allocated to settle creditors' claims that are secured by such assets, liabilities or rights (subject to certain exceptions). Monies remaining after settling those creditors' claims are included in the bankruptcy estate and satisfied in accordance with categories of claims specified above.

The proceedings will be closed by the court once all the monies are distributed. The court shall also close the insolvency proceeding in the event of lack of assets or inability to fully settle the creditors' claims. In some cases, liquidation may be avoided through arrangement with creditors and the company can continue to operate.

Debts Currency and Interest Due in the Bankruptcy Proceedings

Any debt payable in a currency other than Polish zloty (such as euro), if being put on the list of debts, must be converted into Polish zloty at the National Bank of Poland's average exchange rate for the date the bankruptcy court issues a decision on the debtor's bankruptcy (and regardless of whether the debt has fallen due or not).

Furthermore, in case of unsecured claims, interest is satisfied from the assets of the bankruptcy estate only for the time period until the date the bankruptcy is declared.

Restructuring Proceedings

In order to enable insolvent debtors or those threatened with insolvency to recover their ability to overcome financial difficulties, rather than declare bankruptcy, four types of restructuring proceedings are provided by the Restructuring Law:

- proceedings for approval of an arrangement (*postępowanie o zatwierdzenie układu*),
- accelerated arrangement proceedings (*przyspieszone postępowanie układowe*),
- arrangement proceedings (*postępowanie układowe*),
- remedial proceedings (*postępowanie sanacyjne*).

As a general rule the above proceedings will not affect the rights of secured creditors to enforce the security in accordance with the terms of the relevant security documents, except that in remedial proceedings initiating court enforcement proceedings shall not be allowed.

The above proceedings are aimed at the debtor concluding an arrangement with its creditors (including partial arrangements), which enable the debtor to satisfy the creditors' claims and operate further. The difference in the said proceedings is, among the others, in the scope of the debtor's rights to manage its assets, and the scope of the debtors' protection against the creditors. Proceedings, subject to certain exceptions, are initiated by the debtor. For instance, also a creditor is entitled to file a petition for the commencement of remedial proceedings in relation to an insolvent legal person.

The creditors may vote in single or separate groups. If creditors vote in a single group, the arrangement is concluded if it is accepted by the majority of voting creditors who hold in aggregate at least two thirds of the total sum of claims held by the voting creditors (except for the proceedings for approval of an arrangement, where the debtor collects the votes in writing itself and the required majority is measured by reference to the total amount of creditors entitled to vote and not by reference to the amount of voting creditors).

The creditors may be split into separate groups (classes) based on the criteria of "common category of interests". In such case, the arrangement is concluded if it is accepted in each group by a majority of voting creditors in the group whose claims amount to (in aggregate) at least two thirds of the total sum of claims held by the voting group members (with respective modification of calculating the majority in case of proceedings for approval of an arrangement described above). Even if there is no required majority in one or more of the groups of creditors, the arrangement will still be deemed concluded if: (i) the creditors representing in aggregate at least two thirds of the total sum of claims held by the voting creditors have voted in favor of the arrangement (with respective modification of calculating the majority in case of proceedings for approval of an arrangement described above), and (ii) the creditors from the dissenting group/groups are satisfied through the arrangement to an extent which is not less favorable than in the case of bankruptcy of the debtor ("cross-class cram-down").

An arrangement accepted by the required majority of creditors is subject to an approval by the court. The court rejects the arrangement if: (i) it violates the law or (ii) it is obvious that the arrangement will not be performed. The court is also entitled to reject the arrangement if it is obviously detrimental to creditors who voted against it and raised objections. The accepted arrangement is binding on all creditors, whose receivables are, under the law, covered by the arrangement, which may include claims not specified on the creditor's list.

In case of conflicting petitions for bankruptcy and for restructuring, the court withholds the bankruptcy petition and the restructuring petition should be considered first (if the restructuring petition is accepted, it will not be possible to declare bankruptcy as long as restructuring proceedings are pending). Exceptionally, if the withholding of the bankruptcy petition should be contrary to the interest of all creditors, the bankruptcy court may decide to consider both petitions at the same time.

Information on bankruptcy and restructuring proceedings will be disclosed in the National Register of Indebted (*Krajowy Rejestr Zadłużonych*) operating as of July 1, 2021.

As a general rule, the arrangement covers, subject to some exceptions, all personal claims against the debtor originated prior to the commencement of the restructuring proceedings (the day of issuing a court's decision on the opening of accelerated arrangement proceedings, arrangement proceedings and/or remedial proceedings further referred to as "commencement date," in case of proceedings for approval of an arrangement the consequences of commencing the restructuring proceedings take effect from the arrangement day), together with interest accruing from the commencement date, as well as conditional claims, if the condition fulfils when the arrangement is being performed. Above relates both to financial and non-financial claims (except for *inter alia* certain social insurance contributions, claims under employment agreements or claims for the handover of property). If a creditor objects to the restructuring of its non-financial claim (or if due the nature of a non-financial claim, it is not possible to restructure it), the relevant claim will be converted to a financial one (with effect from the commencement date). In addition, claims under reciprocal agreements (*umowy wzajemne*) are covered by the arrangement only if: (i) the counterparty's performance is divisible and (ii) only to the extent that the counterparty has performed the agreement prior to the commencement date of the restructuring proceedings and has not received a reciprocal consideration from the debtor.

"Partial" Arrangements

The debtor may enter into a "partial" arrangement (*układ częściowy*) only with selected classes of creditors (for example, secured creditors or significant suppliers), however, it is permitted only in (i) an arrangement approval proceedings and (ii) accelerated arrangement proceedings. It should allow the debtor to reach an arrangement in a faster and more discreet way. However, the selection of creditors for that purpose must be compliant with statutory tests (meaning, it must be based on objective, unambiguous and economically justified criteria) and must not be only aimed at eliminating dissenting creditors from relevant voting classes.

Impact of Restructuring Proceedings on Certain Agreements

Contractual provisions, according to which termination or modification of legal relationship, to which the debtor is a party, is triggered by submitting a petition for the commencement of restructuring proceedings or commencement of such proceedings are void by virtue of law. Also, the terms of agreements with the debtor to be restructured which make it impossible or difficult to achieve the purposes of restructuring proceedings (except for arrangement approval proceedings), are ineffective against the debtor's estate.

In principle, upon the commencement of restructuring proceedings (other than arrangement approval proceedings), it is prohibited to terminate certain agreements which constitute source of incomes for the debtor, such as tenancy or lease agreements relating to the premises in which the debtor's enterprise is operated, property insurances, facility agreements (but only in relation to funds made available to the debtor before the commencement date), leasing agreements, bank account agreements, suretyships, licences granted to the debtor, guarantees and letters of credit issued before the commencement date (unless the board of creditors agrees otherwise).

Preservation of Security Interests in Restructuring Proceedings

As a rule, it is not possible to establish new security interests to secure a claim not covered by the arrangement (unless the board of creditors agrees otherwise) once the restructuring proceedings have commenced. However, if an application to register a mortgage, registered pledge, treasury pledge or maritime mortgage is filed more than six months before submitting a petition to commence restructuring proceedings, the mortgage or pledge will be registered (in accelerated arrangement, arrangement and remedial proceedings).

Also, according to a general rule, *in rem* security interests (for example, mortgage, pledge, registered pledge, security assignment) securing a claim not covered by the arrangement survive the restructuring proceedings and the claims secured by any of such security interests are not affected by the arrangement. Hence, the arrangement covers secured claims to the extent such claims are not covered by the value of collateral, or the relevant secured creditors agree to be covered by the arrangement. Secured creditors who give their consent to the arrangement may be assigned to a separate group (class) of creditors and be afforded different treatment in the arrangements from the one of unsecured creditors.

In relation to partial arrangements, if the proposed arrangement offers the relevant secured creditor full satisfaction (on a date specified in the arrangement) or satisfaction in part, but to the extent not lower than the one, which is expected in the case of enforcement of security interest, the relevant secured claim will be covered by the arrangement irrespective of the creditor's consent.

Proceedings for Approval of an Arrangement

These proceedings are available if the sum of disputed claims does not exceed fifteen per cent of the total claims held by creditors entitled to vote. Although, the debtor continues to manage its assets, it is required to appoint a licensed supervisor (*nadzorca układu*), who will: (i) prepare a restructuring plan, (ii) cooperate with the debtor in preparing the arrangement proposals, (iii) prepare a list of claims and a list of disputed claims, (iv) assist the debtor in proper collecting the votes of creditors in favor of the arrangement, and (v) prepare a feasibility assessment of the arrangement in a form of a report.

The debtor determines an arrangement day (*dzień układowy*). Claims arising after the arrangement day are not subject to the arrangement. The debtor presents a restructuring plan to its creditors and collects their votes on the arrangement. Once the approving votes of the required regulatory majority have been obtained, the debtor files a petition with the court (within three months from giving the votes) in order to accept and approve the arrangement. The debtor also submits to the court a report with a feasibility assessment of the arrangement. The court issues a decision whether to accept and approve the arrangement within fourteen days from submitting the petition. From the date of issuing the decision, a licensed supervisor obtains the rights of a court supervisor (*nadzorca sądowy*) and is obliged to supervise the proper performance of the approved arrangement.

Accelerated Arrangement Proceedings

Similarly to proceedings for approval of an arrangement, these proceedings are available if the sum of disputed claims also does not exceed fifteen per cent of the total claims held by creditors entitled to vote. It may be used, in particular, if there is a large number of creditors and the debtor is unable to collect their votes on the arrangement by itself.

The debtor prepares and submits a petition for the opening of the arrangement proceedings together with a statement that information included therein is true and complete. The court issues a decision whether to accept and approve the petition within one week from submitting the petition and appoints (i) a court supervisor (*nadzorca sądowy*), who will supervise the debtor's management of its assets and (ii) a judge-commissioner (*sędzia-komisarz*), who inter *alia* will manage the restructuring proceedings, supervise the activity of the court supervisor and—if applicable—(iii) the administrator. If the court refuses to commence accelerated arrangement proceedings, the debtor may lodge a complaint against it. The creditors, in turn, may lodge a complaint against the commencement of the accelerated arrangement proceedings, however only to the limited extent.

Within 2 weeks from the date on which the accelerated arrangement proceedings are commenced, the court supervisor prepares and submits to the judge-commissioner (i) a restructuring plan, (ii) a list of claims and (iii) a list of disputed claims. Subsequently, the judge-commissioner sets the date of the creditors' meeting for the purpose of voting on the arrangement and informs of that date the creditors, who are on the list of claims, providing them with (i) arrangement proposals, (ii) information on division of the creditors on the grounds of their category of interests as well as on (iii) a manner of way of voting at the creditors' meeting.

The debtor continues to manage its assets under the supervision of the court supervisor (optionally the court may appoint an administrator (*zarządca*) to take over the management of the arrangement estate). The court may revoke the debtor's management of assets and establish an administrator if: (i) the debtor does not comply with the judge-commissioner's or the court supervisor's directions, (ii) its management does not guarantee the performance of the arrangement or if a trustee (*kurator*) has been appointed for the debtor or (iii) the debtor's management does not comply with law (whether intentionally or not) to the detriment (actual or potential) of the creditors.

In addition, once the accelerated arrangement proceedings are commenced, *inter alia*: (i) the estate which enables the debtor to operate its undertaking and the debtor's estate become the arrangement estate (*masa układowa*), (ii) the debtor provides the judge-commissioner and the court supervisor with information and documents concerning the debtor's undertaking and assets, (iii) execution proceedings relating to claims covered by the arrangement are suspended by virtue of law, (iv) the debtor/administrator may not settle performances from the claims, which are covered by the arrangement when the proceedings are pending (to some extend this rule does not apply to contractual compensation clauses (*klauzula kompensacyjna*)).

Arrangement Proceedings

These proceedings are available only for the debtors, whose disputed claims exceed fifteen per cent of the total claims held by creditors entitled to vote and, as a result, both types of previous proceedings cannot be initiated.

The debtor prepares and submits a petition for opening of the arrangement. The debtor needs to demonstrate in the petition the probability of settling by the debtor the costs of the proceedings and fulfilling liabilities which will arise after the commencement of arrangement proceedings. In principle, the court issues a decision whether to open the arrangement within two weeks from submitting the petition (this period may be extended to six weeks, if it is necessary to conduct a trial).

The court also appoints a court supervisor (*nadzorca sądowy*), who will supervise the debtor's management of its assets and a judge-commissioner (*sędzia-komisarz*), who will manage the restructuring proceedings and supervise the activities of the court supervisor and, if applicable, the administrator (*zarządca*).

The court may: (i) secure the debtor's assets through the appointment of an interim court supervisor (*tymczasowy nadzorca sądowy*) for the period between the filing of the petition and the commencement of the proceedings, (ii) suspend pending enforcement proceedings conducted in order to enforce claims covered with the arrangement and (iii) revoke the seizure of the debtor's bank account at the request of the debtor or the interim court supervisor. The debtor or the creditor who is in the course of conducting the enforcement may lodge a complaint against the court's decision to suspend pending enforcement proceedings and to revoke the seizure of the debtor's bank account. If the court decides to revoke the seizure of the debtor's bank account, it needs to appoint an interim court supervisor, who will give consent to the debtor's dispositions regarding the sums maintained on this bank account.

Within thirty days from the commencement of the arrangement proceedings, the court supervisor: (i) prepares and submits to the judge-commissioner a restructuring plan and a list of claims, (ii) determines the composition of the arrangement estate (*masa układowa*) by preparing a specification of inventory (*spis inwentarza*) together with an estimation of the arrangement estate. Upon the receipt of the restructuring plan and approval of the list of claims, the judge-commissioner sets the date of the creditors' meeting for the purpose of voting on the arrangement and informs the creditors of that date providing them with (i) arrangement proposals, (ii) information on division of the creditors on the grounds of their category of interests as well as on (iii) a manner of way of voting at the creditors' meeting.

The debtor continues to manage its assets under the supervision of the court supervisor (optionally the court may appoint an administrator to take over the management of the arrangement estate). The court may revoke the debtor's management if: (i) the debtor does not comply with the judge-commissioner's or court supervisor's directions, (ii) its management does not guarantee the performance of the arrangement or (iii) its management does not comply with the law (whether intentionally or not) to the detriment (actual or potential) of the creditors.

In addition, once the arrangement proceedings are commenced, *inter alia*: (i) execution proceedings relating to claims covered by the arrangement are suspended by virtue of law, (ii) the creditors may initiate judicial, administrative or judicial-administrative proceedings or proceedings before arbitration courts (*sądy polubowne*) regarding satisfaction of claims disclosed in the list of claims, (iii) the court supervisor accedes by virtue of law to pending judicial, administrative or judicial-administrative proceedings or proceedings before arbitration courts regarding the arrangement estate.

Remedial Proceedings

This type of proceedings provides for the broadest scope of restructuring activities and protection against creditors. Unlike other types of restructuring proceedings, it may be also initiated by the debtor's personal creditor (*wierzyciel osobisty*) (if a debtor is already insolvent) or a trustee (*kurator*), if appointed by the registry court.

The debtor prepares and submits a petition for commencing remedial proceedings. The debtor needs to demonstrate in the petition the probability of settling by the debtor the costs of the proceedings and fulfilling liabilities which will arise after the commencement of remedial proceedings. The court may secure the debtor's assets through the appointment of an interim court supervisor (*tymczasowy nadzorca sądowy*) or an interim administrator (*tymczasowy zarządca*) for the period between the filing of the petition and the commencement of the proceedings. In principle, the court issues a decision whether to commence remedial proceedings within two weeks from submitting the petition (this period may be extended to six weeks, if it is necessary to conduct a trial). The court appoints a judge-commissioner (*sędzia-komisarz*), who will manage the proceedings and supervise the activities of the administrator (*zarządca*). The appointment of an administrator to manage the debtor's estate (remedial estate) is mandatory. In case the debtor's involvement is necessary to conduct successful restructuring and the debtor guarantees proper management, the court may agree to the debtor's retaining management over the whole or a part of the undertaking, however only to the limited extent.

Once the court issues the decision on the commencement of remedial proceedings, the debtor is obliged to pass the whole estate and documents related thereto to the administrator (unless the debtor has been given the right to manage its assets), and provide the judge-commissioner and the administrator with all necessary or required information. Subsequently the administrator, in cooperation with the debtor, submits a restructuring plan to the judge-commissioner within thirty days from the commencement of the proceedings (this period may be extended to three months), who accepts and approves the restructuring plan upon obtaining, the opinion of the board of creditors (*rada wierzycieli*). After obtaining the approval, the administrator performs the restructuring plan.

In addition, once the remedial proceedings are commenced, *inter alia*: (i) commercial power of attorney (*prokura*) and other powers of attorney granted by the debtor expire by virtue of law (in the course of remedial proceedings new commercial power of attorney or powers of attorney may be granted by the administrator), (ii) the administrator is granted the right to terminate the reciprocal agreements (*umowy wzajemne*) which have not been performed in full or in part prior to the commencement date, subject to the judge-commissioner's consent, (iii) the estate which enables the debtor to operate and the debtor's estate becomes the remedial estate (*masa sanacyjna*), whose components are determined by the administrator by means of preparing a specification of inventory (*spis inwentarza*) together with an estimation of the remedial estate (*ustalenie składu masy sanacyjnej*), within thirty days from the commencement of the proceedings, (iv) it is possible to adjust the employment level to the needs of the reorganized undertaking, (v) opened inheritance to which the debtor is appointed, is included in the remedial estate, (vi) pending execution proceedings relating to remedial estate are suspended by virtue of law, (vii) the creditors may initiate judicial, administrative or judicial-administrative proceedings or proceedings before arbitration courts (*sądy polubowne*) which regard satisfaction of claims disclosed in the list of claims, (viii) judicial, administrative or judicial-administrative proceedings or proceedings before arbitration courts regarding the remedial estate may be initiated by or conducted against the administrator, in such case the administrator acts in his/her own name but on behalf of the debtor, (ix) at the request of the debtor, the judge-commissioner may revoke the seizure of elements included in the remedial estate in the course of enforcement or proceedings aimed at securing claims (*postępowanie zabezpieczające*), if such elements are necessary for the debtor to operate.

Also, certain legal transactions are ineffective towards the remedial estate once the remedial proceedings are commenced. These are: (i) transactions by means of which the debtor has disposed of its assets, if they were concluded by the debtor within one year preceding the day, on which the petition on commencement of the remedial proceedings was submitted and the value of the debtor's performance (*świadczenie*) significantly exceeds the value of the performance received by or reserved for the debtor, (ii) security interests, which have not been established directly in connection with receiving a performance by the debtor within one year preceding the day, on which the petition on commencement of the remedial proceedings was submitted (iii) security interests, which have been established by the debtor within one year preceding the day, on which the petition on commencement of the remedial proceedings was submitted in the part such security interests exceed more than the half of the value of secured performance received by or reserved for the debtor together with claims for ancillary claims on the day of establishing such security interests. The above rules also apply to guarantees, suretyships (*poręczenia*) and to other similar activities performed to secure performances.

Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests

Comments made below are relevant for the Polish Guarantor, being the Polish limited liability company and the joint-stock company.

Governing Law and Enforceability

In the event of subjecting the Polish Guarantor's Guarantees and Collateral to the laws of foreign country in a dispute before a Polish court, only substantive laws of that foreign law will be applied while the laws of procedure will be governed by Polish law. Furthermore, as a rule, Polish courts can refuse to apply or execute foreign legal provisions, if the application of such provisions results in the contravention of peremptory rules of Polish public policy, or if specific law has to be applied regardless of the choice of law (*meaning,* should any rights *in rem* be involved, they will be subject to the laws of the country in which the subject of these rights is located).

As a general rule, the decisions of Polish courts become final and non-appealable after execution of appropriate remedy path or after the expiry of the statutory term to file a remedy, subject to applicability of extraordinary legal remedies if available.

The decisions issued by foreign courts, as the general rule, become enforceable in Poland after establishing their enforceability by the Polish court. Any judgment obtained against the Issuer or any of the Guarantors outside of Poland (and, in particular, in the United States) would be recognized and enforced in accordance with the Polish Civil Procedure Code in the courts of Poland. As a general rule of the Polish Civil Procedure Code, judgments of foreign courts in civil cases are recognized by virtue of law, however, a judgment cannot be recognized in Poland if:

1. it is not valid in the state where it was issued;
2. it was reached in a case subject to exclusive jurisdiction of Polish courts;
3. the defendant, who did not argue the merits of the case, was not duly and timely served with the court letter initiating the proceedings and consequently was unable to defend himself/herself/itself;
4. a party to the proceedings was deprived of defense;
5. the same matter between the same parties was pending in Poland earlier before a court of foreign jurisdiction;
6. it contradicts an earlier valid judgment of a Polish court or an earlier valid judgment of a foreign court which meets the criteria for its recognition in Poland, reached in a case for the same claim between the same parties; or
7. its recognition would contradict the basic principles of the legal order of Poland (law and order clause).

Any party wishing to have a U.S. judgment enforceable in Poland must file an application seeking declaration of enforceability of the U.S. judgment which must be filed with the relevant Polish Regional Court.

As a general rule, the decisions of the courts of other EU member states do not need to be declared enforceable by the Polish courts, prior to their enforcement in Poland. Enforceability of these decisions may be challenged, however, in a separate proceedings before the Polish court.

As a general rule, decisions of the Polish courts (including on issuance of enforceability clause) and appropriate actions of enforcement officers with whom the enforcement of claims is sought may be, depending on the circumstances, required for the enforcement of the given security interest.

Following the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union, (with effect from January 1, 2021) the judgements of English courts are recognized and are enforceable in

Poland in accordance with, and subject to the conditions of, the Hague Convention of June 30, 2005 on Choice of Court Agreements (the "Hague Convention"), provided that the choice of court clause contained in the relevant document is considered as exclusive within the meaning of the Hague Convention. Otherwise, such judgement will be recognized in Poland in accordance with the Polish Civil Procedure Code pursuant to the rules presented above with respect to the United States.

Insolvency as a Result of an Excess of Obligations over the Value of the Company's Assets

Obligations of the Polish Guarantor under the Notes Guarantees and Collateral are subject to limitations resulting from the application of provisions of the Bankruptcy Law.

The companies may be deemed insolvent if the total amount of their liabilities exceed the value of their assets (except for future and contingent liabilities, including liabilities subject to a suspensory condition, and shareholder loans or other legal act having the similar effect) and this status continues for longer than twenty four months. Nevertheless, even if the above conditions are met, the court may reject a bankruptcy petition if it determines that there is no threat to the debtor's ability to perform its due and payable obligations in a short term.

Actio Pauliana

Polish civil law provides a basis for declaring some actions done to the detriment of creditors ineffective (so-called "*actio Pauliana*"). In general, if as a result of a legal act performed by a debtor to the detriment of creditors, a third party gains a financial benefit, each of the creditors may demand that the said act be declared ineffective with respect to him, if the debtor acted knowingly to the creditors' detriment, and the third party knew or, having used due care, could have learned of it. This provision applies accordingly if the debtor acts with an intention to harm future creditors. It is assumed that the debtor's legal act is performed to the creditors' detriment if, as a result of such act, the debtor becomes insolvent or becomes insolvent to a greater degree than he was before performing the act (as described in Supreme Court judgements Case No. II CSK 548/11, Case No. III CSK 143/16, Case No. III CSK 214/11). The application to the court with respect to "*actio Pauliana*" can be filed within five years from the date of the act but not longer than within two years from the opening of insolvency proceedings (if a debtor has been declared bankrupt).

Limitation on Enforcement

Under Polish law, claims may become time-barred (being the six years general term established for claims and three years term for claims pertaining to periodical performances and claims resulting from an economic activity; however the end of the period of limitation shall fall on the last day of the calendar year) according to the Act of 23 April 1964 Civil Code (consolidated text: Journal of Laws of 2020, item 1740, as amended) (the "Civil Code"), or may be, or may become, subject to the defense of set-off or counterclaim.

In the case of tort claims under Article 442 (1) § 1 of the Civil Code, the period of limitation is three years from the date on which the injured party becomes aware of the damage and of the person obliged to remedy it; however, the period cannot be longer than ten years from the date on which the said event causing the damage took place.

The term "enforceable" means that a claim right or agreement is of a type and in a form enforced by Polish courts. It does not mean that an obligation will be enforced in accordance with its terms in every circumstance in Poland. In particular, specific performance may not always be available as a remedy due to other legal implications such as force majeure, circumvention of law, abuse in the exercise of rights or misrepresentation.

In general terms, any guarantee granted under Polish law must guarantee or secure another obligation to which it is ancillary and such primary obligation must be clearly identified in the relevant guarantee or security agreement. Furthermore, a Polish law guarantee and security interests become null if the primary obligation is null and terminate upon termination of the primary obligation. Moreover, an act in law performed by the original debtor with its creditor after issuance of the guarantee cannot increase the obligation of the guarantor without its consent.

If a guarantee given by the Polish Guarantors relates to future debts, then from the perspective of the Civil Code the maximum amount of guaranteed debt should be specified in the guarantee document. The guarantee unlimited in time for a future debt may be revoked by the guarantor at any time before the debt arises.

In the event that the security providers are able to prove that there are no existing and valid guaranteed obligations, Polish courts may consider that the security providers' obligations under the relevant guarantees or securities are not enforceable.

The above only applies to guarantees and security interests granted under Polish law and may not necessarily apply to foreign law guarantees and security interests granted by the Polish Guarantor.

Limitations Resulting from the Polish Commercial Code

The liabilities assumed by the Polish Guarantor under the Notes Guarantees and the grant of Collateral by the Polish Guarantor is also subject to certain provisions of the Polish Commercial Companies Code (*Kodeks Spółek Handlowych*) of September 15, 2000 (consolidated text: Journal of Laws of 2020, item 1526, as amended) (the "Polish Commercial Companies Code"). With respect to the limited liability company (*spółka z ograniczoną odpowiedzialnością, sp. z o.o.) and the joint-stock company (spółka akcyjna) pursuant to the Polish Commercial Companies Code, the creation of a limited right in rem over the enterprise or over its organized part requires a resolution of the shareholders under the pain of invalidity.*

Pursuant to Article 189 § 2 of the Polish Commercial Companies Code, the shareholders may not receive, under any title, any payments from the Polish limited liability company's assets needed to fully cover the share capital of this company. A breach of this rule results in the shareholders' obligation to return the payments up to the amount of the share capital. Therefore, the liability of any Polish Guarantor on account of payments under the Notes Guarantees and Collateral should be limited, in particular, to the extent that it would result in a reduction of its assets necessary to cover in full its share capital in breach of Article 189 § 2 of the Polish Commercial Companies Code.

Pursuant Article 344 § 1 of the Polish Commercial Companies Code, it is not permissible to return to a direct shareholder(s) the share contributions (*wpłaty na akcje*) unless permitted otherwise. In case of the joint-stock companies, the Article 345 of the Polish Commercial Companies Code that regulates the restrictions concerning financial assistance should be observed.

