

GRUBISIC & Partners

CORPORATE FINANCE



FINANCIAL ADVISORY SERVICES WITH SPECIAL EMPHASIS ON ...

- (i)** Acquisition of Companies Including Financial Due Diligence
- (ii)** Sale of Companies and Asset Disposals
- (iii)** Capital Raising
- (iv)** Valuation
- (v)** Financial Analysis and Restructuring
- (vi)** Evaluation of Strategic Options

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Selected Facts

Deep knowledge of corporate finance

100+ completed engagements

Experience in 45 different industries, sectors or niches

Member of Globalscope International M&A Advisors

55 partner firms in 40+ countries on 5 continents

In 2023 Globalscope members closed 178 transactions

International academic and professional experience

Structured approach in execution of projects and transactions

Entrepreneurial spirit

1 Sale of a Business

- Project management and financial advisory in sale process including:
 - i. Transaction structuring
 - ii. Preparation of a teaser and an information memorandum for investors
 - iii. Valuation of a business
 - iv. Identification and communication with potential investors
 - v. Analysis of non-binding offers (term sheets)
 - vi. Organization of due diligence
 - vii. Advisory during the negotiation phase
 - viii. Transaction closing.

2 Acquisition of a Business

- Project management and financial advisory in the acquisition process including:
 - i. Identification of appropriate targets
 - ii. Analysis of targets and initial valuation
 - iii. Structuring and preparation of term sheet (non-binding bid)
 - iv. Performing financial and tax due diligence
 - v. Coordinating work of other advisors on the transaction
 - vi. Preparation of the final valuation
 - vii. Advisory during the post due diligence negotiation.

3 Valuation

- Some of the reasons for valuation include preparation for recapitalization or sale, exit of one of the partners from ownership, pledging shares as collaterals, etc.
- Fundamental valuation method is based on discounted future cash flows (DCF method) requiring detailed projections of income statement, balance sheet and cash flow.
- Methods used to check soundness of results received from DCF method most often include valuation based on trading multiples and transaction multiples.

4 Financial Due Diligence

- Detailed analysis of revenue and costs.
- Detailed analysis of assets (receivables, inventory, long term tangible and intangible assets).
- Detailed analysis of liabilities (suppliers, state, creditors, other liabilities).
- Determination of profit margins per product and service categories, seasonality, anomalies and normalization of operating profit.
- Analysis of cash flow.
- Quality of accounting practices.
- Identification of tax risks.

5 Capital Raising

- Raising debt or equity capital for expansion or restructuring purposes. Indicative order of capital sources from cheaper to more expensive:
 - i. Bonds
 - ii. Collateralized loans
 - iii. Non-collateralized loans
 - iv. Subordinated debt
 - v. Convertible debt
 - vi. Preferred shares
 - vii. Ordinary shares.

6 Financial Restructuring

- Preparation of a detailed financial model with business projections in different scenarios.
- Identification of areas and measures for cost optimization, treatment of non-operating assets, and other measures needed to improve company's cash flow.
- Presenting a restructuring plan to creditors and debt restructuring.
- Bringing investors to perform recapitalization and/or refinancing of existing liabilities.

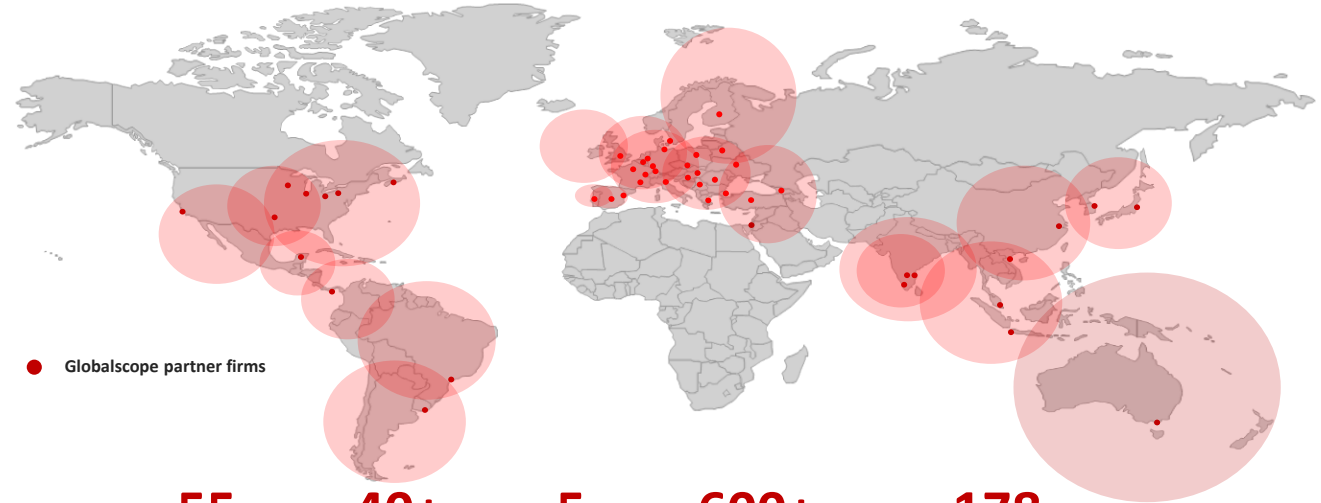
7 Evaluation of Strategic Options

- Entrance of strategic or financial investor.
- Sale of a company or acquisition of other businesses.
- Choosing financing structure.
- Debt restructuring / refinancing.
- Merging companies or spinning off parts of existing business.
- Transfer of ownership.
- Treatment of non-operating assets.
- Investment decisions and change in product and service portfolio.
- Modelling and simulation of scenarios.

