

SOMEC: PRELIMINARY AGREEMENT SIGNED FOR THE ACQUISITION OF BUDRI S.R.L.

The historic Modenese company, internationally known for the design, manufacture and installation of customised and highly complex projects in marble, onyx and semi-precious stones, will join Mestieri, Somec Group's Business Unit that designs and produces bespoke high-end interiors

San Vendemiano (Treviso), 23 June 2022 - Somec S.p.A. (hereinafter referred to as "Somec" or the "Company"), a company listed on the Euronext Milan market (Italian Stock Exchange) and specialized in the engineering of complex turnkey civil and naval architecture projects, has entered into a preliminary agreement for the acquisition of a majority stake in Budri S.r.l. (hereinafter referred to as "Budri"), one of the world's leading companies in the marble processing industry.

Rationale behind the transaction

The transaction, which will take place through Mestieri S.r.l. and will be finalised by 31 July 2022, is highly strategic as it will expand Somec Group's range of solutions in high-end bespoke construction projects.

The ability to mould the hardness of marble is one of the peculiarities of Budri, who adopts a tailor-made approach, from design to the choice of materials, from the extraction of the block in the quarry to its transformation, from installation to finishing at the customer's premises: a full design and production process entrusted to specialised teams operating worldwide. Budri has a production area of around 8,000 square metres in Mirandola (Modena) and relies on state-of-the-art technological facilities.

Over the years, the company has gained unparalleled international experience in the delivery of large, custom-made marble and complex projects, such as villas, housing complexes, hotels, boutiques and other prestigious buildings, achieving a leading position in the industry as well as international recognition.

Budri operates abroad through two subsidiaries: Budri Switzerland SA based in Lugano and Budri London Ltd based in London. It also has operations in Milan, at Foro Buonaparte, with its own 450 square metres showroom, already dubbed as 'haute couture atelier'.

Budri S.r.l. was established as a result of a business unit transfer from GMB S.r.l. (formerly Budri S.p.A.) effective 1 January 2022. In financial year 2021, the transferred business unit's turnover totalled 11.3 million Euro, with EBITDA standing at 1.3 million Euro.

At the effective date of the transfer, Shareholders' Equity stood at 3 million Euro, while Net Financial Position showed a net debt of 6.1 million Euro.

Statements

Oscar Marchetto, Chairman of Somec commented: *"When I first considered creating Mestieri, I envisioned an organisation capable of attracting unique centres of excellence enjoying worldwide recognition for their know-how and the all-Italian quality that ultimately makes the difference. Budri reflects exactly the level of skill, experience, professional capabilities and expertise that we want to bring to the table. The firm stands out for its ability to mould the hardness of marble, giving lightness and versatility to this material, processing it as if it were a fine fabric. I am very pleased with this deal, as it gives momentum to Mestieri's development path, enabling us to enter global markets more effectively in the high-end interior design industry. The deal will help lend value to*

Italian craftmade creations, just as is the case with works of art, of which Budri represents a historical treasurer.

"We joined the Mestieri project because we share Oscar Marchetto's entrepreneurial vision", points out Gian Marco Budri, current CEO at Budri, "which aims to empower knowledge, values and craft tradition, aspects that are further underpinned by this agreement. Our experience, spanning over 60 years, has helped to preserve the nobility of this material, in respect of which we have re-designed processes and application areas with a view to the future. Marble thus meets the creativity of contemporary projects by the world's leading architects and interior designers. This results in unprecedented solutions and colour and material-related combinations that lend timeless elegance to any prestigious environment."

Deal Highlights

Under the preliminary agreement, a provisional price of 7.5 million Euro must be paid at the date of closing for the acquisition of 65% of Budri's share capital. This price is based on an enterprise value assessed at 16.6 million Euro, with a multiplier of 8.95 on the average EBITDA for the years 2022-2023, net of the Net Financial Position at the effective date of the transfer (-6.1 million Euro), including a 10% majority bonus to be granted on the percentage of equity value being acquired. The provisional price will be subject to negative adjustment in the event that certain Net Financial Position targets are not met at 2022 year-end.

Under the agreement, the provisional price will be increased by an additional amount to be paid by way of earn-out upon the achievement of pre-set EBITDA and Net Financial Position targets, in each of the financial years in the 2022-2025 period. The aggregate amount of such earn-outs is not to exceed 3.5 million Euro in the 2022-2023 two-year period and 3.25 million Euro in the 2024-2025 two-year period. Payment of the earnouts will, if due, be made within 60 days from the approval of the individual financial statements for the 2022-2025 plan period.

Put and call options are available on the minority share. These options may be exercised based on two different time intervals:

- In relation to 15%, within 120 days from the approval of the 2025 financial statements (call option) or within the following 120 days (put option);
- In relation to the additional 20%, within 120 days from the approval of the 2027 financial statements (call option) or within the following 120 days (put option);

The agreed consideration for exercising the options will be 8.95 times EBITDA net of Net Financial Position, both to be calculated at the closing date of the relevant financial year, in 2025 and 2027, respectively, deducting – on a pro-rata basis – from the shares under option the 10% majority bonus recognised at the closing.

The agreement includes guarantees and related indemnity remedies to be provided to Mestieri S.r.l., consistent with market practice for this type of deals.

Gian Marco Budri will be appointed as Chief Executive Officer of Budri in line with the company's business and management continuity strategy, while Oscar Marchetto will be appointed as Chairman of the Board of Directors.

The acquisition will be funded through credit lines already available to the Company, and is not to be viewed as significant pursuant to Article 71 of the Issuers' Regulation adopted by Resolution No. 11971 of 14 May 1999, as amended.

For the purposes of the deal, Somec was aided by Advisors Andrea Martini and Riccardo Fornasier of Studio Martini Chartered Accountants and Auditors based in Pordenone (PN), while

the selling party was aided by Counsel Stefano Benatti of Benatti law firm based in Mirandola (MO).

SOMEK

SOMEK S.p.A. specialises in the engineering, design and realisation of complex turnkey civil and naval engineering projects in three contract segments: engineered systems for naval architecture and civil facades, professional kitchen systems and products, and the design and creation of customised interiors. Companies in the Group operate under a similar business model, focusing on design, production and installation, in compliance with strict civil and naval engineering quality and safety standards. Projects managed by the Group stand out for their high levels of customisation and material-specific know-how, a fundamental requirement in projects with high added value. Thanks to its rigorous certification and accreditation process, SOMEK has achieved a reputation for quality and operational and financial reliability on a global scale. SOMEK is headquartered in San Vendemiano in the province of Treviso in Italy, has companies in the United States, Slovakia, China and Canada, employs around 800 people and recorded a turnover of 258.5 million euros in 2021.

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