If a share pledge is enforced and the shareholder changes, a new "relation of domination" might arise. In such case the new shareholder would be obliged to notify the dependent company, *meaning,* the Polish Guarantor, of this fact. Otherwise, its right to vote from its shares representing more than 33% of the share capital of the dependent company will be suspended. A new relation of domination might also arise if under a pledge agreement, the pledgee gains a majority of the votes at the general meeting of the Polish Guarantor. The corresponding notification duty has to be fulfilled by the pledgee.

Interests Limitation

Pursuant to Article 359 § 2^1 in conjunction with § 2 of the Civil Code, the maximum interest resulting from the legal act, meaning, so-called "capital interest" (*odsetki kapitałowe*) cannot per annum exceed double statutory interest (meaning, double of the sum of: (i) the reference rate published by the National Bank of Poland and (ii) 3.5 percentage points). As of the date of this memorandum, the maximum capital interest amounts to 7.2%.

In addition, according to the Article 481 § 2^1 in conjunction with § 2 of the Civil Code, the maximum interest resulting from a delay (*odsetki za opóźnienie*) cannot per annum exceed double statutory interest for delay (meaning, double of the sum of: (i) the reference rate published by the National Bank of Poland and (ii) 5.5 percentage points). As of the date of this memorandum, the maximum interest for delay amounts to 11.2%.

Should the value of interest exceed the value of relevant maximum interest, then relevant maximum interest is due. Contractual provisions cannot exclude or limit the provisions on maximum interest. The above mentioned specific provision of Polish law shall be applied by a Polish court irrespective of the fact that the parties have chosen foreign law to govern the transaction (overriding mandatory provisions).

Clearance from the President of the Polish Office for Protection of Competition and Consumers in Order to Execute Some Rights over Shares

An exercise of pledge over shares or voting rights in the Polish Guarantor by the holder of the relevant share security under a power of attorney may be recognized as a change of control pursuant to the Act on Protection of Competition and Consumers of February 16, 2007 (consolidated text: Journal of Laws of 2021, item 275, as amended) (the "Competition Law"). Art. 14 of the Competition Law provides with exceptions, when the clearance from the President of the Polish Office for Protection of Competition and Consumers (the "President of UOKiK"), is not required. Among others, the notification is not required, when an entity acquires or takes up, on a temporary basis, stocks and shares with a view to securing debts, provided, however, that such entity does not exercise the rights arising from these stocks or shares, except for the right to sell.

Thus, the holder of such security may be obliged to notify the President of UOKiK about its intention to exercise its voting rights and to obtain prior antimonopoly clearance as the enforcement of a registered pledge through the appropriation of the shares by the Security Agent may be recognized as a notifiable concentration under the Competition Law.

Perfection Requirements

Generally, under Polish law, for a valid and effective establishment of security interests certain perfection requirements need to be fulfilled, including the requirements specified below.

The pledge over the shares in the Polish Guarantor may be validly established only after fulfillment of the certain perfection requirements including the following: (i) the share pledge agreement must be executed, (ii) the registered pledge created under such agreement must be registered in the register of pledges maintained by the competent court; (iii) the Polish Guarantor must be notified and both a financial and a registered pledge over its shares will become effective vis-à-vis the Polish Guarantor once it is notified; and (iv) the pledges should be disclosed in the book of shares of the Polish Guarantor.

In principle, a secured creditor can enforce its security once the secured claim becomes mature (that is, the debt becomes due and payable). Under certain circumstances, the creditor must obtain a final and non-appealable court decision and enforcement clause before enforcing its security. Private enforcement is possible, for example, if the claim is secured by registered or financial pledge and the pledge agreement provides that the creditor can take over the pledge object.

Parallel Debt Structure under Polish Law

In majority of cases, under Polish law security interests cannot be granted to a party other than the creditor of the secured claim. Generally, under Polish law, the pledge or mortgage is strictly accessory and follows the debt or claim it secures and may not be transferred without such debt or claim. If such debt or claim is transferred without the pledge or mortgage, the latter will expire.

For that reason, in certain transactions, also in Poland, a parallel debt structure is used, whereby the guarantor, as a separate and independent obligation governed by non-Polish law, undertakes to pay to the security agent amounts equal to the amounts due by it to the other creditors. Such parallel debt structure, therefore, creates a separate and independent claim of the security agent that can be validly secured by a security interest. Consequently, the security interests are granted to the security agent in its own capacity as a creditor acting in its own name pursuant to the parallel debt. It is usually expressly agreed in such parallel debt agreement that the obligations of the debtor towards the security agent shall be decreased to the extent that the corresponding principal obligations to the creditors are reduced (and vice versa).

The Supreme Court issued the judgments on October 9, 2009 (Case No. IV CSK 145/09, Case No. IV CSK 169/09 and Case No. IV CSK 155/09) concerning the effectiveness of establishing security interests over the assets of the debtor of parallel debt. In the above cases, the Supreme Court has not challenged the validity of a foreign law parallel debt structure, however, such structure was only indirectly referred to in the above judgments. As there is no doctrine of "precedence" under Polish law, uncertainty exists as to validity and enforceability of the parallel debt under Polish law.

As Polish law does not recognize the concept of "trust" or "trustee", it is uncertain how a foreign law trust will be treated by a Polish court. However, Polish law recognizes the role of a Security Agent with respect to the registered pledges (*administrator zastawu*) and the mortgages (*administrator hipoteki*).

TRANSFER RESTRICTIONS

The following restrictions will apply to the Notes and the Notes Guarantees (the "Securities"). You are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any of the Securities.

None of the Securities have been registered under the Securities Act, and the Securities may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Securities are only being offered and sold (A) to QIBs in compliance with Rule 144A and (B) outside the U.S. in an offshore transaction in accordance with Regulation S.

Each purchaser of Securities will be deemed to have acknowledged, represented and agreed with us and the Initial Purchasers as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(1) it is purchasing the Securities for its own account or for an account with respect to which it exercises sole investment discretion and that it and any such account is either (A) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A or (B) outside the United States;

(2) it acknowledges that the Securities are being offered for resale in a transaction not involving a public offering in the United States (within the meaning of the Securities Act) and have not been registered under the Securities Act or any other securities laws and may not be reoffered, resold, pledged or otherwise transferred within the United States;

(3) it shall not offer, resell, pledge or otherwise transfer the Securities except (A) to the Issuer or any of its subsidiaries, (B) inside the United States to a QIB in a transaction complying with Rule 144A, (C) outside the United States in an offshore transaction in compliance with Regulation S under the Securities Act, (D) pursuant to an exemption from the registration requirements of the Securities Act (if available), (E) in accordance with another exemption from the registration requirements of the Securities Act or (F) pursuant to an effective registration under the Securities Act. It acknowledges that no representation is made as to the availability of the exemption provided by Rule 144A for resale of the Securities;

(4) it agrees that it will give to each person to whom it transfers the Securities notice of any restrictions on transfer of such Securities;

(5) it is relying solely on the information contained in this offering memorandum in making its investment decision with respect to the Securities. It acknowledges that neither we nor the Initial Purchasers have made any representation to it with respect to us or the offering or sale of any Securities, other than the information contained in this offering memorandum which has been delivered to it and upon which it is relying in making its investment decision with respect to the Securities. It has had access to such financial and other information concerning us and the Securities as it has deemed necessary in connection with its decision to purchase the Securities, including an opportunity to ask questions of and request information from us and the Initial Purchasers;

(6) it acknowledges that prior to any proposed transfer of Securities in certificated form or of beneficial interests in a Global Note (in each case other than pursuant to an effective registration statement), the holder of Securities or the holder of beneficial interests in a Global Note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Indenture;

(7) it understands that all of the Securities will bear a legend to the following effect unless otherwise agreed by us and the holder thereof:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "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 SECURITIES ACT."

(8) it understands that each Note will bear a legend to the following effect unless otherwise agreed by us and the holder thereof:

"THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) ("QIB") OR (B) IT IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"), (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED NOTES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTES, ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QIB THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (D) OR (E), TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRANSFER AGENT. THE HOLDER OF THIS NOTE AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S."

(9) it understands that all of the Securities issued with OID will contain a legend substantially to the following effect:

"THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS SECURITY WAS ISSUED WITH "ORIGINAL ISSUE DISCOUNT" ("OID") WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND THIS LEGEND IS REQUIRED BY SECTION 1275(c) OF THE CODE. HOLDERS MAY OBTAIN INFORMATION REGARDING THE AMOUNT OF ANY OID, THE ISSUE PRICE, THE ISSUE DATE AND THE YIELD TO MATURITY RELATING TO THE SECURITY BY CONTACTING THE ISSUER."

(10) it acknowledges that the Transfer Agent will not be required to accept for registration of transfer any Securities acquired by it, except upon presentation of evidence satisfactory to us and the Transfer Agent that the restrictions set forth herein have been complied with;

(11) it acknowledges that we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Securities are no longer accurate, it shall promptly notify us and the Initial Purchasers. If it is acquiring the Securities as a fiduciary or agent for one or more investor accounts, it represents that it has sole discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account;

(12) it agrees to indemnify and hold us, the Trustee, the Transfer Agent, the Registrar, the Paying Agent, the Initial Purchasers and their respective affiliates harmless from and against any cost, damage or loss incurred by any of them as a result of any of the foregoing representations and agreements being or becoming false; and

(13) it acknowledges that any purported acquisition or transfer of the Securities or beneficial interest therein to an acquirer or transferee that does not comply with the requirements of the above provisions shall be null and void *ab initio*.

PLAN OF DISTRIBUTION

The Issuer, the Guarantors and Goldman Sachs Bank Europe SE, Credit Suisse Securities, Sociedad de Valores, S.A., BofA Securities Europe SA, Deutsche Bank Aktiengesellschaft, J.P. Morgan AG, and Commerzbank Aktiengesellschaft (the "Initial Purchasers"), have entered into a purchase agreement dated on or around the date of this offering memorandum with respect to the Notes (the "Purchase Agreement").

Subject to the terms and conditions set forth in the Purchase Agreement, the Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to purchase from the Issuer, the entire principal amount of the Notes.

The obligations of the Initial Purchasers under the Purchase Agreement, including their agreement to purchase Notes from the Issuer, are several and not joint.

General

The Initial Purchasers initially propose to offer the Notes for resale at the respective issue prices that appear on the cover of this offering memorandum for each of the Fixed Rate Notes and the Floating Rate Notes. After the initial Offering, the Initial Purchasers may change the price at which the Notes are offered and any other selling terms at any time without notice. The Initial Purchasers may offer and sell Notes in the United States through certain of their affiliates or through U.S. registered broker dealers. To the extent the Initial Purchasers intend to make any offers or sales of the Notes in the United States, or to nationals or residents of the United States, they will do so only through one or more registered broker-dealers in compliance with applicable securities laws and regulations, as well as with applicable laws of the various states.

In the Purchase Agreement, we have agreed that:

- the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel and our counsel; and
- the Issuer and the Guarantors will indemnify and hold harmless the Initial Purchasers and their respective affiliates against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that the Initial Purchasers and their respective affiliates may be required to make in respect of those liabilities.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the issue price set forth on the cover page hereof.

Professional investors and ECPs (as defined below) only target market: Solely for the purposes of each manufacturer's approval process of the Notes, the target market assessment in respect of the securities described in the offering memorandum has led to the conclusion that: (i) the target market for such securities is eligible counterparties ("ECPs") and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of such securities to ECPs and professional clients are appropriate. Any person subsequently offering, selling or recommending such securities (a "distributor") should take into consideration the manufacturers' target market assessment; however, and without prejudice to the Issuer's obligations in accordance with MiFID II, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Prohibition of sales to EEA (as defined in the offering memorandum) 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 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 2016/97/EU (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended or superseded, the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

Prohibition Of Sales To UK Retail Investors: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (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 (the "EUWA"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement 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 Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Securities Not Being Registered under the Securities Act

The Notes and the Notes Guarantees have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States except to QIBs in reliance on Rule 144A and outside the United States in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under "*Transfer Restrictions*." Each purchaser of the Notes will be deemed to have made the acknowledgements, representations, warranties and agreements as described under "*Transfer Restrictions*." In addition, an offer or sale of Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act.

Other Jurisdictions

This offering memorandum has been prepared on the basis that any offer of Notes in any Member State of the EEA or in the UK will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Directive. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended or superseded, including by Directive 2010/73/EU and Regulation (EU) 2017/1129), and includes any relevant implementing measure in the Member State concerned, if applicable. References to Regulations or Directives include, in relation to the UK, those Regulations or Directives as they form part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 or have been implemented in UK domestic law, as appropriate.

In the Purchase Agreement, each Initial Purchaser has represented and agreed that: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the communication.

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 Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this offering memorandum and resale of the Notes. See "*Transfer Restrictions.*"

Resale Restriction

The Issuer and the Guarantors have agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

Market Making and Stabilization

In connection with the Offering, the Initial Purchasers may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the Offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of those transactions. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the Initial Purchasers of a greater principal amount of notes than they are required to purchase in the offering. The Initial Purchasers must close out any short position by purchasing notes in the open market. A short position is more likely to be created if the Initial Purchasers are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering. If the Initial Purchasers engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

Similar to other purchase transactions, the Initial Purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes or preventing a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor any of the Initial Purchasers make any representation that the Initial Purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

The Notes are a new issue of securities, and there is currently no established trading market for the Notes. In addition, the Notes are subject to certain restrictions on resale and transfer as described under "*Transfer Restrictions*." We do not intend to apply for the Notes to be listed on any securities exchange other than the Official List of the Exchange or to arrange for the Notes to be quoted on any quotation system. The Initial Purchasers have advised us that they intend to make a market in the Notes, as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act, and the U.S. Securities Exchange Act of 1934, as amended ("U.S. Exchange Act"). Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop or that you will be able to sell your Notes at a particular time or at a price which will be favorable to you. See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited*."

Initial Settlement

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this offering memorandum, which will be the fifth business day following the date of pricing of the Notes (this settlement cycle is being referred to as “T+5“). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this offering memorandum or the next two successive business days will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisor.

Other Relationships

The Initial Purchasers and/or their affiliates from time to time have performed, may currently perform and/or in the future may perform, various banking activities (including, amongst others, securitization programs, cash pooling, hedging, agency and/or other banking products or services as well as related credit lines), investment banking, advisory, consulting and other financial services for the Parent and its affiliates, for which they may receive customary advisory and transaction fees and reimbursement of expenses. In particular, Goldman Sachs Bank Europe SE, Credit Suisse Securities, Sociedad de Valores, S.A., BofA Securities Europe SA, Deutsche Bank Aktiengesellschaft, J.P. Morgan AG, and Commerzbank Aktiengesellschaft (or their affiliates) are lenders under the New Revolving Credit Facility and Deutsche Bank AG, London Branch acts as Security Agent under the New Revolving Facility Agreement, the Intercreditor Agreement and the Indenture. Furthermore, certain of the Initial Purchasers serve as arrangers under the Securitization Program, operate Cash Pooling Agreements and/or may assist the Parent and its affiliates with the management of foreign currency exchange risk with corresponding credit lines. In addition, a portion of the proceeds from the issuance of the Notes in this Offering will be used to repay the Existing Term Loan, under which certain Initial Purchasers or their respective affiliates act as arrangers, lenders and/or agents.

In addition, 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/or instruments of ours or our affiliates. If the Initial Purchasers or their affiliates have a lending relationship with us or our affiliates, certain of those Initial Purchasers or their affiliates routinely hedge, certain of those Initial Purchasers or their affiliates are likely to hedge and certain of those Initial Purchasers or their affiliates may hedge their credit exposure to us consistent with their customary risk management policies. Typically, such 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, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations or publish or express independent research views in respect of the Issuer, Pfleiderer, the Parent, such securities or financial instruments and may hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer and the Guarantors are organized under the laws of Germany and Poland. None of the directors, officers or other executives of the Issuer and the Guarantors are residents of the United States. You may be unable to effect service of process within the United States on the directors, officers or executives of the Issuer and the Guarantors. It may also not be possible for investors to effect service of process within Germany upon the Issuer, the Guarantors or those persons under the Convention on 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 substantial foundations of German law, in particular the German Basic Law (*Grundgesetz*). In addition, as the Issuer's and the Guarantors' assets and the assets of our and their directors, officers and other executives are located outside of the United States, you may be unable to enforce against them or us judgments obtained in U.S. courts predicated on civil liability provisions of the federal securities laws of the United States.

Germany

We have been advised by our German counsel that there is doubt as to the enforceability in Germany of civil liabilities based on federal or state securities laws of the United States, either in an original action or in an action to enforce a judgment obtained in U.S. federal or state courts. The United States and the Federal Republic of Germany currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. The enforceability of final judgments therefore may depend on the laws of the relevant U.S. state and federal laws of the United States. Consequently, a final judgment for payment given by any federal or state court in the United States, whether or not predicated solely upon U.S. federal or state securities laws, would not automatically be enforceable 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 will not reinvestigate the merits of the original matter decided by a U.S. court, except as noted below.

German courts will, in particular, not recognize and enforce such judgments if the judgment is not final under applicable U.S. federal or state law or if any of the reasons for excluding enforceability set forth in section 328(1) of the German Code of Civil Procedure exist:

- if, pursuant to German law, the U.S. federal or state court having rendered the foreign judgment did not have jurisdiction;
- if process has not been duly served or has not been served in a timely fashion to permit a defense, provided that the defendant did not actively participate in such process and pleads accordingly;
- if the judgment is incompatible with a prior judgment rendered by a German court or by a foreign court which is to be recognized in Germany;
- if the judgment
- , or the proceeding resulting in the judgment, to be recognized is incompatible with a proceeding in Germany which was pending (*rechtshÃ¤ngig*) before a German court before the U.S. federal or state court entered its judgment;
- if a recognition of the judgment would be obviously incompatible with essential principles of German law, in particular, if the recognition would be incompatible with the civil rights (*Grundrechte*) guaranteed by virtue of the German Constitution (*Grundgesetz*); and
- if reciprocity is not ensured (i.e., the U.S. federal or state courts would not recognize and enforce a comparable judgment by a German court in equivalent circumstances).

Subject to the foregoing, holders of the Notes may be able to enforce judgments in civil and commercial matters obtained from U.S. federal or state courts in Germany. 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, the recognition and enforcement of punitive damages are usually denied by German courts 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. In so far as the production of evidence is concerned, U.S. law and the laws of several other jurisdictions based on common law provided 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/or the deposition of witnesses. Evidence obtained in this matter may be decisive in the outcome of any proceeding. No such pretrial discovery process exists under German law.

If the party in whose favor such final judgment is rendered brings a new lawsuit in a competent court in Germany, such party may submit to the German court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against the Issuer or such persons will be regarded by a German court only as evidence of the outcome of the dispute to which such judgment relates. A German court may choose to re-hear the dispute and may render a judgment not in line with the judgment rendered by a federal or state court of the United States.

In addition, it may under certain circumstances also not be possible for investors to effect service of process within Germany upon the German 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.

Poland

Any judgment obtained against the Issuer or any of the Guarantors outside of Poland (and, in particular, in the United States) would be recognized and enforced in accordance with the Polish Civil Procedure Code in the courts of Poland. As a general rule of the Polish Civil Procedure Code, judgments of foreign courts in civil cases are recognized by virtue of law, however, a judgment cannot be recognized in Poland if:

(1) it is not valid in the state where it was issued;

(2) it was reached in a case subject to exclusive jurisdiction of Polish courts;

(3) the defendant, who did not argue the merits of the case, was not duly and timely served with the court letter initiating the proceedings and consequently was unable to defend himself/herself/itself;

(4) a party to the proceedings was deprived of defense;

(5) the same matter between the same parties was pending in Poland earlier before a court of foreign jurisdiction;

(6) it contradicts an earlier valid judgment of a Polish court or an earlier valid judgment of a foreign court which meets the criteria for its recognition in Poland, reached in a case for the same claim between the same parties; or

(7) its recognition would contradict the basic principles of the legal order of Poland (law and order clause).

The judgements of English courts are recognized and are enforceable in Poland in accordance with, and subject to the conditions of, the Hague Convention of June 30, 2005 on Choice of Court Agreements (the “Hague Convention”), provided that the choice of court clause contained in the relevant document is considered as exclusive within the meaning of the Hague Convention. Otherwise, such judgement will be recognized in Poland in accordance with the Polish Civil Procedure Code pursuant to the rules presented above.

Any party with a legal standing is entitled to file a motion with the relevant Polish District Court for conformation that a given judgment may or may not be recognized in Poland.

Any party wishing to have a U.S. or U.K judgment enforceable in Poland must file an application seeking declaration of enforceability of the U.S. or U.K judgment which must be filed with the relevant Polish Regional Court.

Any judgment obtained against the Issuer or any of the Guarantors in any country bound by the provisions of EU Regulation number 44/2011 of the Council on jurisdiction and enforcement of judgments in civil and commercial matters would be recognized and enforced in accordance with the terms set forth thereby.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon for us by Kirkland & Ellis International LLP, as to matters of United States federal, New York state, English and German law.

Certain legal matters in connection with this Offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP, as to matters of United States federal, New York state and English law and by Latham & Watkins LLP, as to matters of German law.

INDEPENDENT AUDITORS

The consolidated financial statements of the Issuer as of and for the years ended December 31, 2018, 2019 and 2020 included in this offering memorandum have been audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, as stated in their respective auditor's report appearing herein.

AVAILABLE INFORMATION

Each purchaser of Notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to this offering memorandum acknowledges that:

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

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

(iii) except as provided pursuant to (i) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

We will agree in the Indenture that, if at any time we are not subject to Section 13 or Section 15(d) of the U.S. Exchange Act, or are exempt from reporting pursuant to Rule 12g3-2(b) of the U.S. Exchange Act, we will, upon the request of a holder of the Notes, furnish to such holder or beneficial owner or to the Trustee or the Paying Agent for delivery to such holder or beneficial owner or prospective purchaser of the Notes, as the case may be, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act, to permit compliance with Rule 144A thereunder in connection with resales of the Notes. Any such request should be directed to the Issuer at Ingolstädter Straße 51, D-92318 Neumarkt i.d.Opf, Germany.

Pursuant to the Indenture, and so long as the Notes are outstanding, the Issuer will agree to furnish periodic information to the holders of the Notes. See "*Description of the Notes—Certain Covenants—Reports*."

LISTING AND GENERAL INFORMATION

Listing Information

Application will be made to the Authority for the listing of and permission to deal in the Notes on the Official List in accordance with the rules of the Exchange. There can be no assurance, however, that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.

Clearing Information

The Notes have been, or will be, accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below.

	ISIN	Common Code
Floating Rate Regulation S Global Note	XS2333302052	233330205
Fixed Rate Regulation S Global Note	XS2333301674	233330167
Floating Rate Rule 144A Global Note	XS2333302722	233330272
Fixed Rate Rule 144A Global Note	XS2333301757	233330175

Legal Information

The creation and issuance of the Notes was authorized by the Issuer's management board and the shareholders' meeting on April 8, 2021.

Except as disclosed in this offering memorandum, there has been no material adverse change in Pfleiderer's financial position since December 31, 2020. Neither the Issuer nor any of the Guarantors nor any of their respective subsidiaries have been, during the last twelve months, involved in any litigation, governmental proceeding, administrative proceeding or arbitration relating to claims or amounts which are material to Pfleiderer as a whole, except as otherwise disclosed in this offering memorandum, and, so far as the Issuer, the Guarantors and any of their respective subsidiaries are aware, no such litigation, governmental proceeding, administrative proceeding or arbitration is pending or threatened.

The Issuer is a limited liability company (*Gesellschaft mit beschränkter Haftung*) under the laws of Germany, established by conversion through change of legal form (from Pfleiderer AG) with effect as of February 26, 2013. The Issuer is registered with the commercial register of the local court of Nuremberg (*Amtsgericht Nürnberg*) under HRB 30135. The Issuer's principal business address is Ingolstädter Straße 51, D-92318 Neumarkt i.d.Opf., Germany and its telephone number is +49 (0)9181 288188. The Issuer's Legal Identification Number (LEI) is: 5299001ZMR76CCHGY076.

We accept responsibility for the information contained in this offering memorandum. To the best of our knowledge, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum.

Guarantors Legal Information

Pfleiderer Baruth GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated and existing under the laws of Germany, registered with the commercial register at the local court (*Amtsgericht*) of Nürnberg, under number HRB 34857 and having its registered address is at Ingolstädter Straße 51, 92318 Neumarkt i.d.OPf., Germany.

Pfleiderer Deutschland GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated and existing under the laws of Germany, registered with the commercial register at the local court (*Amtsgericht*) of Nürnberg, under number HRB 25279 and having its registered address is at Ingolstädter Straße 51, 92318 Neumarkt i.d.OPf., Germany.

Pfleiderer Gütersloh GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated and existing under the laws of Germany, registered with the commercial register at the local court (*Amtsgericht*) of Nürnberg, under number HRB 19716 and having its registered address is at Ingolstädter Straße 51, 92318 Neumarkt i.d.OPf., Germany.

Pfleiderer Neumarkt GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated and existing under the laws of Germany, registered with the commercial register at the local court (*Amtsgericht*) of Nürnberg, under number HRB 19661 and having its registered address is at Ingolstädter Straße 51, 92318 Neumarkt i.d.OPf., Germany.

Silekol sp. z o.o. is a limited liability company incorporated under the laws of Poland and was formed on 31 December 2004. Silekol sp. z o.o. is registered in the register of entrepreneurs at the District Court in Opole, VIII Division of the National Court Register, under registration number 0000225788. Its registered office is at ul. Mostowa 30K, 47-220 Kędzierzyn-Koźle, Poland.