Membership in Globalscope

- GRUBISIC & Partners is a member of one of the leading international associations of M&A advisors – Globalscope International M&A Advisors.
- Globalscope is one of the 4 leading global associations of independent firms specialized for mergers & acquisitions.
- As of January 2024, Globalscope counts 55 member firms allowing maximum utilization of local contacts and know-how of each respective member in its domestic market.
- Membership in Globalscope brings the following benefits for GRUBISIC & Partners and our clients:
 - i. Easy identification and access to relevant strategic investors
 - ii. Utilization of a global network with strong local presence and reach of partner firms in their respective home markets resulting in strong synergies
 - iii. Unique knowledge and expertise of all partners often coming from Big 4 firms, investment banks, and private equity funds, thus assuring that there is no transaction type or industry where member firms do not possess adequate experience.
- In 2023 Globalscope members completed 178 transactions worth EUR 8 bn.

GLOBALSCOPE
INTERNATIONAL M&A ADVISORS



● Globalscope partner firms

55 Partner Firms **40+** Countries **5** Continents **600+** Consultants **178** Transactions (2023)

Europe	Belgium		Common Grounds CF
	Bulgaria		SORTIS Invest
	Croatia		GRUBISIC & Partners
	Czech Republic		Venture Investors CF
	Finland		Summa Capital
	France		Atout Capital
	France		CMW Corporate Finance
	Georgia		Alliance Group Capital
	Germany		Carlsquare
	Germany		CCI Management
	Greece		First Athens CF
	Hungary		Heal Partners
	Italy		Benedetti & Associates

Europe	Italy		Pirola Corporate Finance
	Luxembourg		Tenzing Partners
	Netherlands		DEX International M&A
	Netherlands		Strategie
	Poland		Augeo Ventures
	Poland		Aventis Advisors
	Portugal		Bluemint Capital
	Romania		First South Investment Partners
	Serbia		ESFA
	Spain		Bondo Advisors
	Spain		NEXT Corp. Finance
	Switzerland		IFBC
Switzerland		InternationalScope	

South and North America	Turkey		Orion Capital Partners
	UK		Corbet Keeling
	UK		Silverpeak
	Ukraine		Capital Times
	Brazil		Pactor Finanças Corporativas
	Canada		Osprey Capital Partners
	Panama		Insignia Financial Advisors
	Uruguay		Ficus Advisory
	USA		Brooks Houghton
	USA		Greif & Co
	USA		J. Sloan & Co.
	USA		MelCap Partners
	USA		Paramax Corporation

Asia/Pacific and North America	USA		Pont
	Australia		AWR Lloyd
	Australia		Octavian Group
	Australia		Terraincapital
	China		Beijing HRS
	India		a'XYKno Capital Services
	India		InCredMAPE Advisory Group
	India		RCS Advisors
	Israel		Portofino Investments
	Japan		SXA
	Malaysia		Seedset Advisory
	Singapore		SEABridge
South Korea		BDC Korea	

Projects

Selection of Completed Sell-Side Transactions

GRUBISIC & Partners

CORPORATE FINANCE

 <p>TeraPlast acquires 70% ownership stake in Optiplast</p>  <p>PRODUCTION OF PLASTIC BAGS AND FOILS</p> <p>October 2024</p>	 <p>Perutnina Ptuj has acquired Toni</p>  <p>PURCHASE, STORAGE, DRYING, AND WHOLESALE OF GRAINS</p> <p>July 2024</p>	 <p>Invera Equity Partners has provided EUR 9m growth equity capital to Entrio</p>  <p>EVENT MANAGEMENT PLATFORM</p> <p>June 2024</p>	 <p>Modirum has acquired a majority ownership stake in ITgma</p>  <p>SOFTWARE DEVELOPMENT</p> <p>April 2024</p>	 <p>Acrisure partner, Unilink, has acquired Euro Posredovanje</p>  <p>INSURANCE BROKERAGE</p> <p>December 2023</p>	 <p>Döhler has acquired Frikos</p>  <p>FRUIT IQF AND FREEZE DRYING</p> <p>December 2023</p>	 <p>ALFI PE and Accession Capital Partners have acquired Vemo Trade</p>  <p>PAPER BAG PRODUCTION</p> <p>August 2023</p>
 <p>Biochem Polska has acquired Kvantum-Tim</p>  <p>MEDICAL DEVICES & CONSUMABLES DISTRIBUTION</p> <p>May 2023</p>	 <p>Europapier, a member of Heinzl Group, has acquired Hygiene Pro Team</p>  <p>DISTRIBUTION OF PROFESSIONAL HYGIENE PRODUCTS</p> <p>January 2023</p>	 <p>Sandberg Capital has provided EUR 20m growth equity capital to Quantox Technology</p>  <p>SOFTWARE DEVELOPMENT</p> <p>December 2022</p>	 <p>Belfry has acquired a significant ownership stake in Pismorad</p>  <p>TRAFFIC SIGN PRODUCTION</p> <p>December 2022</p>	 <p>Mezzanine Partners provided growth (expansion) capital to Camping Plitvice</p>  <p>CAMPING RESORT</p> <p>November 2022</p>	 <p>Adria Dental Group has acquired a majority ownership stake in Dentum</p>  <p>DENTAL CLINIC</p> <p>October 2022</p>	 <p>Angelina Yacht Charter has acquired 85% of shares in Ultra</p>  <p>BOAT CHARTER</p> <p>August 2022</p>
 <p>TaskUs (NASDAQ: TASK) has acquired Heloo</p>  <p>CUSTOMER CARE SERVICES</p> <p>April 2022</p>	 <p>Groupe Looping has acquired Aquapark Istralandia</p>  <p>OUTDOOR WATER PARK</p> <p>March 2022</p>	 <p>OYO Vacation Homes has acquired Direct Booker</p>  <p>VACATION RENTAL SOLUTIONS</p> <p>February 2022</p>	 <p>Proventus Capital Partners has acquired a majority ownership stake in Salona Dental</p>  <p>DENTAL CLINIC</p> <p>November 2021</p>	 <p>Eko Medimurje has acquired a majority stake in Hittner</p>  <p>FORESTRY AND AGRICULTURAL TRACTOR MANUFACTURING</p> <p>October 2021</p>	 <p>Merkury Market has acquired 100% of shares in Emmezeta Croatia and Serbia from Conforama</p>  <p>HOME FURNISHING RETAIL</p> <p>September 2021</p>	 <p>EMMA Capital Group has provided growth equity capital to Bazaar</p>  <p>E-COMMERCE MARKETPLACE</p> <p>August 2021</p>
 <p>Iskra has acquired 100% of shares in Elka</p>  <p>CABLE PRODUCTION</p> <p>May 2021</p>	 <p>Vela Software has acquired 100% of shares in SVAM Plus</p>  <p>ENTERPRISE RESOURCE PLANNING SOFTWARE</p> <p>May 2021</p>	 <p>AVK Group has acquired 70% of shares in OMV-Indoil</p>  <p>INDUSTRIAL VALVE PRODUCTION</p> <p>February 2021</p>	 <p>Weyland GmbH has acquired 50% of shares in MIP Weyland from MIP Metal</p>  <p>METAL PRODUCTS WHOLESALE, RETAIL, AND PROCESSING</p> <p>November 2020</p>	 <p>E.ON has acquired 100% of shares in Plin projekt and Moslavina plin</p>  <p>NATURAL GAS SUPPLY AND DISTRIBUTION</p> <p>July 2020</p>	 <p>Generali Growth Equity Fund has acquired 75% of shares in Eko Papir</p>  <p>PAPER BAG PRODUCTION</p> <p>December 2019</p>	 <p>R22 Group has acquired 100% of shares in Avalon</p>  <p>WEB HOSTING</p> <p>July 2019</p>

