

Oaklins



Fairness Opinion Spice Private Equity Ltd.

Assessment of the financial adequacy of the planned public tender offer by GP Swiss Ltd. for all publicly held registered shares of Spice Private Equity Ltd.

ZURICH, 27 JUNE 2022

Dear Sir or Madam

The independent members of the Board of Directors of Spice Private Equity Ltd. ("Spice" or "Spice PE") have retained Oaklins Binder Ltd. ("Oaklins" or "we") to prepare a fairness opinion that assesses the financial adequacy of the public tender offer by GP Swiss Ltd. for the publicly held shares of Spice Private Equity Ltd.

The fairness opinion is intended solely for use by the Board of Directors of Spice PE, who may refer to the fairness opinion in its statement assessing the aforementioned offer. The fairness opinion may be published in full and made available to interested parties. However, it may not be used for any purpose other than assessing the financial adequacy of the offer. In particular, the fairness opinion does not constitute a recommendation to the public shareholders to accept or reject the offer.

Oaklins has prepared this fairness opinion as an independent corporate finance advisor and will receive a reasonable fee for this service. Oaklins has not received/will not receive any compensation that is dependent on statements in the opinion or the completion of the transaction. Oaklins confirms that it is suitably qualified as an assessor within the meaning of Art. 30 (6) TOO to prepare a fairness opinion and is independent of the offeror, the offeree company and persons acting in concert with them.

When it prepared the fairness opinion, Oaklins assumed the accuracy and completeness of the information provided by Spice PE. Management confirmed that it was not aware of any facts or circumstances that would render the information provided misleading, inaccurate or incomplete. Oaklins' responsibility is limited to careful, professional assessment of the plausibility of the information and the calculations provided to it, as well as the professional execution of the valuation.



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Table of contents

Introduction	4
Background	4
Our mandate	5
Valuation principles	5
Information basis & sources	5
Company Overview	6
Company description	6
Investment portfolio	6
Reported net asset value (NAV)	8
Number of outstanding shares & share repurchase programs	8
Share price & liquidity analysis	9
NAV discount	11
Valuation Methods	12
General valuation procedure	12
Adjusted net asset value (ANAV)	13
Methods applied to value individual assets	13
Adjusted Net Asset Value	14
Calculation of the adjusted net asset value (ANAV)	14
Bravo Brio	15
G2D Investments	18
Insole	19
Argo Brazil	20
Legacy portfolio	21
Cash & cash equivalents	22
Other net assets/liabilities	22
Present value of expected corporate costs	22
Illiquidity discount	23
Comparable Company & Transaction Analysis	24
NAV discounts of comparable companies	24
NAV discounts in comparable transactions	26
Takeover premiums	27
Conclusion after comparable company and transaction analysis	27
Evaluation of Alternatives for Spice's Public Shareholders	28
Sale of shares through the stock exchange	28
Rejection of the offer	28
Liquidation	28
Conclusion	29
Appendix	31
List of abbreviations	32
Shareholding structure	33
Cost of capital (WACC)	34
Valuation details: Bravo Brio	37
Valuation details: G2D Investments	43
Valuation details: Insole	44
Valuation details: Argo Brazil	45



Introduction

BACKGROUND

- Spice Private Equity Ltd. (“Spice PE”) is a SIX-listed investment company focused on global private equity investments. At the end of May 2022, the company had four main direct investments in the US and Brazil, as well as a portfolio of older legacy fund of funds investments.
- The investments are managed by GP Advisors (Bermuda) Ltd., a fully-owned subsidiary of GP Investments Ltd. (“GP” or “GP Investments”), which is a listed alternative investment firm and is also Spice PE’s majority shareholder.
- Spice PE’s legal domicile is in Zug, Switzerland. The company has no employees as it outsources all its administrative and management services.
- Spice PE is listed on the SIX Swiss Exchange, with Swiss Security Number: 915.331, ISIN: CH0009153310, and Ticker-Symbol: SPCE. As at 31 May 2022, the company had 5,360,617 fully paid registered shares. Based on the closing share price of USD 15.10 on the same day, the market capitalization amounts to approximately USD 81 million. The share is illiquid according to the definition of Swiss takeover law.
- Through its subsidiaries GP Swiss Ltd. and GP Cash Management Ltd., GP Investments is the majority shareholder with a stake of approx. 73%. No other shareholder owns more than 5% of the company’s shares.
- On 2 June 2022, GP Swiss Ltd. announced a voluntary public tender offer for all publicly held registered shares of Spice PE. The offer price for each share is USD 16.25 net in cash.
- Pursuant to Art. 132 FMIA, in the event of a public tender offer, the Board of Directors (“BoD”) of the target company shall submit a report to the holders of equity securities in which it details its position in relation to the offer (“Board Report”). To support its assessment, the BoD may obtain an independent fairness opinion from an external provider.
- Spice PE’s BoD consists of five members, three of whom are independent from GP Investments. The other two are affiliated with the majority shareholder and offeror. The independent board members have decided to have a fairness opinion prepared to support their recommendation in the Board Report.

OUR MANDATE

- The Board of Directors of Spice PE has retained Oaklins to prepare a fairness opinion to assess the financial adequacy of the public tender offer.
- The fairness opinion is intended solely for use by the BoD as part of the Board Report. The fairness opinion may be used for publication in connection with and as part of the Board Report. It may also be referred to in the offer prospectus of the Offeror.
- The fairness opinion does not constitute a recommendation to the public shareholders of Spice PE to accept or reject the offer. Furthermore, it does not assess the payment terms and other conditions of the offer, the transaction structure from a legal and fiscal perspective, the possible consequences if the offer is accepted or rejected, or the future value of the Spice PE share.
- Oaklins has not performed an audit as defined by Swiss corporate law or any kind of due diligence.
- According to a decision by the Swiss Takeover Board (“TOB”) dated 25 April 2012, Oaklins is suitably qualified to prepare fairness opinions on public tender offers in Switzerland.

VALUATION PRINCIPLES

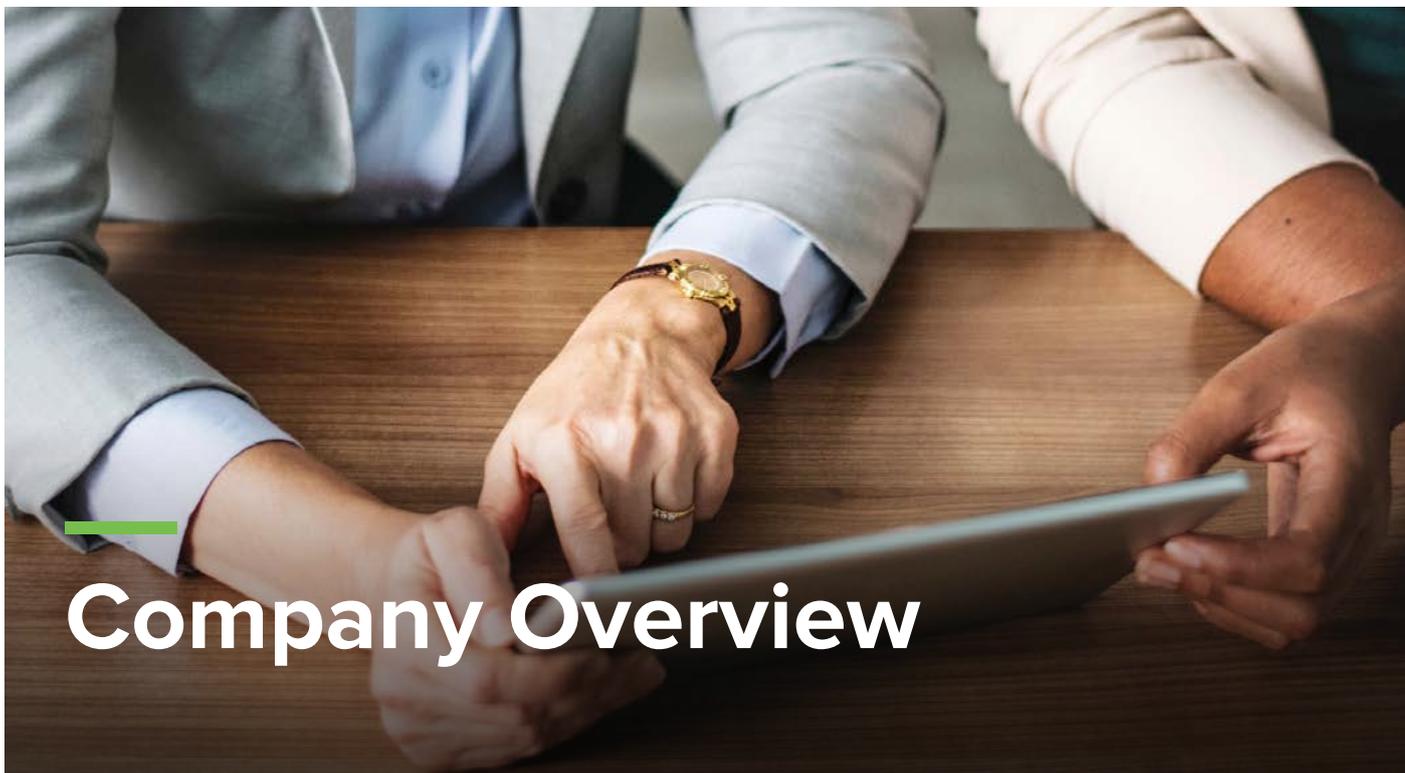
- This appraisal of the financial adequacy of the offer to the shareholders of Spice PE is based on valuation considerations by Oaklins.
- No consideration has been given to the tax or legal situation at the individual shareholder level in the assessment of the financial adequacy of the offer to the shareholders of Spice PE.
- Accordingly, only general statements on the financial adequacy of the offer from the perspective of public shareholders are possible in the context of this fairness opinion.
- The valuation date is 31 May 2022.

INFORMATION BASIS & SOURCES

The information and criteria in this document are based on the prevailing market, corporate and economic conditions as at the valuation date of 31 May 2022. Any circumstances thereafter may affect the information which has been used as the basis for this analysis. Oaklins has no obligation to update, verify or confirm the information contained in this document.

The assessment is based on the following information:

- The pre-announcement of the public tender offer by GP Swiss Ltd. on 2 June 2022;
- Selected publicly accessible business and financial information on Spice PE (including audited annual reports and quarterly NAV calculations);
- Annual reports of the investee companies (i.e., Bravo Brio Restaurants, FoodFirst Global LP, G2D, Argo Brazil, Insole) for selected years;
- Selected reports of the Legacy Portfolio holdings and information on the internal NAV derivation;
- Publicly available unaudited annual reports and detailed NAV calculations for G2D;
- Budget 2022 and the medium-term plan for Bravo Brio;
- Information on cash and cash equivalents, debt and other assets/liabilities as well as information on recurring expenses of Spice PE and other group companies;
- Information on Spice PE’s shareholding structure;
- Details on Spice PE’s share buyback programs;
- Information on recent transactions with respect to the investments in Insole and Argo Brazil, respectively;
- Information on previous sales intentions for the Legacy Portfolio holdings;
- Market studies assessing the market environment and future developments;
- Historical share price data and share trading volumes for Spice PE and G2D;
- Capital market data and other publicly accessible information on selected peer companies whom Oaklins deems to be active in comparable areas to the company or its participations;
- Information on comparable precedent transactions;
- Discussions were held with Rodrigo Boscolo, Head of Investor Relations at Spice PE, as well as with the independent Board members;
- Other financial studies, analyses and information, which Oaklins deemed to be appropriate.



Company Overview

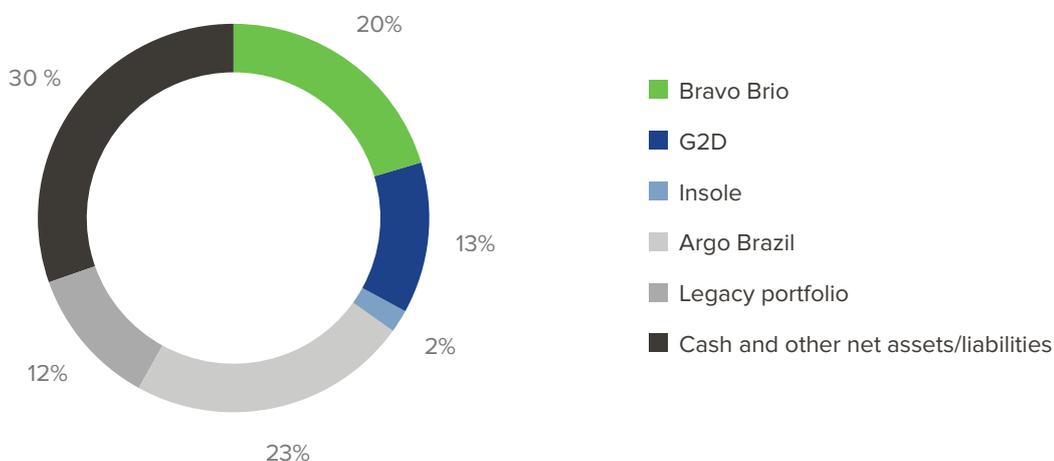
COMPANY DESCRIPTION

Spice Private Equity Ltd. (“Spice PE”) is an investment company focused on global private equity investments. Spice PE aims to achieve long-term capital growth for shareholders by investing directly in companies and in private equity specialized funds. Its investments are managed by GP Advisors (Bermuda) Ltd., a fully-owned subsidiary of GP Investments Ltd. Spice PE is headquartered in Zug, Switzerland.

Spice PE has been listed on the SIX Swiss Exchange (SPCE) since 20 May 2015. As at 31 May 2022, the market capitalization amounts to approx. USD 81 million.