INDEX TO THE FINANCIAL STATEMENTS

PCF GMBH

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
31 DECEMBER 2020, 2019 AND 2018

CONTENTS

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

	Note	1 Jan. – 31 Dec.2020	1 Jan. – 31 Dec.2019	1 Jan. – 31 Dec.2018
			'000 EUR	
Net sales	*6*	776 725	829 583	865 595
Cost of sales		-554 098	-613 515	-637 105
Gross profit		**222 627**	**216 068**	**228 490**
Selling expenses		-113 192	-116 789	-116 737
R&D expenses		-1 373	-1 671	-1 425
General and administrative expenses		-32 021	-32 567	-30 175
Other operating income and expenses	*7, 8*	-2 418	-11 410	-1 911
Profit / loss from operating activities (EBIT)		**73 624**	**53 631**	**78 242**
Financial income	*9*	2 023	8 886	7 125
Financial costs	*9*	-29 522	-30 827	-26 353
Other financial result	*9*	-19	-15	-1
Financial result	*9*	**-27 518**	**-21 956**	**-19 229**
Profit before tax (EBT)		**46 106**	**31 675**	**59 013**
Result of income tax	*10*	-2 542	-12 071	-18 608
Net profit for the reporting period		**43 564**	**19 604**	**40 405**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Net profit for the reporting period	43 564	19 604	40 405
Other comprehensive income			
Remeasurement of pension provisions net of income taxes	-8 939	-4 237	76
Items that will not be reclassified subsequently to profit or loss	**-8 939**	**-4 237**	**76**
Cash flow hedges	-4	6	-65
Exchange differences on translation to presentation currency	-2 238	295	-696
Items that are or may be reclassified subsequently to profit or loss	**-2 242**	**301**	**-761**
Other comprehensive income	**-11 181**	**-3 936**	**-685**
Total comprehensive income for the period	**32 383**	**15 668**	**39 721**
Profit for the period attributable to Pfleiderer Group BV & Co. KG	43 564	19 604	40 405
Total comprehensive income attributable to Pfleiderer Group BV & Co. KG	32 383	15 668	39 721

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS	Note	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	01 Jan. 2018
			'000 EUR		
Goodwill	*11*	48 889	48 889	48 889	48 889
Intangible assets	*12*	14 322	10 923	8 707	4 806
Property, plant and equipment	*13*	259 888	268 162	255 255	231 862
Right-of-use asset	*24*	22 915	26 543	24 319	26 180
Advances paid on fixed assets	*13*	3 574	92	6 263	8 629
Long term loans to related parties	*17*	31 126	116 888	124 176	124 176
Other non-current assets	*22(i)*	447	462	489	510
Deferred tax assets	*14*	131	6 454	6 018	8 007
Non-current assets		**381 292**	**478 413**	**474 116**	**453 059**
Inventories	*15*	63 815	64 678	75 279	62 802
Trade and other receivables	*16*	38 264	31 612	53 773	53 445
Short term loans to related parties	*17*	5 153	20 215	109 932	29 168
Income tax receivable		330	428	100	37
Cash and cash equivalents		71 189	26 523	15 280	52 156
Fair value of hedging instruments	*23(vi)*	0	0	0	73
Current assets		**178 751**	**143 456**	**254 364**	**197 681**
Total assets		**560 043**	**621 869**	**728 480**	**650 740**

LIABILITIES AND EQUITY	Note	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	01. Jan 2018
			'000 EUR		
Share capital	*18*	30 000	30 000	30 000	30 000
Capital reserve	*18*	155 398	155 398	280 398	280 398
Other reserves	*18*	-15 800	-4 621	-685	0
Retained earnings	*18*	-233 018	-266 581	-281 616	-286 502
Other group transactions	*18*	-54 674	-54 674	-54 674	-54 674
Total equity		**-118 093**	**-140 478**	**-26 577**	**-30 778**
Liabilities					
Non-current financial liabilities	*19*	452 422	453 422	452 085	357 071
Employee benefit obligations	*20(i)*	54 323	54 178	49 671	51 142
Non current provisions	*21*	5 758	3 488	1 535	1 134
Long term related party liability		0	80 250	80 250	80 250
Other non-current liabilities		79	77	21	18
Deferred tax liabilities	*14*	896	1 186	1 090	1 032
Non-current liabilities		**513 478**	**592 601**	**584 652**	**490 647**
Current financial liabilities	*19*	13 765	10 569	8 347	8 862
Income tax payable		2 933	7 006	6 849	16 315
Other personnel liabilities	*20(ii)*	18 551	19 759	17 921	15 913
Current provisions	*21*	9 474	13 003	7 778	7 011
Trade and other payables	*22,23(iv)*	119 935	119 409	129 502	142 770
Fair value hedging instuments		0	0	8	0
Current liabilities		**164 658**	**169 746**	**170 405**	**190 871**
Total liabilities		**678 136**	**762 347**	**755 057**	**681 518**
Total equity and liabilities		**560 043**	**621 869**	**728 480**	**650 740**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Financial year ended 31 December 2020

	Share capital	Capital reserve	Other reserves: Pension provisions net of income tax	Other reserves: Cash flow hedges	Other reserves: Exchange differences on translation to presentation currency	Retained earnings	Other Group transactions	Total
					'000 EUR			
As at 1 Jan. 2020	**-30 000**	**-155 398**	**4 161**	**59**	**401**	**266 581**	**54 674**	**140 478**
Comprehensive income for the period								
Net profit	0	0	0	0	0	-43 564	0	-43 564
Other comprehensive income	0	0	8 939	4	2 238	0	0	11 181
Total comprehensive income for the period	0	0	8 939	4	2 238	-43 564	0	-32 383
Dividends	0	0	0	0	0	10 000	0	10 000
As at 31 Dec. 2020	**-30 000**	**-155 398**	**13 100**	**62**	**2 638**	**233 018**	**54 674**	**118 093**

Financial year ended 31 December 2019

	Share capital	Capital reserve	Other reserves: Pension provisions net of income tax	Other reserves: Cash flow hedges	Other reserves: Exchange differences on translation to presentation currency	Retained earnings	Other Group transactions	Total
					'000 EUR			
As at 1 Jan. 2019	**-30 000**	**-280 398**	**-76**	**65**	**696**	**281 616**	**54 674**	**26 577**
Comprehensive income for the period								
Net profit	0	0	0	0	0	-19 604	0	-19 604
Other comprehensive income	0	0	4 237	-6	-295	0	0	3 936
Total comprehensive income for the period	0	0	4 237	-6	-295	-19 604	0	-15 668
Pay back of capital	0	125 000	0	0	0	0	0	125 000
Dividends to Pfleiderer Polska Sp. z.o.o (PPL)	0	0	0	0	0	4 569	0	4 569
As at 31 Dec. 2019	**-30 000**	**-155 398**	**4 161**	**59**	**401**	**266 581**	**54 674**	**140 478**

Financial year ended 31 December 2018

	Share capital	Capital reserve	Other reserves: Pension provisions net of income tax	Other reserves: Cash flow hedges	Other reserves: Exchange differences on translation to presentation currency	Retained earnings	Other Group transactions	Total
					'000 EUR			
As at 1 Jan. 2018	**-30 000**	**-280 398**	**—**	**—**	**—**	**286 502**	**54 674**	**30 778**
Comprehensive income for the period								
Net profit	0	0	0	0	0	-40 405	0	-40 405
Other comprehensive income	0	0	-76	65	696	0	0	685
Total comprehensive income for the period	0	0	-76	65	696	-40 405	0	-39 720
Dividends to Pfleiderer Group S.A. (now Pfleiderer Group B.V. & Co. KG)	0	0	0	0	0	26 665	0	26 665
Dividends to Pfleiderer Polska Sp. z.o.o (PPL)	0	0	0	0	0	8 854	0	8 854
As at 31 Dec. 2018	**-30 000**	**-280 398**	**-76**	**65**	**696**	**281 616**	**54 674**	**26 577**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Jan. 1 – 31.12.2020	Jan. 1 – 31.12.2019	Jan. 1 – 31.12.2018
			'000 EUR	
Net profit for the reporting period		**43 564**	**19 604**	**40 405**
Depreciation and amortisation		51 634	46 876	41 421
Financial result	*9*	27 517	21 956	19 229
Income taxes	*10*	2 542	12 071	18 608
Other		7	59	-343
Increase/ decrease in:		**-9 618**	**28 292**	**-16 936**
(Increase)/decrease in trade and other receivables	*16*	-6 651	22 159	-255
(Increase)/decrease in inventories	*15*	863	10 601	-12 477
Increase/(decrease) in trade and other payables	*22*	-357	-9 379	-3 098
Increase/(decrease) employee benefit obligations	*20*	-2 254	-2 298	-2 295
Increase/(decrease) provisions	*21*	-1 235	7 178	1 168
Increase in other		16	31	21
Cash generated from operating activities		**115 645**	**128 858**	**102 384**
Income tax paid		-7 317	-10 873	-26 136
Net cash provided by operating activities		**108 328**	**117 985**	**76 248**
Additions to property, plant and equipment		-37 009	-43 240	-61 675
Disposal of property, plant and equipment		39	66	66
Additions to intangible assets		-6 168	-2 915	-2 663
Repayment of loans granted to related parties	*17*	26 973	117 220	31 825
Granting of loan to other entities	*17*	-4 811	-19 611	-110 000
Interest received		965	8 281	4 537
Net cash (used in)/provided by investing activities		**-20 011**	**59 801**	**-137 910**
Repayment of borrowings and other debt instruments	*19*	-65	—	—
Increase of borrowings and other debt instruments	*19*	—	—	95 000
Dividend payment	*18*	-10 000	-4 569	-39 359
Distribution of capital reserves	*18*	—	-125 000	—
Interest paid	*19*	-19 348	-23 418	-17 998
Lease payments	*24*	-10 601	-9 325	-7 820
Cash flow from other financing activities		-3 268	-4 231	-4 900
Net cash (used in)/provided by financing activities		**-43 282**	**-166 543**	**24 923**
Total cash flows		**45 034**	**11 243**	**-36 739**
Cash at beginning of the period		26 523	15 280	52 156
Increase/decrease in cash		45 034	11 243	-36 739
Effect of movements in exchange rates on cash held		-368	0	-137
Cash at the end of the period		**71 189**	**26 523**	**15 280**

Notes to the Consolidated Financial Statements

Principles and Methods

1. General Information

Background

The Consolidated Financial Statements of PCF GmbH, Neumarkt,Germany (formerly Pfleiderer GmbH or "PCF") and its subsidiaries (hereafter referred to as "Pfleiderer PCF Group" reflect (i) the consolidated financial statements of (a) the Engineered Wood Products business and (b) the Silekol Chemicals business (hereafter referred to as "Silekol"). The Pfleiderer PCF Group is under the control of Pfleiderer Group B.V. & Co. KG and managed centrally by the managing board of Pfleiderer Group B.V. & Co. KG.

The consolidated financial statements consist of consolidated statement of financial position, consolidated statements of profit and loss and comprehensive income, consolidated statement of changes in equity, consolidated statements of cash flows and notes to the consolidated financials statements for the fiscal years ended 31 December 2020, 2019 and 2018 (collectively referred to hereafter as "consolidated financial statements") and a opening statement of financial position as of 1 January 2018.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union ("IFRS EU").

The Pfleiderer PCF Group is primarily involved in manufacturing and veneering of wood and wood-based products and paper finishing, as well as domestic and foreign trade.

Basis of Preparation

Statement of compliance

The following financial statements of the Pfleiderer PCF Group were prepared according to the recognition, measurement and presentation requirements of International Financial Reporting Standards ("IFRS")—as endorsed by the European Union ("EU")—on a consolidated basis. The consolidated financial statements were authorised for issue by the Managing directors of PCF GmbH on 22 March 2021.

These Consolidated financial statements are the first financial statements of Pfleiderer PCF Group in accordance with IFRS 1. Pfleiderer PCF Group prepared these consolidated financial statements applying IFRS 1.D16(b) and hence the carrying amounts of Pfleiderer PCF Group's assets and liabilities may not correspond to the carrying amounts included in the Pfleiderer Group B.V. & Co. KG consolidated financial statements prepared under IFRS as endorsed by the EU.

The transition date to IFRS is on 1 January 2018. Due to the fact that Pfleiderer PCF Group did not prepare consolidated financial statements prior to 1 January 2018, the explanation of transition effects from previous GAAP to IFRS on the reported financial position, financial performance and cash flow is not relevant.

These consolidated financial statements represent for all periods the structure of the Pfleiderer PCF Group business as if the acquisition of Silekol had occurred on 1 January 2018. The acquisition of Silekol has taken place on 6 March 2020.

Pfleiderer PCF Group has made an accounting policy election to which common control transactions will be applied using book value accounting and all comparative reporting periods will be adjusted as if the transfer had occurred at the start of the earliest period presented. As a result, assets acquired and liabilities assumed from the Silekol transfer will be accounted for utilizing the historical book values previously recognized by Pfleiderer Polska Sp Z.o.o for all periods presented.

Pfleiderer PCF Group applied IFRS 1.D16(b) upon adoption of IFRS 1.

Transactions between the Pfleiderer PCF Group and subsidiaries that are not part of Pfleiderer PCF Group are recognized in accordance with IFRS and classified as related-party transactions. The consolidated financial statements reflect all material transactions between the Pfleiderer PCF Group and the Pfleiderer Group B.V. & Co. KG.

Goodwill

Goodwill has been adjusted upon first-time adoption of IFRS 1 to reflect historical goodwill that was not accounted for under previous GAAP. Pfleiderer PCF Group has adjusted the carrying amount of all acquired

1. General Information (Continued)

subsidary's assets and liabilities to properly account for the assets and liabilities under IFRS. Goodwill is reflected within the financial statements as the difference between the following at the date of transition to IFRS:

(i) the interest in the adjusted carrying amounts; and

(ii) the cost in the parent's separate financial statements of its investment in the subsidary

Cash flow

The consolidated statements of cash flows were prepared using the indirect method.

Income and deferred taxes

Current and deferred income taxes are recognized in accordance with IAS 12 (Income Taxes). The German subsidiaries of Pfleiderer PCF Group are members of the tax group with Pfleiderer B.V. & Co. KG.

Going concern

Management continues to have a reasonable expectation that the Pfleiderer PCF Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate. The outbreak of the COVID-19 pandemic and the measures adopted by governments in Europe to mitigate its spread have impacted the Company. Although this has negatively impacted the Group's financial performance and liquidity position during the year, for the year ended 31 December 2020, Pfleiderer PCF Group recognised a net profit of EUR 43 564 thousand. The Pfleiderer PCF Group net current assets as at 31 December 2020 were EUR 14 093 thousand. Pfleiderer PCF Group has EUR 71 189 thousand of cash and cash equivalents, as well as other highly liquid assets and unused credit lines available at the date of authorisation of these financial statements. There is still uncertainty over how the future development of the outbreak will impact the Pfleiderer PCF Group business and customer demand for its products. The appropriateness of the going concern basis of accounting is dependent on the continued availability of borrowings by compliance with loan covenants. Pfleiderer PCF Group has a term loan of EUR 445 million requiring compliance with interest cover covenants. Management's forecasts indicate that the Pfleiderer PCF Group is able to meet or exceed their debt covenant requirements for at least the next 12 months. As at the date of authorisation of the financial statements, Pfleiderer PCF Group had sufficient headroom on its facilities. Also, to respond to a severe downside scenario, management has the ability to take the following mitigating actions to reduce costs, optimise the Company's cash flow and preserve liquidity:

- reducing non-essential capital expenditure and deferring or cancelling discretionary spend;
- freezing non-essential recruitment; and
- reducing marketing spend. Based on these factors, management has a reasonable expectation that Pfleiderer PCF Group has adequate resources and sufficient loan facility headroom.

2. Financial Reporting Standards and Interpretations

Adoption of new and revised Standards

A number of new standards, amendments to standards and interpretations have been published but were not yet effective for annual period ending on 31 December 2020 and have not been applied in the consolidated financial statements. Pfleiderer PCF Group intends to apply them for the periods for which they are required to be applied for the first time.

IFRS issued, EU endorsed and effective in the reporting period

- IFRS 16 ("Covid-19-Related Rent Concessions—in the second quarter of 2020, the International Accounting Standards Board published an amendment to IFRS16 ("Covid19-Related Rent Concessions"), in which they provide an accounting policy choice to lessees to apply practical relief for rent concessions arising because of the covid-19 pandemic. Pfleiderer PCF Group does not apply this practical expedient for lessees.

2. Financial Reporting Standards and Interpretations (Continued)

Standards, amendments to standards and interpretations that have been endorsed by European Union but are not yet effective:

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16—Interest rate benchmark reform (amendments to IFRS 9, IAS 39 and IFRS 7)- The amendments address issues related to the application of the reform and its effects on financial reporting for lease contracts, hedges and other financial instruments caused by replacing existing interest-rate benchmarks with alternative benchmark rates. The amendments apply to all entities and are not optional and effective for annual periods beginning on or after 1 January 2021.

Standards, amendments to standards and interpretations that have not been endorsed by European Union:

- IAS 1 Classsification of liabilities as current or non-current and Classsification of liabilities as current or non-current—Deferral of Effective Date (Amendments to IAS 1)- The adopted changes to IAS 1 concern adjustments related to the assessment criteria for the classification of liabilities as short-term or long-term. The amendment clarifies the classification of debt when the company has the right to defer the fulfillment of debt for at least twelve months. In July 2020, the date of initial application was postponed by one year to reporting periods beginning on or after 1 January 2023.
- IAS 8—Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting-Estimates- IAS 8 is amended to replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty. The amendments are effective for annual periods beginning on or after 1 January 2023.
- IFRS 3—Reference to the conceptual framework- The changes in reference to the conceptual framework (maendments to IFRS 3):
  - i. Update IFRS 3 so that it refers to the 2018 Conceptual Frameowrk instead of the 1989 Framework;
  - ii. add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirerer applies IAS 37 of IFRIC 21 (instead of the Conceptial Framework) to identify the liabilities it has assumed in a business combination; and
  - iii. add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

  The amendments are effective for annual periods beginning on or after 1 January 2022.
- IAS 16—Proceeds before the intended use- The amendment clarifies that income received by a company from the sale of items that were manufactured while the asset was being prepared for its intended use and the associated costs should be recognized in profit or loss. Subject to adoption in EU law, the changes are to be applied to reporting periods beginning on or after 1 January 2022.
- IAS 37 Onerous Contracts—Cost of fulfilling a contract-The changes include defining what costs a company should include when assessing whether a contract will be forfeited. Subject to adoption in EU law, the changes are to be applied to reporting periods beginning on or after 1 January 2022.
- Annual Improvements Project 2018-2020- The following standards have been changed as a result of the Annual Improvements to IFRS.
  - i. In IFRS 1, subsidiaries that are first to apply and make use of IFRS 1.D16 (a) have the option of valuing cumulative exchange differences using the amounts reported by the parent company.
  - ii. The amendment to IFRS 9 clarifies which fees are to be included in the 10% test (IFRS 9.B3.3.6) with regard to the assessment of whether a financial liability will be derecognized.
  - iii. In IFRS 16, the description of the reimbursement of leasehold improvements has been removed in the explanatory example 13 for IFRS 16.
  - iv. In IAS 41, the prohibition on considering tax payments in the context of fair value measurement has been deleted.

2. Financial Reporting Standards and Interpretations (Continued)

Subject to adoption in EU law, the changes are to be applied to reporting periods beginning on or after 1 January 2022

- IFRS 17—Amendment to IFRS 4 Insurance Contracts—(deferral of IFRS 9)- IFRS17 will replace the currently applicable IFRS 4. It establishes more transparency and comparability with regard to the recognition, measurement, presentation and disclosure of insurance contracts with the insurer. The application of IFRS 17 is mandatory for reporting periods beginning on or after 1 January 2023.

The impact of the abovementioned standards, interpretations and amendments to standards has been analysed by Pfleiderer PCF Group. It is expected that the implementation of these standards will not have a significant impact on the financials at Pfleiderer PCF Group. In addition, further standards and intepretations have been approved by the International Accounting Standards Board which are not expected to have a material impact on the financials at Pfleiderer PCF Group.

3. Accounting Policies and Valuation Principles

Pfleiderer PCF Group's accounting policies have been applied consistently in all periods presented in these consolidated financial statements and have been applied consistently by Pfleiderer PCF Group entities.

a) Basis of accounting

The consolidated financial statements have been prepared on the historical cost basis, ,except for derivative financial instruments, C02 emission rights and receivables subject to factoring agreements, which are measured at fair value.

(i) Common control acquisitions

The acquisition of a business under common control is accounted for using the pooling of interests method. Assets acquired and liabilities assumed are applied using the historical book values in the financial statements of the transferor. Historical book values of the business are reflected as of the earliest date presented in the Statement of Financial Position.

(ii) Transactions eliminated on consolidation

Balances and transactions and any unrealised income and expenses between consolidated entities, are eliminated.

b) Functional and presentation currency

These consolidated financial statements are presented in Euro (EUR) and all amounts have been rounded to the nearest thousand (EUR'000) unless stated otherwise.

Functional currency of Pfleiderer PCF Group companies is EUR except for Silekol (Polish zloty). The majority of Pfleiderer PCF Group's net sales are generated in EUR. Thus, Pfleiderer PCF Group selected EUR as the presentation currency for its consolidated net sales financial statements.

c) Estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of Pfleiderer PCF Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Notes to the annual consolidated financial statements, Note 3, Section f (iii), g (iii)—useful lives of property, plant and equipment and intangible assets—determined based on estimated useful lives of property, plant and equipment and intangible assets and verified at least annually,

3. Accounting Policies and Valuation Principles (Continued)

- Notes 11,—Goodwill, recoverable amount of non-financial non-current assets—if there is an impairment, the recoverable amount is determined as the higher of fair value less cost to sell or value in use (based on discounted cash flows),
- Note 16—Derecognition of trade receivables covered by factoring arrangements—based on analysis of risk and benefit transfer, control retention and degree of involvement.
- Note 20—Measurement of liabilities under defined employee benefit plans—employee benefits are evaluated by an actuary. The valuation is based on assumptions regarding interest rates, remuneration increase, inflation rate, and employment turnover,
- Notes 21, 26—Provisions and contingent liabilities—recognition of provisions and contingent liabilities requires the estimation of the probable outflow of economic benefits and making the best estimate of expenditure required to settle the present obligation at the end of reporting period, Note 23—Valuation of financial instruments—fair value of financial instruments is measured using valuation models for financial instruments.

d) Measurement of fair values

A number of Pfleiderer PCF Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Pfleiderer PCF Group has an established control framework with respect to the measurement of fair values. Pfleiderer PCF Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then Pfleiderer PCF Group assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, Pfleiderer PCF Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Pfleiderer PCF Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 23—financial instruments.

e) Financial instruments—classification and measurement

(i) Non-derivative financial instruments

Pfleiderer PCF Group classifies non-derivative financial assets into the 'amortised cost' and 'fair value through other comprehensive income' FVOCI under IFRS 9 starting from 1 January 2018.

Pfleiderer PCF Group classifies non-derivative financial liabilities into the other financial liabilities category and measure them at amortised cost.

3. Accounting Policies and Valuation Principles (Continued)

Pfleiderer PCF Group initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

Pfleiderer PCF Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by Pfleiderer PCF Group is recognized as a separate asset or liability.

Pfleiderer PCF Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

- currently has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

(ii) Non-derivative financial assets

The classification categories of non derivative financial assets are aligned with the measurement which enhances simplicity. Financial assets may be classified only to the following 3 categories:

- financial assets measured at fair value through profit or loss;
- financial assets measured at fair value through other comprehensive income;
- financial assets measured at amortised cost.

Pfleiderer PCF Group classifies financial assets to the appropriate category depending on the business model of financial assets management and on the characteristics of contractual cash flows for a given financial asset.

Pfleiderer PCF Group classifies as assets measured at fair value through profit or loss: trade receivables in respect to the part subject to factoring agreements. These assets are held within the business model which objective is to sell financial assets.

Pfleiderer PCF Group classifies as assets measured at amortised cost: long-term investment, trade receivables not sold to the factor, cash and cash equivalents and other receivables. These assets are held within the business model which objective is to hold assets in order to collect contractual cash flows. Additionally, the assets passed SPPI test and therefore will be measured at amortised cost.

No financial assets are classified by Pfleiderer PCF Group to the category of assets measured at fair value through other comprehensive income.

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- the entity’s business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

A financial asset is measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

3. Accounting Policies and Valuation Principles (Continued)

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and
- A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

Cash and cash equivalents comprise cash in hand and demand deposits at banks.

(iii) Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

Pfleiderer PCF Group's financial liabilities measured at amortised cost comprise borrowings and other debt instruments as well as trade and other payables.

The fair value for disclosure purposes is determined based on the present value of future cash flows from repayment of principal and interest, discounted using the market interest rate as at the reporting date.

(iv) Derivative financial instruments

Pfleiderer PCF Group uses financial derivatives, mainly forward contracts, to hedge its currency-exchange risk exposures related to its operating or investing activities.

Derivatives are initially recognised at fair value. Transaction costs are recognised when incurred and charged to the profit or loss of the period. Subsequent to initial recognition, Pfleiderer PCF Group measures derivatives at fair value, and changes therein are generally recognised in profit and loss. However, if financial derivatives are classified as hedging instruments, the recognition of gains or losses on measurement to fair value depends on the type of the item hedged with such derivatives.

At the initial recognition of a derivative financial instrument as a hedging instrument, Pfleiderer PCF Group formally documents the relationship between the hedging instrument and the hedged position. The documentation includes the purpose of risk management and the strategy of the hedge and the hedged risk, as well as the methods that the Pfleiderer PCF Group will use to evaluate the effectiveness of the hedging instrument.

f) Property, plant and equipment

(i) Owned property, plant and equipment

Items of property, plant and equipment are recognised at acquisition or production cost, net of accumulated depreciation and impairment losses.

Acquisition cost comprises the price for which a given asset was purchased (i.e. amount due to the seller, less any deductible taxes: VAT and excise tax), public charges (in the case of imports), and costs directly related to the purchase and adaptation of the asset for use, including the cost of transport, loading, unloading and storage. Rebates, discounts and other similar reductions decrease the asset acquisition cost. The production cost of property, plant and equipment or a tangible asset under construction comprises all expenses incurred by Pfleiderer PCF Group to construct, install, adapt or improve such assets, including non-deductible VAT or excise tax, until the day on which the asset was available for use in a manner intended by the management. The production cost also comprises the estimated cost of dismantling and removing items of property, plant and

3. Accounting Policies and Valuation Principles (Continued)

equipment, as well as of restoring them to their initial condition, if such an obligation exists. Additionally, the production cost includes borrowing costs associated with the acquisition or production of an item of property, plant and equipment or a tangible asset under construction.

Useful lives of property, plant and equipment and intangible assets are determined based on estimated useful lives of property, plant and equipment and intangible assets and verified at least annually. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant or equipment is determined as a difference between the disposal proceeds and the carrying amount of the item, and is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to Pfleiderer PCF Group. Expenditures related to repair and maintenance of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation of property, plant and equipment, or substantial and individual elements thereof, is calculated over their estimated useful lives using the straight-line method, taking into account the residual value and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment adopted by Pfleiderer PCF Group for current and comparative periods are as follows:

	Engineered Wood Products	Silekol
Buildings	5 – 33 years	5 – 33 years
Plant and equipment	2 – 30 years	2 – 25 years
Vehicles	3 – 20 years	5 years
Other tangible assets	3 – 20 years	3 – 5 years

Short useful life in the category of buildings relates to improvements in buildings.

Long useful life in the category of vehicles relates to forklifts and other special purpose vehicles used in plants.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

g) Intangible assets

(i) Other intangible assets

Other intangible assets that are acquired by Pfleiderer PCF Group and have finite useful lives are measured at cost of purchase net of accumulated amortisation and any accumulated impairment losses.

Intangible assets for which, on acquisition, Pfleiderer PCF Group is not capable of determining their useful lives are classified as having indefinite useful lives and thus are not amortised. Pfleiderer PCF Group performs an annual assessment of the remaining useful lives of such assets and if those become finite—amortisation commences over the remaining useful lives. Intangible assets with indefinite useful lives are tested for impairment on an annual basis regardless of impairment indicators.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

3. Accounting Policies and Valuation Principles (Continued)

(iii) Amortisation

Amortisation of intangible assets is calculated using the straight-line method over their estimated useful lives, unless their useful economic lives are indefinite and is generally recognised in profit or loss. Goodwill and intangible assets with indefinite useful life are not amortised and are subject to impairment testing at the end of each financial year or more frequently if events or circumstances indicate potential impairment. Other intangible assets are amortised from the date that they are available for use.