Projects

Selection of Completed Buy-Side Transactions



Infinum has acquired
3P Development



DIGITAL PRODUCT DESIGN
AND DEVELOPMENT



September 2023



Span has acquired
GT Tarkvara



LICENSING AND SOFTWARE
ASSET MANAGEMENT




March 2023



Span has acquired
Ekobit



IT SOLUTIONS AND SOFTWARE
DEVELOPMENT



March 2022



Infinum has acquired
3P Development



SOFTWARE
DEVELOPMENT



December 2021



Emma Capital acquired
Marina Trogir



NAUTICAL
MARINA



October 2021



Stanić Beverages
has acquired Maraska



PRODUCTION AND DISTRIBUTION
OF BEVERAGES



September 2021




Generali Growth Equity Fund
has acquired Diverto




CYBERSECURITY
SERVICES




September 2021



Transcom has acquired
City Connect



CUSTOMER CARE
SERVICES



July 2021



Ano Insurance Solutions has
acquired business operations of
Raiffeisen Bonus



INSURANCE
BROKERAGE



July 2019




Tokić has acquired 100% of shares
in Autocentar Marinići




AUTOMOTIVE SPARE PARTS
RETAIL




June 2019



Management of Sanitaria Dental has
acquired 51% of company shares
from Sanitaria Dentalwaren



DENTAL EQUIPMENT
DISTRIBUTION



November 2018




Končar DS&T has acquired 74% of
shares in Power Engineering
Transformatory



TRANSFORMER
MANUFACTURING




May 2017



AON plc sold its Croatian subsidiary
to local management

Management Buyout



April 2017



Through its subsidiary HRS has
acquired 100% of shares in MICROS-
Fidelio Hrvatska from Oracle



