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for the attention of Mr. X

12/09/2022

Strictly private and confidential

Non-binding offer

Dear Sirs,

Re: Project Runway

Subject to the conditions set forth in this letter, Pincopallo SGR is pleased to submit this proposal to acquire, either directly or through a subsidiary, Carla G Srl (the “Company”) from Selemoda Srl, on the basis set forth in this letter (hereinafter referred to as the “Proposed Transaction”).

The preliminary indication of principal terms for the Proposed Transaction contained in this letter is based on our understanding of the limited information made available so far and is not exhaustive of all the matters which we would wish to cover in a final agreement. We look forward to the opportunity of discussing details of our proposal in greater depth with you.

1 Consideration and valuation parameters

Subject to the other provisions of this letter (specifically including the satisfactory completion of due diligence), Pincopallo SGR hereby presents a non-binding preliminary price indication of 5.17M EURO in cash (the “Base Purchase Price”) for the purchase of 100% of the share capital of the Company.

The Base Purchase Price is based on the EBITDA of the year 2016 (actual figure), to which we applied a multiple ranging between 4x and 5x, based on trading 4.7x multiples, subject to further due diligence.

The Base Purchase Price has been determined assuming that at closing of the Proposed Transaction (“Closing”) the Company will have a debt-free, cash-free balance sheet and a normal level of working capital to ensure continuing service and turnover level, to be determined on the basis of our financial due diligence (the “Normal Working Capital Amount”). The Base Purchase Price would be adjusted at Closing to the extent the estimated working capital at Closing is greater than or less than the Normal Working Capital Amount.

The Base Purchase Price would be adjusted after Closing to reflect any difference between the Company's actual working capital at Closing and the Normal Working Capital Amount.

2 Conditions

Our proposal is subject to the following conditions:

- 2.1 Carla G Srl will have (i) completed and will have been satisfied with the results of its due diligence, including environmental due diligence, (ii) determined that there are not any material legal or business impediments existing or threatened against the Company, and (iii) been assured that the assumptions upon which Pincopallo SGR has based this proposal are accurate;

2.2 the agreement of appropriate legal documentation on mutually acceptable terms (the “Transaction Documents”);

2.3 approval of the Proposed Transaction and the Transaction Documents by the Board of Directors of Carla G Srl being obtained; we expect that the approval process can be completed within the proposed timing set out in Paragraph 4 below;

2.4 all necessary consents from any competition authority and any other governmental or regulatory body being granted in a form satisfactory to each of us; at this stage we do not expect that the Proposed Transaction would trigger any competition or other filings, subject to confirmation of our external legal advisors;

2.5 all necessary third-party consents to change of control or the assignment or transfer of contracts being granted in a form satisfactory to each of us.

3 Proposed timing and due diligence

If you can agree with the principles set out in this letter, we would anticipate the following next steps and timetable for the Proposed Transaction:

4.1 due diligence investigation, i.e. in-depth financial, tax, legal, environmental, technical and commercial due diligence: we would anticipate that such due diligence would take four weeks, provided that the requested due diligence information is made available reasonably promptly;

4.2 definitive proposal by Pincopallo SGR; followed by

4.3 drafting and negotiating of the Transaction Documents; and

4.4 execution of the Transaction Documents by Carla G Srl.

5 Transaction team and point of contact

We have an experienced internal M&A team to execute the Proposed Transaction. At this stage, we have not yet engaged any external advisors to assist us in the Proposed Transaction, but given our recent M&A experience in Italy, we have the necessary direct contacts with reputed legal, financial, tax and environmental external advisors in Italy.

6 Confidentiality

This letter and its contents are delivered to you on the express condition that you maintain their confidentiality. In particular, no part of this letter or its contents may be disclosed to any third party.

7 Legal Effect

7.1 With the exceptions of paragraphs 6 (Confidentiality) to 10 (Governing Law and Jurisdiction) inclusive, this letter is not intended to be legally binding and merely represents our present intention regarding the Proposed Transaction.

7.2 Nothing in this letter creates any obligation on you or us to enter into the Proposed Transaction.

7.3 If the parties to the Proposed Transaction do not execute and deliver duly authorized definitive agreements, the parties will not have any liability or obligation to the other under this proposal or otherwise, including, without limitation, any liability for any failure to negotiate in good faith or pursue the proposed transaction further regardless of the reason.

8 Term

The proposal described in this letter remains open until 31/09/2022.

9 Costs

Each of the seller and the purchaser will be responsible for any costs incurred by it or its affiliated companies in connection with the Proposed Transaction.

We look forward to your response to our proposal.

Please do not hesitate to call me any time if you need more information.

Yours faithfully,

Pincopallo SGR