The estimated useful economic lives of intangible assets are as follows:

	Engineered Wood Products	Silekol
Licences	1 – 7 years	2 – 6 years
Computer software	3 – 7 years	2 – 6 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if appropriate.

h) Inventories

Inventories are measured at the lower of the acquisition or production cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost to complete and estimated costs necessary to make the sale.

The cost of inventory is determined in the following manner:

Materials and merchandise—at acquisition cost; based on the weighted average method.

Finished goods and work in progress—cost of direct materials and labour and an appropriate share of production overheads based on normal operating capacity; based on the weighted average method.

i) Impairment

(i) Non-derivative financial assets

Pfleiderer PCF Group recognises a loss allowance for expected credit losses on trade receivables and contract assets by applying the simplified approach in accordance with IFRS 9.5.5.15. Consequently, Pfleiderer PCF Group always recognises lifetime expected credit losses (ECL) on these financial assets. Loans to related parties are not included in the ECL model but are individually assessed for impairment.

All material financial assets are tested for impairment at each reporting date. Pfleiderer PCF Group allocates financial assets to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. The determination of whether a financial asset has experienced a significant increase in credit risk is based on an assessment of the probability of default, which is made at least quarterly, incorporating external credit rating information as well as internal information on the credit quality of the financial asset.

The financial assets within each credit risk grade are segmented and an ECL rate is calculated for each population based on delinquency status and actual credit loss experience. These rates are multiplied by factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and Pfleiderer PCF Group's view of economic conditions over the expected lives of the receivables.

Pfleiderer PCF Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Pfleiderer PCF Group's recovery procedures, taking into account legal advice where appropriate.Impairment losses are recognised in profit or loss and reflected in an allowance account.

3. Accounting Policies and Valuation Principles (Continued)

If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

j) Equity

PCF is not a listed entity and therefore Pfleiderer PCF Group is not required to disclose earnings per share in accordance with IAS 33 'Earnings per Share' ("IAS'33").

k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if Pfleiderer PCF Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined benefit plans

Pfleiderer PCF Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. Pfleiderer PCF Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. Pfleiderer PCF Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Other long-term employee benefits

In accordance with the remuneration system of Pfleiderer PCF Group, employees of Pfleiderer Silekol Sp. z o.o. are entitled to receive retirement benefits (one-off payment upon retirement).

Pfleiderer PCF Group's retirement benefit obligations are determined by estimating the amount of future remuneration of the employee at the time of the employee's retirement, and by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount to present value.

Measurement of liabilities under defined employee benefit plans and employee benefits are evaluated by an actuary. The valuation is based on assumptions regarding interest rates, remuneration increase, inflation rate, and employment turnover. The calculation of retirement benefit obligations is performed annually by a qualified actuary using the projected unit credit method. The employee turnover is estimated based on historical data and projections concerning future employment levels. All assumptions and estimations carry significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities.

All changes between the balance of employee benefit obligations as at the beginning and the end of a reporting period, other than benefits paid are recognised in other comprehensive income.

l) Provisions

Provisions are recognised when Pfleiderer PCF Group has a current liability (legal or constructive obligation) resulting from past events and when it is probable that settling the obligation will result in an outflow of resources embodying economic benefits and the amount of the obligation can be reliably estimated.

3. Accounting Policies and Valuation Principles (Continued)

Recognition of provisions and contingent liabilities requires the estimation of the probable outflow of economic benefits and making the best estimate of expenditure required to settle the present obligation at the end of reporting period. Provisions are recorded based on the best estimate of the Management Boards of Pfleiderer PCF Group. All estimates have significant assumption and estimation risk which could result in a material adjustment of their carrying amounts. Future operating losses are not provided for.

If the effect of changes in the time value of money is significant, the amount of provisions is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. If the discounting method is applied, an increase in provisions as a result of the passage of time is recognised as finance costs.

The obligation for the distribution of CO2 emission rights to the relevant government authority is recognized in the statement of financial position when granted and recognized in the subsequent periods.

Income from the sale of rights granted are recognized as other operating income.

If at the reporting date, Pfleiderer PCF Group does not have sufficient quantities of rights to fully cover the amount of carbon dioxide emitted in a period, Pfleiderer PCF Group raises a provision to cover the shortfall of rights.

m) Leases

Definition:

At inception of a contract, Pfleiderer PCF Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Presentation:

At the commencement date a lessee shall recognize a right-of-use asset (RoU) and a lease liability.

The following comments are restricted to the agreement that Pfleiderer PCF Group acts exclusively as the lessee and not as the lessor.

Right-of-use asset and lease liabilities (short- and long-term) are presented in the statement of financial position separately from other assets/liabilities positions.

The leased assets are reported seperatley on the Statement of Financial Position. Furthermore, the minimum lease payments are reported under financial liabilities positions. The liabilities shall be split between a current portion and a non-current portion.

Recognition:

At the commencement date, a lessee shall recognize a right-of-use asset and a lease liability.

The requirements of the Standard are not applied to:

- Short-term leases—which means leases with a lease term of 12 months or less with no purchase option;
- Leases for low value assets; by Pfleiderer PCF Group low value assets are assets of value below 5 000 USD for the new asset (regardless of the age of the asset being leased).

An underlying asset can be of low value only if:

- The lessee can benefit from use of the underlying asset on its own or together with other resources that are readily available to the lessee; and
- The underlying asset is not highly dependent on, or highly interrelated with, other assets.
- If an asset is subleased to another entity, the head lease does not qualify as a lease of a low value asset.

The commencement date of the lease is the date on which a lessor makes an underlying asset available for use by a lessee.

3. Accounting Policies and Valuation Principles (Continued)

The lease term is the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In determining the lease term and assessing the length of the non-cancellable period of a lease, an entity shall apply the definition of a contract and determine the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

In case of agreements for an indefinite period the contract terms are analysed and the lease term is settled as:

- period covered by an option to terminate the lease if the lessor can terminate the agreement at any time without significant penalty; or
- period assessed by the department responsible for the contract or the Management as reasonably certain.

At the commencement date, the department responsible for the contract/the Management assesses whether it is reasonably certain to exercise an option to extend the lease or to purchase the underlying asset based on business plans and historical practice.

Measurement:

Initial measurement:

At the commencement date, a lessee shall measure the RoU asset at cost. The cost of the RoU asset shall comprise:

Lease liability amount

\+ Lease payment made before the commencement date

\+ Initial direct cost

\+ Estimate of incurred costs of dismantling or removing the asset

\- Lease incentive received

At the commencement date the lease liability should be measured at the present value of the lease payments that are not paid at the date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If the rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

Pfleiderer PCF Group applied IFRS 1.D9B upon adoption of IFRS 1 in regard to the measurement of leases under IFRS 16. At the date of first time adoption of IFRS 16, the lease liability is measured at the present value of the remaining payments, discounted using the Pfleiderer PCF Group's incremental borrowing rate in accordance with IFRS 1.D9B(a).

The incremental borrowing rate is calculated based on cost of external financing (separately for Engineered Wood Products and Silekol). Pfleiderer PCF Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources to reflect the terms of the lease and the type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

Fixed payments

\+ Variable lease payments that depend on an index or a rate

3. Accounting Policies and Valuation Principles (Continued)

+ Residual value guarantees
+ Exercise price of a purchase option (if the lesee is reasonably certain to exercise that option)
+ Payments of penalties for terminating the lease (if payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease)
- Lease incentives receivable

Subsequent measurement:

After the commencement date the RoU asset is measured applying a cost model.

To apply a cost model, a lessee shall measure the RoU asset at cost:

- Less any accumulated depreciation (IAS 16 Property, plant and equipment)
- Accumulated impairment losses
- Adjust for any remeasurement of the lease liability

The RoU asset should be depreciated over the following period:

- The useful life of the underlying asset in case if the ownership of the underlying asset will be transferred by the end of the lease term;
- The earlier of the end of the useful life of the RoU asset or the end of the lease term in case if the ownership will not be transferred.

After the commencement date the lease liability shall be measured by:

- Increasing the carrying amount to reflect interest on the lease liability;
- Reducing the carrying amount to reflect the lease payments made; and

Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

n) Income

(i) Net sales from sales of finished goods/merchandise and services

An entity accounts for a contract with a customer only when all of the following criteria are met:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- the entity can identify each party's rights regarding the goods or services to be transferred;
- the entity can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the entity will be entitled may be less than the price stated in the contract if the consideration is variable because the entity may offer the customer a price concession

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

3. Accounting Policies and Valuation Principles (Continued)

Net sales from provision of services includes mainly net sales from transportation services, which are recognised when a service is completed (i.e. the items are delivered to the recipient).

Net sales is measured based on the consideration specified in a contract with a customer. Pfleiderer PCF Group recognises net sales when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related net sales recognition policies:

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Net sales recognition policies
Engineered Wood Products division—sale of finished goods	Performance obligations satisfied at a point in time, payment terms between 14-90 days, on average up to 30 days	The net sales are recognized, when the performance obligation is satisfied by transferring the promised good to a customer. An asset is transferred, when the customer obtains control of that asset. The transfer of control is mainly determined by the agreed Incoterms.
Silekol—sale of chemicals	Performance obligations satisfied at a point in time, payment terms between 14-60 days, on average 14-20 days	The net sales are recognized, when the performance obligation is satisfied by transferring the promised good to a customer. An asset is transferred, when the customer obtains control of that asset. The transfer of control is mainly determined by the agreed Incoterms.

o) Financial income and costs

Finance income includes interest income on funds invested by Pfleiderer PCF Group, dividend income, gains on hedging instruments that are recognised in profit or loss, foreign currency gains (excluding gains from foreign currency differences classified as other operating income arising from trade receivables, trade liabilities, cash and fixed assets purchases and disposals) and reclassifications of net gains previously recognised in other comprehensive income. Interest income is recognised in profit or loss on an accrual basis using the effective interest rate method.

Finance costs include interest expense on borrowings, unwinding of the discount on provisions and deferred consideration, losses on hedging instruments that are recognised in profit or loss, foreign currency losses (excluding losses from foreign currency differences classified to other operating income), and impairment losses recognised on financial assets (other than trade receivables), reclassification of net losses previously recognised in other comprehensive income. Interest expense that is not directly attributable to the acquisition, construction or production of a qualifying asset is recognised in profit or loss using the effective interest rate method.

Foreign currency gains and losses are presented on a net basis as either finance income or finance costs or in other income if relate to operating foreign exchange differences.

p) Result of income tax

Result of income tax comprise of current tax and deferred tax. Result of income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or

3. Accounting Policies and Valuation Principles (Continued)

receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assetsand liabilities for tax purposes and the amounts recognised in the consolidated statement of financial position.

The recognition of deferred tax assets and the availability of future taxable profit against which carry forward tax losses can be used incorporates assumption and uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of the deferred assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met. Deferred tax related to transactions recognised directly in equity is recognized in equity.

Deferred tax asset is not recognised for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that Pfleiderer PCF Group is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on initial recognition of goodwill (only deferred tax liability).

Deferred tax assets are recognised in relation to all deductible temporary differences as well as unused tax losses carried forward, in the amount it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and deferred tax liabilities are calculated using tax rates that are expected to be effective at the time of realisation of a particular asset or liability, based on tax rates (and tax legislation) using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which Pfleiderer PCF Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Application of formal approach in 2020

As per end of reporting year 2020 the German companies included in the sub-group are members of the tax group with Pfleiderer B.V. & Co. KG being the ultimate parent. The profit and loss transfer agreement between PCF GmbH and Pfleiderer B.V. & Co. KG has been concluded on 18 November 2020 and has been registered in the commercial registry on 23 November 2020 being effective for FY 2020 beginning 1 January 2020. No cost allocation of taxes (Steuerumlage) is contractually agreed.

By the end of reporting year 2019 the sub-group presents current and deferred taxes for the tax group subsidiaries of Pfleiderer PCF Group and standalone subsidiaries, Silekol in particular. This is because PCF GmbH is a standalone taxpayer from legal perspective by the end of reporting year 2019.

With the extended tax group membership in 2020 the taxable income of Pfleiderer PCF Group and its tax group subsidiaries is shifted to the non-consolidated parent company Pfleiderer B.V. & Co. KG. From the legal perspective PCF GmbH is no longer a taxpayer as the taxable income of PCF GmbH is shifted to a non-consolidated parent company. Consequently both, current and deferred taxes of german tax group subsidiaries, are not recognized in the group financial statement of Pfleiderer PCF Group as per end of 2020. For this purpose, any deferred tax amounts deriving from years up to 2019 were released through profit and loss and other comprehensive income as of 1 January 2020.

The reported income taxes as per end of the year 2020 refer solely to companies Heller Holz GmbH, that is not a member of the German tax group, to Silekol that is located in Poland and to the foreign sales entities of the Pfleiderer PCF Group that are not located in Germany . In regard to these entities the principles stated for FY 2019 have been applied unchanged also for FY 2020.

4. Currency Translation

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Pfleiderer PCF Group companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities presented in foreign currencies valued at historical cost are translated at exchange rates effective as at the transaction date. Foreign exchange gains or losses resulting from settlements of transactions in foreign currencies and from the conversions of monetary assets and liabilities denominated in foreign currencies are recognized in profit/loss in the period in which they arise.

(ii) Foreign operations

As at the end of the reporting period, assets and liabilities of foreign operations are translated into the functional currency at the exchange rate at the reporting date. The income and expenses of foreign operations are translated into the functional currency at the exchange rates as at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income accumulated in other reserves. At the time of disposal of a foreign operation any accumulated currency-translation differences are transferred to profit or loss as part of the gain or loss on disposal.

(iii) Exchange differences on translation to presentation currency

Exchange differences relating to translation of financial statements from functional currency to presentation currency are recognised in other comprehensive income. The method of translation to a presentation currency is consistent with the translation of a foreign operation for consolidation purposes. Exchange differences arising from translation from functional to presentation currency are not transferred to profit or loss.

Exchange rates used to translate items of the statement of financial position:

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	01 Jan. 18
PLN	4.5597	4.2568	4.3014	4.1770
GBP	0.8990	0.8508	0.8945	0.8872
CHF	1.0802	1.0854	1.1269	1.1702
RON	4.8683	4.7830	4.6635	4.6585

Exchange rates used to translate items of the statement of profit and loss and comprehensive income:

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	01. Jan 18
PLN	4.4434	4.2974	4.2604	4.2565
GBP	0.8891	0.8774	0.8848	0.8761
CHF	1.0704	1.1127	1.1550	1.1115
RON	4.8380	4.7455	4.6541	4.5691

5. Scope of Consolidation

The scope of consolidation of the consolidated financial statements of Pfleiderer PCF Group for the financial years ended 31 December 2020, 31 December 2019, 31 December 2018 and 1 January 2018 include the entities described below.

5. Scope of Consolidation (Continued)

The following companies are included in the scope of the consolidated financial statements:

Engineered Wood Products		31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan 2018
PCF GmbH (previously Pfleiderer GmbH)	Neumarkt, Germany	100%	100%	100%	100%
Pfleiderer Austria GmbH	Vienna, Austria	100%	100%	100%	100%
Pfleiderer Southeast Europe S.R.L.	Bucharest, Romania	100%	100%	100%	100%
Pfleiderer Deutschland GmbH	Neumarkt, Germany	100%	100%	100%	100%
Pfleiderer Neumarkt GmbH	Neumarkt, Germany	100%	100%	100%	100%
Pfleiderer Gütersloh GmbH	Neumarkt, Germany	100%	100%	100%	100%
Pfleiderer Leutkirch GmbH	Neumarkt, Germany	100%	100%	100%	100%
Pfleiderer Erwerbergesellschaft mbH	Neumarkt, Germany	100%	100%	100%	100%
Pfleiderer Arnsberg GmbH	Neumarkt, Germany	100%	100%	100%	100%
Pfleiderer Baruth GmbH	Neumarkt, Germany	100%	100%	100%	100%
Heller Holz GmbH	Neumarkt, Germany	100%	100%	100%	100%
JURA-Spedition GmbH	Neumarkt, Germany	100%	100%	100%	100%
Pfleiderer France S.A.S.	Reims, France	100%	100%	100%	100%
Pfleiderer Benelux B.V.	Deventer, Netherlands	100%	100%	100%	100%
Pfleiderer Suisse AG	Rapperswil, Switzerland	100%	100%	100%	100%
Pfleiderer UK Ltd.	Macclesfield, United Kingdom	100%	100%	100%	100%
Pfleiderer Vermögensverwaltung GmbH & Co. KG (1)	Neumarkt, Germany	n/a	n/a	100%	100%
Allgäuer Holzindustrie und Imprägnierwerk Aulendorf GmbH (in liquidation) (2)	Aulendorf, Germany	100%	100%	100%	100%
Blitz 11-446 GmbH (in liquidation) (2)	Neumarkt, Germany	n/a	n/a	50%	50%

Silekol		31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
Pfleiderer Silekol Sp. z o.o.	Kędzierzyn-Koźle	100%	100%	100%	100%

(1) Pfleiderer Vermögensverwaltung GmbH & Co. KG was merged with PCF GmbH in 2019.
(2) Affiliated entities not consolidated for reasons of immateriality (accounted for at cost).

Notes to the Consolidated Statement of Income

6. Division information

The Pfleiderer PCF Group has two division units—Engineered Wood Products and Silekol. The Engineered Wood Products division offers an extensive range of basic, value-added, high value-added and ancillary Engineered Wood Products- and plant-based products in a variety of finishes, functionalities and designs, and our Silekol division offers a broad range of industrial and specialty resins and other chemicals. This division structure is presented as additional information in the consolidated financial statements for each of the reporting periods 2020, 2019 and 2018.

6. Division information (Continued)

For the year ended 31 December 2020:

	Engineered Wood Products	Silekol	Others / Elimination	PFLEIDERER PCF Group
		'000 EUR		
External net sales	**671 192**	**54 768**	**0**	**725 960**
Panel East net sales	**16 596**	**34 169**	**0**	**50 765**
Inter division net sales	**115**	**32 119**	**-32 234**	**0**
Net Sales	**687 903**	**121 056**	**-32 234**	**776 725**
Profit/loss before tax	33 129	12 979	-3	46 106
Financial income	1 979	141	-97	2 023
Financial costs	-29 349	-269	96	-29 522
Other financial result	-1	-18	0	-19
Profit from operating activities (EBIT)	**60 500**	**13 125**	**-2**	**73 624**
Depreciation and amortisation	48 196	3 438	0	51 634
Depreciation, amortisation and impairment	**48 196**	**3 438**	**0**	**51 634**
Cash and cash equivalents	-57 229	-13 960	0	-71 189
Current financial liabilities	12 528	1 237	0	13 765
Non-current financial liabilities	452 224	198	0	452 422
Net debt	**407 523**	**-12 525**	**0**	**394 998**
Trade receivables from third and related parties after factoring	15 555	11 220	-3 259	23 516
Inventories	60 666	3 149	0	63 815
Trade payables to third and related parties	-72 840	-17 962	3 264	-87 538
Trade working capital	**3 381**	**-3 593**	**5**	**-207**
Additions to property, plant and equipment	30 767	2 335	0	33 102
Additions to intangible assets excluding emission rights	5 833	335	0	6 168
Change in advances paid on fixed assets	3 481	0	0	3 481
Capex (total additions to property, plant and equipment and intangible assets)	**40 081**	**2 670**	**0**	**42 751**

6. Division information (Continued)

For the year ended 31 December 2019:

	Engineered Wood Products	Silekol	Others / Elimination	PFLEIDERER PCF Group
		'000 EUR		
External net sales	**711 113**	**62 723**	**0**	**773 836**
Panel East net sales	**17 221**	**38 526**	**0**	**55 747**
Inter division net sales	**597**	**38 889**	**-39 486**	**0**
Net Sales	**728 931**	**140 138**	**-39 486**	**829 583**
Profit/loss before tax	21 241	10 423	11	31 675
Financial income	8 808	207	-129	8 886
Financial costs	-30 542	-413	128	-30 827
Other financial result	-1	-15	1	-15
Profit from operating activities (EBIT)	**42 976**	**10 644**	**11**	**53 631**
Depreciation and amortisation	43 210	2 721	0	45 931
Impairment	945	0	0	945
Depreciation, amortisation and impairment	**44 155**	**2 721**	**0**	**46 876**
Cash and cash equivalents	-26 444	-79	0	-26 523
Current financial liabilities	9 326	1 243	0	10 569
Non-current financial liabilities	451 994	1 428	0	453 422
Net debt	**434 876**	**2 592**	**0**	**437 468**
Trade receivables from third and related parties after factoring	11 251	6 595	-1 740	16 106
Inventories	60 633	4 045	0	64 678
Trade payables to third and related parties	-58 125	-19 342	1 752	-75 715
Trade working capital	**13 759**	**-8 702**	**12**	**5 069**
Additions to property, plant and equipment	46 819	3 052	0	49 871
Additions to intangible assets excluding emission rights	2 900	15	0	2 915
Change in advances paid on fixed assets	-6 171	0	0	-6 171
Capex (total additions to property, plant and equipment and intangible assets)	**43 548**	**3 067**	**0**	**46 615**

6. Division information (Continued)

For the year ended 31 December 2018:

	Engineered Wood Products	Silekol	Others / Elimination	PFLEIDERER PCF Group
		'000 EUR		
External net sales	**736 308**	**63 959**	**0**	**800 267**
Panel East net sales	**20 210**	**45 118**	**0**	**65 328**
Inter division net sales	**1 222**	**37 342**	**-38 564**	**0**
Net Sales	**757 740**	**146 419**	**-38 564**	**865 595**
Profit/loss before tax	48 275	10 733	5	59 013
Financial income	7 114	112	-101	7 125
Financial costs	-26 281	-252	180	-26 353
Other financial result	-1	0	0	-1
Profit from operating activities (EBIT)	**67 443**	**10 873**	**-74**	**78 242**
Depreciation and amortisation	39 218	2 203	0	41 421
Impairment	0	0	0	0
Depreciation, amortisation and impairment	**39 218**	**2 203**	**0**	**41 421**
Cash and cash equivalents	-15 190	-90	0	-15 280
Current financial liabilities	8 336	11	0	8 347
Non-current financial liabilities	451 843	242	0	452 085
Net debt	**444 989**	**163**	**0**	**445 152**
Trade receivables from third and related parties after factoring	12 649	22 214	-2 801	32 062
Inventories	68 643	6 636	0	75 279
Trade payables to third and related parties	-58 733	-24 845	2 808	-80 770
Trade working capital	**22 559**	**4 005**	**7**	**26 571**
Additions to property, plant and equipment	48 321	9 195	0	57 516
Additions to intangible assets excluding emission rights	2 659	5	0	2 664
Change in advances paid on fixed assets	-1 869	-497	0	-2 367
Capex (total additions to property, plant and equipment and intangible assets)	**49 111**	**8 703**	**0**	**57 813**

6. Division information (Continued)

Geographic information

In presenting the following information, gross sales have been based on the geographic location of the customer:

COUNTRY	Engineered Wood Products 1 Jan. – 31 Dec. 2020	Silekol 1 Jan. – 31 Dec. 2020	Engineered Wood Products 1 Jan. – 31 Dec. 2019	Silekol 1 Jan. – 31 Dec. 2019	Engineered Wood Products 1 Jan. – 31 Dec. 2018	Silekol 1 Jan. – 31 Dec. 2018
			'000 EUR			
Germany	365 350	22 412	388 039	28 784	402 269	34 413
Poland	1 474	24 454	1 423	25 350	1 543	21 146
United Kingdom	49 705	11	59 937	51	61 020	20
Netherlands	38 758	0	41 386	0	42 989	0
France	37 786	30	34 410	0	38 344	8
Italy	19 453	1 515	26 399	1 137	25 210	343
Switzerland	19 481	0	19 513	0	20 331	0
Sweden	18 787	0	20 599	0	18 945	33
Austria	13 941	0	15 824	0	19 256	0
Norway	11 790	0	9 467	0	13 313	0
Denmark	9 881	0	9 308	0	9 987	0
Belgium	7 836	0	9 509	7	9 322	0
Czech Republic	7 455	3 272	9 154	3 419	9 907	3 760
Slovakia	2 202	232	2 632	264	2 546	448
Others:	48 597	2 875	50 055	3 575	50 001	3 731
TOTAL	652 496	54 801	697 655	62 587	724 983	63 902

Products and Services

SALES PRODUCTS	1 Jan. – 31 Dec. 2020 Engineered Wood Products	Silekol	Others / Combination	TOTAL
	'000 EUR			
Subtotal Core Business				
Total basic products	140 087	0		140 087
Total value added products	149 245	0		149 245
Total high value added products	362 023	0		362 023
Not clustered products	1 010	1 381		2 391
Chemicals	34	53 420		53 454
Others	98	0		98
Sale of products (gross)	***652 496***	***54 801***		***707 297***
Sales reductions (1)	-29 570	-57		-29 627
Sale of products (net)	**622 926**	**54 744**		**677 670**
Electricity	35 383	0		35 383
Scrap	11 885	0		11 885
Other	998	24		1 022
Others	**48 266**	**24**		**48 290**
Related party sales	**16 711**	**66 288**	**-32 234**	**50 765**
thereof Chemicals	*0*	*66 288*	*-32 119*	*34 169*
TOTAL	**687 903**	**121 056**	**-32 234**	**776 725**

6. Division information (Continued)

SALES PRODUCTS	Engineered Wood Products	Silekol	Others / Combination	TOTAL
	1 Jan. – 31 Dec. 2019			
	‘000 EUR			
Subtotal Core Business				
Total basic products	136 221	0		136 221
Total value added products	173 170	0		173 170
Total high value added products	387 034	0		387 034
Not clustered products	1 162	2 264		3 426
Chemicals	8	60 323		60 331
Others	60	0		60
Sale of products (gross)	***697 655***	***62 587***		***760 242***
Sales reductions (1)	-31 198	0		-31 198
Sale of products (net)	**666 457**	**62 587**		**729 044**
Electricity	35 807	0		35 807
Scrap	7 492	0		7 492
Other	1 357	136		1 493
Others	**44 656**	**136**		**44 792**
Related party sales	**17 818**	**77 415**	**-39 486**	**55 747**
thereof Chemicals	*0*	*77 415*	*-38 889*	*38 526*
TOTAL	**728 931**	**140 138**	**-39 486**	**829 583**

SALES PRODUCTS	Engineered Wood Products	Silekol	Others / Combination	TOTAL
	1 Jan. – 31 Dec. 2018			
	‘000 EUR			
Subtotal Core Business				
Total basic products	151 529	0		151 529
Total value added products	179 347	0		179 347
Total high value added products	392 920	0		392 920
Not clustered products	980	160		1 140
Chemicals	0	63 816		63 816
Others	207	-74		133
Sale of products (gross)	***724 983***	***63 902***		***788 885***
Sales reductions (1)	-32 752	0		-32 752
Sale of products (net)	**692 231**	**63 902**		**756 133**
Electricity	35 830	0		35 830
Scrap	6 589	0		6 589
Other	1 658	57		1 715
Others	**44 077**	**57**		**44 134**
Related party sales	**21 432**	**82 460**	**-38 564**	**65 328**
thereof Chemicals	*0*	*82 460*	*-37 342*	*45 118*
TOTAL	**757 740**	**146 419**	**-38 564**	**865 595**

(1) Sales reductions include bonuses for customers, cash discounts and refunds.