IT SOFTWARE FOR
HOTEL & LEISURE INDUSTRY



December 2016



Algoritam has acquired 100% of
shares in Profil Mozaik



PUBLISHING HOUSE AND BOOK
RETAIL



April 2016
























Bomark Ambalaža has acquired
100% of shares in Linpac Packaging



STRETCH FOIL AND PACKAGING
PRODUCTION





















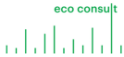























July 2015

 <p>REVENUE: € 2m EMPLOYEES: 31</p> <p>SOFTWARE AND AI SOLUTIONS DEVELOPMENT</p> <p>April 2024</p>	 <p>REVENUE: € 5m EMPLOYEES: 42</p> <p>VALVE SEALS, COMPENSATORS AND METAL BELLOWS MANUFACTURING</p> <p>January 2024</p>	 <p>REVENUE: € 3m EMPLOYEES: 24</p> <p>DISTRIBUTION OF MEDICAL DEVICES AND EQUIPMENT</p> <p>June 2022</p>	 <p>REVENUE: € n/a EMPLOYEES: 18</p> <p>MECHANICAL BIOLOGICAL WASTE TREATMENT</p> <p>December 2021</p>	 <p>REVENUE: € 13m EMPLOYEES: 138</p> <p>PRODUCTION AND DISTRIBUTION OF BEVERAGES</p> <p>October 2021</p>	 <p>REVENUE: € 6m EMPLOYEES: 96</p> <p>WELDING CONSUMABLES PRODUCTION</p> <p>March 2021</p>	 <p>REVENUE: € 341m EMPLOYEES: 2,816</p> <p>ICE CREAM AND FROZEN FOOD PRODUCTION</p> <p>September 2020</p>
 <p>REVENUE: € 38m EMPLOYEES: 453</p> <p>IT SERVICES FOR GOVERNMENT ADMINISTRATION</p> <p>April 2020</p>	 <p>REVENUE: € 72m EMPLOYEES: 357</p> <p>TELECOMMUNICATIONS</p> <p>May 2019</p>	 <p>REVENUE: € 57m EMPLOYEES: 251</p> <p>CABLE PRODUCTION</p> <p>February 2019</p>	 <p>REVENUE: € 41m EMPLOYEES: 663</p> <p>WINE PRODUCTION</p> <p>January 2019</p>	 <p>REVENUE: € 7m EMPLOYEES: 48</p> <p>TRAFFIC SIGNALIZATION PRODUCTION AND INSTALLATION</p> <p>October 2018</p>	 <p>REVENUE: € 34m EMPLOYEES: 37</p> <p>ELECTRICAL EQUIPMENT DISTRIBUTION</p> <p>October 2018</p>	 <p>REVENUE: n/a EMPLOYEES: n/a</p> <p>INSURANCE BROKERAGE</p> <p>February 2017</p>
 <p>REVENUE: € 27m EMPLOYEES: 243</p> <p>FOOTWEAR RETAIL</p> <p>January 2017</p>	 <p>REVENUE: € 15m EMPLOYEES: 86</p> <p>SECURITY SYSTEMS INTEGRATION</p> <p>April 2016</p>	 <p>REVENUE: € 34m EMPLOYEES: 33</p> <p>CONSTRUCTION</p> <p>March 2016</p>	 <p>REVENUE: € 93m EMPLOYEES: 671</p> <p>CONSTRUCTION AND CIVIL ENGINEERING</p> <p>February 2016</p>	 <p>REVENUE: € 26m EMPLOYEES: 157</p> <p>CARDBOARD PACKAGING PRODUCTION</p> <p>October 2015</p>	 <p>REVENUE: € 12m EMPLOYEES: 101</p> <p>MULTIMEDIA BOOKSTORE</p> <p>September 2015</p>	 <p>REVENUE: € 21m EMPLOYEES: 265</p> <p>APPAREL RETAIL</p> <p>April 2015</p>

Projects

Selection of Completed Financial Due Diligence Projects

 <p>REVENUE: € 154m EMPLOYEES: 105</p> <p>MEDTECH AND PHARMACEUTICALS DISTRIBUTION</p> <p> January 2024</p>	 <p>REVENUE: € 10 EMPLOYEES: 145</p> <p>E-DOCUMENT MANAGEMENT SOLUTIONS</p> <p> July 2022</p>	 <p>REVENUE: € 17m EMPLOYEES: 44</p> <p>SPORT NUTRITION AND HEALTH PRODUCTS RETAIL</p> <p> December 2021</p>	 <p>REVENUE: € 5m EMPLOYEES: 85</p> <p>DOCUMENTATION MANAGEMENT SOLUTIONS AND SERVICES</p> <p> May 2021</p>	 <p>REVENUE: € 6m EMPLOYEES: 43</p> <p>RENTAL OF EMBROIDERY AND BOAT SERVICING</p> <p> April 2021</p>	 <p>REVENUE: € 4m EMPLOYEES: 59</p> <p>RENTAL OF EMBROIDERY AND BOAT SERVICING</p> <p> April 2021</p>	 <p>REVENUE: € 4m EMPLOYEES: 25</p> <p>IT SECURITY SERVICES</p> <p> April 2021</p>
 <p>REVENUE: € 5m EMPLOYEES: 45</p> <p>RENTAL OF EMBROIDERY AND BOAT SERVICING</p> <p> March 2021</p>	 <p>REVENUE: € 230m EMPLOYEES: 1,124</p> <p>ICE CREAM AND FROZEN FOOD PRODUCTION</p> <p> December 2020</p>	 <p>REVENUE: € 111m EMPLOYEES: 1,116</p> <p>ICE CREAM AND FROZEN FOOD PRODUCTION</p> <p> December 2020</p>	 <p>REVENUE: € 13m EMPLOYEES: 12</p> <p>GEO THERMAL FIELD</p> <p> April 2020</p>	 <p>REVENUE: € 25m EMPLOYEES: 166</p> <p>ALCOHOLIC AND NONALCOHOLIC BEVERAGE PRODUCTION</p> <p> March 2020</p>	 <p>REVENUE: € 72m EMPLOYEES: 357</p> <p>TELECOMMUNICATION</p> <p> February 2020</p>	 <p>REVENUE: € 141m EMPLOYEES: 1,000</p> <p>HOME FURNISHING RETAIL</p> <p> January 2020</p>
 <p>REVENUE: € 59m EMPLOYEES: 153</p> <p>AUTOMOTIVE SPARE PARTS RETAIL</p> <p> October 2019</p>	 <p>REVENUE: € 5m EMPLOYEES: 41</p> <p>AUTOMOTIVE SPARE PARTS RETAIL</p> <p> June 2019</p>	 <p>REVENUE: € 1.5m EMPLOYEES: 12</p> <p>IT SOLUTIONS FOR BOAT CHARTER</p> <p> January 2019</p>	 <p>REVENUE: NON-PROFIT EMPLOYEES: 150</p> <p>VACCINE PRODUCTION</p> <p> November 2018</p>	 <p>REVENUE: € 7.5m EMPLOYEES: 30</p> <p>NATURAL GAS SUPPLY AND DISTRIBUTION</p> <p> October 2018</p>	 <p>REVENUE: € 9.4m EMPLOYEES: 28</p> <p>NATURAL GAS SUPPLY AND DISTRIBUTION</p> <p> May 2017</p>	 <p>REVENUE: € 2m EMPLOYEES: 20</p> <p>IT SOFTWARE FOR HOTEL & LEISURE INDUSTRY</p> <p> December 2016</p>

1 Transaction Preparation

- Meetings with the management and agreement on an indicative transaction timeline.
- Defining the transaction structure.
- Creating a list of potential investors.
- Preparing initial transaction documents for investors:
 - i. Teaser
 - ii. Non-Disclosure Agreement (NDA).
- Estimate of a valuation range.