INVESTMENT PORTFOLIO

Portfolio composition based on the reported NAV as at 31 March 2022



Source: Spice PE, NAV report as at 31 March 2022



ARGO SEGUROS

Spice PE holds the following significant investments¹:

- **Bravo Brio Holdings, LLC (“Bravo Brio”)**: Bravo Brio is the US-based owner and operator of two distinct Italian restaurant brands, “BRAVO! Italian Kitchen” and “BRIO Italian Grille” (together “Bravo Brio Restaurants”). It has more than 60 outlets across multiple states in the United States. In the 2021 financial year, the company generated revenue of USD 196 million. In addition, Bravo Brio recently invested USD 10 million in Virtual Dining Concepts (“VDC”), a provider of delivery solutions to traditional restaurant owners. Bravo Brio is a joint venture with co-investors and Earl Enterprises. Spice PE indirectly holds a 34.8% stake in Bravo Brio.
- **G2D Investments Ltd. (“G2D”)**: G2D is a publicly listed investment platform that primarily targets minority investments in tech-enabled companies. Spice PE holds a 17.1% stake in G2D. The company has a portfolio that includes²:
 - Expanding Capital, a Silicon Valley-based venture capital company that invests in a pool of technology companies (US);
 - Blu Pagamentos, a fast-growing fintech (BR; 16.1%);
 - Quero Educação, a leading education platform (BR; 3.2%);
 - The Craftory, a consumer-oriented investment company (US/UK; 16.4%);
 - Sim;paul, a brokerage platform (BR; 6.4%);
 - Inova FIP, an equity investment fund which has invested in CERC (4.5%) and in 2TM (2.9%);
 - Digibee, a hybrid integration platform for business systems (BR; 1.6%).
- **Insole Energia Solar S.A. (“Insole”)**: Insole is a clean-fintech founded in 2013 to provide project design, installation and financing solutions for solar projects. In the 2021 fiscal year, Insole generated sales of BRL 38.6 million (approx. USD 7.2 million). Spice PE holds an interest of 14.8% in Insole.
- **Argo Seguros Brasil S.A. (“Argo Brazil”)**: Argo Brazil is a multichannel specialty insurance provider operating in Brazil. The company has a diversified product portfolio that is distributed through corporate and consumer channels: Cargo/Marine, D&O, E&O, Surety, Property and General Liability. In the 2021 fiscal year, Argo Brazil generated premium income of BRL 423.4 million (approx. USD 78.5 million) and an operating profit of BRL 18.6 million (approx. USD 3.5 million). Spice PE holds an 87.5% stake in Argo Brazil.
- **Legacy portfolio**: The legacy portfolio consists of older fund of funds (FOF) investments with a focus on emerging markets. These investments are remnants of a previous FOF investment strategy, hence the name “legacy portfolio”. The portfolio includes investments in: GP Capital Partners V (1.9%), Tara India III (6.43%), NYLIM Jacob Ballas III (4.55%), Africa Oil Corporation (5.61%), DLJ South America Partners (1.65%).
- **Cash and other net assets/liabilities**: In addition to its investments, Spice PE’s balance sheet contains a substantial amount of cash as well as other net assets/liabilities.

¹ The entire group consists of several subsidiaries and sub-holdings. The descriptions below refer only to the operating businesses. Please see the Appendix for detailed information on the legal structure.

² See G2D Investments Ltd.: Unaudited Interim Financial Information for the period ended 31 March 2022.

REPORTED NET ASSET VALUE (NAV)

Spice PE calculates and publishes its net asset value four times a year, as at the end of each quarter.

Reported NAV according to the management of Spice PE as at 31 March 2022

in USD'000	Geography	Sector	Ownership	Value
Bravo Brio	USA	Consumer	34.8%	32,449
G2D	Global	Technology	17.1%	20,141
Insole	Latin America	Clean Fintech	14.8%	2,966
Argo Brazil	Latin America	Insurance	87.5%	36,962
Legacy portfolio	Emerging Markets	misc.	misc.	18,411
NAV of direct investments				110,929
Cash & cash equivalents				48,920
Other net assets/liabilities				(557)
Total reported NAV				159,292
Reported NAV per share (USD)				31.7

Source: Spice PE, NAV reporting Q1 2022

NUMBER OF OUTSTANDING SHARES & SHARE REPURCHASE PROGRAMS

Since December 2021, Spice PE has conducted two share repurchase programs of its own shares at a fixed price for the purpose of a capital reduction. In the first program in December 2021, 308,858 registered shares (5.8% of the share capital, equaling 17.0% of the free float) were bought back at a price of USD 17.00 per share. The second buyback program comprised 202,796 registered shares (3.8% of the share capital, equaling 13.5% of the free float) at a price of USD 15.50 per share. Both share buyback programs attracted strong demand and were substantially oversubscribed.

The value per share is calculated by dividing the ANAV by the number of outstanding shares, excluding treasury shares. As at 31 May 2022, the company had 5,360,617 registered shares and following the two repurchase programs, the company owned 536,061 treasury shares, resulting in 4,824,556 outstanding shares, as shown in the table on the right. There are no outstanding employee options or other instruments that could dilute the number of shares.

	Number of shares
Registered shares	5,360,617
- Treasury shares	536,061
Outstanding shares	4,824,556

Sources: Commercial register of canton Zug; Spice PE, 2021 Annual Report, buyback programs

SHARE PRICE & LIQUIDITY ANALYSIS

Share price and VWAP 60 (in USD)



Source: Oaklins analysis; data from Infront Analytics, SIX

- Spice PE's shares are listed on the SIX Swiss Exchange. As at 31 May 2022, the company had 5,360,617 fully paid registered shares. The free float represents 24.3% of the total number of shares.
- The Spice PE share price fluctuated between USD 13.40 and USD 17.30 during the last twelve months prior to the pre-announcement.
- The closing price on the day before the pre-announcement was USD 15.10.
- According to SIX, the volume-weighted average price for the last 60 days (VWAP 60) prior to the pre-announcement was USD 15.11.

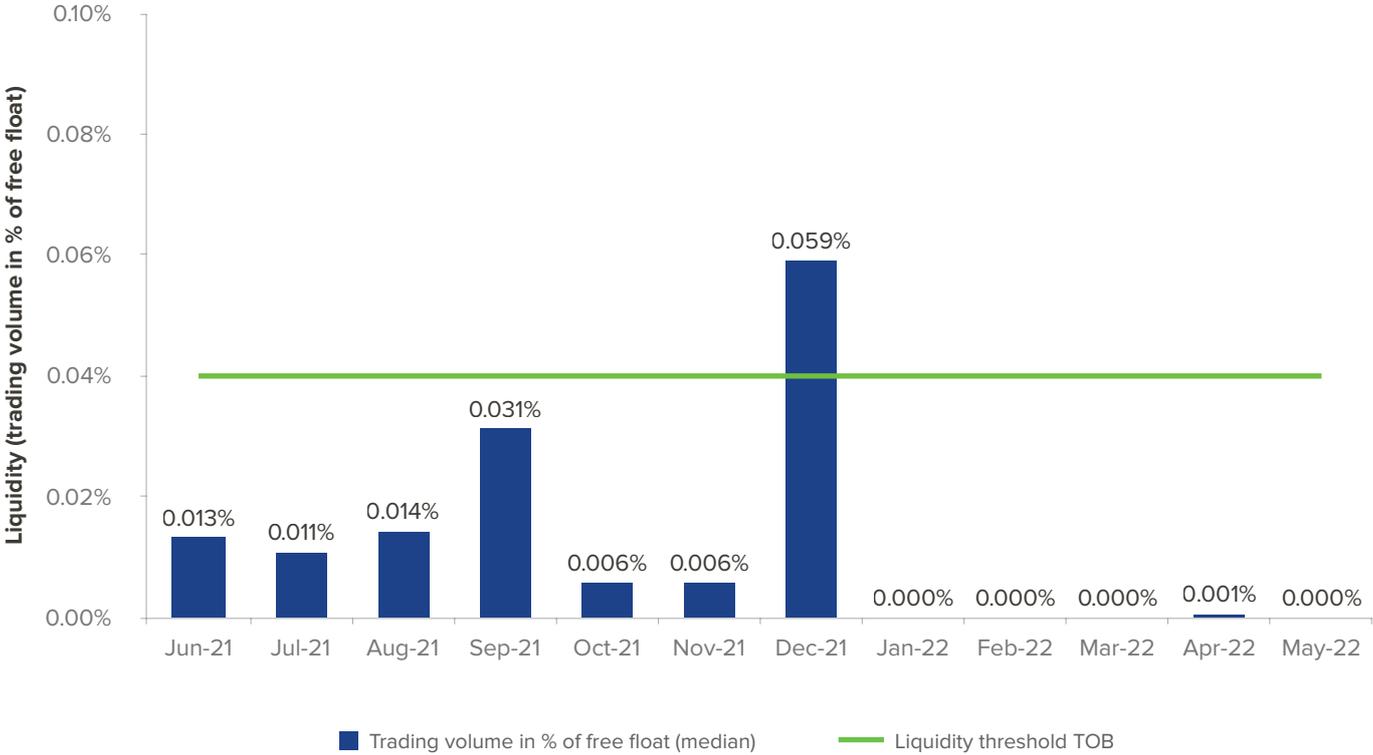
According to the applicable takeover law, shares of companies not listed in the Swiss Leader Index ("SLI") are considered liquid if the monthly median of the daily trading volume of on-exchange transactions in at least 10 out of 12 complete months preceding the pre-announcement or the offer is equal to or greater than 0.04% of the tradable portion of the equity security (free float).³

The graph on the following page shows the trading volumes in percent of the free float (monthly median) over the past 12 full months prior to the pre-announcement. During the last 12 full months, the monthly median of the trading volume in percent of the free float only exceeded the 0.04% threshold in one month.

Therefore, the liquidity analysis shows that the Spice PE share is illiquid according to the Takeover Board's definition.

³ Circular No. 2 of the TOB dated 26 February 2010 on liquidity within the meaning of takeover law.

Liquidity analysis



Source: Oaklins analysis; data from Infront Analytics

The shares of Spice PE are illiquid within the meaning of takeover law. Therefore, the share price is only of minor importance when assessing the present offer.

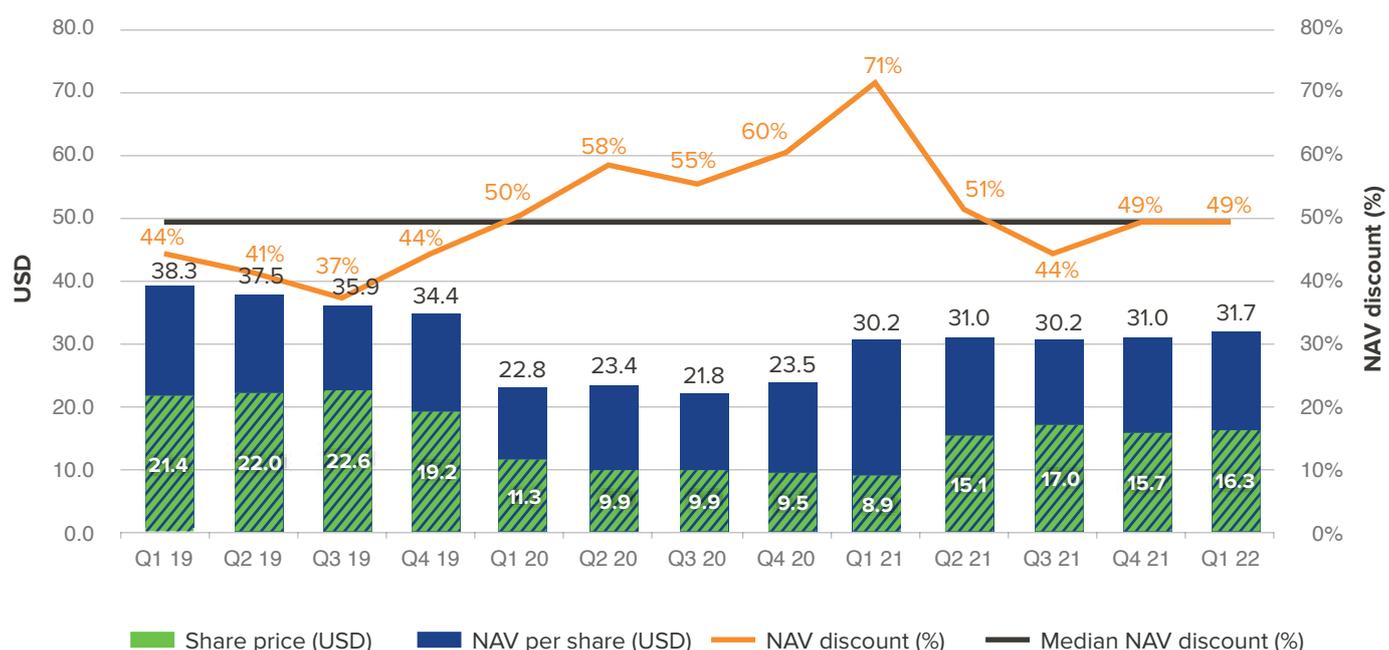
NAV DISCOUNT

The net asset value (NAV) is the total of a fund’s or company’s assets less its liabilities. The NAV is a common key figure when analyzing investment companies.

The shares of a fund or investment company may be traded on the market at values that differ from their reported net asset value. In fact, Spice PE’s NAV discount (percentage discount

of its share price relative to the reported NAV) has fluctuated between 37% and 71% over the last three years, with a median NAV discount of 49%. On 31 May 2022, the NAV discount (based on the last NAV reported at the end of Q1 2022) was 52%. The graph below shows the historical NAV discounts over the last three years.

