

Executive summary of KONZUM Nyrt. on the importance of transformation

The business activities of OPUS GLOBAL Nyrt. and KONZUM Nyrt. – both companies acting as leading investment holdings – operating in the legal form of a public limited company providing thereby the benefits gainable from the transparency of the regulated market, overlapped in several aspects, like the companies' operation models, the medium- and long-term plans of the companies' management; however, they based their successful operations on investments in different economic sectors, in various divisions of the real economy. The economic philosophy followed after the change in the ownership structure at the beginning of 2017 certified the necessity of progress-based acquisitions and the expansion of the portfolio. At the early stage of the progress, during the initial, growing phase of this expansion-based model, the management of the companies considered it rational to operate the companies under the aegis of the public visibility granted by and as an integral part of the regulated market, in order to ensure a strong market embeddedness, as well as to gain and keep the trust of the investors.

The significant capital increases and acquisitions realized in 2018 led to such an expansion of the investment scopes of the two companies that would have induced major overlaps in their activities in order to reach the new investment border areas or new market segments and to determine the direction of future expansions, which expansion would have been necessarily accompanied by those limits arising from the nature of the base model. Moreover, from the aspect of stock exchange capitalization, the two Companies, if counted together, are the fifth most prominent company on the Budapest Stock Exchange. Hence, the management of OPUS GLOBAL Nyrt. and KONZUM Nyrt. considered the enhancement of the companies' presence as investors in the Central-East-European region being a prerequisite of any further expansion; while in the financing of such transactions in this region the involvement of international capital is essential. However, even international investors share the opinion that such a significant capital raise requires the achievement of a so-called critical size. Keeping in view all the above aspects and factors proposed the boards of directors of the Companies to the general meetings of OPUS GLOBAL Nyrt. and KONZUM Nyrt. to merge the two entities.

Hopefully, the execution of the Merger shall open up new dimensions for the Legal Successor Company, as an actor on both the domestic and the international capital markets, to realize its regional growth plans of significant volume. Following the Merger, the Legal Successor Company is expected to achieve the critical size from international aspect as well, which circumstance (together with the necessary rationalization of the operating model) shall make way for the widest possible exploitation of the advantages offered by the money- and capital markets, that being an expressed target of the Board of Directors of the Legal Successor Company. According to the expectations of the management, the stock exchange capitalization of the Legal Successor Company may reach HUF 350-400 billion (calculated upon the current exchange rate and under the current market conditions), while its consolidated equity (according to the rules of the IFRS) is predicted to exceed HUF 350 billion. As a result of the Merger, the potential of the Legal Successor Company to generate income shall also further improve, and the value of the EBITDA in 2019 is expected to exceed HUF 30 billion.

Expectedly, the Merger shall also grant more weight to the shares of the Legal Successor Company in respect of the domestic and European benchmark indexes. Hence, the Legal Successor Company may appear as a more attractive target for large foreign institutional investors and financial funds with more conservative investment policies. The overall effects of the above may significantly broaden the Legal Successor Company's fundraising potential and possibilities both on the domestic and the international money- and capital markets.

Furthermore, as a result of the Merger, the Legal Successor Company shall become a more stable and capital intensive holding company, which factor was also identified by the Companies' management as a positive effect of the transformation. By using the synergies between the two Companies, the management expects more rational and effective operation after the Merger. Moreover, as a result of the Merger, the company structure may become more arranged and traceable, based on simpler processes, entailing strengthening investor transparency in the opinion of the Companies' management.



Notwithstanding the above, the actual directions and method of execution of the Merger are driven by the economic rationality arising from capital increase of own equity and the greater potential to generate income of OPUS GLOBAL Nyrt., compared to the same indicators of KONZUM Nyrt. With due regard to the above, OPUS GLOBAL Nyrt. was designated to become the Legal Successor Company.

Upon calculating the share swap rate of the Merger the Board of Directors of the two Companies shall have the data of the individual annual balance sheet report audited by the auditor upon approval (included in the draft of statements of assets and liabilities annexed to this Joint Draft Terms on Transformation), and with regard to the fact that on the basis of the data available and approved by the auditor for the Board of Directors of the Companies the consolidated own equity per parent company calculated by IFRS for the value day of 31 December 2018 were counted at higher value in relation with the particular annual report in order to indicate better evaluation of the Companies to attract favorable investors. Due to the significant increase in both the equity and the revenue-generating potential of the two Companies resulting from the considerable volume of contributions-in-kind and the company acquisitions realized during 2018, moreover, regarding that the aforementioned contributions-in-kind were based on independent appraisals, the thorough analyses prepared by the Companies' Boards of Directors led to the conclusion that the actual market values of KONZUM Nyrt. and OPUS GLOBAL Nyrt. on the value day of 31 December 2018 are represented the best by the indicator of the mother companies' portions from the consolidated own equities of the two Companies, calculated in line with the rules of IFRS.

In respect of KONZUM Nyrt., the amount of the consolidated own equity was reduced by net HUF 6,493,932,- as overall revenue realized in 2017 and 2018 on the change of the actual value of the block of shares of OPUS GLOBAL Nyrt, owned by KONZUM MANAGEMENT Kft. Such reduction was indicated by the fact that after the Merger, the OPUS Shares owned by KONZUM MANAGEMENT Kft. will classify as shares held by affiliated undertaking, regarding which no further overall profit arisen from the change of the actual value may be accounted.

Conversion Rate of the KONZUM Shares and OPUS Shares calculated by the Companies is as it follows:

On the basis of the consolidated data	OPUS GLOBAL Nyrt. (Acquiring Company)	KONZUM Nyrt. (Merging Company)
Own equity value (thousand HUF)	168,456,725	50,916,872
Quantity of shares	536,384,476	330,523,148
The value of own equity per one share (HUF/quantity)	314.1	154.0
Exchange rate	1	2