2 Preparation of Information Memorandum

- Information Memorandum is a document with detailed information about the company and envisaged transaction, which, among other things, includes:
 - i. Overview of the market (size, trends, potential growth), market shares, description of competitors, barriers to market entry of new competitors, etc.
 - ii. Overview of products and services, manufacturing sites and facilities, sales and distribution channels, customer structure, etc.
 - iii. Management and SWOT analysis
 - iv. Key investment highlights (why it makes sense to acquire ownership in the company)
 - v. Historical financial statements, analysis of revenue, expenses, assets, and liabilities
 - vi. Business plan and financial projections
 - vii. Other data, information, and analysis relevant to the transaction.

3 Initial Contact and Continued Communication with Investors

- Establishing initial contact with investors (by sending the teaser).
- Signing of confidentiality agreement upon receiving feedback and request for additional information.
- Distribution of the information memorandum to interested investors.
- Maintaining constant communication with investors and responding to inquiries.
- Organizing meetings and conference calls with the company's management.
- Updating the information memorandum as needed.

4 Negotiating a Term Sheet

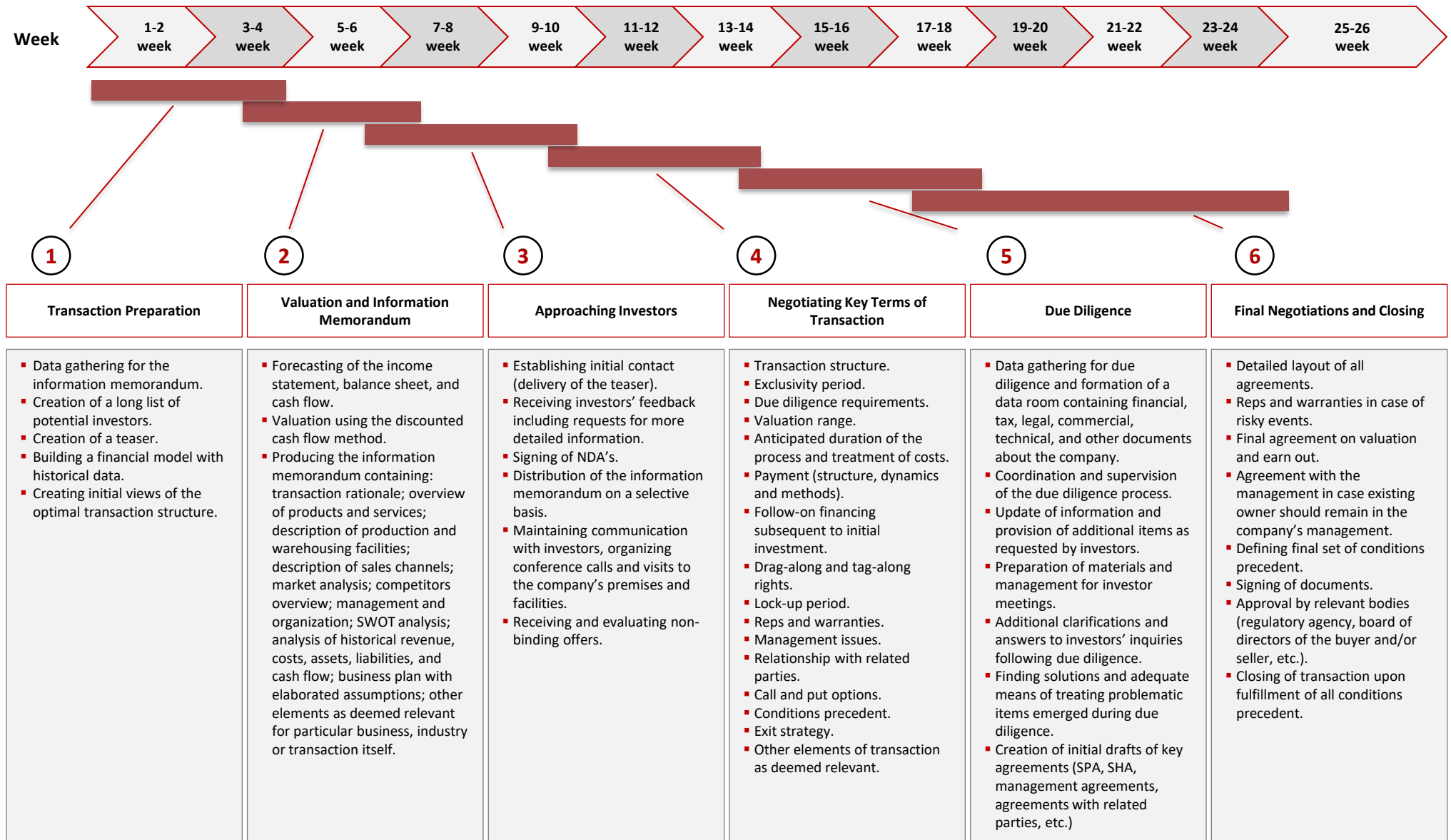
- Non-binding offers come in the form of a Memorandum of Understanding, Letters of Intent or a Term Sheet, before the start of due diligence, which, depending on the type of investor and type of transaction, usually includes:
 - i. Transaction structure
 - ii. Period of exclusivity in negotiating and executing due diligence
 - iii. Valuation range and assumptions upon which it is determined
 - iv. Anticipated duration of the process and treatment of costs incurred during the process
 - v. Structure, dynamics, and form of payment (cash, shares, assets, retained part of the purchase price for warranties, earn out, etc.)
 - vi. Representations and warranties to be provided by the seller (or vice versa)
 - vii. Requirements for additional funding (capital increase) in the period after the entry of the investor
 - viii. The rights of the buyer and seller in the event of the sale of shares by one party (e.g., drag-along rights, tag-along rights, etc.)
 - ix. Lock-up period
 - x. Treatment of business relationships between the company and related parties
 - xi. Conditions precedent for closing
 - xii. The basic outline of the Shareholders' Agreement
 - xiii. Buyer and seller representation in the management and supervisory board
 - xiv. Exit strategy for the founder and/or investor (initial public offering on the stock market, selling to a strategic buyer or financial investor, etc.)
 - xv. Other elements of the non-binding offer.