Spice PE's historical NAV discount



Source: Oaklins analysis; data from Infront Analytics; Spice PE, 2021 Annual Report



Valuation Methods

GENERAL VALUATION PROCEDURE

Spice PE is an investment company. As such, its value consists mainly of the values of its investments plus any other assets/liabilities. Therefore, the adjusted net asset value (ANAV) is our primary valuation method. In addition, Spice PE conducted two recent share repurchases at fixed prices. In both these buyback programs, the number of tendered shares clearly exceeded the offered shares, which indicated that the offered repurchase prices reflected fair offers. In this fairness opinion, we use these repurchase prices as additional main indicators for the fair value range of the Spice share. In a second step, the main results are checked for plausibility, mainly using available market data on comparable companies and transactions.

To derive the ANAV, each asset on Spice's balance sheet must be valued. In each case, we apply the valuation method(s) most appropriate to the individual circumstances.

When deriving a fair value for the Spice share, we base our conclusion primarily on the ANAV, supported by the prices paid in the recent share buyback programs.

The table below summarizes the valuation methods used for each asset. The primary valuation methods are the ones that flow directly into the calculation of our main results, while the

secondary methods are complementary and used to support the primary results and as a plausibility check.

Valuation object	Primary valuation method(s)	Secondary valuation method(s)
Spice Private Equity Ltd.	Adjusted net asset value (ANAV) Recent repurchase prices	NAV discounts of comparable companies and transactions Takeover premiums
Bravo Brio	Discounted cash flow (DCF)	EBITDA multiples
G2D Investments	Current share price	Reported NAV and discounts
Insole	Recent market transaction price	Sales multiples
Argo Brazil	Recent market transaction price	P/B multiples P/E multiples
Legacy Portfolio	NAV with discount	
Cash & cash equivalents	Book values	
Other current net assets	Book values	
Expected corporate costs	DCF	

The assessment is completed by a qualitative evaluation of alternatives for the public shareholders of Spice PE.

ADJUSTED NET ASSET VALUE (ANAV)

The starting point for the ANAV calculation is the net asset value (NAV) of a company. This corresponds to the value of equity, which is the sum of assets less liabilities. To determine the ANAV, all balance sheet items are checked for their revaluation potential and adjusted accordingly where necessary. Specifically, we have performed our own value considerations for each of the direct investments.

Typically, investment companies such as Spice PE have certain operating expenses at the level of the holding company. While the NAV reflects the value of any future net income from the

portfolio companies (e.g. dividends, gains from the sale of participations), it does not consider the impact of the holding company's expected future costs, such as management fees, administrative costs and other operating expenses. This applies both at the Spice PE level as well as at any (sub-) holding(s) at the portfolio level. Therefore, the present value of any expected company expenses must be deducted when deriving the ANAV.

Finally, we deduct an illiquidity discount to consider the value impact of the Spice PE share's low trading volume.

METHODS APPLIED TO VALUE INDIVIDUAL ASSETS

As shown above, various methods have been used to value the individual direct investments and other net assets, including discounted cash flow (DCF), comparable company analysis,

comparable transaction analysis or recent market transaction prices.



Adjusted Net Asset Value

CALCULATION OF THE ADJUSTED NET ASSET VALUE (ANAV)

To calculate the ANAV of Spice PE, we first determine the fair values of the individual assets using the valuation methods discussed in the previous section. In a second step, we deduct the present value of Spice PE's expected corporate costs.

Finally, we apply an illiquidity discount in the range of 10–20% to reflect the limited trading volume of the Spice PE shares at the stock exchange. The table below summarizes the derivation of the fair ANAV range of **USD 15.3–USD 17.3** per share.

Adjusted Net Asset Value of Spice PE

in USD'000		31 May 2022	
①	Bravo Brio		24,623
②	G2D Investments		15,979
③	Insole		3,800
④	Argo Brazil		37,027
	Direct Investments		81,430
⑤	Legacy portfolio		9,205
⑥	Cash & cash equivalents		45,605
⑦	Other net assets/liabilities		(943)
	Other assets		53,867
	Net asset value		135,297
⑧	Present value of Spice PE's expected corporate costs		(42,727)
	ANAV before illiquidity discount		92,570
⑨	Illiquidity discount	20%	10%
	ANAV after illiquidity discount	74,056	83,313
	Number of outstanding shares	4,824,556	4,824,556
	ANAV per share (USD)	15.3	17.3

The valuation of the different assets is described in detail below:

1 Bravo Brio

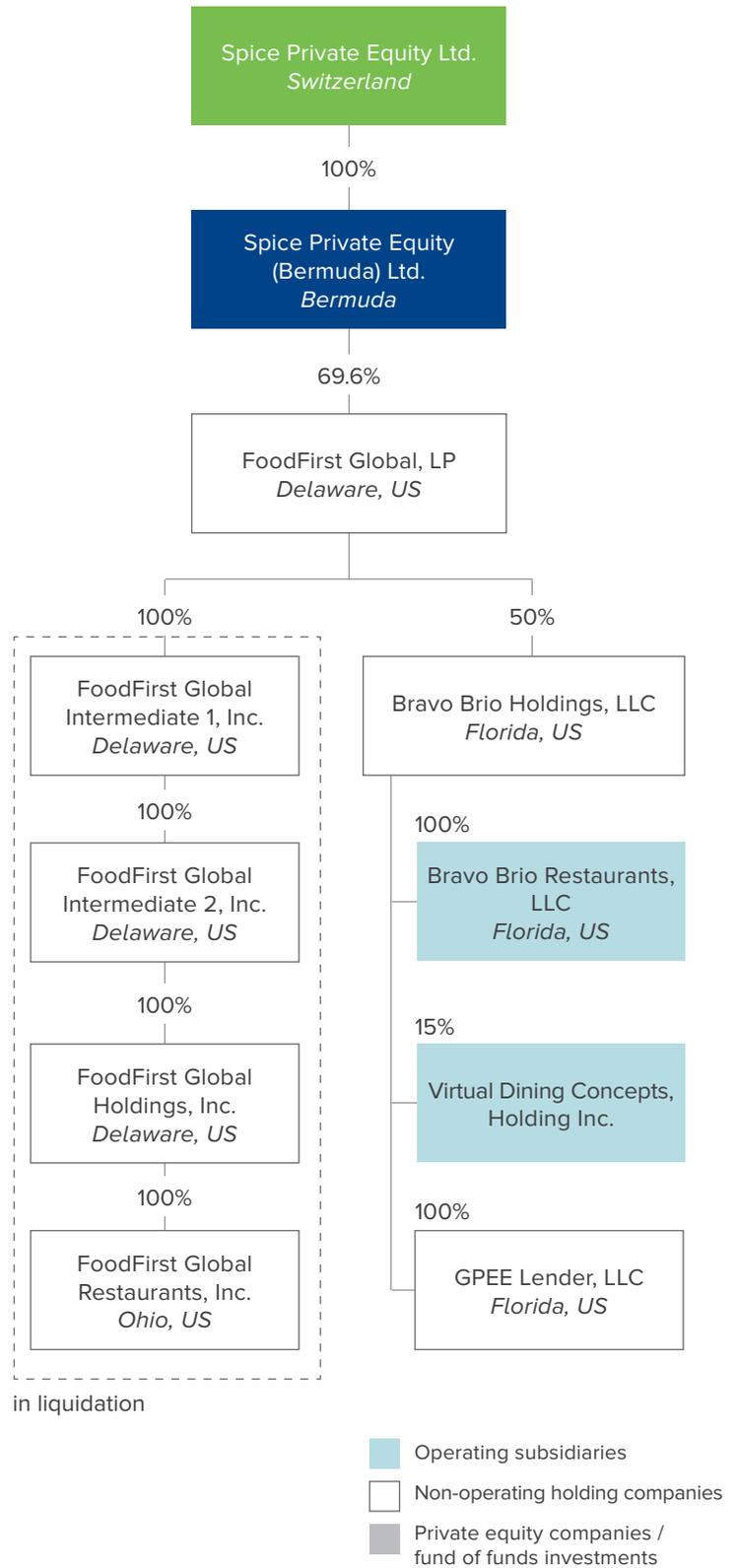
Spice PE’s investment consists of two operating businesses (i.e., Bravo Brio Restaurants and VDC) as well as all the assets and future costs within the various sub-holdings above (see legal structure on the right). These include cash and other net assets/liabilities. Finally, we deduct the present value of the expected recurring corporate costs and the expected costs to unwind the “old” FoodFirst Global Restaurants, Inc., which filed for voluntary Chapter 11 bankruptcy protection in April 2020.⁴

Valuation procedure

- We use the DCF method to value Bravo Brio Restaurants. The plausibility of the results was confirmed using multiples of comparable listed companies (trading multiples) as well as past transactions involving comparable companies (transaction multiples).
- Given the relatively small stake of 5.2% that Spice PE indirectly holds in VDC and the recency of the acquisition, we value this stake at cost, i.e., based on the purchase price recently paid. According to management, there have been no events since the date of investment that would indicate a material change in the value of the investment.

Key assumptions and assessment of the data basis

- The DCF analysis for Bravo Brio is based on the most recent budget for 2022, as well as on the medium-term plan (FY2023–2025) provided by management.
- We use a WACC of 12.4% to discount cash flow in the DCF valuation. For further information on the calculation details and the data basis, please refer to the Appendix.
- The assumptions on terminal value growth are based on long-term considerations, which are derived from the US Federal Reserve Board’s long-term inflation target of 2%.
- The plausibility of the underlying assumptions of the budget and plan was verified using market studies and peer benchmark information. Moreover, the YTD figures as at April 2022 strongly support the budget for 2022.



⁴ On 10 April 2020, FoodFirst Global Restaurants, Inc. filed for voluntary Chapter 11 bankruptcy protection, after being forced to close the dining rooms of all its restaurants during the COVID-19 pandemic. On 17 June 2020, a joint venture formed between Earl Enterprises, the parent company of Buca di Beppo and Planet Hollywood, and Spice Private Equity Ltd. and co-investors acquired most of the assets of FoodFirst, including the BRIO Italian Grille and BRAVO! Italian Kitchen brands. In one more important milestone in the restructuring process on 4 August 2021, FoodFirst’s bankruptcy case was dismissed by Orlando’s Bankruptcy Court. Please refer to the 2021 Annual Report for more details. The legal entities related to the “old” FoodFirst Global Restaurants are currently in liquidation and management assumes that their value is zero. Expected liquidation costs are considered in the analysis as described.

The table on the right summarizes the key assumptions of Bravo Brio's business plan and the DCF valuation.

The EBITDA multiple analyses are based on several listed peers and recent transactions in the US chain restaurant market, respectively. However, the impact of the COVID-19 pandemic on the recent income statements as well as the larger company size and varying profitability of many peers limit the meaningfulness of this analysis.

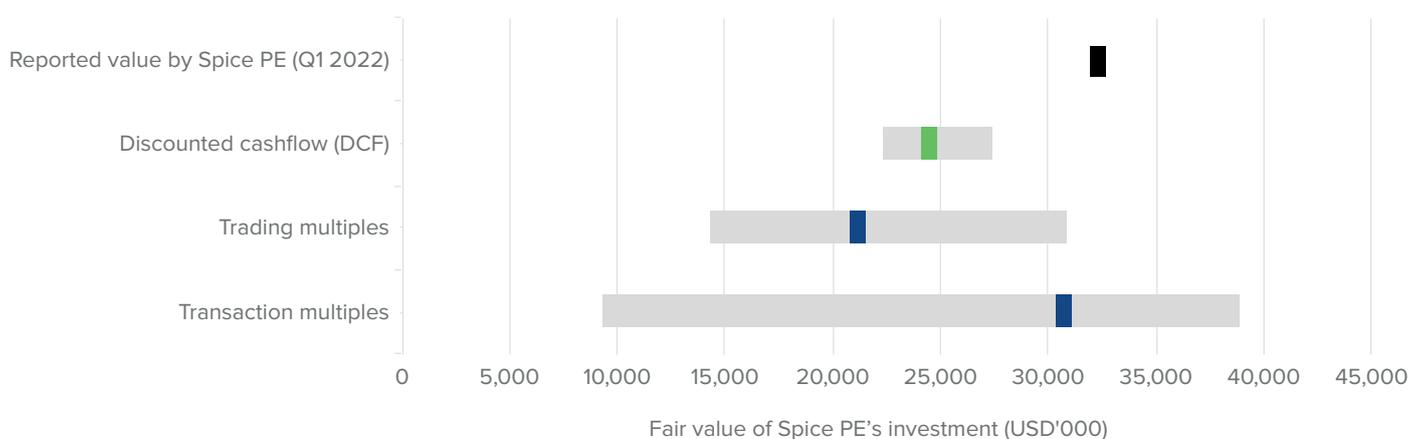
Key figures/assumptions of the DCF valuation

CAGR of net revenue FY22–25	7.1%
COGS in % of net revenue	28.0%
Personnel expenses in % of net revenue	34.5–36.0%
EBITDA margin	4.5–7.0%
Net working capital in % of net revenue	-6.5%
Maintenance capex in % of net revenue	3.2%
Tax rate	21.0%
Long-term growth	2.0%
WACC	12.4%

Results

The graph below shows the value ranges of Spice PE's investment in Bravo Brio (including VDC) resulting from the various valuation methods.

