



# Summary of the terms of the Investment Agreement signed on 10 December 2021 between Duna House Holding Nyrt. ("Investor") and shareholders of HGroup S.p.A.

### 1. Transaction's structure:

- The Investor purchases from Sellers, with effect from the Closing Date, all rights, title and interest held by the Sellers in the following shares cumulatively representing 70% of the Company's share capital in particular from i.) the Main Shareholders and founders, Diego Locatelli and Vgrorup and ii.) 18 other minority shareholders in multiple installments in the next 4 years based on the audited accounts of the respective year.
- For the remaining 30% the Purchaser has a Put option and the Sellers have a Call option both of which can be exercised after the last deferred payment.

### 2. Valuation:

- Enterprise value: 100% equity value of HGroup is valued at 10.5 x Consolidated Adjusted EBITDA on a cash-free, debt-free basis
- Equity value: Enterprise Value Net debt (mainly consists of mortgages for company owned real estates and outstanding financial obligations related to acquisition payables)

### 3. <u>Purchase price payment:</u>

- The Purchase price for the 70% stakes will be paid in cash, in multiple installments, as follows:
  - First payment payable at Closing which equals to EUR 11,254,432.00: 44,8% of the Equity Value based on the provisional 2021 Consolidated Adjusted EBITDA, which equals to EUR 2,983,000.00 and is subject to an adjustment based on the 2021 audited accounts; plus
  - **Earn outs:** three deferred annual installments to be paid in three years as an earnout/deferred payment, each of which equal to 8,4% (total of 25,2%) of the Equity Value, to be calculated based on the respective actual Consolidated Adjusted EBITDA figures of 2022, 2023 and 2024.

### 4. Options

- Main Shareholders' Put Option: Starting from July 1, 2027 and until June 30, 2028, Investor grants to the Main Shareholders an option right to sell to the Investor, which will be obliged to purchase, the entire participation owned by each Main Shareholder within 12 months the exercise of the option.
- **Minority Shareholder's Put Option:** Investor grants to Minority Shareholders an option right to sell to the Investor, which will be obliged to purchase, the participation owned by each Minority Shareholders within 12 months from the exercise of the option in the defined structure, as follows:





- (i) starting from July 1, 2026 and until June 30, 2027, 50% of each Minority Shareholder's Quota;
- (ii) starting from July 1, 2027 until July 1, 2028, the remaining 50% of each Minority Shareholder's Quota.
- Investors's Call option: Starting from July 1, 2025 and until 1 day after expiration, the Sellers grant to Investor an option right to purchase at its own discretion from all the Sellers, each of which will be obliged to sell, the entire (and only the entire) participation respectively held within 30 Business Days from the exercise of the option.
- Option Pricing:
  - The Option pricing formula is the same for the Put and Call Option and the price that Investor will pay for the purchase of each of the Shareholders' Put Option Quota or the Call Option Quota will be equal to the amount in Euro determined as the result of the formula below:
    - [x]% (pro-rata ownership % of the Shareholder) \* (10.5 multiplied by the average Consolidated Adjusted EBITDA on a cash-free, debt-free basis resulting from the approved financial statements related to the last two financial years closed before the payment of the Put Option Purchase Price.
- 5. <u>The Seller's Undertakings during the Period Between Signing and Closing (the "Interim</u> <u>Period")</u>
- HGroup and its Subsidiaries are carried on/conducted in the ordinary course and in a manner consistent with past practice.
- 6. <u>Conditions Precedent The consummation of the Transaction is subject to the fulfillment of</u> <u>the following conditions precedent which shall occur within January 20, 2022</u>:
- the execution of the waiver agreements by relevant employees or consultants to their rights over the IP of the Group; and
- No Material Adverse Effect has occurred with respect to the Company or any Subsidiary, their
  profitability or their business or any part thereof, including, but not limited to, any event or
  development adversely affecting the Company's or Subsidiaries' businesses, operations,
  assets, financial statements or other condition, performance or prospects of the Company's or
  Subsidiaries' businesses;
- Investor has the right to waive any of the above listed Condition Precedent.

### 7. <u>Representations and Warranties</u>

• The Agreement contains representations and warranties of the parties as customary in transaction of the nature of the Transaction. The Company's representations and warranties shall expire within 3 years after the Closing Date expect for Tax and Fundamental warranties. Fundamental warranties include the Company's representations of its incorporation and organizational documents, the Company's share capital, the Company's authority to enter into the Agreement and the required approvals to consummate the Transaction with the customary Italian statute of limitation.





No indemnification will occur or the relevant liability will be consequently reduced accordingly
as the case may be, among other things: Earnings Before Taxes in relation to the financial year
in which the Claim occurred, net of all Claims during the same period, has been higher, than
the Earnings Before Taxes for 2021 increased by 10% annually.

### 8. De minimis, Basket and Cap

- Customary de minimis limitations and with the following Investor's indemnification caps which are up to an aggregate amount of:
  - 35% of the Purchase Price during the first 12 months after the Closing Date (the "First Period");
  - 30% of the Purchase Price during the first 12 months after the First Period (the "Second Period"); and
  - 25% of the Purchase Price during the first 12 months after the Second Period.

## 9. Corporate Governance

- Company's activity and business shall be managed and developed by the Sellers and its current management within the limits of the targets of the 4 year Business Plan during the Earn Out period.
- Change of Management shall occur in one of the earliest ways of the two following cases:
  - 1 January 2025; or
  - the event of a Material Underperformance, which means a performance of the Company and of the Subsidiaries in relation to the Consolidated Adjusted EBITDA, resulting from the quarterly financial statements of the group, which is below the annualized target of EUR 4.9m in 2022; EUR 5.7m in 2023, or EUR 6.5m in 2024.
  - the occurance of Overspending: in occurance of an overspending by Seller's management above the agreed threshold of the budget.

### 10. Securities of the Payment

- For securing the payment of the First, the Second and Third Earn Out the Investor undertakes to:
  - In case of the bond will be issued the Investor deposits an amount equal to Euro 2,000,000.00 into the an escrow account and pledge 21% of the shares.
  - In case of no bond, pledge will be 25.2% of the shares.
- The pledge includes penalty mechanims which in case of non-payment will results in losing bigger proportion of shares in comparison to non-paid Earn out.

### 11. Non-compete and Non-solicitation:

• The total middle management of the company who are also Sellers undertakes non compete and non solicitation obligation in accordance with the Italian law.