5 Due Diligence and Negotiations of Transaction Agreements

- Organization and coordination of due diligence performed by investors including: (i) Collecting documentation for due diligence, (ii) Preparation of a data room in which the potential buyer as part of due diligence will have access to relevant legal, technical, commercial, and financial documents, (iii) Coordinating and monitoring the process of due diligence, (iv) Preparation of materials and management for meetings with interested investors during due diligence, (v) Answering additional questions and distribution of additional documents to interested investors at the end of due diligence.
- Consulting in final negotiations usually includes: (i) Advising on Share Purchase Agreement (SPA) and Shareholder Agreement (SHA), (ii) Defining the final set of seller's representations and warranties, (iii) Treatment of certain items arising from due diligence, (iv) Negotiating final valuation and earn out (if any), (v) Advising on contracts with the management in case existing owners who are at the same time managers remain in the ownership structure, (vi) Other issues.

Sale of a Business

Indicative Transaction Timeline



1 Identification of Potential Candidates for Acquisition

- A structured process of company acquisition starts with identification of the target firm. If the client has not identified potential candidates for acquisition, GRUBISIC & Partners can perform systematic screening on the selected markets, in order to create the list of all potential targets.
- The first step in the process of market screening is the formation of a preferred target profile (geographic area, size, production capacity, indicative transaction value, etc.).

2 Access to Potential Candidates for Acquisition

- If the target is in the formal process of public sale (which includes the participation of a number of interested buyers) the representatives of the seller will contact potential buyers and send initial information on the subject of the transaction (teaser).
- If the target is not in the formal process of sale, GRUBISIC & Partners will initiate contact with the target or the target's representatives. Some owners, especially the owners of family businesses, hesitate to communicate their willingness to sell the company. Consequently, this process assumes maximum professionalism and confidentiality from all interested parties. Hence, seriously interested buyers will be prepared to sign a confidentiality agreement, including the fact that the target is in the formal process of sale or that the target has already started negotiations with other potential buyers.

3 Analysis of Received Documents and Initial Valuation of the Target

- In the process of public sale, the seller's representatives will deliver an information memorandum to all interested buyers. The information memorandum includes a detailed description of the company's business, products, and services, financial information including historic data and forecasts, etc. Buyers should also request the report i.e. conclusions of vendor due diligence, if one has been performed.
- Based on the documentation provided, GRUBISIC & Partners will perform the initial valuation of the target company using one or a combination of the following methods: (1) discounted cash flow (DCF) model; (2) valuation using comparable transaction multiples in the same industry; (3) valuation based on the trading indicators for comparable companies listed on the stock exchange.
- If the sale process is not a public (auction) one, GRUBISIC & Partners will request from the target company data and information similar to those listed in the information memorandum. In order to ensure that the regular business of the target is performed without interruptions and to allow for better communication and understanding in the sale process GRUBISIC & Partners' suggestion to target's representatives would be to appoint the advisor who is specialized in mergers and acquisitions.

4 Indicative Offer

- Based on the information stated in the information memorandum, answers from additional questions and results of indicative valuation, the buyer would, in case of further interest, jointly with its legal and financial advisor create an indicative, non-binding offer, which would be given to the seller. The offer should clarify the important assumptions used in the indicative valuation, describe sources of financing for conclusion of transaction and list all (pre)conditions for closure of transaction, which buyer plans to incorporate in obligatory offer.
- If the seller considers the indicative offer acceptable, the buyer is interested to obtain additional details on the target through the due diligence process.

5 Draft Share Purchase Agreement and Binding offer

- The seller or the seller's legal representatives could prepare and deliver to the buyer a draft share purchase agreement after or during the due diligence process. This draft contains, inter alia, a list of all guarantees and liabilities which the seller is willing to give or take as part of the transaction, as well as risks and events for which the seller is not ready to give guarantees or be held liable. If the seller has performed internal (vendor) due diligence, the results of which have not been included in the information memorandum, the report on internal due diligence could be delivered to the buyer.
- Based on the results of the due diligence process and other collected information (information memorandum, meetings with the seller's management) and proposed share purchase agreement clauses, GRUBISIC & Partners will prepare the final valuation of the target.
- Based on the above-mentioned inputs, the legal advisor will prepare the draft binding offer. After the main components of the offer are agreed upon (price, protection clauses, sources of financing, timetable, additional requests, representations, warranties, etc.), the binding offer will be sent to the seller.

6 Transaction Closing

- The seller will enter into final negotiations with the small number of buyers with best offers. As part of the negotiation process, the chosen buyer could get an opportunity (exclusivity) to perform additional due diligence, after which the final terms of the agreement will be determined.
- Legally binding relation between the seller and the buyer starts with signing of a share purchase agreement. The signing of the share purchase agreement and/or transaction payment could be delayed for reasons not relating to mutual consent between the parties – e.g. the acquisition needs to be approved by the general assembly of the buyer company or by the regulator. It is common procedure that part of the agreed transaction price is paid in a special account to allow verification of fulfillment of certain conditions from the contract – e.g. the seller has guaranteed a certain level of inventory at the date of transaction's conclusion which requires checking balance sheet at the date of transaction's conclusion (preparation of balance sheet reflecting full accounts on transaction closing date can take few weeks).