Valuation overview Bravo Brio



- The main value is derived from the DCF analysis. The range of the DCF value provided in the graph above is based on a sensitivity analysis of the cost of capital and the assumption regarding terminal growth, which are two of the key drivers in the DCF valuation.
- Based on the DCF valuation of Bravo Brio Restaurants, the fair value of Spice PE's ultimate investment is between USD 22.3 million and USD 27.5 million, with a point value of USD 24.6 million.
- The latter is compiled as shown in the table on the next page.

in USD'000	Value of 100%	Spice PE's stake	Value of stake
Equity value of Bravo Brio Restaurants	65,353	34.8%	22,743
Equity value of VDC investment	66,667	5.2%	3,480
Equity value of insolvent FoodFirst Global	-	69.6%	-
Other assets of holding companies	1,098	69.6%	764
Present value of expected corporate costs	(1,396)	69.6%	(971)
Present value of liquidation costs of old FoodFirst Global	(2,000)	69.6%	(1,392)
Value of Spice PE's investment			24,623

- The stake in VDC is valued based on the initial purchase price of USD 10 million paid by Bravo Brio Holdings, LLC for its 15% stake in VDC.
- Existing cash and other net assets at the holding level are considered at their last available book value.
- Management assumes recurring annual corporate costs of USD 0.133 million for administration, management, etc. at FoodFirst Global, LP. Considering inflationary growth of 2% and a WACC of 12.4%, the present value of these expected corporate costs is USD -1.4 million.
- Management estimates the remaining costs for the liquidation of the “old” entities to be USD 2 million.
- The DCF values are supported by the value ranges resulting from the multiple analyses, though their meaningfulness is limited, as discussed above.
- For further information on the detailed calculations, please see the Appendix.

Differences to Spice's reported value

Our fair value of USD 24.6 million is lower than the value of USD 32.4 million reported by Spice PE in their NAV reporting as at 31 March 2022. The main reasons for this are as follows:

- different capex assumptions;
- slightly different assumptions regarding cost of capital and terminal growth;
- a different valuation date; and
- Spice PE's NAV does not consider any net assets in the sub-holdings or expected costs of these entities.

2 G2D Investments

Through its subsidiary Spice Private Equity (Bermuda) Ltd., Spice PE owns 17.1% of G2D Investments Ltd.

Valuation procedure

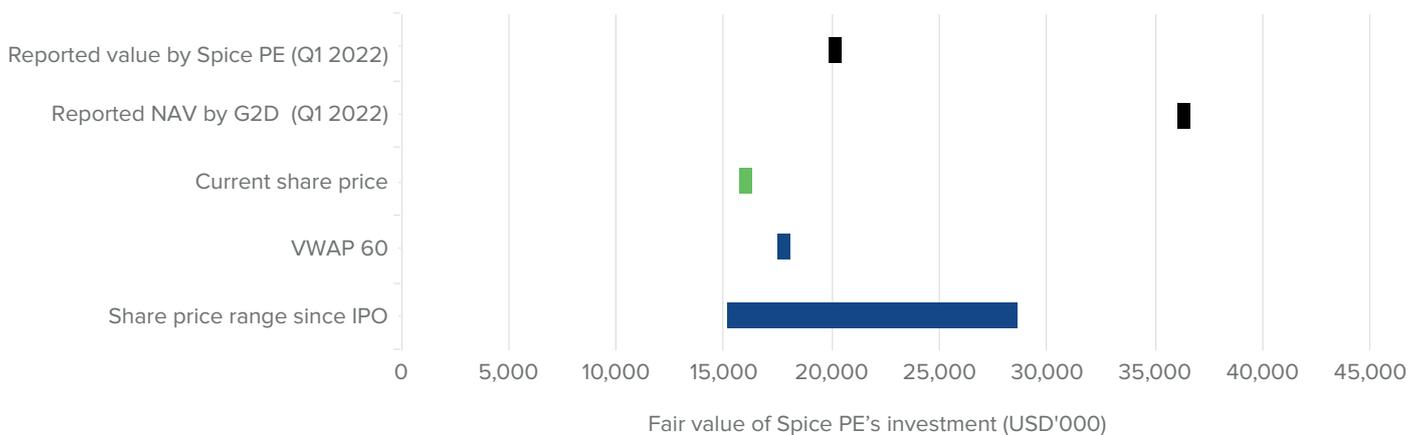
- The G2D shares are trading on the Brazilian Stock Exchange B3. As the shares are considered liquid according to the definition of the Swiss Takeover Board ("TOB")⁵, G2D's share price can be considered a reliable market price. Thus, the fair value of the investment is calculated as G2D's share price of BRL 4.19 as at 31 May 2022 times the 18,043,576 shares (1,752,631 of which are Class A shares and 16,290,945 of which are Class B shares) owned by Spice PE.



Results

The graph below depicts the fair value of Spice PE's investment in G2D as well as additional reference points.

Valuation overview G2D Investments



- With a closing share price of BRL 4.19 on 31 May 2022 and a corresponding market capitalization of approx. USD 93 million, Spice's stake in G2D is valued at USD 16.0 million.⁶
- Given that the share price is currently at the lower end of the share price range since the IPO in May 2021, the fair market value is also below the value-weighted average price of the last 60 trading days.
- The NAV reported by G2D for Q1 2022 implies a value for Spice PE's investment of USD 36.3 million, which was equivalent to a NAV discount over the share price on 31 March 2022 of 44.5%. Based on the share price on 31 May 2022, the discount relative to the last reported NAV increased to 56%. These discounts are consistent with the overall discount of the Spice PE share.
- For further information, please see the Appendix.

⁵ Circular No. 2 of the TOB dated 26 February 2010 on liquidity within the meaning of takeover law.

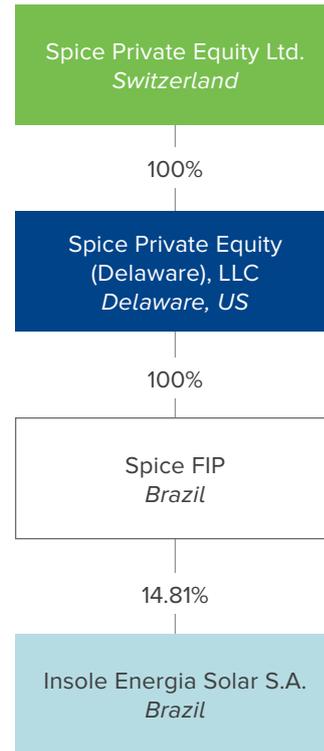
⁶ Application of a USD/BRL exchange rate of 0.2114 as at 31 May 2022.

3 Insole

The investment in Insole was made by Spice Private Equity (Delaware), LLC through a vehicle named Spice Fundo de Investimento em Participações Multiestratégia (“Spice FIP”). As at the valuation date, the stake amounts to 14.81%.

Valuation procedure

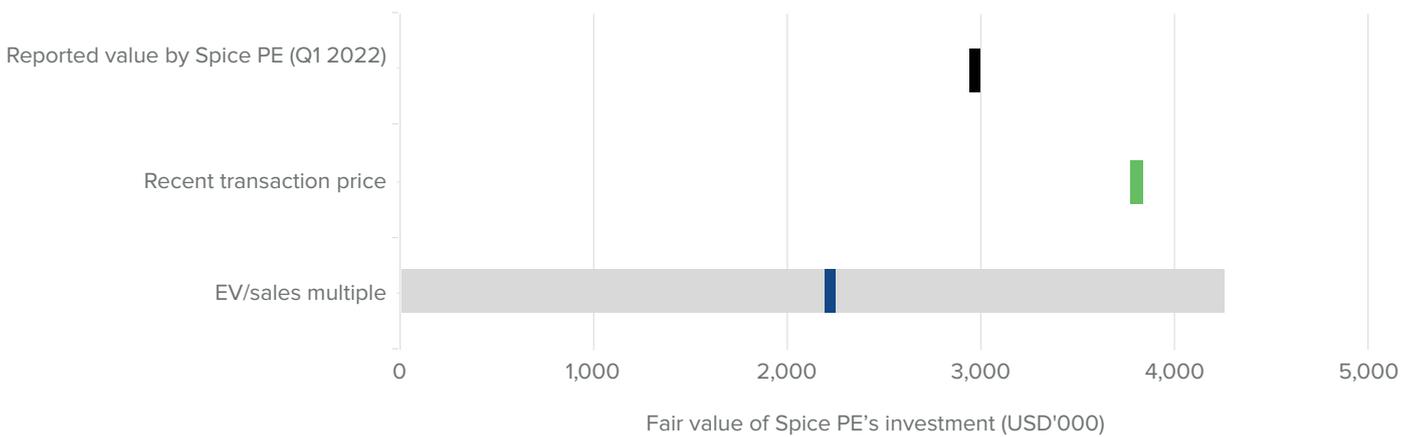
- The fair value for the investment in Insole is derived from the recent acquisition price of the shares. In fact, Spice PE acquired its current stake in Insole in two tranches in December 2021 and May 2022. The investments were made together with a third-party investor, which is an additional indicator that the price paid reflects market value.
- In a second step, any additional net assets of Spice FIP are added and the present value of its expected recurring corporate costs is deducted from the operating entity’s fair value to derive the total value of Spice PE’s investment in Insole.
- We confirmed the plausibility of this value with an EV/sales multiple analysis.



Results

The graph below shows the value ranges of Spice PE’s investment in Insole.

Valuation overview Insole



- Based on the recent transaction price paid in the acquisition of the stake, we value Spice PE’s Insole investment at USD 3.8 million, consisting of the following parts:

in USD'000	
Fair value of stake in Insole (14.8%)	5,636
Cash balance of Spice FIP	13
PV of Spice FIP's expected corporate costs	(1,849)
Value of Spice PE's investment	3,800

- The fair value of the ultimate stake in Insole is based on a post-money valuation of BRL 180 million derived from the second investment round in May 2022.
- Management assumes recurring annual operating costs of USD 0.2 million for administration, management, etc. at Spice FIP. Considering inflationary growth that gradually decreases from today's 12% to the long-term inflation target of the Brazilian Central Bank of 3% and a WACC of 16.7%, the present value of these expected corporate costs is USD -1.8 million.
- The value reported by Spice PE at the end of Q1 2022 is lower as it does not yet reflect the increase of the equity stake in May 2022. At the same time, it does not reflect the corporate costs of Spice FIP.
- An analysis of the EV/sales multiples of comparable companies reveals a wide range resulting from the heterogeneity of multiples observed with the few available peers, but it generally supports the recent market price.
- For further information on the detailed calculations, please see the Appendix.

4 Argo Brazil

The investment in Argo Brazil is Spice PE's newest addition to the portfolio. The Brazilian business was acquired from the globally operating specialty insurance provider, Argo Group. The acquisition was closed in the first quarter of 2022. Spice PE owns 87.5% of the holding company Ensure Holdings LLC, while co-investor CyberLabs Insurance Holdings, LLC owns the remaining stake.

Valuation procedure

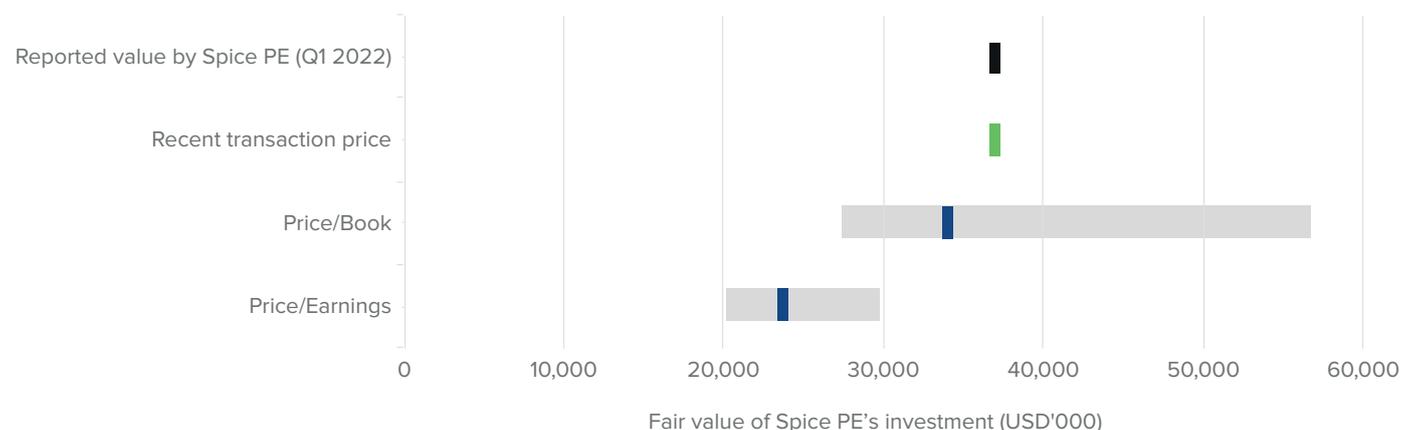
- In March 2022, Spice PE signed an agreement to invest USD 35 million in Ensure Holdings, LLC, the holding company for Argo Brazil. Its co-investor, CyberLabs Insurance Holdings, LLC, invested USD 5 million. Both investments were concluded up until the end of March 2022. After the settlement of the purchase price for Argo Brazil, the remaining cash was then injected into the acquired company in the form of a capital increase.
- Due to the short time between the transaction and the valuation date, this recent investment by Spice PE together with an independent third party is the best estimate for a fair value of the participation, as it reflects market value. The initial investment was adjusted for the foreign exchange effect between the investment date and the valuation date.
- P/E and P/B multiples of listed peer companies are applied to support this valuation.
- A dividend discount model ("DDM"), which is another common method to value an insurance company, was not applied due to a lack of sufficient forward-looking data.



Results

The graph below shows the value ranges of Spice PE's investment in Argo Brazil.

Valuation overview Argo Brazil



- Based on the recent investment, the post-money value consisting of the purchase price as well as the capital injection is USD 40 million, 87.5% or USD 35 million of which is attributable to Spice PE. Considering the foreign exchange rate effect between the investment date and the valuation date results in a fair value of USD 37.0 million.
- This market price is well supported by the price/book multiple analysis, which is commonly used to value insurance companies.
- The income-based price/earnings approach leads to a lower value, indicating that Argo Brazil is currently rather underperforming compared to its peers.