The net sales presented in the statement of profit and loss refers solely to net sales from contracts with customers recognised according to IFRS 15.

Information about major customers

In 2020, 2019 and 2018 no leading customers were identified in Pfleiderer PCF Group, for which turnover would exceed 10% of Pfleiderer PCF Groups’ total net sales.

6. Division information (Continued)

Contract balances

The following table provides information about receivables from contracts with customers:

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
		'000 EUR		
Receivables, which are included in trade and other receivables	23 516	16 105	32 062	29 410

No information is provided about remaining performance obligations at 31 December 2020, 31 December 2019, 31 December 2018 or 1 January 2018 that have an original expected duration of one year or less, as allowed by IFRS 15.

7. Other operating income

	1 Jan. – 31. Dec. 2020	1 Jan. – 31. Dec. 2019	1 Jan. – 31. Dec. 2018
		'000 EUR	
Compensation and penalties received (1)	3 866	6 905	764
Other income-Group (2)	1 494	2 026	1 007
Operational management of sewage treatment plant Baruth	450	450	450
Proceeds from the sale of scrap	225	293	311
Release of unused accruals and deferred income	16	218	2 252
Other income	3 556	3 462	2 071
TOTAL	9 607	13 354	6 855

(1) Compensation in 2020 and 2019 refers mainly to compensation for fire damage in Baruth.

(2) Mainly provision of services and charges to remaining Pfleiderer Group B.V. & Co. KG (see Note 21)

8. Other operating expenses

	1 Jan. – 31. Dec. 2020	1 Jan. – 31. Dec. 2019	1 Jan. – 31. Dec. 2018
		'000 EUR	
Strategic projects (1)	5 653	11 272	3 807
Property damage	1 720	1 594	0
Restructuring costs	87	7 598	0
Loss on foreign exchange differences	2 313	897	194
Other expenses	2 252	3 403	4 765
TOTAL	12 025	24 764	8 766

(1) Strategic projects in years 2020, 2019 and 2018 include mainly consulting costs for improvement projects.

9. Financial income and costs

	1 Jan. – 31 Dec. 2020	1 Jan. – 31 Dec. 2019	1 Jan. – 31 Dec. 2018
		'000 EUR	
Interest income (1)	1 824	8 640	6 798
Other financial income	199	246	327
Financial income	**2 023**	**8 886**	**7 125**
Interest expense (2)	-25 964	-27 040	-22 200
Refinancing costs	-1 932	-1 960	-1 945
Other finance costs	-1 626	-1 827	-2 208
Financial costs	**-29 522**	**-30 827**	**-26 353**
Exchange differences on translating foreign operations	-19	-15	-1
Other financial result	**-19**	**-15**	**-1**
TOTAL	**-27 518**	**-21 956**	**-19 229**

9. Financial income and costs (Continued)

(1) Interest income results mainly from the loan granted to Pfleiderer Group B.V. & Co. KG
(2) The interest expenses include:

- interests for long-term bank loan Term loan B (TLB)—EUR 22 559 thousand for 2020 (EUR 22 559 thousand for 2019 and EUR 17 465 thousand for 2018)
- leasing interests—EUR 1 167 thousand for 2020 and 1 217 for 2019 (2018: EUR 1 263)
- other interest expenses (i.a. interests on overdraft, insurance, factoring interests ect.)—EUR 2 238 thousand for 2020 (EUR 3 264 thousand for 2019 and EUR 3 472 thousand for 2018)

10. Result of income tax

	1 Jan. – 31 Dec. 2020	1 Jan. – 31 Dec. 2019	1 Jan. – 31 Dec. 2018
		'000 EUR	
Current income tax expense			
Current portion of income tax	-2 998	-9 553	-13 509
Tax for previous years	-265	-1 145	-2 852
	-3 263	**-10 698**	**-16 361**
Deferred income tax			
Relating to origination and reversal of temporary differences	721	-1 373	-1 102
Use of tax loss carry forward asset	0	0	-1 145
	721	**-1 373**	**-2 247**
RESULT OF INCOME TAX RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS	**-2 542**	**-12 071**	**-18 608**

The amount of tax paid presented in the consolidated statement of cash flows for years 2018 to 2020 includes apart from taxes paid for the relevant current year also taxes for prior years, in particular resulting from the tax audit in Germany for years 2010-2015.

Reconciliation of result of income tax calculated on profit before tax at the statutory tax rate to actual income tax and the resulting effective tax rate:

		1 Jan. – 31 Dec. 2020	1 Jan. – 31 Dec. 2019	1 Jan. – 31 Dec. 2018
			'000 EUR	
Profit before tax (EBT)		**46 106**	**3 087**	**59 008**
Tax at domestic rate	**29.0%**	**-13 371**	**-9 159**	**-16 905**
Effect of foreign tax rates		1 309	1 080	1 009
Tax effect of permanent differences:		-176	-1 788	-1 966
Non-tax-deductible expenses		-176	17	19
Other permanent differences		0	-1 805	-1 985
Tax exempt net sales		0	823	1 175
Tax liability for previous years		-239	-3 711	-2 671
Write off of deferred tax asset		-8	100	2 038
Transfer of income taxes to non-consolidated tax group parent		9 950	0	0
Other		-6	584	-1 287
INCOME TAX DISCLOSED IN THE CONSOLIDATED INCOME STATEMENT		**-2 542**	**-12 071**	**-18 608**
Effective tax rate		**5.5%**	**38.2%**	**31.6%**

In financial year 2020 Pfleiderer PCF Group became a member of extended tax group with Pfleiderer Group B.V. &Co. KG being the parent company. With the extended tax group membership in 2020 the taxable income

10. Result of income tax (Continued)

of Pfleiderer PCF Groupand its tax group subsidiaries is shifted to the non-consolidated parent company Pfleiderer Group B.V.&Co. KG. From the perspective of PCF consolidated financial statement, no current income tax arises for fiscal years beginning 2020 at the level of each tax group member. Due to the application of the formal / legal approach also no deferred tax is recognized for these entities as the reversal of underlying temporary differences in the future will lead to a current tax expense outside of the Pfleiderer PCF Group. This explains the reconciling tax impact of EUR 9 950.

The effect of foreign tax rates refers to the reduced statutory tax rate of 19% for the Polish entity Silekol.

Notes to the Consolidated Statement of Financial Position

11. Goodwill

The following table presents the breakdown of the goodwill:

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
		'000 EUR		
Engineered Wood Products	48 889	48 889	48 889	48 889
TOTAL	**48 889**	**48 889**	**48 889**	**48 889**

Impairment test of cash generating unit containing goodwill

CGUs in Pfleiderer PCF Group

Pfleiderer PCF Group defines the cash-generating unit for the deemed goodwill recognized in a business combination based on the reporting structure. The two defined cash generating units are Engineered Wood Products and Silekol. This is the lowest level at which goodwill is monitored for internal management purposes. The deemed goodwill is allocated to the Engineered Wood Products cash generating unit.

Recoverable amounts of the cash-generating units were retrospectively determined based on a calculation of their fair values less cost to disposal for years 2018-2020 including opening balance. The calculations were performed based on cash flow projections adopted in the five-year budgets approved by the Management Board. The fair value was determined using the net present value approach.

The values assigned to the key assumptions represent Management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

The discount rate was applied to reflect the risks specific to a given cash generating unit. A rate of return on 10-year treasury bonds was assumed as the risk-free rates. Separate risk free rates were adopted for Engineered Wood Products.The main assumptions used to calculate the fair values less cost to disposal were as follows:

Engineered Wood Products

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
Terminal growth rate beyond the five-year period covered by the budget	1.00%	1.00%	1.00%	1.00%
Risk free rate	0.10%	-0.33%	0.37%	1.02%
Market risk premium	7.25%	6.50%	6.00%	6.99%
Discount rate	7.00%	6.46%	6.48%	7.46%

The key assumptions for cash-generating units includes the level of net sales and operating expenses in each forecasted period. Those assumptions were based on a formalised process of budgeting and financial planning within Pfleiderer PCF Group. The forecast level of sales was assumed to follow market trends as expected by Pfleiderer PCF Group management which is supported by their views of industry analyses and market research. The level of expenses was primarily based on historical experience and expected trends in market prices of raw materials used by Pfleiderer PCF Group.

The fair value calculated using the methodology adopted by Pfleiderer PCF Group for both cash-generating units is a Level 3 measurement.

12. Intangible assets

Gross value	Licences, computer software and other	Emission Rights	Total
		'000 EUR	
1 Jan. 2018	41 018	871	41 889
Increases	2 664	2 744	5 408
Decreases	-176	0	-176
Transfers	166	0	166
Currency translation adjustment	-24	0	-24
31 Dec. 2018	**43 648**	**3 615**	**47 263**
1 Jan. 2019	43 648	3 615	47 263
Increases	2 915	688	3 603
Decreases	-222	0	-222
Transfers	385	0	385
Currency translation adjustment	8	0	8
31 Dec. 2019	**46 734**	**4 303**	**51 037**
1 Jan. 2020	46 734	4 303	51 037
Increases	6 168	0	6 168
Decreases	-138	-379	-517
Transfers	392	0	392
Currency translation adjustment	-53	0	-53
31 Dec. 2020	**53 103**	**3 924**	**57 027**

12. Intangible assets (Continued)

Accumulated depreciation and impairment losses	Licences, computer software and other	Emission Rights	Total
		'000 EUR	
1 Jan. 2018	37 083	0	37 083
Depreciation	1 673	0	1 673
Decreases	-176	0	-176
Transfers	0	0	0
Currency translation adjustment	-24	0	-24
31 Dec. 2018	**38 556**	**0**	**38 556**
1 Jan. 2019	38 556	0	38 556
Depreciation	1 767	0	1 767
Decreases	-217	0	-217
Transfers	0	0	0
Currency translation adjustment	8	0	8
31 Dec. 2019	**40 114**	**0**	**40 114**
1 Jan. 2020	40 114	0	40 114
Depreciation	2 784	0	2 784
Decreases	-138	0	-138
Transfers	0	0	0
Currency translation adjustment	-55	0	-55
31 Dec. 2020	**42 705**	**0**	**42 705**
Net value			
01 Jan. 2018	**3 935**	**871**	**4 806**
31 Dec. 2018	**5 092**	**3 615**	**8 707**
31 Dec. 2019	**6 620**	**4 303**	**10 923**
31 Dec. 2020	**10 398**	**3 924**	**14 322**

The amortization of licenses, software and other is included in the respective functional cost such as cost of sales, R&D expenses, general and administrative expenses and selling expenses.

13. Property, plant and equipment

Gross value	Land and buildings	Plant and equipment	Vehicles and other tangible assets	Tangible assets under construction	Total
			'000 EUR		
1 Jan. 2018	134 904	521 935	35 834	39 826	732 499
Increases	858	23 335	1 206	32 117	57 516
Decreases	-152	-9 196	-2 808	0	-12 156
Transfers	5 832	34 341	231	-40 570	-166
Currency translation adjustment	-442	-911	127	-138	-1 364
31 Dec. 2018	**141 000**	**569 504**	**34 590**	**31 235**	**776 329**
1 Jan. 2019	141 000	569 504	34 590	31 235	776 329
Increases	1 786	28 087	721	19 277	49 871
Decreases	-27	-7 058	-1 021	0	-8 106
Transfers	4 033	27 318	252	-31 988	-385
Currency translation adjustment	315	77	7	49	448
31 Dec. 2019	**147 107**	**617 928**	**34 549**	**18 573**	**818 157**
1 Jan. 2020	147 107	617 928	34 549	18 573	818 157
Increases	4 319	19 360	1 236	8 187	33 102
Decreases	-40	-5 108	-1 198	-21	-6 367
Transfers	4 478	8 425	-195	-13 100	-392
Currency translation adjustment	-841	-1 631	-64	-276	-2 812
31 Dec. 2020	**155 023**	**638 974**	**34 328**	**13 363**	**841 688**

13. Property, plant and equipment (Continued)

Accumulated depreciation and impairment losses	Land and buildings	Plant and equipment	Vehicles and other tangible assets	Tangible assets under construction	Total
			‘000 EUR		
1 Jan. 2018	90 246	378 195	32 196	0	500 637
Depreciation	3 963	27 540	1 687	0	33 190
Decreases	-180	-9 326	-2 770	0	-12 276
Transfers	-10	0	10	0	0
Currency translation adjustment	-283	-280	86	0	-477
31 Dec. 2018	**93 736**	**396 129**	**31 209**	**0**	**521 074**
1 Jan. 2019	93 736	396 129	31 209	0	521 074
Depreciation	3 362	31 780	1 537	0	36 679
Decreases	-27	-7 063	-1 010	0	-8 100
Transfers	0	0	0	0	0
Currency translation adjustment	211	129	2	0	342
31 Dec. 2019	**97 282**	**420 975**	**31 738**	**0**	**549 995**
1 Jan. 2020	97 282	420 975	31 738	0	549 995
Depreciation	3 613	34 283	1 317	0	39 213
Decreases	-40	-5 108	-1 179	0	-6 327
Transfers	0	0	0	0	0
Currency translation adjustment	-273	-758	-50	0	-1 081
31 Dec. 2020	**100 582**	**449 392**	**31 826**	**0**	**581 800**
Net value					
01 Jan. 2018	**44 658**	**143 740**	**3 638**	**39 826**	**231 862**
31 Dec. 2018	**47 264**	**173 375**	**3 381**	**31 235**	**255 255**
31 Dec. 2019	**49 825**	**196 953**	**2 811**	**18 573**	**268 162**
31 Dec. 2020	**54 441**	**189 582**	**2 502**	**13 363**	**259 888**

The advances paid for tangible assets amounted to EUR 3 574 thousand as at 31 December 2020 (EUR 92 thousand as at 31 December 2019, EUR 6 263 thousand as at 31 December 2018) and EUR 8 629 as at 1 January 2018.

Property, plant and equipment under construction

Investment projects

In 2019 Pfleiderer PCF Group continues a long-term investment programme designed to align its production capacities to market needs and to enhance its cost effectiveness and productivity. The capital expenditures for the year ended 31 December 2020 were EUR 42 751 (including advance payments) (EUR 46 615 thousand for 31 December 2019, EUR 57 813 thousand for 31 December 2018 and EUR 60 154 for 1 January 2018).

As at 31 December 2020, Pfleiderer PCF Group has purchase commitments for the property, plant and equipment and intangible assets. These commitments relate to the signed agreements by the members of Pfleiderer PCF Group with respect to future investments plans.

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
		‘000 EUR		
Property, plant and equipment	5 939	2 846	13 996	22 783
Intangible assets	383	81	298	482
Commitment to purchase	**6 322**	**2 927**	**14 294**	**23 265**

14. Deferred income tax asset and liability

The deferred income tax assets and liabilites are resulting from following temporary differences and tax loss carryforwards. With the profit shift agreement between PCF GmbH and Pfleiderer Group B.V. & Co. KG in 2020, deferred taxes are only recognized for Silekol and other entities not included to the German tax group (stand-alone entities).

	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
		31 Dec. 2020			31 Dec. 2019	
			'000 EUR			
Non-current assets						
Property, plant and equipment	11	1 294	-1 283	1 734	7 433	-5 699
Intangible assets	10	0	10	1 169	4 866	-3 697
Securities	0	0	0	0	0	0
Other assets	0	0	0	87	0	87
Other non-current financial assets	0	0	0	0	979	-979
Current assets						
Inventories	0	0	0	0	46	-46
Other current financial assets	0	0	0	16	345	-329
Trade and other receivables	109	65	44	11 721	1 477	10 244
Fair value of hedging instruments	0	0	0	0	0	0
Non-current liabilities						
Provisions	0	0	0	630	9	621
Financial debts	120	0	120	3 128	1 217	1 911
Other liabilities	0	0	0	22	0	22
Pension provisions	114	0	114	7 893	0	7 893
Current liabilities						
Trade and other payables	186	149	33	1 497	7 987	-6 490
Employee benefit obligations	110	0	110	35	598	-563
Other liabilities	83	0	83	0	0	0
Total tax loss brought forward	0	0	0	2 294	0	2 294
Deferred income tax assets/liability	**743**	**1 508**	**-765**	**30 226**	**24 958**	**5 268**
Deferred income tax assets and liability offset	-612	-612		-23 772	-23 772	
TOTAL	**131**	**896**		**6 454**	**1 186**	

14. Deferred income tax asset and liability (Continued)

	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
		31 Dec. 2018			1 Jan. 2018	
			'000 EUR			
Non-current assets						
Property, plant and equipment	4 190	1601	2 589	2 801	24	2 777
Intangible assets	869	3 271	-2 402	43	-2 399	2 442
Securities	0	109	-109	0	0	0
Other assets	160	1 693	-1 533	81	2 335	-2 254
Other non-current financial assets	0	0	0	0	0	0
Current assets						
Inventories	21	43	-22	0	34	-34
Other current financial assets	0	0	0	0	0	0
Trade and other receivables	12 876	3 841	9 035	9 146	21	9 125
Fair value of hedging instruments	1	0	1	0	0	0
Non-current liabilities						
Provisions	1 252	0	1 252	957	0	957
Financial debts	698	3 958	-3 260	880	5 414	-4 534
Other liabilities	14	0	14	77	0	77
Pension provisions	6 464	0	6 464	6 296	0	6 296
Current liabilities						
Trade and other payables	-169	6 974	-7 143	-628	8 832	-9 460
Employee benefit obligations	42	0	42	436	0	436
Other liabilities	0	0	0	5	3	2
Total tax loss brought forward	0	0	0	1 145	0	1 145
Deferred income tax assets/liability	**26 418**	**21 490**	**4 928**	**21 239**	**14 264**	**6 975**
Deferred income tax assets and liability offset	-20 400	-20 400		-13 232	-13 232	
TOTAL	**6 018**	**1 090**		**8 007**	**1 032**	

14. Deferred income tax asset and liability (Continued)

Changes related to temporary differences during the reporting period:

	1 Jan. 2020	Recognised in profit or loss	Recognised in OCI	Currency translation adjustment	31 Dec. 2020
			'000 EUR		
Non-current assets					
Property, plant and equipment	-5 699	4 290		126	-1 283
Intangible assets	-3 697	3 707			10
Securities	0	0			0
Other assets	87	-87			0
Other non-current financial assets	-979	979			0
Current assets					
Inventories	-46	46			0
Other current financial assets	-329	329			0
Trade and other receivables	10 244	-10 203		3	44
Fair value of hedging instruments	0	0			0
Non-current liabilities					
Provisions	621	-621			0
Financial debts	1 911	-1 791			120
Other liabilities	22	-22			0
Pension provisions	7 893	-901	-6 878		114
Current liabilities					
Trade and other payables	-6 490	6 529		-4	35
Employee benefit obligations	-563	677		-4	110
Other liabilities	2 294	-2 211			83
TOTAL	**5 268**	**722**	**-6 878**	**121**	**-767**

	1 Jan. 2019	Recognised in profit or loss	Recognised in OCI	Currency translation adjustment	31 Dec. 2019
			'000 EUR		
Non-current assets					
Property, plant and equipment	2 589	-8 288			-5 699
Intangible assets	-2 402	-1 296			-3 697
Securities	-109	109			0
Other assets	-1 533	1 620			87
Other non-current financial assets	0	-979			-979
Current assets					
Inventories	-22	-24			-46
Other current financial assets	0	-329			-329
Trade and other receivables	9 035	1 209			10 244
Fair value of hedging instruments	1	-1			0
Non-current liabilities					
Provisions	1 252	-631			621
Financial debts	-3 260	5 171			1 911
Other liabilities	14	8			22
Pension provisions	6 464	-284	1 719	-6	7 893
Current liabilities					
Trade and other payables	-7 143	653			-6 490
Employee benefit obligations	42	-605			-563
Other liabilities	0	2 294			2 294
TOTAL	**4 928**	**-1 373**	**1 719**	**-6**	**5 268**

14. Deferred income tax asset and liability (Continued)

	1 Jan. 2018	Recognised in profit or loss	Recognised in OCI	Currency translation adjustment	31 Dec. 2018
			'000 EUR		
Non-current assets					
Property, plant and equipment	2 777	-188			2 589
Intangible assets	2 442	-4 843			-2 402
Securities	0	-109			-109
Other assets	-2 254	721			-1 533
Other non-current financial assets	0	0			0
Current assets					
Inventories	-34	12			-22
Other current financial assets	0	0			0
Trade and other receivables	9 125	-90			9 035
Fair value of hedging instruments	0	1			1
Non-current liabilities					
Provisions	957	295			1 252
Financial debts	-4 534	1 274			-3 260
Other liabilities	77	-63			14
Pension provisions	6.296	-33	200	1	6 464
Current liabilities					
Trade and other payables	-9 460	2 317			-7 143
Employee benefit obligations	436	-394			42
Other current liabilities	2	-2			0
Total tax loss brought forward	1 145	-1 145			2 589
TOTAL	**6 975**	**-2 247**	**200**	**1**	**4 928**

15. Inventories

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
		'000 EUR		
Materials and merchandise	34 328	35 930	39 272	31 285
Semi-finished products and work in progress	1 720	718	811	1 181
Finished goods	27 652	28 020	35 138	30 326
Other	115	10	58	10
TOTAL	**63 815**	**64 678**	**75 279**	**62 802**

Inventories are presented in the consolidated statement of financial position at net realisable value, i.e. net of allowances of EUR 9 256 thousand (31 December 2019: EUR 7 664 thousand, 31 December 2018: EUR 8 144 thousand and January 2018: EUR 8 761).

16. Trade and other receivables

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
		'000 EUR		
Trade receivables	12 053	7 488	12 025	7 306
Trade receivables from related parties	11 463	8 617	20 037	22 104
Current prepayments and accrued income	2 848	1 171	1 298	1 006
Current VAT receivables	1 550	2 376	2 664	2 970
Other receivables	10 350	11 960	17 749	20 059
TOTAL	**38 264**	**31 612**	**53 773**	**53 445**

16. Trade and other receivables (Continued)

The amount of EUR 10 350 thousand of other receivables as at 31 December 2020 (EUR 11 960 thousand as of 31 December 2019, EUR 17 749 thousand as of 31 December 2018 and EUR 20 059 as of 1 January 2018) included, among others:

- EUR 4 828 thousand as at 31 December 2020 (EUR 4 806 thousand as at 31 December 2019, EUR 11 689 thousand as at 31 December 2018 and EUR 14 257 as at 1 January 2018) relates to factoring with continuing involvement and represents the remaining risk exposure;
- EUR 3 748 thousand as at 31 December 2020 (EUR 3 432 thousand as at 31 December 2019, EUR 3 953 thousand as at 31 December 2018 and EUR 3 872 as at 1 January 2018) receivables related to energy regulations refund;

As at 31 December 2020, trade receivables were reduced by impairment allowance of EUR 2 185 thousand (31 December 2019: EUR 1 943 thousand, 31 December 2018: EUR 2 185 thousand and 1 January 2018: EUR 2 245 thousand).

Trade and other receivables include the following financial receivables:

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
		'000 EUR		
Trade receivables	12 053	7 488	12 025	7 306
Trade receivables from related parties	11 463	8 617	20 037	22 104
Other receivables	5 058	7 923	12 783	15 093
TOTAL	**28 574**	**24 028**	**44 845**	**44 503**

Factoring of receivables

As of 31 December 2020 , 31 December 2019, 31 December 2018 as well as 1 January 2018, the trade receivables sold as part of a Engineered Wood Products securitization program transaction were derecognised, with the exception of certain purchase price reductions retained to minimize risk for the buyer of the receivables. The factoring programme of Silekol takes place under a “non-recourse factoring” agreement in terms of which, excluding the continuing involvement, the receivables sold were derecognized as of 31 December 2020, 31 December 2019, 31 December 2018 as well as 1 January 2018.

Securitization Programme (Engineered Wood Products)

Pfleiderer Deutschland GmbH, Pfleiderer Arnsberg GmbH, Pfleiderer Neumarkt GmbH, Pfleiderer Leutkirch GmbH, Heller Holz GmbH, JURA-Spedition GmbH and Pfleiderer Gütersloh GmbH, Pfleiderer Baruth GmbH are party to a securitization programme arranged by Commerzbank Aktiengesellschaft through Silver Tower S.A. asset-backed commercial paper and medium-term note programmes. The participation is, interalia, based on a receivables purchase and servicing agreement and substitute servicing agreements, all initially dated 15 October 2012 and amended from time to time.

Pfleiderer Deutschland coordinates the programme for Engineered Wood Products. The securitization programme provides for financing volume of up to EUR 70.0 million in Engineered Wood Products for sold eligible receivables (up to EUR 60.0 million from 1 Jan 2021). Engineered Wood Products neither transfer nor retains substantially all the risk and rewards of ownership of the receivable due to variable purchase price reductions to minimize the risk for the receivables purchaser. Engineered Wood Products continue to recognize the receivables to the extent of its continuing involvement in the financial asset. As of 31 December 2020, under the securitization programme in Western Europe, accounts receivables in the amount of EUR 29 million had been sold (EUR 33 million as of 31 December 2019, 37 EUR million as of 31 December 2018 and 31 EUR million as of 1 January 2018).

Silekol

Factoring agreement with Bank Millennium S.A. was further amended in the course of the year 2018. Silekol neither transfer nor retains substantially all the risk and rewards of ownership of the receivable due to

16. Trade and other receivables (Continued)

guaranteeing part of the credit risk. The control over the transferred assets is retained due to the fact that factor has no practical ability to resell receivables. Silekol continue to recognize the receivables to the extent of its continuing involvement in the financial asset.

Agreements are effective until further notice, whereas factoring limits are granted for 12 months and require respective yearly renewals. As at 31 December 2020, the terms of and credit limits under the agreements were as follows:

Factoree:	Expiry date:	Factor:	Limit:
Pfleiderer Silekol Sp. z o.o.	indefinite term	Bank Millenium S.A.	PLN 40 000 thousand

As of 31 December 2020, under the factoring programme in Silekol, accounts receivables in the amount of EUR 2 million had been sold (EUR 4 million as of 31 December 2019, 3 EUR million as of 31 December 2018 and 2 million as of 1 January 2018).