1 Possible Reasons to Perform Valuation

- Some of the possible reasons to perform a valuation exercise are:
 - i. preparation for sale
 - ii. impairment test to estimate the value of goodwill
 - iii. redemption of co-owner wishing to exit from ownership structure
 - iv. financial institution may ask for a valuation of shares of a company to which it provided a loan facility and now wishes to mortgage the shares as collateral
 - v. preparation for recapitalization
 - vi. as part of the preparation for initial public offering (IPO).
- At companies that combine several business units (such as independent divisions of food and beverages), valuation can be performed for a specific unit or part of a company. The reason for this might be prepared to carve out and sell a specific unit or part or something else. GRUBISIC & Partners are experts for preparation of valuations part of which is development of sophisticated financial models which include sensitivity analysis and scenario analysis.

2 Valuation Methods

- In practice, we usually use one of the three valuation methods:
 - i. **DCF i.e. discounted cash flow method.** This method calls for projections of company cash flows because the value of the company is assumed to be its current (discounted) value of future cash flows. Cash flows are discounted at a rate which represents investor's required rate of return. To project cash flow, it is necessary to prepare projections of the income statement and balance sheet. Depending on the desired level of details, the income statement and balance sheet can be projected as only a few main items or at the most detailed level.
 - ii. **Trading multiples method.** In this method, we seek relative values of companies from the same industry (as our subject of valuation) listed on stock exchanges. "Relative value" refers to multipliers such as: EV/Income, EV/EBITDA, EV/free cash flow, P/E (price to earnings ratio), etc. Average or median values of the above stated multiples calculated for similar companies listed on stock exchanges are then multiplied with indicators of the company which is being valued. For example – average ratio EV/EBITDA for a listed company is 7x and EBITDA of the company being valued is EUR 10 million. Implied value of the company (EV) based on traded multiple EV/EBITDA is EUR 70 million (10m x 7 = 70m).
 - iii. **Transaction multiples method.** Similar to trading multiples, here we talk about a method where we seek relative values of companies. To be more specific, we are interested to find at which multiples of sales, EBITDA, etc. have transactions been taking place in the industry in which the company under valuation is in.

3 Basic Valuation Principles

- Value of any type of asset, therefore of a company also, relates to two main questions:
 - i. What are the expected benefits of owning the company / business?
 - ii. What is the risk of realized benefits being different than expected benefits?
- The ultimate „benefit“ from the investment does not come in the form of profit but rather positive free cash flow. The higher the expected cash flow the company can generate in the future, the higher its current value.
- Why is cash flow important instead of profit? Because profit is an accounting term and accounting is a standard within which it is defined how to record business activities. Each standard is based on specific rules which are at the same time in some parts subject to discretionary interpretation and application by the management of the company. As a consequence, accounting profit is often different from cash flow. Here are a few examples:
 - i. Depreciation is a cost item in the income statement (decreases profit) but does not represent cash outflow.
 - ii. While issuing invoices increase in revenue is recorded, but that does not necessarily indicate that it was collected (if not, this will result in an increase in trade receivables in the balance sheet).
 - iii. While selling products, the cost of their purchase or production is recorded in the income statement, but that does not necessarily indicate that the raw materials consumed in production were paid for (if not, this will result in an increase in trade payables in the balance sheet).
 - iv. Purchase of a building that will be used for many years will not be reflected in the income statement as an expense in the year of acquisition but will be linearly depreciated (as an expense in the income statement) during the coming years i.e. estimated useful life (but cash outflow has happened today).
 - v. During repayment of loan installment which includes interest and principal, the income statement will reflect the interest part only while repayment of principal will be reflected in the decrease in loan liabilities in the balance sheet (cash outflow included entire installment amount, while profit reflects only the interest part).
- Considering that projections are based on assumptions relating to a set of important variables, there is a possibility that actual results will differ from those projected. This implies that expected cash flow is a risky category. The amount of assessed risk will influence the investor's required rate of return. Higher the risk, the higher the required rate of return. In turn, the higher the required rate of return, the lower the amount an investor is ready to pay for the expected future cash flows of the company.



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Education

- Doctorate in Business Administration – SDA Bocconi, Milan, Italy (candidate).
- Mergers & Acquisitions – London Business School, London, UK, 2018 (executive education).
- Strategic financial analysis for business evaluation – Harvard Business School, Cambridge, USA, 2014 (executive education program).
- Doctorate in Business Administration with emphasis in Finance – Business School Lausanne, Switzerland, 2007.
- Master in Finance – Webster University, St. Louis, USA, 2003.

Experience

- Andrej started his career in 2002 in USA as a finance analyst in Sodexo Inc. In 2003, he joined Hrvatski Telekom as an assistant in the office of the CFO, where he was in charge of treasury and corporate finance, after which he moved to strategy department managing strategic planning for all member companies of T-HT Group. In 2007 Andrej co-founded fund management company Platinum Invest where he was a board member until 2008 when he sold his equity stake and became head of corporate finance within Erste Group in charge of Croatian market with focus on M&A projects, recapitalizations and financial restructuring. At the beginning of 2010 he started a corporate finance firm – GRUBISIC & Partners Corporate Finance focusing on M&A, capital raising, valuations, due diligence and financial restructuring. Andrej is responsible for business origination, conceptual setup of project engagements, supervision and quality control, client advisory and assurance of fulfillment of all preconditions for deal closing. During 2004 - 2018 Andrej was professor of finance at undergraduate and MBA program at Zagreb School of Economics and Management, and since 2017 he has been professor of finance at the Luxembourg School of Business.