5 Legacy portfolio

The legacy portfolio consists of several older fund of funds investments with an emerging market focus. The ownership stakes vary between 1% and 7%.

Valuation procedure

- The starting point for the valuation of these assets is the most recent available NAV reports prepared and provided by the managing funds.
- Listed investment funds typically trade at a substantial discount relative to the reported NAV, among others due to the limited liquidity of their shares.⁷ Most of these legacy investments are not publicly listed, which further decreases their marketability. In fact, recent efforts to sell the investments failed because there was simply no demand or the limited number of offers included high discounts exceeding 50%.
- Consequently, we apply a NAV discount of 50% on the reported NAVs, which is also consistent with Spice PE's long-term NAV discount.

⁷ For further information, please see the discussion on NAV discounts in the respective chapter below.

Results

The table below shows the reported NAVs as well as the fair values after applying a discount of 50%.

in USD'000	Sector	Ownership	31 March 2022 reported	NAV discount	31 May 2022 fair value
GP Capital Partners V	Global EM Funds	1.90%	2,356	(1,178)	1,178
Tara India III	Global EM Funds	6.43%	87	(44)	44
NYLIM Jacob Ballas III	Global EM Funds	4.55%	11,328	(5,664)	5,664
Africa Oil Corporation	Sub Saharan African Funds	5.61%	4,578	(2,289)	2,289
DLJ South America Partners	Latin American Funds	1.65%	61	(31)	31
Total legacy portfolio			18,411	(9,205)	9,205

6 Cash & cash equivalents

As at the valuation date, Spice PE has cash and cash equivalents of USD 45.6 million on its balance sheet. We include the cash balance at its book value in the ANAV.

7 Other net assets/liabilities

In addition to the investments and cash & cash equivalents, the balance sheet also shows other assets and liabilities, including receivables, payables and accruals. Based on the last available balance sheet information, these amount to a net book value of USD -943k, which we include in the ANAV calculation. Spice PE does not have any financial debt at the holding level.

8 Present value of expected corporate costs

Based on the budget for the current year, USD 3.7 million of recurring operating expenses were assumed for the calculation of the present value of Spice PE's company costs. These costs include management fees (1.5% of reported NAV) and administration fees paid to GP Advisors (Bermuda) Ltd. as well as other operating expenses, including Board of Directors' compensation, travel expenses, and accounting fees. Management expects core operating expenses to remain flat over future periods and to increase in line with inflation.

Discounting the future corporate expenses with a WACC of 11.3% and taking inflationary growth of 2% into account, results in the present value of the company costs of USD -42.7 million as at 31 May 2022.

9 Illiquidity discount

Based on the share price analysis above, the Spice PE share is not liquid. Investors take the liquidity of an investment into account in their valuation considerations. For risk considerations, an investor will typically pay less for an illiquid investment than for an identical investment that can be sold more easily. From a valuation perspective, it is thus undisputed that a discount for illiquidity should be applied in such a case.

An illiquid investment is typically valued on the basis of full liquidity and in a second step, a discount is applied to reflect lack of liquidity. The relevant literature suggests that such discounts range between 15% and 20%.⁸

In addition to this discount range often used in practice, it has become more common to also quantify the liquidity discount with a put option model. The rationale behind this approach is that if someone holds illiquid stock and purchases an option to sell those shares at the free market price, they have, in effect, purchased liquidity for those shares. The price of this put option is the discount for lack of liquidity.⁹

We use the Black Scholes put option model to estimate the illiquidity discount and thus to support the discount range provided by the literature.

Black Scholes assumptions		
Share price	S	15.1
Strike price	K	15.1
Time to maturity	t	1
Risk-free rate	r	2.9%
Volatility	v	35%
Value of the put option	P	1.86
Discount		12.3%

One of the key inputs of the put option model is the assumed volatility. According to Elmore (2017)¹⁰, the annualized volatility of shares of privately held companies typically varies from 50% to 125%, while publicly listed and liquid shares such as those in the Swiss Market Index (SMI) have a volatility of around 20%. As the Spice PE share is listed but rarely traded, we use the mean between the volatility of a liquid listed share (20%) and the lower end of the range of privately held companies (50%), resulting in an assumed volatility of 35%.¹¹ The discount based on this put option model is 12.3%.

Considering both the value range suggested by the literature and our own calculations, which are again subject to a certain sensitivity, we apply a discount range of 10%–20% to correct the ANAV for the lack of liquidity in the Spice PE share. This results in an ANAV after illiquidity discount of **USD 15.3–USD 17.3** per share. The table below shows the sensitivity of the ANAV on the different illiquidity discounts.

Sensitivity analysis on the illiquidity discount					
Discount	10.0%	12.5%	15.0%	17.5%	20.0%
ANAV per share after illiquidity discount	17.3	16.8	16.3	15.8	15.3

⁸ Cheridito Y., Schneller T. (2008): Discounts and Premia in der Unternehmensbewertung.

⁹ David Chaffe (1993), "Option Pricing as a Proxy for Discount for Lack of Marketability in Private Company Valuations", Business Valuation Review, 12, 4:182–188.

¹⁰ Elmore (2017): Determining the Discount for Lack of Marketability with Put Option Pricing Models in View of the Section 2704 Proposed Regulations, in: Insights / Winter 2017

¹¹ See also IFBC (2018): Fairness Opinion Qino AG, p. 22.



Comparable Company & Transaction Analysis

NAV DISCOUNTS OF COMPARABLE COMPANIES

Most publicly listed investment companies trade at a discount compared to their reported NAV. As discussed above, this is also the case for the Spice PE share, whose median NAV discount has been 49% over the last three years.

The reasons for such discounts are manifold and may include the following:¹²

- **Corporate costs/fees:** The corporate costs that we deduct in our ANAV analysis are an important reason for the discount as they are not reflected in the NAV. Thus, the higher the costs for administrative fees, management fees and other operating expenses relative to the portfolio size, the higher the discount. Depending on the company structure, there may even be several layers of fees.
- **Illiquidity of the share:** If investors cannot easily sell their shares on the market, they will apply a discount to cover their liquidity risk.
- **Illiquidity and quality of the invested portfolio:** Firms investing purely in other listed companies tend to trade at lower discounts than those investing in privately held assets.

- **Reporting quality/transparency:** The lower the reporting quality (in terms of frequency, degree of detail, timeliness, etc.), the more uncertainty for the investor, which is also manifested in the discount.
- **Dividend policy:** Dividend-paying shares tend to have lower discounts.
- **Shareholder structure:** Companies with a strong majority shareholder tend to trade at higher discounts than those with a larger free float.

Several of these characteristics also apply for Spice PE, which explains the relatively high discount compared to some of its peers, as discussed below.

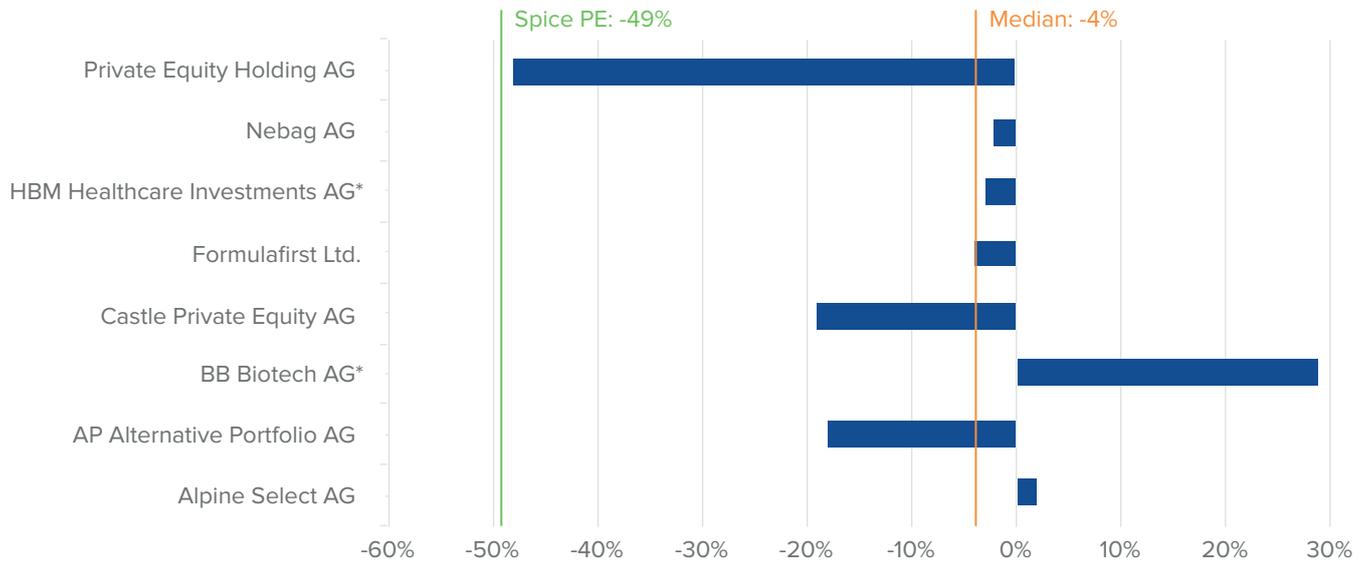
¹²NZZ: Der stete Kampf gegen einen Abschlag an der Börse (4 Dec 2019); Cadre Insights: Why do Secondary Market Opportunities Trade at a Discount? (7 Aug 2019).

Comparable Company & Transaction Analysis

In this section, we analyze the NAV discounts of comparable companies. Looking at a peer group of other investment companies listed on the Swiss stock exchange, there is a substantial variation in their NAV discounts, ranging from minus

50% to a premium of 30%. Given the wide range, the median of 4% is of limited significance. Moreover, the fact that the shares of most of Spice PE's peers are also not liquid further degrades the quality of the analysis.

Swiss peer companies: share price discount to NAV (31 March 2022)



Source: Infront Analytics, NAV reports of the companies; *) Liquid within the meaning of Swiss takeover law

Spice PE is rather unique due to its combination of investment focus, size and shareholder structure. This explains the relatively large difference between its NAV discount and that of most of its peers. The only Swiss listed investment company with a relatively high comparability is Private Equity Holding AG, which is about the same size as Spice PE in terms of NAV.

Approx. 1/4 of its portfolio is formed by direct investments, with the rest being fund of funds investments. Moreover, it also has meaningful exposure to the consumer and tech industries and its investment manager is also its largest shareholder, as in the case of Spice PE.

In addition to Spice PE's Swiss peers, we have identified further international peers with a higher comparability with Spice PE in terms of investment focus, shareholder structure and partly also size.

- LMS Capital is a small investment company (~USD 58 million in NAV), with about half invested in private equity and half in cash. Its investor base is also mostly retail, high net worth individuals and family offices, as in the case of Spice PE's float.
- With almost USD 500 million in NAV, Symphony International Holding Ltd. is bigger. However, like Spice PE, its exposure is in emerging markets (Asia). It also has meaningful exposure to hospitality-related businesses, as Spice has with Bravo Brio.
- Wendel SE is a much larger investment company, but its reference shareholders own about 40% of the company and it has a fairly concentrated portfolio with a mix of private and listed companies. Moreover, it also has a meaningful cash balance, like Spice PE.

These peers have NAV discounts in a similar range as Spice PE, indicating that such a discount is not atypical for these kinds of investment companies.

International peer companies: share price discount to NAV (31 March 2022)

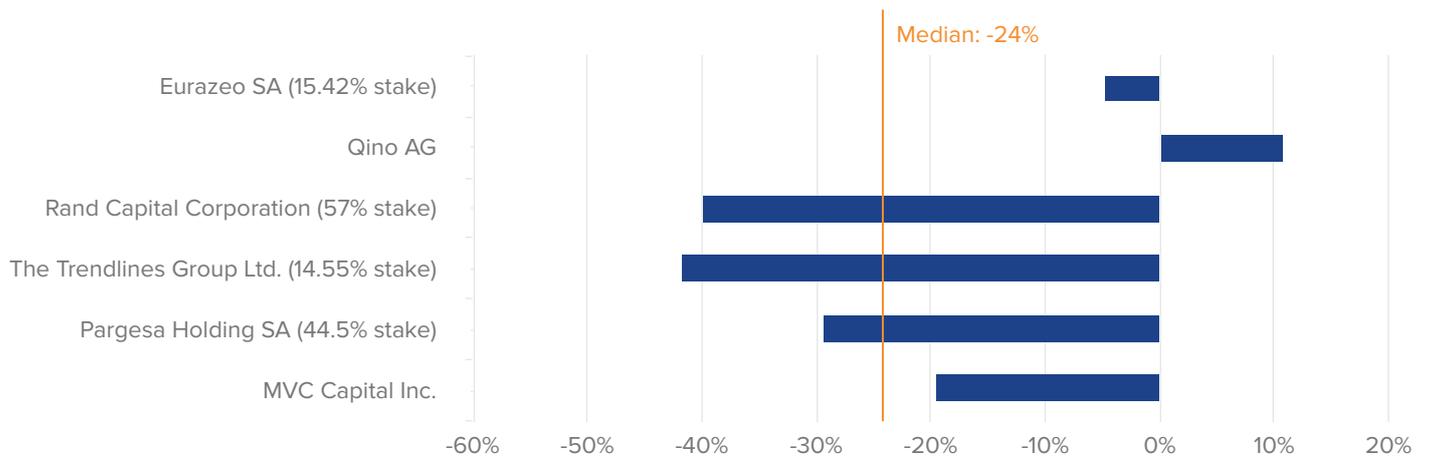


Source: Infront Analytics, NAV reports of the companies; *) Liquid within the meaning of Swiss takeover law

NAV DISCOUNTS IN COMPARABLE TRANSACTIONS

The NAV discounts observed in recent comparable transactions yield a similar picture to the analysis of NAV discounts of comparable companies. The discounts/premiums range from -40% to +10%, with a median discount of 24%.