The table below presents the amounts of the trade receivables sold under the factoring agreements and carrying amounts of the receivables and the related liabilities which continue to be recognised in the statement of financial position:

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
	'000 EUR			
Total trade receivables before derecognition of sold receivables	43 860	44 304	52 391	47 634
Receivables derecognised from the statement of financial position	-31 807	-36 816	-40 366	-40 328
Trade receivables	**12 053**	**7 488**	**12 025**	**7 306**
Thereof carrying amount to the extent of its continuing involvement	815	1 047	1 579	1 251
Factoring liabilities as at the end of the reporting period				
Retained risk (Associated Liability)	815	1 047	1 579	1 251
Payments made by customers, not passed to the factor	10 779	8 838	21 978	18 752
Other settlements with the factor—cash in transit	2 384	9 114	0	0
Factoring liabilities as at the end of the reporting period	**13 978**	**18 999**	**23 557**	**20 003**

17. Loans to related parties

The following table presents the fair values and carrying amounts of financial liabilities measured at amortized cost for which the carrying amounts approximate fair value:

Intercompany loans	Deferral agreement	Share buy back 1	Share buy back 2	Share buy back 3	Loan to Pfleiderer Polska Sp. z o.o.	Cash pooling Silekol	Cash pooling PG BV KG	Total
Loan Agreement date	**5 Oct. 2015**	**25 Sept. 2017**	**30 Jan. 2018**	**8 Aug. 2018**	**31 Dec. 2019**	**11 Apr 2019**	**13 Dec 2019**	
1 Jan. 2020	**117 492**	**0**	**0**	**0**	**3 067**	**15 704**	**840**	**137 103**
Loan granted	0	0	0	0	0	0	4 811	4 811
Interest accrued	1 588	0	0	0	19	0	0	1 607
Interest received	-1 246	0	0	0	-19	0	0	-1 265
Capital repaid	-86 366	0	0	0	-3 067	-15 704	-840	-105 977
31 Dec. 2020	**31 468**	**0**	**0**	**0**	**0**	**0**	**4 811**	**36 279**
thereof short-term	**342**	**0**	**0**	**0**	**0**	**0**	**4 811**	**5 153**
thereof long-term	**31 126**	**0**	**0**	**0**	**0**	**0**	**0**	**31 126**
1 Jan. 2019	**127 953**	**0**	**9 277**	**96 878**	**0**	**0**	**0**	**234 108**
Loan granted	0	0	0		3 067	15 704	840	19 611
Interest accrued	3 820	0	255	4 309	0	0	0	8 384
Interest received	-3 216	0	-255	-4 309	0	0	0	-7 780
Capital repaid	-11 065	0	-9 277	-96 878	0	0	0	-117 220
31 Dec. 2019	**117 492**	**0**	**0**	**0**	**3 067**	**15 704**	**840**	**137 103**
thereof short-term	**604**	**0**	**0**	**0**	**3 067**	**15 704**	**840**	**20 215**
thereof long-term	**116 888**	**0**	**0**	**0**	**0**	**0**	**0**	**116 888**
1 Jan. 2018	**127 226**	**26 118**	**0**	**0**	**0**	**0**	**0**	**153 344**
Loan granted	0		15 000	95 000	0	0	0	110 000
Interest accrued	3 777	840	277	1 878	0	0	0	6 772
Interest received	-3 050	-1 133	0	0	0	0	0	-4 183
Capital repaid		-25 825	-6 000	0	0	0	0	-31 825
31 Dec. 2018	**127 953**	**0**	**9 277**	**96 878**	**0**	**0**	**0**	**234 108**
thereof short-term	**3 777**	**0**	**9 277**	**96 878**	**0**	**0**	**0**	**109 932**
thereof long-term	**124 176**	**0**	**0**	**0**	**0**	**0**	**0**	**124 176**

Deferral agreement

On the basis of the agreement of the purchase of the subsidiary Pfleiderer GmbH shares signed by Pfleiderer Group B.V. & Co. KG and Atlantik S.A. on 5 October 2015, Pfleiderer Group B.V. & Co. KG (former Pfleiderer Group S.A.) took over the Atlantik S.A.'s liabilities against Pfleiderer Service GmbH (subsequently merged with PCF GmbH in 2016) of the amount of EUR 134 978.9 thousand.

On 30 October 2019 the PCF GmbH's liabilities due to Pfleiderer Group B.V. & Co. KG in relation to the released capital reserve (in total of EUR 125 000 thousand) distributed to its shareholders were set-off against the Pfleiderer Group B.V. & Co. KG's liabilities on the above mentioned take-over in the amount of EUR 11 065 thousand plus EUR 3 216 thousand interest on the basis of the Set-Off and Repayment Agreement between Pfleiderer Group B.V. & Co. KG and PCF GmbH signed on 30 October 2019. In the period from 1 January to 30 October 2019 Pfleiderer Group B.V. & Co. KG incurred interest expense in the amount of EUR 3 820 thousand. As of 31 December 2019 the Pfleiderer Group B.V. & Co. KG's liability against PCF GmbH amounts to EUR 117 492 thousand.In the period from 1 January to 31 December 2020 Pfleiderer Group B.V. & Co. KG incurred interest expense in the amount of EUR 1 588 thousand. In financial year 2020 the total amount of EUR 86 366 thousand plus interest of EUR 1 246 thousand was settled by set off with the dividend liability (EUR 7 362 thousand) and with intercompany payables (EUR 80 250 thousand). As of 31 December 2019 the Pfleiderer Group B.V. & Co. KG's liability against PCF GmbH amounts to EUR 31 468 thousand.

17. Loans to related parties (Continued)

Share buy back 1. loan

On 25 September 2017 PCF GmbH, as the lender, and Pfleiderer Group B.V. & Co. KG, as the borrower, entered into the upstream loan agreement. A purpose of the loan was to provide a financing for a purchase of the treasury shares performed by the Pfleiderer Group B.V. & Co. KG. On 31 December 2018 the total amount outstanding balance of the loan in the amount of EUR 26 655 (principal EUR 25 825 thousand and accrued interests of EUR 840 thousand) was set off with the dividend liability.

Share buy back 2. loan

On 30 January 2018 PCF GmbH, as the lender, and Pfleiderer Group B.V. & Co. KG, as the borrower, entered into the upstream loan agreement amounting to EUR 15 000 thousand. A purpose of the loan was to provide a financing for a purchase of the treasury shares performed by the Pfleiderer Group B.V. & Co. The loan was granted on 2 February 2018 and subsequently on 6 February 2018, unused amount of EUR 6 000 thousand was repaid to the lender.

On 30 October 2019 the PCF GmbH's liabilities due to Pfleiderer Group B.V. & Co. KG in relation to the released capital reserve (in the total of EUR 125 000 thousand) distributed to its shareholders were set-off against the Pfleiderer Group B.V. & Co. KG's liabilities on the above mentioned loan in the amount of EUR 9 533 thousand (EUR 256 thousand accrued interests and EUR 9 277 thousand principal) on the basis of the Set-Off and Repayment Agreement between Pfleiderer Group B.V. & Co. KG and PCF GmbH signed on 30 October 2019.

Share buy back 3. loan

On 8 August 2018 PCF GmbH, as the lender and Pfleiderer Group B.V. & Co. KG as the borrower, entered into a loan agreement amounting to EUR 95 000 thousand. A purpose of the loan was to provide a financing for a continuation of purchase of the treasury shares performed by the Pfleiderer Group B.V. & Co. KG. The loan was granted on 2 August in non-cash tranche in amount EUR 6 411 thousand to cover any commissions and bank fees and in cash on 20 August 2018 in amount EUR 88 589 thousand.

On 30 October 2019 the PCF GmbH's liabilities due to Pfleiderer Group B.V. & Co. KG in relation to the released capital reserve (in the total amount of EUR 125 000 thousand) distributed to its shareholders were set-off against the Pfleiderer Group B.V. & Co. KG's liabilities on the above mentioned loan in the amount of EUR 101 187 thousand (EUR 4 309 thousand accrued interests and EUR 96 878 thousand principal) on the basis of the Set-Off and Repayment Agreement between Pfleiderer Group B.V. & Co. KG and PCF GmbH signed on 30 October 2019. In the period from 1 January to 30 October 2019 Pfleiderer Group B.V. & Co. KG incurred interest expense in the amount of EUR 4 309 thousand.

Total of set-off settlements on the intercompany loans: Deferral agreement, share buy back 2. loan and share buy back 3. loan and released capital reserve distribution between PCF GmbH and Pfleiderer Group B.V. & Co. KG made on 30 October 2019 amounted to EUR 125 000 thousand.

Loan to Pfleiderer Polska Sp. z o.o.

Additionally The Pfleiderer PCF Group entity Pfleiderer Deutschland GmbH granted the EUR and PLN loans to the Pfleiderer Polska sp. z o.o. in order to balance group liquidity, as at 31 December 2019 the outstanding loan amount is EUR 2 400 thousand and PLN 2 839 thousand (EUR 667 thousand). The loan was fully repaid in January 2020.

Apart from the above described Intercompany loans short-term loans to related parties include the following titles:

Cash pooling Pfleiderer Group B.V. & Co. KG

Cash pooling receivables in Pfleiderer Deutschland GmbH due from Pfleiderer Group B.V. & Co. KG following the intercompany agreement signed between the entities on 13 December 2019. As at 31 December 2020 the Pfleiderer Deutschland GmbH's receivable amount on cash pooling due from Pfleiderer Group B.V. & Co. KG totalled to EUR 4 811 thousand (prior year totalled to EUR 840 thousand).

17. Loans to related parties (Continued)

Cash pooling Silekol

On 11 April 2019, Pfleiderer Group companies (Pfleiderer Polska Sp. z o.o.—as Coordinator and Participants: Pfleiderer Group S.A. (now Pfleiderer Group B.V. & Co. KG), Pfleiderer MDF Grajewo Sp. z o.o., Pfleiderer Wieruszów Sp. z o.o., Pfleiderer Silekol Sp. z o.o. (now Silekol Sp. z o.o.), Pfleiderer Grajewo sp. z o.o., Jura Polska sp. z o.o.) concluded the Agreement with Bank Millennium S.A. on the cash management of accounts and the annex to the ancillary agreement of 27 June 2017. Under the agreement on the cash management the Bank will perform settlements of one structure in PLN and one in EUR. Conclusion of the Annex to the ancillary agreement of 27 June 2017 makes available part of the Revolving Facility 2 in the form of an overdraft up to PLN 80 million to the Coordinator and through the structure to all Participants. As at 31 December 2019 the Pfleiderer Silekol Sp. z o.o.'s receivable amount on cash pooling, totalled to EUR 15 704 thousand. Subsequently in February 2020 Pfleiderer Silekol Sp. z o.o. left cash pool structure receiving EUR 15 704 thousand.

18. Equity

The par value of the shares are denominated in EUR:

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
		'000 EUR		
Par value of share capital ('000 EUR)	30 000	30 000	30 000	30 000
Number of shares at beginning of period (fully paid up)	30 000	30 000	30 000	30 000
Number of shares at end of period (fully paid up)	30 000	30 000	30 000	30 000
TOTAL	30 000	30 000	30 000	30 000

(i) Share capital

The share capital of PCF GmbH amounts to EUR 30 000 thousand and comprised 1 individual registered share of Euro 30 000. All registered shares are paid up in full. All shares are owned by Pfleiderer Group B.V .& Co. KG as at 31 December 2020.

(ii) Currency translation adjustment

The currency translation adjustment reserve comprises all foreign currency differences arising from the translation of the Silekol financial statements from functional currency to presentation currency.

(iii) Cash flow hedges reserve

The cash flow hedges reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

(iv) Retained earnings

The positive balance of retained earnings as at 31 December 2020, 31 December 2019, 31 December 2018 and 1 December 2018 results from the profits which were generated in excess of dividends disbursed.

(v) Dividends

Year 2018 PCF GmbH

On 25 July 2018 the Management Board of PCF GmbH adopted a resolution to pay an advance dividend for 2018 in the amount of PLN 1 719 thousand. The dividend was set off on 25 June 2018.

On 31 December 2018 the Management Board of PCF GmbH adopted a resolution to distribute the advance dividends for 2018 in the amount of EUR 24 946 thousand to the shareholders. The advance dividend distribution took place by way of set-off against the intercompany share buy-back loan 2018 on the basis on the separate Set-off Agreement between Pfleiderer Group B.V. & Co. KG and PCF GmbH signed on 31 December 2018.

18. Equity (Continued)

Year 2018 Silekol

On 1 December 2017 the Management Board of Pfleiderer Silekol Sp. z .o.o. adopted a resolution to pay an advance dividend for 2017 in the amount of PLN 16 044 thousand (EUR 3 879 thousand). The dividend was paid out on 6 February 2018.

On 22 June 2018 the Management Board of Pfleiderer Silekol Sp. z .o.o. adopted a resolution to pay a dividend for 2017 in the total amount of PLN 36 170 thousand, declined by already paid PLN 16 044 thousand (paid out of PLN 20 127 thousand, equal to EUR 4 782 thousand). The dividend was paid out on 28 June 2018.

On 21 December 2018 the Management Board of Pfleiderer Silekol Sp. z .o.o. adopted a resolution to pay an advance dividend for 2018 in the amount of PLN 17 400 thousand (EUR 4 123 thousand). The dividend was paid out on 28 December 2018.

In total Silekol paid out dividends of PLN 53 570 thousand (EUR 12 784 thousand) in 2018 and additionally included PLN 36 171 thousand (EUR 8 661 thousand) of dividend as distribution of profits from year 2017.

Year 2019 PCF GmbH

On 30 October 2019 PCF GmbH paid back its capital reserve amounting to EUR 125 000 thousand PCF GmbH to Pfleiderer Group B.V. & Co. KG. Distribution declined capital reserves.

Year 2019 Silekol

On 28 June 2019 the Ordinary General Meeting of Shareholders of Pfleiderer Silekol Sp. z o.o. resolved to allocate the net profit for the period from 1 January to 31 December 2019, amounting in total to PLN 37 010 thousand (EUR 8 692 thousand) to the payment of dividends to the Silekol's shareholders. The dividend of the amount PLN 19 610 thousand (EUR 4 569 thousand) (payment was decreased by the amount of advance dividend paid on 28 December 2018) was paid on 11 July 2019.

Year 2020 PCF GmbH

As per end of reporting year 2020 the German companies included in the sub-group concluded a profit and loss transfer agreement withPfleiderer B.V. & Co. KG . For more details please refer to point 3n of Significant accounting policies.

In year 2020, based on the profit and loss transfer agreement between PCF GmbH and Pfleiderer B.V. & Co. KG, PCF GmbH has transferred EUR 10 000 thousand dividend to the Pfleiderer B.V. & Co. KG.

19. Financial liabilities

Bank loans

Senior Facilities Agreement—entered into force on 1 August 2017

On 13 April 2017 Pfleiderer Group B.V. & Co. KG (formerly Pfleiderer Group S.A.), PCF GmbH and certain of its German and Polish subsidiaries entered into a EUR 450 000 000 senior facilities agreement which initial utilization took place on 1 August 2017. Pfleiderer PCF Group used those amounts to repay the Senior Secured Notes issued 27 June 2014 (PCF GmbH), the existing credit facility agreements originally dated 4 July 2014 and for general corporate purposes and working capital requirements of the Pfleiderer Group B.V. & Co. KG (formerly Pfleiderer Group S.A.). The EUR 450 000 000 is split into a Term Loan B ("TLB") amounting to EUR 350 000 000 (PCF GmbH) with a tenor of seven years—fully drawn and Revolving Credit Facilities with a tenor of five years amounting to EUR 50 000 000 (Revolving Facility 1) and PLN 211 480 000 (Revolving Facility 2). The lines within RCF Facility 1 and 2 are allocated within an amount of EUR 62 293 243 as per 31.12.2020 to Pfleiderer PCF Group and EUR 34 087 001 to further Polish subsidiaries of Pfleiderer Group B.V. & Co. KG (formerly Pfleiderer Group S.A.).

On 31 July 2018, the Senior Facilities Agreement originally dated 13 April 2017 was amended and restated. The total amount of senior secured term loan B increased by EUR 95 million from EUR 350 million to EUR 445 million, the volume of the Revolving Credit Facilities remains unchanged. Final maturity dates within the senior facilities agreement remain unchanged.

19. Financial liabilities (Continued)

Non-current borrowings and other debt instruments:

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
	'000 EUR			
Bank borrowings	437 986	436 055	434 134	337 224
Non-current lease liabilities	14 436	17 367	17 951	19 847
TOTAL	**452 422**	**453 422**	**452 085**	**357 071**

Current financial liabilities:

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
	'000 EUR			
Current leasing liabilities	9 063	9 420	6 368	6 333
Current portion of bank borrowings	4 512	989	1 669	2 333
Other interest bearing liabilities	190	160	310	196
TOTAL	**13 765**	**10 569**	**8 347**	**8 862**

Other interest bearing liabilities refers mainly to overdraft facilities.

Changes in liabilities arising from financing activities:

		Non-cash changes						
	1 Jan 2020	New contracts	Interests accrued	Valuation at amortised costs (unwinding of borrowing costs)	Fair value changes	Reclassifi-cations and other changes	Cash flows	31 Dec. 2020
				'000 EUR				
Non-current portion of bank borrowings	436 055	0	0	1 931	0	0	0	**437 986**
Current portion of bank borrowings	989	0	22 871	0	0	0	-19 348	**4 512**
Non-current lease liabilities	17 367	3 051	763	0	0	-6 745	0	**14 436**
Current leasing liabilities	9 420	3 520	404	0	0	6 320	-10 601	**9 063**
Other interest bearing liabilities	160	0	0	0	0	-10	40	**190**
Total Debt	463 991	6 571	24 038	1 931	0	-435	-29 909	**466 187**

		Non-cash changes						
	1 Jan 2019	New contracts	Interests accrued	Valuation at amortised costs (unwinding of borrowing costs)	Fair value changes	Reclassifi-cations and other changes	Cash flows	31 Dec. 2019
				'000 EUR				
Non-current portion of bank borrowings	434 134	0	0	1 921	0	0	0	**436 055**
Current portion of bank borrowings	1 669	0	22 735	0	0	3	-23 418	**989**
Non-current lease liabilities	17 951	5 546	804	0	0	-6 934	0	**17 367**
Current leasing liabilities	6 368	3 391	413	0	0	8 573	-9 325	**9 420**
Other interest bearing liabilities	310	0	0	0	0	-14	-136	**160**
Total Debt	460 432	8 937	23 952	1 921	0	1 628	-32 879	**463 991**

19. Financial liabilities (Continued)

	1 Jan 2018	Non-cash changes: New contracts	Non-cash changes: Interests accrued	Non-cash changes: Valuation at amortised costs (unwinding of borrowing costs)	Non-cash changes: Fair value changes	Non-cash changes: Reclassifi-cations and other changes	Cash flows	31 Dec. 2018
				'000 EUR				
Non-current portion of bank borrowings	337 224	0	0	1 910	0	0	95 000	**434 134**
Current portion of bank borrowings	2 333	0	17 334	0	0	0	-17 998	**1 669**
Non-current lease liabilities	19 847	3 441	957	0	0	-6 294	0	**17 951**
Current leasing liabilities	6 333	1 291	306	0	0	6 258	-7 820	**6 368**
Other interest bearing liabilities	196	0	0	0	0	114	0	**310**
Total Debt	**365 933**	**4 732**	**18 597**	**1 910**	**0**	**78**	**69 182**	**460 432**

19. Financial liabilities (Continued)

Financing (excluding securitization programme, factoring and leases)

Lender	Currency	Interest rate	Duration from	Duration to	31 Dec. 2020 Credit limit EUR	31 Dec. 2020 Drawn amount EUR	31 Dec. 2020 Undrawn amount EUR	31 Dec. 2019 Credit limit EUR	31 Dec. 2019 Drawn amount EUR	31 Dec. 2019 Undrawn amount EUR
Revolving Credit Facility										
Alior Bank S.A.	EUR	EURIBOR + margin	1. Aug 17	1. Aug 22	5 000	0	5 000	5 000	0	5 000
Alior Bank S.A.	EUR****)	EURIBOR + margin	1. Aug 17	1. Aug 22	17 293	0	17 293	18 524	0	18 524
Bank of China	EUR	EURIBOR + margin	1. Aug 17	1. Aug 22	10 000	0	10 000	10 000	0	10 000
Commerzbank AG*)	EUR	EURIBOR + margin	1. Aug 17	1. Aug 22	12 842	0	12 842	12 832	0	12 832
Goldman Sachs Bank USA**)	EUR	EURIBOR + margin	2. Aug 18	1. Aug 22	15 000	0	15 000	15 000	0	15 000
BNP Paribas Bank Polska S.A. ***)	EUR	EURIBOR + margin	1. Aug 17	1. Aug 22	0	0	0	0	0	0
BNP Paribas Bank Polska S.A.***)	EUR****)	WIBOR + margin	1. Aug 17	1. Aug 22	0	0	0	0	0	0
Millennium Bank S.A.	EUR*****)	WIBOR + margin	27. Jun 17	1. Aug 22	0	0	0	0	0	0
Guarantees Engineered Wood Products										
Commerzbank AG	EUR		01. Aug 17	01. Aug 22	2 158	2 158	0	2 168	2 168	0
bank guarantee issued in EUR					*2 001*	*2 001*	*0*	*2 046*	*2 046*	*0*
bank guarantee issued in PLN					*157*	*157*	*0*	*122*	*122*	*0*
letter of credit issued in EUR					*0*	*0*	*0*	*0*	*0*	*0*
Deutsche Bank AG (Ancillary—Guarantees)										
Other debt instruments										
Term Loan B (TLB)					445 000	445 000	0	445 000	445 000	0
TOTAL Credit facilities					507 293	447 158	60 135	508 524	447 168	61 356

*) Total RCF-limit with Commerzbank AG is EUR 15m, adding cash-line and ancillary used for guarantees.
**) Transfer/Assignment of RCF-participation from Deutsche Bank AG to Goldman Sachs Bank USA (EUR 15m) as per 2 August 2018.
***) Ancillary agreement dated 31 October 2018 provided for credit limit available to Pfleiderer Polska Sp. z o.o.—expiry date of ancillary facility 30 June 2022.
****) RCF available in PLN.
*****) RCF available in PLN ancillary for cash pool in Panel East including Silekol, since April 2019 Silekol left cash pool.

19. Financial liabilities (Continued)

Lender	Currency	Interest rate	Duration from	Duration to	31. Dec 2018 Credit limit EUR	31. Dec 2018 Drawn amount EUR	31. Dec 2018 Undrawn amount EUR	01. Jan 2018 Credit limit EUR	01. Jan 2018 Drawn amount EUR	01. Jan 2018 Undrawn amount EUR
Revolving Credit Facility										
Alior Bank S.A.	EUR	EURIBOR + margin	01. Aug 17	01. Aug 22	5 000	0	5 000	5 000	0	5 000
Alior Bank S.A.	EUR****)	EURIBOR + margin	01. Aug 17	01. Aug 22	18 332	0	18 332	18 878	0	18 878
Bank of China	EUR	EURIBOR + margin	01. Aug 17	01. Aug 22	10 000	0	10 000	10 000	0	10 000
Commerzbank AG*)	EUR	EURIBOR + margin	01. Aug 17	01. Aug 22	7 548	0	7 548	12 370	0	12 370
Goldman Sachs Bank USA**)	EUR	EURIBOR + margin	02. Aug 18	01. Aug 22	15 000	0	15 000	12 000	0	12 000
BNP Paribas Bank Polska S.A. ***)	EUR	EURIBOR + margin	01. Aug 17	01. Aug 22	0	0	0	5 000	0	5 000
BNP Paribas Bank Polska S.A. ***)	EUR****)	WIBOR + margin	01. Aug 17	01. Aug 22	0	0	0	7 811	0	7 811
Millennium Bank S.A.	EUR*****)	WIBOR + margin	27. Jun 17	01. Aug 22	0	0	0	18 930	0	18 930
Guarantees Engineered Wood Products										
Commerzbank AG	EUR		01. Aug 17	01. Aug 22	7 452	7 452	0	2 630	2 630	0
bank guarantee issued in EUR					*2 291*	*2 291*	*0*	*2 257*	*2 257*	*0*
bank guarantee issued in PLN					*121*	*121*	*0*	*373*	*373*	*0*
letter of credit issued in EUR					*5 040*	*5 040*		*0*	*0*	*0*
Deutsche Bank AG (Ancillary—Guarantees)							3 000	0	3 000	
Other debt instruments										
Term Loan B (TLB)					445 000	445 000	0	350 000	350 000	0
TOTAL Credit facilities					508 332	452 452	55 880	445 619	352 630	92 989

*) Total RCF-limit with Commerzbank AG is EUR 15m, adding cash-line and ancillary used for guarantees.
**) Transfer/Assignment of RCF-participation from Deutsche Bank AG to Goldman Sachs Bank USA (EUR 15m) as per 2 August 2018.
***) Ancillary agreement dated 31 October 2018 provided for credit limit available to Pfleiderer Polska Sp. z o.o.—expiry date of ancillary facility 30 June 2022.
****) RCF available in PLN.
*****) RCF available in PLN ancillary for cash pool in Panel East including Silekol, since April 2019 Silekol left cash pool.

20. Employee benefit obligations

(i) Post employment benefits

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
		'000 EUR		
Defined benefit obligation (Engineered Wood Products)	54 249	54 107	49 607	51 082
Retirement bonuses (Silekol)	74	71	64	60
Employee benefis obligation	**54 323**	**54 178**	**49 671**	**51 142**

Engineered Wood Products:

Pfleiderer PCF Group grants its employees defined benefit pension commitments on a case-by-case basis. In addition, there are still prior commitments in place from various pension systems, the benefits of which cover pensions for old age, disability and surviving dependents. The pension funds were closed to new entrants on or before 31 May 1986.

There are several defined benefit pension plans and individual commitments to current and former employees in effect within the Pfleiderer PCF Group. Some defined benefit pension plans are final salary plans, while others provide for fixed pension amounts. The amount of pension payments is also based on the beneficiary's seniority. All pension plans are subject to the legal provisions of the German Company Pension Act [Betriebsrentengesetz]. Among other things, this legislation stipulates that, from the outset, the amount of benefits disbursed must be adjusted in line with the development of the general consumer price index. Because the pension obligation is coupled to the consumer price index, the pension plan is subject to risks due to changes in the rate of inflation, interest and the life expectancy of pension beneficiaries.

Benefits disbursed under defined benefit pension plans in Germany are primarily a function of the number of years of an employee's service, the individual's age, and his or her salary. The costs and obligations arising under defined benefit pension plans are determined on the basis of actuarial reports prepared using the projected unit credit method. This method considers the services already performed by the employees in relation to the valuation date and also includes estimates with regard to future salary and pension trends. Within the reports drawn up for the valuation at 31 December, the following assumptions were made for the defined benefit plans:

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
Discount factor	0.50%	0.84%	1.80%	1.65%
Wage increase rate	2.50%	2.50%	2.50%	2.50%
Pension adjustment	1.80%	1.80%	1.80%	1.80%

The discount factor applied roughly corresponds to the interest rate that could be achieved for blue-chip, fixed-interest corporate bonds (AA rating) with a corresponding maturity on the market on the valuation date of the benefit obligation. The annual rate of salary increases, together with pension adjustments, was taken into account in the calculation of pension entitlements.