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Education

- Postgraduate Degree in Financial Strategy – University of Oxford, Said Business School, UK, 2019/2020.
- Bachelor's Degree in Economics and Management – Zagreb School of Economics and Management, Zagreb, Croatia, 2014 (including semesters spent on Higher School of Economics in Moscow and London School of Economics).
- Candidate for 2nd level of the CFA program.

Experience

- Darijo has joined GRUBISIC & Partners in 2013 and is currently a Partner based in Zagreb. He has extensive corporate finance experience gained through more than 100 engagements for local and international clients, involving sell-side and buy-side M&A, fundraising, valuation, due diligence and financial restructuring. Clients with whom Darijo has actively worked with include AON, MIG, Exterstahl, MET Holding, HRS Marlin Equity Partners, Hrvatski Telekom, Emma Capital, Conforama Holding, Končar D&ST and Sanolabor. Before joining GRUBISIC & Partners he has worked for Slovakia based Budamar Logistics.

Other

- Dean's award during all years at ZSEM (among top 5% of students).
- Fluent in English and conversational knowledge of Russian and German.



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Education

- Master in Finance - Nova School of Business and Economics, Lisbon, Portugal.
- B.S. in Business Economics – Zagreb School of Economics and Management, Zagreb, Croatia, 2016 (including semesters spent at University of Barcelona, Frankfurt School of Finance and Management and Harvard University).

Experience

- Marko has joined GRUBISIC & Partners in June 2017 as an analyst. Prior to joining GRUBISIC & Partners, Marko has worked as an intern at Zagrebačka banka in the corporate banking division and Credos brokerage house.

Other

- Dean's award during three years at ZSEM (among top 5% of students).
- Fluent in English and conversational knowledge of German.



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Education

- Master's degree in Accounting and Auditing - Faculty of Economics and Business in Zagreb, 2016.
- Bachelor's degree in Business Economics - Faculty of Economics and Business in Zagreb, 2014
- Candidate for the ACCA program.

Experience

- Mario has joined GRUBISIC & Partners in October 2017 as an analyst. Prior to joining GRUBISIC & Partners, Mario has worked on several audit engagements as an audit assistant at Crowe Horwath.

Other

- Fluent in English.



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Education

- Master's degree in Analysis and Business planning – Faculty of Economics and Business in Zagreb, 2020.
- CEEPUS student exchange program – Wirtschaftsuniversität Wien, 2018.
- Bachelor's degree in Business Economics - Faculty of Economics and Business in Zagreb, 2018.

Experience

- Antonio has joined GRUBISIC & Partners in October, 2018 as an intern. Prior to joining GRUBISIC & Partners, Antonio has worked as an intern at Intercapital in the investment banking division.

Other

- Scholarship for excellence, University of Zagreb – among top 10% of students.
- Fluent in English.



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Education

- MSc in Corporate Finance – LUISS Guido Carli, Rome, Italy, 2020 (incl. semester abroad at EDHEC, Nice, France).
- BSc in Business Administration – University of Cologne, Germany, 2018 (incl. graduate program at IE Business School, Madrid, Spain).

Experience

- Roman joined GRUBISIC & Partners in September 2021 as an Analyst. Prior to joining GRUBISIC & Partners, Roman had worked as a Private Equity Intern at Aurelius in Munich, and as an Investment Banking Intern at ABN AMRO Bank's Natural Resources M&A Team in Amsterdam.

Other

- Native German Speaker, fluent in Italian and English.
- Co-Founder of the Association of Croatian Students Abroad.



Leonardo Matanović

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Education

- Integrated Undergraduate and Graduate University Study Programme Business Economics, course Analysis and Business Planning - Faculty of Economics and Business in Zagreb, 2021.

Experience

- Leonardo has joined GRUBISIC & Partners in February 2022 as a junior analyst. Prior to joining GRUBISIC & Partners, Leonardo gained experience from volunteering.

Other

- Fluent in English and conversational knowledge of German.



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Education

- Master of Science in Finance - Zicklin School of Business, Baruch College, New York, NY, USA, 2022.
- Bachelor of Science in Finance - The Malcolm Baldrige School of Business, Post University, Waterbury, CT, USA, 2019.

Experience

- Ivan has joined GRUBISIC & Partners in January 2023 as a junior analyst. Prior to joining GRUBISIC & Partners, Ivan has worked as an intern in the investment banking division (buy-side M&A) at Angel Light Capital in New York, investment banking division at InterCapital in Zagreb, and private banking division at Raiffeisen Bank International (Friedrich Wilhelm Raiffeisen Private Banking) in Zagreb.

Other

- Fluent in English
- Summa Cum Laude - Zicklin School of Business, Baruch College
- Magna Cum Laude - The Malcolm Baldrige School of Business, Post University
- Academic & Athletic Scholarships - The Malcolm Baldrige School of Business, Post University



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Education

- Bachelor's Degree in Economics and Management - Zagreb School of Economics and Management, Zagreb, Croatia, 2024.
- Student exchange program - ESSEC Business School, Paris, 2023.

Experience

- Matej has joined GRUBISIC & Partners in July 2024 as a junior analyst. Prior to joining GRUBISIC & Partners, Matej has worked at Ernst&Young in the Strategy and Transactions division (M&A Team).

Other

- Fluent in English.
- Dean's award recipient during four years at ZSEM (among 5% of students).
- ACAP Scholarship for Excellence - among 2 best students.

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