NAV discount in comparable transactions



Source: Mergermarket, NAV reports of the companies

TAKEOVER PREMIUMS

An analysis of takeover premiums in precedent public transactions of investment companies shows that a premium ranging between 0% and 55% has been paid on the current share price for takeovers in Switzerland across transactions in the past twenty years in Switzerland.

The payment of a premium depends heavily on the characteristics of the transaction and the current market conditions (e.g. competition).

Year	Acquired company	Premium
2020	Pargesa Holding SA	14.0%
2018	QINO AG	54.5%
2013	Absolute Invest AG	3.3%
2009	Harwanne Compagnie	50.0%
2009	Athris Holding	3.7%
2009	BB Medtech	10.9%
2008	Growth Value Opportunities	1.0%
2008	Micro Value AG	4.4%
2005	Swiss Small Cap Invest	-1.4%
2005	EIC Electricity	0.6%
2004	Pelham Investments	3.9%

CONCLUSION AFTER COMPARABLE COMPANY AND TRANSACTION ANALYSIS

The analysis of NAV discounts and takeover premiums reveals a wide range across the comparable companies and transactions. This is driven by the heterogeneity of the investment companies in terms of size, investment focus, shareholder structure, etc.

Spice PE's NAV discount is at the higher end of the observable range, but there are several reasons that support its relatively high discount. Therefore, the discount of 49% relative to the last available reported NAV implied by the offer price of USD 16.25 is not out of range when compared to observable market data.



Evaluation of Alternatives for Spice's Public Shareholders

SALE OF SHARES THROUGH THE STOCK EXCHANGE

Selling the shares through the stock exchange would generally be considered a practical alternative to accepting the offer price from GP Swiss Ltd. A rational investor will choose this option if the net proceeds from the sale through the stock exchange are higher than the offer price. In other words, this would only be the case if the share price at the end of the offering period would be higher than the offer price. On the day prior to the pre-announcement date, the closing share price was USD 15.10 and thus USD 1.15 below the offer price.

It is not possible to forecast the share price by the end of the offering period. However, it is rather unlikely that it will exceed the offered price substantially, as this would mean that certain investors would be willing to buy the share for more than the offered price.

Moreover, due to the illiquidity of the shares, it can be assumed that the sale of a larger number of shares through the stock exchange would have a negative impact on the share price. Accordingly, unlike the offer of GP Swiss Ltd. of USD 16.25 for all outstanding shares, a sale through the stock exchange would not guarantee a fixed price for all outstanding shares.

REJECTION OF THE OFFER

The public shareholders who own the outstanding shares could reject the offer. A shareholder will do this if they expect the share price to increase above the offer price in the foreseeable future, if they intend to block the offer or if they expect a better offer in the future.

In summary, none of the discussed alternatives for Spice PE's public shareholders seems to be clearly preferable to accepting the existing offer.

It is to be expected that the liquidity of the already illiquid stock will decrease even further as a result of the reduced free float resulting from the acceptance of the offer by individual shareholders. This makes a reduction of the NAV discount and thus an increase of the share price seem unlikely.

According to the pre-announcement, the offer is subject to a minimum acceptance rate of 90%. If this is achieved, the acquirer has the possibility to merge with Spice PE (Art. 18 para. 5 MerA). If the acquirer holds more than 98% following the offer period, he can squeeze out any remaining shareholders (Art. 137 FMIA). In both cases it is unlikely that a shareholder would receive a higher price than the offer price.

Finally, GP Investments intends to delist the share following the public tender. It can be assumed that the intended delisting will result in selling pressure, which is likely to lead to a further price decrease rather than an increase that would be necessary to make this alternative sufficiently attractive for a minority shareholder.

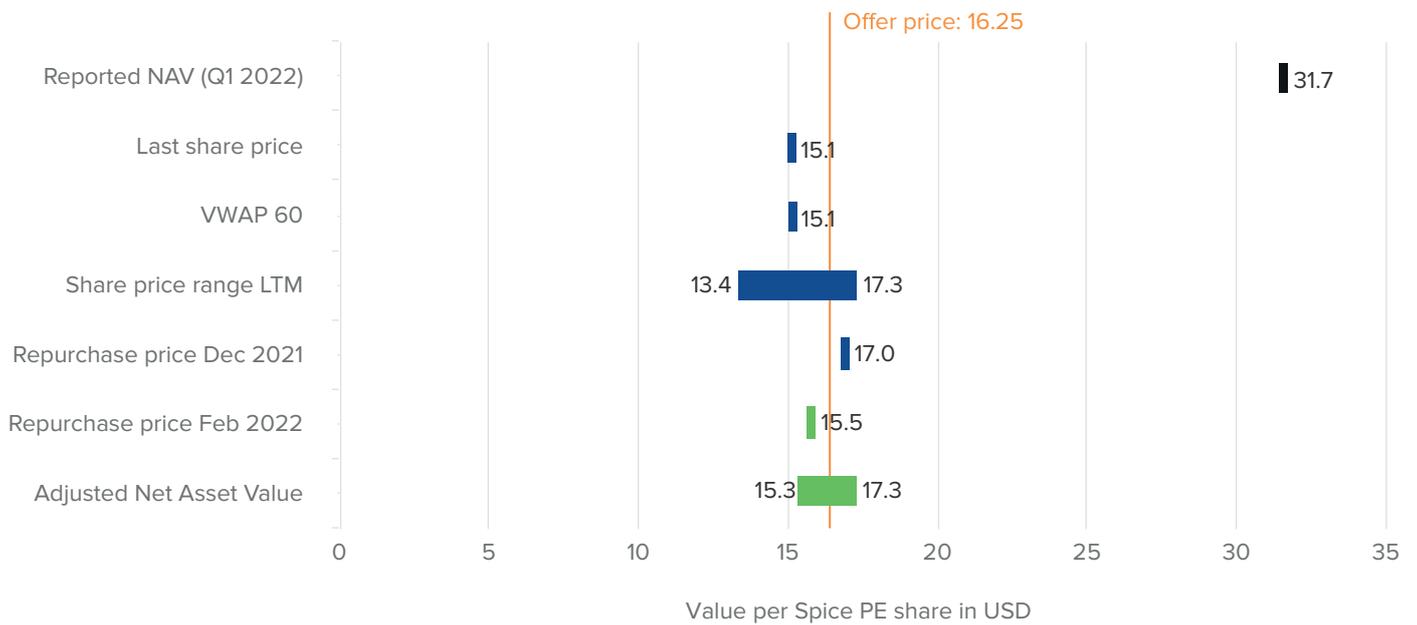
LIQUIDATION

An additional scenario would be the liquidation of Spice PE. However, from the minority shareholders' point of view, who have to decide whether to accept or reject the existing offer, this is not an alternative that they could actively pursue. Given the strong majority shareholder controls more than 70% of the company, none of the minority shareholders would be in a position to initiate a liquidation of the company.



Conclusion

Valuation overview



The previous graph summarizes the results of our valuation analysis as well as further reference points. In summary, Oaklins bases its conclusion on the following considerations:

- GP Investments offered a price per share of **USD 16.25** net in cash.
- GP Investments' offer represents a 7.6% premium on the 60-day VWAP of USD 15.11 and a premium of 7.6% on the closing price of the day prior to the pre-announcement, which was USD 15.10.
- Over the last twelve months, Spice PE's share price has fluctuated between USD 13.4 and USD 17.3. The offered price is nearer to the upper end of this range.
- The Spice PE share is illiquid according to the definition of Swiss takeover law. Therefore, comparison with the share price has only limited significance.
- Based on our main valuation method – the Adjusted Net Asset Value (ANAV) – the value range for a Spice PE share is **USD 15.3–USD 17.3**. The offered price is supported by this range.
- The second important value indicators are the prices paid during the two recent share buyback programs, which were USD 17.0 in December 2021 and USD 15.5 in February 2022, respectively. The latest repurchase price is a good indicator of a market-based value for the Spice PE share. The demand for both share buyback programs was high and the number of shares that were tendered to the company substantially exceeded the number of offered shares. The second buyback at the lower price of **USD 15.5** was oversubscribed by about factor 2.5, indicating that this repurchase price was an attractive offer to the shareholders. The offer price of USD 16.25 reflects a premium of 4.8% on this most recent repurchase price.

Based on our analyses, we consider GP Investments' public tender offer of USD 16.25 per share to be fair and adequate from a financial perspective.