With respect to defined benefit plans, Pfleiderer PCF Group's obligation is to provide benefits to active and former employees as promised.

20. Employee benefit obligations (Continued)

The following table explains the change in the defined benefit obligation as reported in the consolidated financial statements as of 31 December. There are no plan assets. The provision thus corresponded to the benefit obligation (shortfall).

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
		'000 EUR		
Opening Balance Engineered Wood Products	**54 107**	**49 607**	**51 082**	**54 636**
Current service cost	263	241	269	297
Interest expenses	320	866	818	888
Subtotal reported in the profit/loss for the period	**584**	**1 107**	**1 088**	**1 185**
Pension payments	-2 540	-2 512	-2 503	-2 357
Actuarial gains and losses from changes to demographic assumptions	0	0	675	0
Actuarial gains and losses from changes to financial assumptions	2 529	6 323	-962	-2 395
Experience based adjustments	-430	-418	227	13
Subtotal in other comprehensive income	**2 099**	**5 905**	**-60**	**-2 382**
Defined benefit obligation	54 249	54 107	49 607	51 082

The present value of the defined benefit obligation (DBO) not covered by plan assets as of the reporting date amounted to EUR 54 249 thousand (shortfall) (EUR 54 107 thousand for 31 December 2019, EUR 49 607 thousand for 31 December 2018 and EUR 51 082 for 1 January 2018).

In 2020 the experience-based adjustments to benefit obligations amounted to EUR -430 thousand (EUR 418 thousand for 31 December 2019, EUR 227 thousand for 31 December 2018 and EUR 13 thousand for 31 January 2018) and the actuarial losses due to changes in financial assumptions amounted to EUR 2 529 thousand (EUR 6 323 thousand for 31 December 2019, EUR 962 thousand for 31 December 2018 and EUR 2 395 thousand for 1 Jan 2018). According to the new Heubeck mortality tables the actuarial gains and losses from changes to demographic assumptions amounted to EUR 0 thousand (EUR 0 thousand for 31 December 2019, EUR 675 thousand for 31 December 2018 and EUR 0 thousand for 1 January 2018).

At the end of the reporting period, the average maturity of the defined benefit obligation amounted to 13 years.

The benefit obligations as at 31 Dec 2018, 31 Dec 2019 and 31 Dec 2020 were calculated based on the Heubeck mortality tables 2018G.

A quantitative sensitivity analysis of the key assumptions as of the reporting date is shown below.

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
		'000 EUR		
Effect on the defined benefit obligation				
Increase of the interest rate by 0.25%	-1 784	-1 774	-1 537	-1 628
Decrease of the interest rate by 0.25%	1 885	1 875	1 621	1 719
Increase of the future pensions by 0.25%	1 562	1 568	1 326	1 391
Decrease of the future pensions by 0.25%	-1 494	-1 499	-1 271	-1 332
Increase of the life expectancy of pension recipients by 1 year	3 771	3 615	3 019	3 082

The above sensitivity analyses have been specifically and individually evaluated; these values are not the outcome of a process of estimation. The probability of fluctuation does not represent a significant actuarial assumption, as the pension funds were closed to new entrants on or before 31 May, 1986, and the probability of fluctuation approaches zero with advancing age.

20. Employee benefit obligations (Continued)

(ii) Other personnel liabilities

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
		'000 EUR		
Salaries and wages	7 418	7 524	7 583	7 126
Personal income tax	2 875	2 887	2 702	2 690
Social security	395	395	321	381
Social benefits fund	2	4	10	6
Unused holiday accrual	1 190	1 073	969	824
Employee bonus accrual	4 197	3 822	3 217	2 669
Other personnel liabilities	2 474	4 054	3 117	2 215
TOTAL	**18 551**	**19 759**	**17 921**	**15 913**

(iii) Personnel expenses

	1 Jan. – 31 Dec. 2020	1 Jan. – 31 Dec. 2019	1 Jan. – 31 Dec. 2018
		'000 EUR	
Salaries and wages	126 871	132 811	125 805
Social security contributions	23 549	25 302	24 350
Other	1 917	1 796	3 824
TOTAL	152 337	159 909	153 979

21. Provisions

	1 Jan. 2020	Reclassification	Additions	Utilisation	Reversal	31 Dec. 2020
			'000 EUR			
Non-current						
Restructuring costs (1)	1 828	0	1 510	-463	0	2 875
Severance payments (2)	1 030	0	1 839	-869	-244	1 756
Jubilee payments	0	0	455	0	0	455
Other provisions	630	-12	70	-12	-4	672
Total non-current	3 488	-12	3 874	-1 344	-248	5 758
Current						
Court proceedings (see Note 26)	4 700	0	1 514	-938	0	5 276
Restructuring costs (1)	6 272	0	438	-3 075	-1 762	1 873
Emission rights	2 031	0	294	0	0	2 325
Total current	13 003	0	2 246	-4 013	-1 762	9 474
TOTAL	16 491	-12	6 120	-5 357	-2 010	15 232

21. Provisions (Continued)

	1 Jan. 2019	Reclassification	Additions	Utilisation	Reversal	31 Dec. 2019
			'000 EUR			
Non-current						
Restructuring costs (1)	0	0	1 828	0	0	1 828
Severance payments (2)	890	0	589	-363	-84	1 032
Other provisions	645	0	4	-16	-5	628
Total non-current	1 535	0	2 421	-379	-89	3 488
Current						
Court proceedings (see Note 26)	4 700	0	0	0	0	4 700
Restructuring costs (1)	1 137	0	6 272	-226	-911	6 272
Emission rights	1 941	0	506	-416	0	2 031
Total current	7 778	0	6 778	-642	-911	13 003
TOTAL	**9 313**	**0**	**9 199**	**-1 021**	**-1 000**	**16 491**

	1 Jan. 2018	Reclassification	Additions	Utilisation	Reversal	31 Dec. 2018
			'000 EUR			
Non-current						
Severance payments	504	0	1 269	-297	-586	890
Other provisions	630	0	37	-19	-3	645
Total non-current	1 134	0	1 306	-316	-589	1 535
Current						
Court proceedings (see Note 26)	3 150	0	1 550	0	0	4 700
Restructuring costs (1)	3 143	0	0	-157	-1 849	1 137
Emission rights	718	0	1 224	-1	0	1 941
Total current	7 011	0	2 774	-158	-1 849	7 778
TOTAL	**8 145**	**0**	**4 080**	**-474**	**-2 438**	**9 313**

(1) Provision for restructuring costs—the provision relates to redundancy payments due to the restructuring Pfleiderer PCF Group is undergoing and was raised based on agreement with the German central works council. Settlement will be according to the terminations of the individual employments.

(2) Severance payments provision—redundancy packages for employees electing early retirement. Settlement will be paid according to the terminations of the individual employments.

22. Trade and other payables

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
		'000 EUR		
Trade payables	80 372	74 164	72 117	80 840
Trade payables to related parties	7 166	1 551	8 653	7 075
Accrual for sales rebates	10 316	10 475	11 314	10 198
Liabilities under factoring agreements (Note 16)	13 873	18 999	23 557	20 003
Insolvency-related liabilities of PCF GmbH to trustee of Pfleiderer AG	80	7 753	7 748	7 748
Liabilities related to the declared dividends	0	0	0	3 841
VAT liabilities	83	618	781	0
Liabilities for capital expenditures	800	1 225	749	7 815
Other liabilities	7 245	4 624	4 583	5 250
TOTAL	**119 935**	**119 409**	**129 502**	**142 770**

22. Trade and other payables (Continued)

Other liabilities as of 31 December 2020 comprised mainly of:

- deferred income mainly referred to emission rights EUR 1 602 thousand (EUR 2 275 thousand as at 31 December 2019 and EUR 1 674 thousand as at 31 December 2018 and EUR 152 as at 1 January 2018)
- other tax payables of EUR 627 thousand (EUR 199 thousand as of 31 December 2019, EUR 445 thousand as of 31 December 2018 and EUR 2 718 as at 1 January 2018) and
- other cost accruals of EUR 2 379 thousand (EUR 2 121 thousand as of 31 December 2019 and EUR 2 385 thousand as of 31 Dec 2018 and EUR 1 868 as at 1 January 2018):
  - audit costs EUR 325 thousand as at 31 December 2020 (31 December 2019: EUR 359 thousand, 31 December 2018: EUR 277 thousand and 1 January 2018: EUR 320 thousand)
  - legal advisory costs EUR 290 thousand (31 December 2019: EUR 290 thousand, 31 December 2018: EUR 290 thousand and 1 January 2018: EUR 410 thousand)
  - other EUR 1 764 thousand (31 December 2019: EUR 1 472 thousand, 31 December 2018: EUR 1 818 thousand and 1 January 2018: EUR 1 138 thousand)

Trade and other payables include the following financial liabilities:

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
		'000 EUR		
Trade payables	80 372	74 164	72 117	80 840
Trade payables to related parties	7 166	1 551	8 653	7 075
Accrual for sales rebates	10 316	10 475	11 314	10 198
Liabilities under factoring agreements	13 873	18 999	23 557	20 003
Liabilities from capital expenditures	800	1 225	749	7 815
Other liabilities	505	692	673	717
TOTAL	**113 032**	**107 106**	**117 063**	**126 648**

23. Financial instruments

Objectives and methods of financial risk management applied by the Pfleiderer PCF Group

Pfleiderer PCF Group's Management has overall responsibility for the establishment and oversight of Pfleiderer PCF Group's risk management framework.

Pfleiderer PCF Group's financial risk management policies are established to identify and analyse the risks faced by Pfleiderer PCF Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Pfleiderer PCF Group's activities.

Pfleiderer PCF Group's operations are exposed to the following risks:

- credit risk
  - market risk, including:
    - foreign currency risk and
    - interest rate risk
  - liquidity risk.

The objective behind credit risk management is to reduce Pfleiderer PCF Group's losses which could follow from customers' insolvency. This risk is mitigated with the use of receivables insurance and factoring agreements and securitization programme.

Market risk is the risk that changes in market prices—such as foreign exchange rates and interest rates—will affect Pfleiderer PCF Group's income or the value of its holdings of financial instruments. The objective of

23. Financial instruments (Continued)

market risk management is to reduce the unfavourable effects of changes in market risk factors on the cash flows and financial results.

Market risk management is conducted using derivative instruments which are used solely to reduce the risk of changes in fair value and risk of changes in cash flows.

Derivative (currency forwards) transactions are concluded only with reliable partners, authorized to participate in transactions through the application of appropriate procedures and signing relevant documentation.

The objective of currency risk management is to minimize losses arising out of unfavourable changes in foreign exchange rates. Pfleiderer PCF Group monitors its currency position from the point of view of cash flows. To manage its currency risk, it first relies on natural hedging and where necessary uses forward contracts. The time horizon adopted for position monitoring and hedging transactions is analysed on a case by case basis.

The objective of financial liquidity management is to protect Pfleiderer PCF Group from insolvency. This objective is pursued through regular projection of debt levels in a five-year horizon, and arrangement of appropriate financing.

Pfleiderer PCF Group is exposed to credit risk, interest rate risk and currency risk in the ordinary course of business. Financial derivatives are used to hedge the risk related to exchange rate fluctuations.

(i) Credit risk

Credit risk is the risk of financial loss to Pfleiderer PCF Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Pfleiderer PCF Group's receivables from customers.

Transactions which expose Pfleiderer PCF Group to credit risk include trade receivables and cash and cash equivalents. In accordance with the Management Board's policy, Pfleiderer PCF Group's credit risk exposure is monitored on an ongoing basis.

Credit risk associated with bank deposits is assessed by Pfleiderer PCF Group as low due to deposits of its assets only in financial institutions which have a high short-term credit rating.

The credit risk related to trade receivables is limited, as the customer base is very wide and the risk is highly diversified. Therefore, the credit risk concentration is insignificant. Moreover, Pfleiderer PCF Group operates a strict receivables management policy, whereby the risk of customer insolvency is mitigated through the use of trade credit insurance and factoring (division Silekol) and securitisation programme (division Engineered Wood Products). At 31 December 2020, approximately 95% of Pfleiderer PCF Group's trade receivables (31 December 2019: 85%, 31 December 2018: 87% and 1 January 2018: 86%) were secured with insurances. In the event of insolvency of customers who have insurance coverage, compensation is paid by the insurer. Each customer has a trade credit limit (usually covered by an insurance limit).

Pfleiderer PCF Group did not incur any significant losses due to customer default. Allowances for impairment losses are recognised on receivables and on amounts corresponding to Pfleiderer PCF Group's deductibles for receivables that are insured, based on detailed impairment analysis of accounts receivable. All receivables are subject to the impairment test without taking into accounting the collateral.

The carrying amount of each financial asset, including financial derivatives, represents the maximum credit risk exposure.

The total credit risk exposure was as follows:

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
		'000 EUR		
Other non current assets	447	462	489	510
Long-term loans to related parties	31 126	116 888	124 176	124 176
Short-term loans to related parties	5 153	20 215	109 932	29 168
Trade receivables and other	28 574	24 028	44 845	44 503
Cash and cash equivalents	71 189	26 523	15 280	52 156
TOTAL	**136 489**	**188 116**	**294 722**	**250 513**

23. Financial instruments (Continued)

As of 31 December 2020 and 31 December 2019, the ageing of trade receivables was is as follows:

	31 Dec. 2020		31 Dec. 2019	
	Gross value	Expected credit loss	Gross value	Expected credit loss
	‘000 EUR			
Not overdue	53 185	0	48 100	126
Overdue by:	1 345	149	0	0
0 – 180 days	407	45	4 295	
More than 180 days	2 503	1 988	2 469	1 813
Factoring	-31 807	n/a	-36 816	n/a
TOTAL trade receivables	**25 633**	**2 183**	**18 048**	**1 943**

Based on the country risk and the credit loss experience over the past years, Pfleiderer PCF Group estimates their loss percentage between 1% and up to 3% for the receivables without factoring.

As of 31 December 2018 and 1 January 2018, the ageing of trade receivables was as follows:

	31 Dec. 2018		1 Jan. 2018	
	Gross value	Expected credit loss	Gross value	Expected credit loss
	‘000 EUR			
Not overdue	62 388	43	64 949	0
Overdue by:				
0 – 180 days	9 505	147	5 608	1 784
More than 180 days	2 720	1 995	235	461
Factoring	-40 366	n.a.	-39 137	n.a.
TOTAL trade receivables	**34 247**	**2 185**	**31 655**	**2 245**

Movements in the impairment allowance for trade receivables for the year 2020, 2019 and 2018 are presented below:

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
	‘000 EUR			
Balance at the beginning of the period	1 943	2 185	2 245	503
Increase of the allowance	312	30	357	2 049
Utilisation of the allowance	0	0	-100	0
Release	-71	-273	-317	-308
Currency translation adjustments	1	1	0	1
Balance at the end of the period	**2 185**	**1 943**	**2 185**	**2 245**

(ii) Interest rate risk

Pfleiderer PCF Group holds funds in bank accounts and has liabilities under bank borrowings and term loan B (TLB). Pfleiderer PCF Group also incurres costs of interests under factoring agreements. The interest rate risk is related to interest payments with floating interest rates. Pfleiderer PCF Group does not hedge the interest rate risk for the time being.

Pfleiderer PCF Group monitors the level of interest costs on a regular basis.

The table shows Pfleiderer PCF Group’s assets and liabilities generating interests income and expenses based on floating interest rates:

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
	‘000 EUR			
Financial assets	4 811	16 544	106 155	26 118
Financial liabilities	-466 188	-463 991	-460 432	-365 933
Variable-rate financial instruments	**-461 377**	**-447 447**	**-354 277**	**-339 815**

23. Financial instruments (Continued)

Sensitivity analysis of cash flows for variable-rate financial instruments

The below interest rates variations were calculated based on observations of interest rates fluctuations in 2020, 2019 and 2018.

A 100 basis points (1%) change in interest rates would lead to a change in net profit by the amounts presented below. The analysis is based on the assumption that other variables, especially currency exchange rates, remain unchanged. The following analysis refers to cash flows:

	1 Jan 2020 – 31 Dec 2020		1 Jan 2019 – 31 Dec 2019		1 Jan 2018 – 31 Dec 2018	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	1%	1%	1%	1%	1%	1%
			'000 EUR			
Variable-rate financial instruments and effect on profit/(loss) before tax	13	-2	14	-2	514	-14
Effect on equity excluding P&L affect	—	—	—	—	—	—

Sensitivity analysis of fair value of fixed-rate financial instruments

Pfleiderer PCF Group does not hold any financial assets or liabilities measured at fair value through profit or loss or any interest rate derivatives as hedging instruments.

Therefore a change in interest rates at the reporting date would not affect the statement of profit and loss and comprehensive income through changes in the fair value of financial instruments.

(iii) Currency risk—transaction risks

Pfleiderer PCF Group is exposed to currency risk mainly due to the extent that there is a mismatch between the currencies in which trade transactions, purchases of materials and merchandise and borrowings are denominated and the respective functional currencies of Pfleiderer PCF Group companies. The functional currency of Pfleiderer PCF Group companies is primarily the Euro (EUR) and Polish zloty (PLN). The main currencies in which foreign currency transactions are denominated are Euro, US dollars and pound sterling (GBP). However, foreign exchange gains or losses resulting from exchange rate fluctuations mostly offset each other (natural hedging).

Pfleiderer PCF Group also incurs capital expenditures in foreign currencies. Pfleiderer PCF Group monitors its foreign currency positions on an ongoing basis and hedges its currency risk of open positions with forward transactions. Pfleiderer PCF Group uses forward contracts to hedge its currency risk related to commercial transactions (export of goods). The forward contracts used to hedge Pfleiderer PCF Group's commercial transactions in Silekol consist of the sale of EUR at a pre-determined rate. This helps to secure margins on export sales and to mitigate the risk of adverse changes of the margins due to appreciation of the Polish zloty.

Forward and swap contracts are measured at the end of each month.

23. Financial instruments (Continued)

Pfleiderer PCF Group's exposure to currency risk, calculated at the exchange rates effective at the end of the reporting period is presented below:

	31 Dec. 2020					
	EUR	USD	PLN	GBP	SEK	DKK
	‘000 EUR					
Cash	8 204	1	752	0	0	0
Trade and other receivables	5 367	0	0	0	0	0
Liabilities under borrowings and other debt instruments	-154	0	0	0	0	0
Trade and other payables, investment payables, factoring payables	-8 503	0	0	0	0	0
Statement of financial positions exposure, gross	**4 914**	**1**	**752**	**0**	**0**	**0**
Total	**4 914**	**1**	**752**	**0**	**0**	**0**

	31 Dec. 2019					
	EUR	USD	PLN	GBP	SEK	DKK
	‘000 EUR					
Cash	54	4	27	0	0	0
Trade and other receivables	1 380	0	0	0	0	0
Liabilities under borrowings and other debt instruments	-306	0	0	0	-255	-69
Trade and other payables, investment payables, factoring payables	-9 035	-321	0	0	0	0
Statement of financial positions exposure, gross	**-7 907**	**-317**	**27**	**0**	**-255**	**-69**
TOTAL	**-7 907**	**-317**	**27**	**0**	**-255**	**-69**

	31 Dec. 2018			
	EUR	USD	PLN	GBP
	‘000 EUR			
Cash	35	3	29	0
Trade and other receivables	3 971	0	0	0
Trade and other payables, investment payables, factoring payables	-9 482	0	0	0
Statement of financial positions exposure, gross	**-5 476**	**3**	**29**	**0**
Transactions in derivate instruments:				
forward transactions	-1 999	0	0	0
TOTAL	**-7 475**	**3**	**29**	**0**

	1 Jan. 2018			
	EUR	USD	PLN	GBP
	‘000 EUR			
Cash	1 767	1 386	0	0
Trade and other receivables	10 711	13	0	970
Trade and other payables, investment payables, factoring payables	-4 902	0	0	0
Statement of financial positions exposure, gross	**7 576**	**1 399**	**0**	**970**
Transactions in derivate instruments:				
forward transactions	-2 696	0	0	0
TOTAL	**4 880**	**1 399**	**0**	**970**

23. Financial instruments (Continued)

Sensitivity analysis for currency exchange rate changes

A 5% change in the value of a foreign currency in relation to the EURO would lead to changes of profit before tax and equity as specified below. The analysis is based on the assumption that other variables, in particular interest rates, remain unchanged.

	31 Dec. 2020	
	5%	-5%
	'000 EUR	
EUR	246	-246
PLN	37	-37
EFFECT ON PROFIT/LOSS BEFORE TAX	283	-283
EFFECT ON EQUITY	0	0

	31 Dec. 2019	
	5%	-5%
	'000 EUR	
EUR	-395	395
USD	-16	16
PLN	-775	775
SEK	-13	13
DKK	-3	3
EFFECT ON PROFIT/LOSS BEFORE TAX	-1 202	1 202
EFFECT ON EQUITY	0	0

	31 Dec. 2018	
	5%	-5%
	'000 EUR	
EUR	-274	274
PLN	1	-1
EFFECT ON PROFIT/LOSS BEFORE TAX	-273	273
EFFECT ON EQUITY	-100	100

	1 Jan. 2018	
	5%	5%
	'000 EUR	
EUR	379	-379
USD	74	-74
GBP	42	-42
EFFECT ON PROFIT/LOSS BEFORE TAX	495	-495
EFFECT ON EQUITY	-135	135

The sensitivity analysis was based on the following exchange rates of the EUR against other currencies.

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	01. Jan 18
EUR	1.0000	1.0000	1.0000	1.0000
RUB	91.4671	69.9563	79.7153	69.3920
PLN	4.5597	4.2568	4.3014	n/a
USD	1.2271	1.1234	n/a	1.1993
GBP	0.8990	n/a	n/a	0.8872

23. Financial instruments (Continued)

(iv) Liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date:

	31 Dec. 2020						
	Carrying amount	Contractual cash flows	below 6 months	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
				'000 EUR			
Liabilities under borrowings and other debt instruments	466 187	554 031	15 958	15 971	27 511	491 459	3 313
Trade and other payables	113 032	113 032	113 032	0	0	0	0
TOTAL	**579 219**	**667 063**	**128 990**	**15 971**	**27 511**	**491 459**	**3 313**

	31 Dec. 2019						
	Carrying amount	Contractual cash flows	below 6 months	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
				'000 EUR			
Liabilities under borrowings and other debt instruments	463 990	582 344	16 509	16 143	28 133	513 467	8 092
Trade and other payables	107 106	107 106	107 106	0	0	0	0
TOTAL	**571 096**	**689 450**	**123 615**	**16 143**	**28 133**	**513 467**	**8 092**

	31 Dec. 2018						
	Carrying amount	Contractual cash flows	below 6 months	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
				'000 EUR			
Liabilities under borrowings and other debt instruments	460 432	573 021	11 930	11 619	20 890	67 924	460 658
Trade and other payables	117 063	117 063	117 063	0	0	0	0
TOTAL	**577 495**	**690 084**	**128 993**	**11 619**	**20 890**	**67 924**	**460 658**

	1 Jan. 2018						
	Carrying amount	Contractual cash flows	below 6 months	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
				'000 EUR			
Liabilities under borrowings and other debt instruments	365 993	446 271	7 487	7 156	14 332	42 778	374 518
Trade and other payables	126 648	126 648	126 648	0	0	0	0
TOTAL	**492 641**	**572 919**	**134 135**	**7 156**	**14 332**	**42 778**	**374 518**

.

As at 31 December 2020, Pfleiderer PCF Group's has no debt outstanding under the bank borrowings, unused credit facilities amounted to EUR 60 135 thousand. Pfleiderer PCF Group also held cash of EUR 71 189 thousand.

Liquidity and material cash-flow disruptions risk

Consolidated entities are protected against any material cash-flow disruptions thanks to credit facilities available at any time. Material cash-flow disruptions are also unlikely due to customer diversification. All extraordinary expenditure is always planned well ahead and accounted for in the liquidity management process.

Pfleiderer PCF Group monitors its liquidity on an ongoing basis, both with respect to short-term liquidity and long-term liquidity.

23. Financial instruments (Continued)

(v) Fair value of financial assets and liabilities

The fair value of financial assets and liabilities approximate their carrying amounts as at 31 December 2020, 31 December 2019, 31 December 2018 and 1 January 2018.

(vi) Valuation of financial assets and liabilities at fair value

As at 31 December 2019 and 31 December 2020 Pfleiderer PCF Group did not hold any open forward contracts.

As at 31 December 2018, Pfleiderer PCF Group held 2 open forward contracts with a nominal exposure amounting to EUR 2 000 thousand. The fair value of the open contracts amounted to EUR 33.8 thousand (liabilities), based on level 2 input factors.

As of 1 January 2018, Pfleiderer PCF Group held 2 open forward contracts with a nominal exposure amounting to EUR 2 000 thousand. The fair value of the open contracts amounted to EUR 306 thousand (receivables), based on level 2 input factors.

Market comparison techniques are used in measuring fair value of currency forward contracts. The fair value is based on broker's quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

(vii) Capital management

The capital management of the Pfleiderer PCF Group was carried out by Pfleiderer Group B.V. & Co. KG during the periods under review and includes the consideration of legal requirements relating to the equity and liquidity requirements of Pfleiderer Group B.V. & Co. KG and Pfleiderer PCF Group during the periods presented.

24. Leases

The Pfleiderer PCF Group leases properties, production assets, vehicles and other equipment and the perpetual usufruct of land. The properties are leased for 2-20 years and will expire in 2020-2026, leases of production assets, vehicles and other equipment typically run for a period of 2-10 years and will expire in 2020-2025 and perpetual usufruct of land is leased for 89 years and will expire in 2095.

At the date of of first time adoption of IFRS the lease liability is measured at the present value of the remaining payments, discounted using the Pfleiderer PCF Group's incremental borrowing rate.