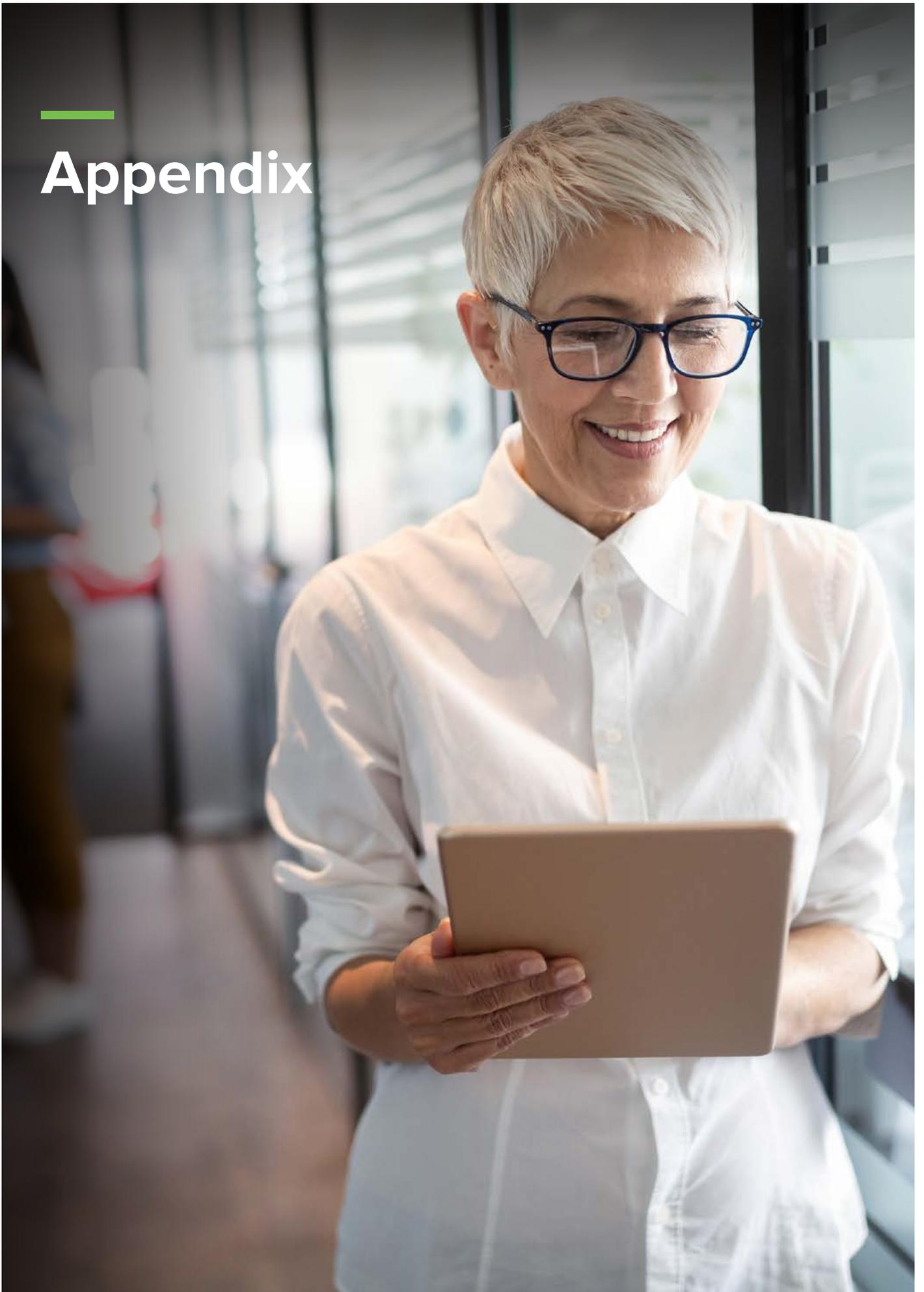


DR. JÜRIG STUCKER, CFA
Partner



DR. DANIEL SPRING, CFA
Director, Head of Valuations

Appendix



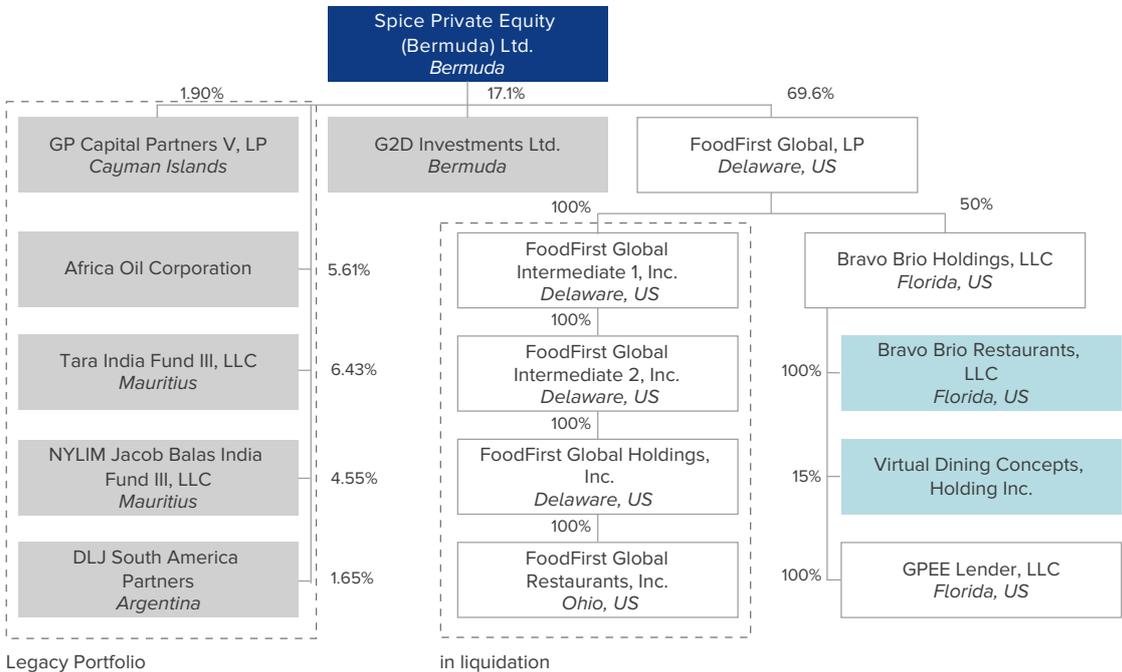

LIST OF ABBREVIATIONS

ANAV	Adjusted net asset value	IPO	Initial public offering
BoD	Board of Directors	ISIN	International Securities Identification Number
BR	Brazil	LLC	Limited liability company
BRL	Brazilian real	Ltd.	Limited
CAGR	Compound annual growth rate	Ltda.	Limitada
CDS	Credit default swap	LTM	Last twelve months
CFA	Chartered Financial Analyst	MerA	Merger Act
CH	Switzerland	NAV	Net asset value
CHF	Swiss franc	P/B	Price-to-book value ratio
COGS	Cost of goods sold	P/E	Price-to-earnings ratio
COVID	Coronavirus disease	Q1	First quarter (of the year)
D&O	Directors and officers (insurance)	S.A.	Sociedade Anónima
DCF	Discounted cash flow	SLI	Swiss Leader Index
DDM	Dividend discount model	SMI	Swiss Market Index
E&O	Errors and omissions (insurance)	Spice PE	Spice Private Equity Ltd.
e.g.	for example	TOB	Swiss Takeover Board
EM	emerging market	TOO	Takeover Ordinance
etc.	et cetera	UK	United Kingdom
EV	Enterprise value	US	United States
FMIA	Financial Market Infrastructure Act	USA	United States of America
FOF	Fund of funds	USD	United States Dollar
FY	Financial year	VDC	Virtual Dining Concept
FYE	Financial year end	VWAP	Value-weighted average price
IC	Inter-company	WACC	Weighted average cost of capital
Inc.	Incorporated	YTD	year to date

SHAREHOLDING STRUCTURE



1 Spice Private Equity (Bermuda) Ltd.



2 Spice Private Equity (Delaware), LLC



3 Ensure Holdings, LLC



- Operating subsidiaries
- Non-operating holding companies
- Private equity companies / fund of funds investments

Source: Spice Private Equity Ltd.

COST OF CAPITAL (WACC)

Parameter	Bravo Brio	Insole	Spice PE
Country	USA	Brazil	Switzerland
Currency	USD	BRL	USD
① Risk-free interest rate	2.9%	9.4%	2.9%
② Market risk premium	5.1%	7.2%	6.2%
③ Unlevered beta	0.98	0.67	0.55
Relevered beta	1.07	0.90	0.55
④ Size premium	5.0%	5.0%	5.0%
Cost of equity	13.3%	20.9%	11.3%
① Risk-free interest rate	2.9%	9.4%	n/a
⑤ Credit risk premium	3.0%	3.0%	n/a
Cost of debt	5.9%	12.4%	n/a
⑥ Percentage of equity	89.4%	66.4%	100.0%
⑥ Percentage of debt	10.6%	33.6%	-
⑦ Corporate tax rate	21.0%	34.0%	11.9%
WACC	12.4%	16.7%	11.3%

Derivation of capital cost parameters

- We estimate the expected risk-free return based on the yield of the respective 10-year government bonds at the valuation date (i.e., United States, Brazil). Current Brazilian 10-year government bond returns include a significant country risk premium. To prevent double counting and to derive an actual risk-free rate, the current yield is reduced by the country-specific CDS spread.
- We use the latest available implied market risk premium according to Prof. A. Damodaran¹³. The implied market risk premium is the result of the inversion of share valuations, adjusted for country-specific risk. For Bravo Brio and Insole, we use the country-specific market risk premium and for Spice PE, we use a NAV-weighted average between USA and Brazil.
- Bravo Brio & Spice PE: The unlevered beta is the median of the unlevered betas of comparable companies. These are based on a regression of monthly returns on the relevant index over five years.
Insole: We use the unlevered beta of the corresponding emerging market sectors according to Prof. A. Damodaran as the peer group does not yield sufficient data.
- Relevering with the target capital structure and the relevant tax rate provides the relevered beta. Relevered beta = unlevered beta * (1 + (1 - tax rate) x debt/equity).
- The size premium of 5.0% is based the 2021 Valuation Handbook by Duff & Phelps.
- The credit risk premium is based on current interest rate conditions.
- Bravo Brio: The long-term target capital structure reflects a customary financing structure for the industry and is derived from the peer group.
Insole: Long-term target capital structure for the industry according to Prof. A. Damodaran, because the peer group data is insufficient to derive a meaningful value.
Spice PE: We assume a capital structure of 100% equity, which is common for an investment company.
- The expected corporate tax rate assumed by management and the KPMG Corporate Tax report.

¹³Prof. Dr. Aswath Damodaran is a renowned corporate finance and valuation professor at the Stern School of Business at New York University. His regularly published equity risk premiums and other corporate finance data have become a standard in the valuation practice.

Bravo Brio: Peer group beta and capital structure

Company	Country	Market capitalization	Financial debt ¹	Share of debt	Levered beta ²	Unlevered beta	Revenue
Bj's Restaurants Inc.	USA	660	50	7.0%	n/m	n/m	1,087
Brinker International Inc.	USA	1,671	1,009	37.6%	2.43	1.87	3,338
The Cheesecake Factory Inc.	USA	4,219	467	10.0%	n/m	n/m	2,928
Red Robin Gourmet Burgers Inc.	USA	265	194	42.3%	1.67	0.98	1,162
Cracker Barrel Old Country Store Inc.	USA	2,760	327	10.6%	0.81	0.74	2,821
Texas Roadhouse Inc.	USA	5,732	100	1.7%	0.61	0.60	3,464
Darden Restaurants Inc.	USA	16,583	1,849	10.0%	1.43	1.36	7,196
Denny's Corp.	USA	883	184	17.2%	1.07	0.94	398
Noodles & Co.	USA	274	41	13.0%	n/m	n/m	475
Dine Brands Global, Inc.	USA	1,305	1,352	50.9%	n/m	n/m	896
Ruth's Hospitality Group Inc.	USA	768	50	6.1%	1.39	1.27	429
Bloomin Brands Inc.	USA	1,957	722	27.0%	1.05	0.76	4,122
Chuy's Holdings Inc.	USA	513	-	0.0%	1.29	1.29	396
Minimum		265	-	0.0%	0.61	0.60	396
Maximum		16,583	1,849	50.9%	2.43	1.87	7,196
Mean		2,892	488	18.0%	1.31	1.09	2,209
Median		1,305	194	10.6%	1.29	0.98	1,162

Source: Infront Analytics

n/m = not meaningful

Amounts in USD millions

Market capitalization and financial debt as of 31 March 2022; revenue relates to the financial year ended on 31 December 2021.

¹ Interest-bearing debt

² Regression with the relevant benchmark, based on monthly returns over five years. Only statistically significant betas have been taken into account in the analysis (95% significance level).

Spice Private Equity: Peer group beta and capital structure

Company	Country	Market capitalization	Levered beta ¹
Alpine Select AG	Switzerland	150	0.23
AP Alternative Portfolio AG	Switzerland	98	n/m
BB Biotech AG	Switzerland	3,881	1.15
Castle Private Equity AG	Switzerland	117	n/m
Formulafirst Ltd.	Switzerland/British Virgin Islands	13	n/m
HBM Healthcare Investments AG	Switzerland	2,079	0.76
nebag ag	Switzerland	93	0.51
Private Equity Holding AG	Switzerland	221	0.55
Minimum		13	0.23
Maximum		3,881	1.15
Mean		832	0.64
Median		134	0.55

Source: Infront Analytics

n/m = not meaningful

Amounts in USD millions

Market capitalization as of 31 March 2022

¹ Regression with the relevant benchmark, based on monthly returns over five years. Only statistically significant betas have been taken into account in the analysis (95% significance level).

VALUATION DETAILS: BRAVO BRIO

Bridge from DCF value to the value of Spice PE's investment in Bravo Brio

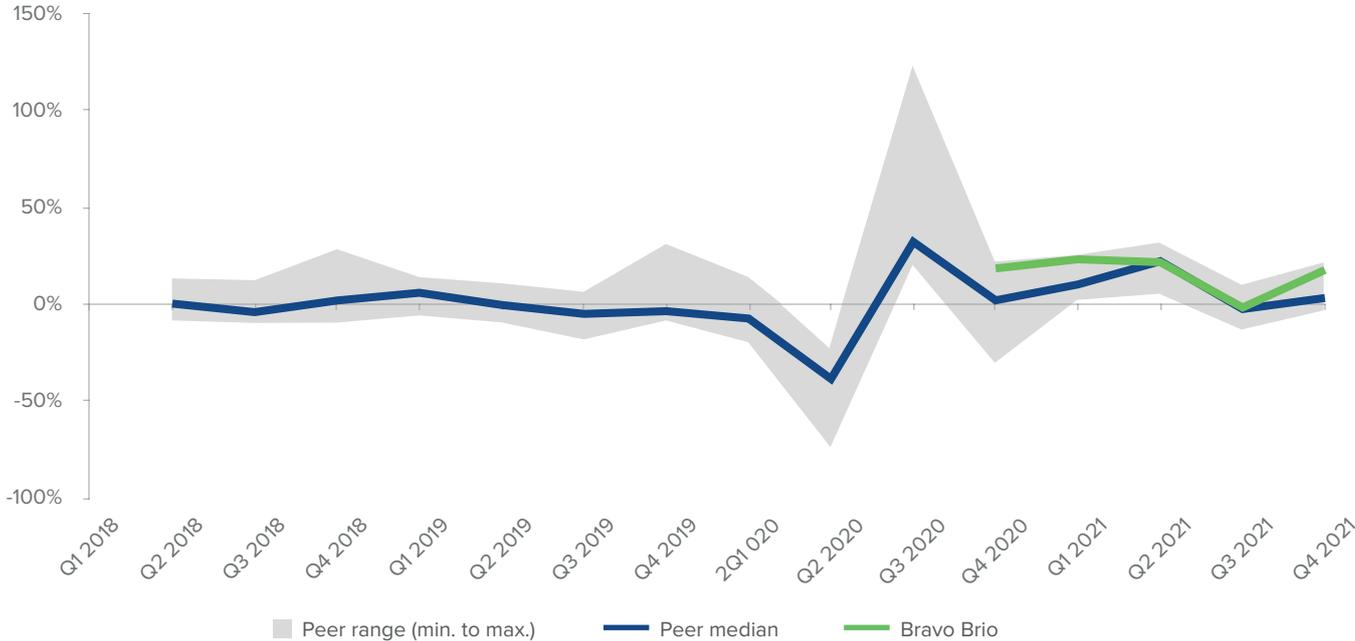
in USD'000	Value of 100%	Spice PE's stake	Value of stake
Bravo Brio Restaurants, LLC			
Enterprise value (DCF value)	69,030		
Financial debt	(3,677)		
Excess cash	-		
Equity value before inter-company debt	65,353		
GPEE lender debt (inter-company)	(15,438)		
Equity value of Bravo Brio Restaurants, LLC	49,915		
Bravo Brio Holdings, LLC			
Investment in Bravo Brio Restaurants, LLC	49,915		
Consolidation of IC debt (GPEE)	15,438		
VDC participation (at cost; 15%)	10,000		
Other assets and liabilities	-		
Equity value of Bravo Brio Holdings, LLC	75,353		
FoodFirst Global, LP			
Investment in Bravo Brio Holdings, LLC	37,676	69.6%	26,223
Other assets	1,098	69.6%	764
PV of expected cost of bankruptcy processings	(2,000)	69.6%	(1,392)
PV of FoodFirst Global's expected recurring costs	(1,396)	69.6%	(971)
Value of Spice PE's investment			24,623

Sensitivity analysis (DCF valuation)

in USD'000		WACC				
		11.4%	11.9%	12.4%	12.9%	13.4%
terminal growth rate	1.0%	50,222	46,637	43,371	40,384	37,641
	1.5%	54,022	50,074	46,493	43,230	40,245
	2.0%	58,227	53,858	49,915	46,337	43,078
	2.5%	62,905	58,046	53,682	49,744	46,171
	3.0%	68,142	62,704	57,852	53,495	49,563

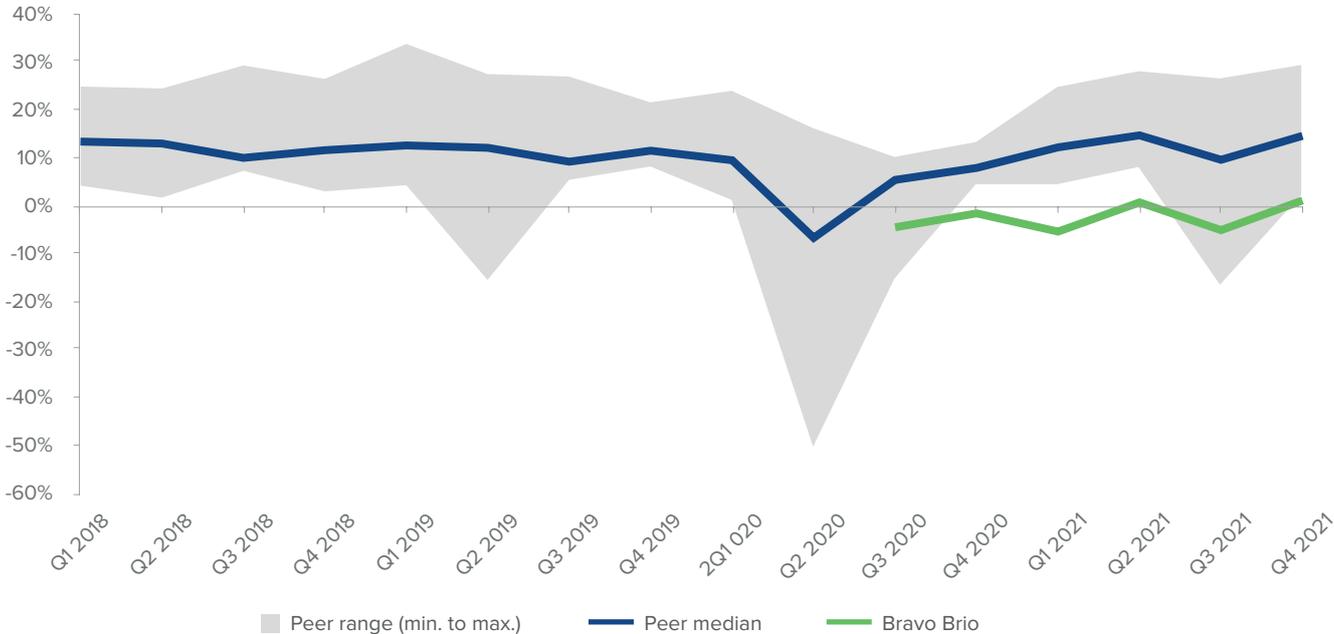
Bravo Brio benchmark analysis/plausibilization of business plan

Benchmark analysis: revenue growth



Source: Infront Analytics; monthly reports Bravo Brio Restaurants

Benchmark analysis: EBITDA margin



Source: Infront Analytics; monthly reports Bravo Brio Restaurants

Conclusion

- Bravo Brio's revenue growth is in line with its peers' growth pattern.
- Bravo Brio's EBITDA margin is at the lower end or even below the range observed at the peer companies.

Market studies: Industry growth

Sector	Region	Time period	CAGR	Source
US Fast Casual Restaurants Market	USA	2020–2025	8.0%	Technavio (2021), Fast Casual Restaurants Market in US by Product – Forecast and Analysis 2021–2025
Fast Casual Restaurants Market	Global	2021–2026	12.4%	Technavio (2022), Fast Casual Restaurants Market by Product and Geography – Forecast and Analysis 2022–2026
US Fast Food Market	USA	2021–2028	4.4%	Grand View Research (2021), Fast Food Market Size, Share & Trends Analysis Report
US Restaurant Employment Forecast	USA	2023–2030	1.3%	National Restaurant Association (2022), 2022 State of the Restaurant Industry
Fast Food and Quick Service Restaurant Market	Global	2022–2027	4.9%	IMARC Group (2022), Fast Food and Quick Service Restaurant Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2022–2027

Conclusion

- Bravo Brio’s planned revenue growth of 7.1% p.a. between 2022 and 2025 is within the range of growth rates suggested by leading industry studies and reports.

Bravo Brio: Trading multiple valuation

In USD'000	Min.	25% percentile	Median
EV/EBITDA 2022e	3.7	5.7	8.1
EBITDA FY22B	10,731	10,731	10,731
Enterprise value of Bravo Brio Restaurants	39,223	61,598	86,846
Net debt	(19,115)	(19,115)	(19,115)
Equity value of Bravo Brio Restaurants	20,108	42,483	67,731

Note: Given that Bravo Brio's profitability is lower than the peer group's median, we use the 25th percentile of the multiple distribution as our main multiple. Using the median instead would likely overstate the enterprise value.

Trading multiples: Bridge to value of Spice PE's investment in Bravo Brio

In USD'000	Value of 100%	Spice PE's stake	Value of stake
Equity value of Bravo Brio Restaurants	42,483	34.8%	14,784
Consolidation of IC debt	15,438	34.8%	5,372
Equity value of VDC investment	66,667	5.2%	3,480
Other assets of holding companies	1,098	69.6%	764
Present value of expected operating costs	(1,396)	69.6%	(971)
Present value of liquidation cost of old FoodFirst Global	(2,000)	69.6%	(1,392)
Value of Spice PE's investment			22,037

Bravo Brio: Trading multiples peer group

Company	Country	ISIN	EV/EBITDA 2022e
Bj's Restaurants Inc.	USA	US09180C1062	7.7
Brinker International Inc.	USA	US1096411004	5.3
The Cheesecake Factory Inc.	USA	US1630721017	14.3
Red Robin Gourmet Burgers Inc.	USA	US75689M1018	3.7
Cracker Barrel Old Country Store Inc.	USA	US22410J1060	8.3
Texas Roadhouse Inc.	USA	US8826811098	10.8
Darden Restaurants Inc.	USA	US2371941053	9.2
Denny's Corp.	USA	US24869P1049	9.5
Noodles & Co.	USA	US65540B1052	8.1
Dine Brands Global, Inc.	USA	US2544231069	8.8
Ruth's Hospitality Group Inc.	USA	US7833321091	7.8
Bloomin Brands Inc.	USA	US0942351083	5.0
Chuy's Holdings Inc.	USA	US1716041017	6.2
Minimum			3.7
Maximum			14.3
Mean			8.0
Median			8.1
25% percentile			5.7

Source: Infront Analytics

Bravo Brio: Transaction multiple valuation

In USD'000	Min.	25% percentile	Median
EV/EBITDA	2.3	8.1	10.3
EBITDA FY22B	10,731	10,731	10,731
Enterprise value of Bravo Brio Restaurants	24,965	87,277	110,086
Net debt	(19,115)	(19,115)	(19,115)
Equity value of Bravo Brio Restaurants	5,850	68,162	90,971

Transaction multiples: Bridge to value of Spice PE's investment in Bravo Brio

In USD'000	Value of 100%	Spice PE's stake	Value of stake
Equity value of Bravo Brio Restaurants	68,162	34.8%	23,720
Consolidation of IC debt	15,438	34.8%	5,372
Equity value of VDC investment	66,667	5.2%	3,480
Other assets of holding companies	1,098	69.6%	764
Present value of expected operating costs	(1,396)	69.6%	(971)
Present value of liquidation cost of old FoodFirst Global	(2,000)	69.6%	(1,392)
Value of Spice PE's investment			30,973

Bravo Brio: Multiples of comparable transactions

Year	Target company	Country	Acquiror	EV (USDm)	EV/EBITDA
2022	Del Taco Restaurants, Inc.	USA	Jack In The Box, Inc.	575	7.6
2021	Fazoli's	USA	FAT Brands Inc.	130	8.7
2021	Twin Peaks Restaurants, LP	USA	FAT Brands Inc.	300	11.0
2021	J. Alexander's Holdings, Inc.	USA	SPB Hospitality, LLC	220	8.7
2021	Taco Cabana, Inc.	USA	Yadav Enterprises, Inc.	85	10.0
2021	Global Franchise Group, LLC	USA	FAT Brands, Inc.	443	15.5
2020	Burgerfi	USA	Opes Acquisition Corp.	100	13.6
2020	Dunkin' Brands Group, Inc.	USA	Inspire Brands, Inc.	11,197	22.7
2020	KFC US franchisee	USA	Restaurant Brands New Zealand Limited	81	6.7
2020	The Habit Restaurants, Inc.	USA	Yum! Brands, Inc.	331	9.6
2020	Diversified Restaurant Holdings Inc.	USA	ICV Partners, LLC	128	11.5
2019	International Coffee & Tea, LLC	USA	Jollibee Foods; Viet Thai International	350	31.4
2019	Cambridge Franchise Holdings, LLC	USA	Carrols Restaurant Group, Inc.	238	2.3
2019	P.F. Chang's China Bistro, Inc.	USA	Paulson & Co.; TriArtisan Capital Advisors	700	31.4
2019	Bojangles' Restaurants, Inc.	USA	The Jordan Company; Durational CM	713	10.3
2018	Sonic Corp.	USA	Inspire Brands, Inc.	2,300	15.9
2018	Zoe's Kitchen, Inc.	USA	Cava Group, Inc.	267	12.6
2018	Sullivan's Steakhouse	USA	Romano's Macaroni Grill, Inc.	32	3.0
2018	Barteca Holdings, LLC	USA	Del Frisco's Restaurant Group, Inc.	325	10.3
2018	FoodFirst Global Restaurants	USA	Spice Private Equity Ltd.	101	6.6
2018	Fogo de Chao Churrascarias, LLC	USA	Rhone Capital, LLC	545	11.2
	Minimum				2.3
	Maximum				31.4
	Mean				12.4
	Median				10.3
	25% percentile				8.1

VALUATION DETAILS: G2D INVESTMENTS

G2D Investments Ltd. share price analysis (in BRL)



VALUATION DETAILS: INSOLE

Insole: Trading multiple valuation

	Currency	Lower end	Median	Upper end
EV/sales 2021		5.5	7.3	9.2
Sales (FY2021)	BRL'000	38,582	38,582	38,582
Enterprise value	BRL'000	212,106	282,808	353,511
Net debt (FYE2021)	BRL'000	(159,000)	(159,000)	(159,000)
Equity value	BRL'000	53,106	123,808	194,511
USD/BRL 31 May 2022		0.2114	0.2114	0.2114
Ownership percentage		14.8%	14.8%	14.8%
Value of immediate Insole stake	USD'000	1,662	3,876	6,089
Cash balance of Spice FIP	USD'000	13	13	13
PV of Spice FIP's expected corporate costs	USD'000	(1,849)	(1,849)	(1,849)
Value of Spice PE's investment	USD'000	-	2,040	4,253

Lower and upper ends are defined as minus/plus 25% relative to the median.

Insole: Trading multiples peer group

Company	Country	ISIN	EV/sales
SunRun Inc.	USA	US86771W1053	7.2
Sunnova Energy International, Inc.	USA	US86745K1043	22.3
Sunlight Financial Holdings, Inc.	USA	US86738J1060	5.2
SolarEdge Technologies, Inc.	USA	US83417M1045	7.5
Minimum			5.2
Maximum			22.3
Mean			10.5
Median			7.3

Source: Infront Analytics

VALUATION DETAILS: ARGO BRAZIL

Argo Brazil: Price/book multiple valuation

	Currency	25% percentile	Median	75% percentile
P/B multiple		0.8	1.1	2.0
Book value of equity	BRL'000	129,820	129,820	129,820
Equity value pre-money	BRL'000	106,452	141,504	265,482
Cash/implied capital injection	BRL'000	41,582	41,582	41,582
PV of Ensure Holdings' expected corporate costs		-	-	-
USD/BRL 31 May 2022		0.2114	0.2114	0.2114
Ownership percentage		87.5%	87.5%	87.5%
Value of Spice PE's investment	USD'000	27,378	33,860	56,788

Argo Brazil: Price/earnings multiple valuation

	Currency	25% percentile	Median	75% percentile
P/E multiple		8.0	10.0	13.2
Net profit FY21	BRL'000	8,419	8,419	8,419
Equity value pre-money	BRL'000	67,689	84,527	111,468
Cash/implied capital injection	BRL'000	41,582	41,582	41,582
PV of Ensure Holdings' expected corporate costs		-	-	-
USD/BRL 31 May 2022		0.2114	0.2114	0.2114
Ownership percentage		87.50%	87.50%	87.50%
Value of Spice PE's investment	USD'000	20,209	23,323	28,305

Argo Brazil: Trading multiples peer group

Company	Country	ISIN	P/E	P/B
Porto Seguro S.A.	Brazil	BRPSSAACNOR7	8.3	1.4
Argo Group International Holdings, Ltd.	Bermuda	BMG0464B1072	35.9	0.9
Mapfre SA	Spain	ES0124244E34	7.0	0.6
Qualitas Controladora S.A.B. de C.V.	Mexico	MX01Q0000008	6.4	2.3
BB Seguridade Participacoes SA	Brazil	BRBBSEACNOR5	12.8	6.9
CNP Assurances SA	France	FR0000120222	9.2	0.7
Zurich Insurance Group AG	Switzerland	CH0011075394	13.3	1.8
Qualicorp Consultoria e Corretora de Seguros S.A.	Brazil	BRQUALACNOR6	9.9	2.9
MetLife Inc.	USA	US59156R1086	8.6	0.8
Allianz SE	Germany	DE0008404005	13.2	1.1
Talanx AG	Germany	DE000TLX1005	10.0	0.9
AXA SA	France	FR0000120628	7.8	0.8
Tokio Marine Holdings Inc.	Japan	JP3910660004	29.3	1.3
Chubb Ltd.	Switzerland	CH0044328745	10.7	1.5
The Progressive Corporation	USA	US7433151039	20.2	3.7
Sompo Holdings, Inc.	Japan	JP3165000005	12.7	0.9
American International Group Inc.	USA	US0268747849	5.5	0.8

Minimum	5.5	0.6
25% percentile	8.0	0.8
75% percentile	13.2	2.0
Maximum	35.9	6.9
Mean	13.0	1.7
Median	10.0	1.1

Source: Infront Analytics

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