	Land and buildings	Plant and equipment	Office equipment and vehicles	Total
		'000 EUR		
Balance as of 1 January 2020	12 400	653	13 490	26 543
Depreciation charge for the year	-2 739	-326	-6 571	-9 636
Additions to right-of-use assets	2 777	0	3 680	6 457
Derecognition of right-of-use assets	-81	0	-212	-293
Foreign currency translation diff.	-16	0	-140	-156
Balance at 31 December 2020	**12 341**	**327**	**10 246**	**22 915**

24. Leases (Continued)

	Land and buildings	Plant and equipment	Office equipment and vehicles	Total
		'000 EUR		
Balance as of 1 January 2019/IFRS 16 adoption	13 697	979	9 643	24 319
Depreciation charge for the year	-2 592	-326	-5 517	-8 435
Additions to right-of-use assets	1 721	0	9 353	11 074
Derecognition of right-of-use assets	-430	0	-13	-443
Foreign currency translation diff.	4	0	24	28
Balance at 31 December 2019	**12 400**	**653**	**13 490**	**26 543**

	Land and buildings	Plant and equipment	Office equipment and vehicles	Total
		'000 EUR		
Balance as of 1 January 2018/IFRS 16 adoption	16 129	1 300	8 751	26 180
Depreciation charge for the year	-2 539	-321	-3 697	-6 557
Additions to right-of-use assets	126	0	4 606	4 732
Derecognition of right-of-use assets	-14	0	0	-14
Foreign currency translation diff.	-5	0	-17	-22
Balance at 31 December 2018	**13 697**	**979**	**9 643**	**24 319**

Lease liabilities as of 31 December 2020 are payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments
		'000 EUR	
Less than one year	9 241	882	8 359
Between one and five years	12 488	1 740	10 748
More than five years	7 547	3 155	4 392
TOTAL	**29 276**	**5 777**	**23 499**

Lease liabilities as of 31 December 2019 are payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments
		'000 EUR	
Less than one year	10 419	999	9 420
Between one and five years	14 520	1 794	12 726
More than five years	8 238	3 597	4 641
TOTAL	**33 177**	**6 390**	**26 787**

Lease liabilities as of 31 December 2018 are payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments
		'000 EUR	
Less than one year	5 739	1 080	4 659
Between one and five years	17 546	2 463	15 083
More than five years	8 176	3 599	4 577
TOTAL	**31 461**	**7 142**	**24 319**

24. Leases (Continued)

Amounts recognized in profit or loss for the year 2020:

	Total
	'000 EUR
Depreciation	9 636
Interest Expense on lease liabilities	1 167
Expenses relating to short-term leases and leases of low-value assets as well as maintenance costs excluded from the scope of IFRS 16	1 446

Amounts recognized in profit or loss for the year 2019:

	Total
	'000 EUR
Depreciation	8 435
Interest Expense on lease liabilities	1 217
Expenses relating to short-term leases and leases of low-value assets as well as maintenance costs excluded from the scope of IFRS 16	2 791

Amounts recognized in profit or loss for the year 2018:

	Total
	'000 EUR
Depreciation	6 557
Interest Expense on lease liabilities	1 263
Expenses relating to short-term leases and leases of low-value assets as well as maintenance costs excluded from the scope of IFRS 16	2 798

Amounts recognized in statement of cash flows for the year 2020:

	Total
	'000 EUR
Total cash outflow for leases	11 914

Amounts recognized in statement of cash flows for the year 2019:

	Total
	'000 EUR
Total cash outflow for leases	12 116

Amounts recognized in statement of cash flows for the year 2018:

	Total
	'000 EUR
Total cash outflow for leases	10 618

Extension options:

Some property leases contain extension options exercisable by the Pfleiderer PCF Group up to one year before the end of the non-cancellable contract period. Where practicable, Pfleiderer PCF Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by Pfleiderer PCF Group and not by the lessors. Pfleiderer PCF Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. Pfleiderer PCF Group reassesses material contracts whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

25. Securities and other assets pledged

On 31 July 2018, the Senior Facilities Agreement originally dated 13 April 2017 was amended and restated. The total amount of senior secured term loan B increased by EUR 95 million from EUR 350 million to EUR

25. Securities and other assets pledged (Continued)

445 million, the volume of the Revolving Credit Facilities remains unchanged. Final maturity dates within the senior facilities agreement remain unchanged.

Security interests under the Senior Facilities Agreement dated 13 April 2017 and having been restated and amended (German entities)

In order to secure the new obligations under the senior facilities agreement dated 13 April 2017 (for a detailed description of the senior facilities agreement please refer to Note 19 Financial Liabilities) and having been restated and amended, the following security interests have been granted for the benefit of the lenders:

(1) PCF GmbH, Pfleiderer Deutschland GmbH together with Pfleiderer Group B.V. & Co. KG, as pledgers granted pledges over shares in PCF GmbH, Pfleiderer Deutschland GmbH, Pfleiderer Neumarkt GmbH, Pfleiderer Leutkirch GmbH, Pfleiderer Gütersloh GmbH, Pfleiderer Arnsberg GmbH and Pfleiderer Baruth GmbH.

(2) PCF GmbH, Pfleiderer Deutschland GmbH, Pfleiderer Neumarkt GmbH, Pfleiderer Leutkirch GmbH, Pfleiderer Gütersloh GmbH, Pfleiderer Arnsberg GmbH, Pfleiderer Baruth GmbH as pledgers granted pledges over their major bank accounts.

(3) PCF GmbH, Pfleiderer Deutschland GmbH, Pfleiderer Neumarkt GmbH, Pfleiderer Leutkirch GmbH, Pfleiderer Gütersloh GmbH, Pfleiderer Arnsberg GmbH, Pfleiderer Baruth GmbH as assignors assigned as security their receivables under the intercompany loans, material trade and insurance receivables.

(4) The existing German land charges have been assigned to the new Security Agent.

Security interests under the Senior Facilities Agreement dated 13 April 2017 and having been restated and amended (Polish entities)

In years 2018-2020 Silekol shares, part of Pfleiderer PCF Group were owned by the entity from outside Pfleiderer PCF Group—directly by Pfleiderer Polska and indirectly by Pfleiderer Group B.V. & Co. KG.

Additionally Pfleiderer Polska directly owned shares of other Poland located related parties—Pfleiderer MDF Sp. z o.o, Pfleiderer Wieruszów Sp. z o.o. and Pfleiderer Grajewo Sp. z o.o.

In order to secure the new obligations under the senior facilities agreement dated 13 April 2017 and having been restated and amended, Pfleiderer Group B.V. & Co. KG on 1 August 2017 established the financial pledge and, subject to registration, the registered pledge over the shares in Pfleiderer Polska Sp. z o.o. and granted the power of attorney to exercise corporate right from the pledged shares in favor of Trigon Dom Maklerski S.A. (the "Polish Security Agent").

Following the initial utilization of the facilities under the senior facilities agreement dated 13 April 2017 and having been restated and amended, the existing security interests granted by the Polish Pfleiderer entities to secure the repayment of claims of Commerzbank Aktiengesellschaft, Filiale Luxemburg acting as security agent (the "Security Agent") arising from the parallel debt in accordance with the intercreditor agreement dated 4 July 2014 (as amended and restated) entered into in connection with the EUR 60 million and PLN 200 million RCF Agreement dated 4 July 2014 (as amended and restated) between, inter alios, Pfleiderer Group B.V. & Co. KG and certain of its subsidiaries as borrowers, the Security Agent and certain financial institutions as original lenders and the EUR 321 684 thousand Senior Secured Notes due 1 August 2017 issued by PCF GmbH have been released.

In order to secure the new obligations under the senior facilities agreement dated 13 April 2017 and having been restated and amended, the following security interests have been granted for the benefit of the lenders:

(1) Pfleiderer Group B.V. & Co. KG entered into the agreements for financial and registered pledges over shares in Pfleiderer Wieruszów Sp. z o.o., Pfleiderer MDF Grajewo Sp. z o.o., Pfleiderer Grajewo sp. z o.o., and Pfleiderer Silekol sp. z o.o. and granted powers of attorney to exercise corporate rights from the pledged shares in these companies in favour of Trigon Dom Maklerski S.A. (the "Polish Security Agent").

25. Securities and other assets pledged (Continued)

(2) Pfleiderer Group B.V. & Co. KG, Pfleiderer Wieruszów Sp. z o.o., Pfleiderer MDF Grajewo Sp. z o.o., Pfleiderer Grajewo Sp. z o.o., Pfleiderer Polska Sp. z o.o. and Pfleiderer Silekol Sp. z o.o. entered into the agreements for financial and registered pledges over major bank accounts and granted the powers of attorney to dispose funds from their bank accounts in favour of the Polish Security Agent.

(3) Pfleiderer Group B.V. & Co. KG, Pfleiderer Wieruszów Sp. z o.o., Pfleiderer MDF Grajewo Sp. z o.o., Pfleiderer Grajewo Sp. z o.o., Pfleiderer Polska Sp. z o.o. and Pfleiderer Silekol Sp. z o.o. entered into the agreements for security assignments of rights under commercial contracts, intercompany loan agreements and insurance agreements.

(4) The following mortgages have been established in favour of the Polish Security Agent:

   (1) Mortgage over properties and perpetual usufructs of Pfleiderer Wieruszów Sp. z o.o. in Wieruszów, Wieruszów/Klatka i Wieruszów/Pieczyska;

   (2) Mortgage over perpetual usufructs of Pfleiderer MDF Grajewo Sp. z o.o. in Grajewo; and

   (3) Mortgage over properties and perpetual usufructs of Pfleiderer Silekol Sp. z o.o. in Kędzierzyn-Koźle.

(5) Pfleiderer Group B.V. & Co. KG , Pfleiderer Wieruszów Sp. z o.o. (formerly Pfleiderer Prospan S.A.), Pfleiderer MDF Grajewo Sp. z o.o., Pfleiderer Grajewo Sp. z o.o., Pfleiderer Polska Sp. z o.o. and Pfleiderer Silekol Sp. z o.o. executed the submissions to enforcement (oświadczenie o poddaniu się egzekucji) in favour of the Security Agent.

Guarantees by the members of the Pfleiderer PCF Group

As at 2020, certain members of the Pfleiderer PCF Group have guaranteed the liabilities under the EUR 450 million senior facilities agreement, such members of the Pfleiderer PCF Group are: PCF GmbH, Pfleiderer Deutschland GmbH, Pfleiderer Neumarkt GmbH, Pfleiderer Leutkirch GmbH, Pfleiderer Gütersloh GmbH, Pfleiderer Arnsberg GmbH, Pfleiderer Baruth GmbH. In addition Pfleiderer Group B.V. & Co. KG and some of its Polish subsidiaries have also guaranteed these liabilities.

Other Information

26. Contingent liabilities

Pfleiderer PCF Group subsidiaries are parties to court cases, for which the Management Board of PCF GmbH estimates probability of losing as less than 50%. They constitute contingent liabilities.

Several customers have claimed damages due to anticompetitive price collusion regarding wooden raw material products, including uncoated and coated chipboard as well as MDF and HDF panels that were sold by Pfleiderer PCF Group companies. The outcome of the respective extrajudicial negotiations or proceedings is difficult to predict. Based on its best knowledge the Management estimated provisions of EUR 3 775 thousand as of 31 December 2020 EUR including legal costs related to proceedings with W. Classen GmbH & Co. KG ("Classen") as well as legal costs and amicable settlements of claims with Oeseder Möbel-Industrie Mathias Wiemann GmbH & Co. KG ("Oeseder"). The provisions related to court proceedings recognized as of 31 December 2019 and 31 December 2018 amounted to EUR 4 150 thousand including costs related to legal proceedings with Classen as well as legal costs and amicable settlements of claims with Oeseder. As of 1 January 2018 the provisions amounted to EUR 3 150 thousand.

In December 2012, W. Classen GmbH & Co. KG (Classen) filed an action for damages with the District Court (DC) Düsseldorf (Landgericht Düsseldorf) against Pfleiderer Baruth GmbH (formerly: Pfleiderer Faserplattenwerk Baruth GmbH) currently amounting to approximately EUR 55.4 million (plus interest). By judgment on the merits dated 9 August 2019 the DC Düsseldorf held that Pfleiderer Baruth is principally liable for damages caused by the infringement but without yet deciding on the quantum of the claim. On 10 February 2021, the Court of Appeals (CoA) Düsseldorf (Oberlandesgericht Düsseldorf) has confirmed the judgment on the merits and did not admit a further appeal to the Federal Court of Justice (FCJ). The outcome of the proceeding, especially regarding the amount of damages payable by Pfleiderer Baruth to Classen—if any—cannot be

26. Contingent liabilities (Continued)

assessed yet since its determination is subject to separate proceedings on quantum which will start after a final and binding decision on the merits.

In December 2012, Oeseder Möbel-Industrie Mathias Wiemann GmbH & Co. KG (Oeseder) filed an action for damages with the DC Hannover (Landgericht Hannover) against Sonae Arauco Deutschland GmbH ("Sonae" formerly: Glunz AG) amounting to approximately EUR 26 million (plus interest). Oeseder, inter alia, seeks damages for chipboard purchased from the Pfleiderer PCF Group. PCF GmbH's obligation for payments may result from a contribution claim (Gesamtschuldnerinnenausgleich) based on PCF GmbH's joint and several liability (Gesamtschuld), if Sonae was ordered to pay compensation to Oeseder. Therefore, PCF GmbH has joined the proceedings as a third party to defend the claim (Streithelfer/ Nebenintervenient). By judgment on the merits dated 31 May 2016, the DC Hannover held that Sonae is liable for damages caused by the infringement. The appellate proceedings are now pending at the CoA Celle (Oberlandesgericht Celle) which has indicated that it will largely (but not entirely) uphold the judgment on the merits and also rule on quantum. The CoA has suggested a settlement of EUR 10 million based on a very simple comparison of average EUWID prices before, during and after the cartel. The next oral hearing is scheduled for 22 June 2021 and will presumably focus on the damage estimation. The potential indirect costs that may arise in connection with this litigation or the amount of damages that might be required to be paid cannot be forecasted.

In December 2015, ALNO AG filed an action inter alia against PCF GmbH with the DC Dortmund (Landgericht Dortmund) seeking damages of EUR 28.4 million for chipboard deliveries between 2002 and 2008. Following a settlement between PCF GmbH and ALNO AG the insolvency administrator withdrew the legal action against PCF GmbH. After ALNO had settled with the remaining defendants Egger and Glunz, the court proceedings finally ended in 2018.

In July 2016, Hüls AG filed an action with the DC Hannover against Sonae and Egger Holzwerkstoffe Brilon GmbH & Co. KG ("Egger") seeking damages of EUR 38.8 million for all chipboards supplied by Sonae, Egger and Pfleiderer companies from 2002 to 2008. PCF GmbH did not join the proceedings as third party. Following a settlement between Pfleiderer and Hüls in April 2017 for all claims based on Pfleiderer deliveries, Hüls excluded all Pfleiderer deliveries from the proceedings. As Hüls has settled all of the claims with Egger and Glunz in 2019, the court proceedings finally ended in 2019. The risk of new follow-on damage claims is rather low since these claims should be time-barred by now.

Pfleiderer Deutschland GmbH (Pfleiderer) received a letter dated 24 July 2018 from the insolvency administrator of Alno Aktiengesellschaft (Alno), in which he challenged all payments made by Alno for delivery of Pfleiderer's products from 30 June 2014 to 6 July 2017 in a total amount of EUR 19 346 thousand. With respect to all payments made within three months prior to Alno's filing for opening of insolvency proceedings the insolvency administrator argues that they are subject to the three months claw-back right (sec. 130 German Insolvency Code). With respect to the remaining payments made within four years prior to Alno's filing for opening of insolvency proceedings the insolvency administrator argues that they are subject to the claw-back right for intended damage (sec. 133 German Insolvency Code. Pfleiderer has sent a letter to Alno insolvency administrator rejecting the claims. Based on the facts known today it is not possible to estimate in a reliable way if the claim has overwhelming prospects of success and to estimate an amount of the alleged claw-back claim for which it is more likely than not that Pfleiderer has to pay for. In Q4 2020, Pfleiderer and the Alno insolvency administrator have entered into settlement discussions. These discussions are still ongoing. In case of a litigation Pfleiderer and its legal advisors estimated the cost for lawyers and the court and had the provision for Alno and Wellmann case (described below) in the amount of EUR 1 500 thousand as of 31 December 2020 (EUR 550 thousand as of 31 December 2019 and 31 December 2018).

By way of a letter dated 8 December 2020, the insolvency administrator of Gustav Wellmann GmbH & Co. KG (Wellmann) challenged all payments made by Wellmann for delivery of Pfleiderer's products from 4 November 2016 to 4 April 2017 in an amount of EUR 2 572 thousand and from 12 April 2017 until 7 July 2017 in an amount of EUR 941 thousand. With respect to all payments made within three months prior to Wellmann's filing for opening of insolvency proceedings the insolvency administrator argues that they are subject to the three months claw-back right (sec. 130 German Insolvency Code). With respect to the remaining payments made within four years prior to Wellmann's filing for opening of insolvency proceedings the insolvency administrator

26. Contingent liabilities (Continued)

argues that they are subject to the claw-back right for intended damage (sec. 133 German Insolvency Code). On 4 January 2021, by way of a letter sent by its legal counsel to Wellmann's insolvency administrator, Pfleiderer rejected the claims. Based on the facts known today it is not possible to estimate in a reliable way if the claim has overwhelming prospects of success and to estimate an amount of the alleged claw-back claim for which it is more likely than not that Pfleiderer has to pay for. In Q4 2020, Pfleiderer and the Wellmann insolvency administrator have entered into settlement discussions. These discussions are still ongoing. In case of a litigation Pfleiderer and its legal advisors estimated the cost for lawyers and the court and had the provision for Alno and Wellmann case in the amount of EUR 1 500 thousand as of 31 December 2020 (EUR 550 thousand as of 31 December 2019 and 31 December 2018).

27. Related party transactions and key management personnel compensation

(i) Related party transactions

Pfleiderer PCF Group maintains business relations with Pfleiderer Group B.V. & Co. KG and it's subsidiaries. The Pfleiderer Group B.V. & Co. KG is a related party, as Pfleiderer Group B.V. & Co. KG controls Pfleiderer PCF Group. The Pfleiderer Group B.V. & Co. KG includes the parent company Pfleiderer Group B.V. & Co. KG and its subsidiaries.

Transactions with Pfleiderer Group B.V. & Co. KG :

Sales of goods and services and other income, as well as purchases of goods and services and other expenses from transactions with the Pfleiderer Group B.V. & Co. KG in the financial years 2020, 2019 and 2018 are presented in the following table:

Related party 1 Jan. – 31 Dec. 2020	Net sales	Other operating income	Cost of sales	Selling expenses	R&D expenses	Other operating costs
			'000 EUR			
Remaining Pfleiderer Group B.V. & Co. KG	50 766	1 494	-35 913	-6 762	-1	-915

Related party 1 Jan. – 31 Dec. 2019	Net sales	Other operating income	Cost of sales	Selling expenses	R&D expenses	Other operating costs
			'000 EUR			
Remaining Pfleiderer Group B.V. & Co. KG	55 746	2 026	-38 198	-7 878	-12	-2 477

Related party 1 Jan. – 31 Dec. 2018	Net sales	Other operating income	Cost of sales	Selling expenses	R&D expenses	Other operating costs
			'000 EUR			
Remaining Pfleiderer Group B.V. & Co. KG	653 289	1 007	-38 142	-7 078	-3	-3 751

Sales to and purchases from Pfleiderer Group B.V. & Co. KG

Supply and delivery agreements exist between Pfleiderer PCF Group and Pfleiderer Group B.V. & Co. KG. Pfleiderer PCF Group is supplied by Pfleiderer Group B.V. & Co. KG and delivers to Pfleiderer Group B.V. & Co. KG goods and services.

Other operating income and expenses

Pfleiderer PCF Group provides to and receives from Pfleiderer Group B.V. & Co. KG certain services, such as management, tax and legal, IT, corporate communications, Human Resources, group accounting, group controlling and group treasury presented in other operating income and expenses.

27. Related party transactions and key management personnel compensation (Continued)

Selling expenses

Part of selling expenses relates to services provided by Pfleiderer Group B.V. & Co. with central corporate services, such as management, tax and legal, IT, corporate communications, Human Resources, group accounting, group controlling and group treasury.

The services charged are mainly based on service level agreements in place in the periods presented.

Receivables from and payables to Pfleiderer Group B.V. & Co. KG

Pfleiderer PCF Group receivables from and payables to Pfleiderer Group B.V. & Co. KG are as follows:

	31.12.2020		31.12.2019	
Related party	**Trade and other receivables**	**Trade and other liabilities**	**Trade and other receivables**	**Trade and other liabilities**
	'000 EUR			
Remaining Pfleiderer Group B.V. & Co. KG	11 463	-7 195	8 617	-1 551

	31.12.2018		01.01.2018	
Related party	**Trade and other receivables**	**Trade and other liabilities**	**Trade and other receivables**	**Trade and other liabilities**
	'000 EUR			
Remaining Pfleiderer Group B.V. & Co. KG	20 037	-8 653	22 104	-7 075

Financing

During each of the periods presented, divisions Engineered Wood Products and Silekol had two separate centralized cash management systems. Engineered Wood Products division was centralized under PCF GmbH with cash pool lead Pfleiderer Deutschland. Whereas Silekol was centralized under Pfleiderer Polska Sp. z o.o. in 2017 and 2018 and initiated cash pool system in April 2019 under Pfleiderer Polska Sp. z. o.o., Pfleiderer Group B.V. & Co. KG subsidiary. Silekol left cash pool system in February 2020 (and received its contributed cash amounting to EUR 15 703 thousand).

Further Pfleiderer PCF Group has loans granted to Pfleiderer Group B.V. & Co. KG amounting to EUR 31 468 thousand as of 31 December 2020 (EUR 120 559 thousand as of 31 December 2019, EUR 234 108 thousand as of 31 December 2018 and EUR 153 344 as of 1 January 2018.

	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Related party	**Loans granted**	**Loans granted**	**Loans granted**	**Loans granted**
	'000 EUR			
Remaining Pfleiderer Group B.V. & Co. KG	36 279	137 103	234 108	153 344

The financial income and expenses are as follows:

	31.12.2020		31.12.2019		31.12.2018	
Related party	**Financial income**	**Financial costs**	**Financial income**	**Financial costs**	**Financial income**	**Financial costs**
	'000 EUR					
Remaining Pfleiderer Group B.V. & Co. KG	1 946	-1 161	8 712	-1 617	7 097	-1 791

Other material relationships with Pfleiderer Group B.V. & Co. KG are described in the following:

Collaterals/guarantees

The financial costs comprises predominantly securities. Pfleiderer Group B.V. & Co. KG and its subsidiaries issues guarantees in favour of Pfleiderer PCF Group.

27. Related party transactions and key management personnel compensation (Continued)

The cost in the respective years amounted to:

Related party	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018
		'000 EUR	
Remaining Pfleiderer Group B.V. & Co. KG	0	-1 349	-1 618

Dividends proposed or declared

The dividends were described in note 18 of this consolidated financial statements.

Key management personnel compensation

Remuneration of Pfleiderer Group BV& Co KG management is recognized in Panel West and Silekol based on direct employment agreements as well as cost allocations. The part of these costs economically attributable to the Pfleiderer PCF Group were determined using appropriate allocation keys. The Board of Management is partly employed by Pfleiderer PCF Group and Pfleiderer Group B.V. & Co. KG companies. All costs of the management remuneration relate to short term employee benefits category.

Key management personnel compensation comprised the following:

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018
		'000 EUR	
Remuneration of Management Board	1 472	1 837	1 879
TOTAL	1 472	1 837	1 879

28. Events subsequent to the end of the reporting period

On 19 February 2021 Pfleiderer Deutschland GmbH ("PDG") reached a settlement agreement in principle with the insolvency administrator of Gustav Wellmann GmbH Co. KG and of Alno Aktiengesellschaft with respect to a repayment of EUR 19.3 million and EUR 3.5 million, respectively, as claimed by the insolvency administrator. Pursuant to the agreement, the aggregate settlement payments for both claims will amount to EUR 2.6 million, of which EUR 0.9 million are covered by claw-back-claims-insurance. The total net payment to be made by PDG of EUR 1.7 million is broadly in line with the EUR 1.5 million provided for on our balance sheet as of 31 December 2020.

Neumarkt, 22 March 2021

Management Board of PCF GmbH

[Signature]
Dr. Boris Gorella
Chief Executive Officer

[Signature]
Dr. Mani Herold
Chief Financial Officer

[Signature]
Dr. Frank Hermann
Chief Operating Officer

[Signature]
Stefan Zinn
Chief Commercial Officer

INDEPENDENT AUDITOR'S REPORT

To PCF GmbH, Neumarkt i.d. Oberpfalz

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Audit Opinion

We have audited the consolidated financial statements of PCF GmbH, Neumarkt i.d. Oberpfalz, and its subsidiaries (PFLEIDERER PCF GROUP or the Group) which comprise the consolidated statements of financial position as at 31 December 2018, 2019 and 2020, and the consolidated statements of profit or loss and of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the financial years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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 IFRS as adopted by the EU and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2018, 2019 and 2020 and of its financial performance for the financial years 2018, 2019 and 2020.

Pursuant to Section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements.

Basis for the Audit Opinion

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" 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 opinion on the consolidated financial statements.

Responsibilities of the Executive Directors for the Consolidated Financial Statements

The executive directors of PCF GmbH are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error as well as to issue an auditor's report that includes our audit opinion on the consolidated financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 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 consoli- dated financial statements.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements 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 or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to 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 IFRS as adopted by the EU.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Nuremberg, 22 March 2021

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

[Signature]	[Signature]
Gerd Kreuzburg	Stefan Otto
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

THE ISSUER

PCF GmbH
Ingolstädter Straße 51
D-92318 Neumarkt
Germany

LEGAL ADVISORS TO THE ISSUER

as to United States, New York and English law:
Kirkland & Ellis International LLP
30 St Mary Axe
London EC3A 8AF
United Kingdom

as to German law:
Kirkland & Ellis International LLP
Maximilianstraße 11
80539 Munich
Germany

LEGAL ADVISORS TO THE INITIAL PURCHASERS

as to United States, New York and English law:
Latham & Watkins
99 Bishopsgate
London EC2M 3XF
United Kingdom

as to German law:
Latham & Watkins
Maximilianstraße 13
80539 Munich
Germany

INDEPENDENT AUDITORS

Deloitte GmbH
Am Tullnaupark 15
90402 Nürnberg
Germany

TRUSTEE

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

PAYING AGENT AND CALCULATION AGENT
Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

TRANSFER AGENT AND REGISTRAR
Deutsche Bank Luxembourg S.A.
2, boulevard Konrad Adenauer
L 1115 Luxembourg
Luxembourg

SECURITY AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

LEGAL ADVISORS TO THE TRUSTEE AND SECURITY AGENT

K&L Gates
599 Lexington Avenue
New York, New York 10022
United States

LISTING AGENT

Carey Olsen Corporate Finance Limited
47 Esplanade
St Helier
Jersey JE1 0BD

Donnelley Financial Solutions 151618

OFFERING MEMORANDUM

April 15, 2021

€750,000,000 Sustainability-Linked Senior Secured Notes due 2026
(in a combination of fixed and floating rate notes)

€400,000,000 4¾% Sustainability-Linked Senior Secured Notes due 2026

€350,000,000 Sustainability-Linked Senior Secured Floating Rate Notes due 2026

Joint Global Coordinator and Joint Physical Bookrunners

Goldman Sachs Bank Europe SE
(Sole Sustainability Structuring Advisor)

Credit Suisse

Joint Senior Bookrunners

BofA Securities **Deutsche Bank** **J.P. Morgan**

Joint Bookrunner

Commerzbank