

SOMECE
FY 2022 RESULTS AND FY 2023 GUIDANCE
CONFERENCE CALL – 23/03/2023

Good evening, this is the Chorus Call operator. Welcome to Somec presentation of financial and guidance results for 2022. I would like to remind you that all participants are in listen-only mode. After the initial presentation, you will have the opportunity to ask questions. To receive assistance from an operator during the conference call, type * followed by 0. Now I would like to give the floor to Dr. Oscar Marchetto, Chairman of Somec, the floor is yours.

Oscar Marchetto: Good morning everyone, thank you This is the first time we are having a conference call after the presentation of the results. Here next to me is Alessandro Zanchetta. The year 2022 has been a positive year for us, a very important milestone in our growth. Why? Because we made a presentation on the reorganisation of the group at the end of October 2021, in which we outlined three lines of strategy: one was the design of glazed envelopes for the naval and the civil sectors, the other one was Cooking Professional, and the third one was customised interior design, what we have called Mestieri. This is a unique project that puts together Italian know-how and exports it to the world. It is the first Italian project in this field aimed at exporting “made in Italy”. We had the project clearly in mind, and, as you have seen, in order to implement it, in 2022 we made a number of acquisitions and carried out a process of reorganisation to create these segments. Remember that we started in 2013 in just one sector, which was the naval one, and with just one product; then we added the civil sector by acquiring Fabbrica in the United States in 2018 and in 2021 I presented this new organisation. This new organisation is what this new organisation is what has propelled us into 2022 and, more importantly, into 2023 and the following years. Let us have a look at the numbers, the progression and especially the possibility of continuing to grow in a global market, a market which is very rich in these segments. If we go to page 5, slide 5, you see that in 2022 - despite the operations we did, the acquisitions, the operations the reorganisation – we had to face a very difficult market.

Why? Because at the beginning of 2022, we had to face the increase in raw material prices, there was the increase in inflation. When I talk about raw material I'm talking about everything, I'm not just talking about aluminium or glass, I'm talking about a generalized price increase from packaging, to transport, aluminium, steel and production, because gas prices skyrocketed as well.

And the war in Ukraine, of course. All that remains is the invasion of the locusts and the list of misfortunes for 2022 is complete. You know me, despite this, we continued our process of diversification and acquisitions. We did some strategic operations especially to enter the façade segment in Europe by acquiring Blue Steel. We acquired Blue Steel because it had a reputation and projects in the Anglo-Saxon market. The English market is the richest market in Europe for this type of business. It is very close to the American market where we have Fabbrica. So, in order to have a reputation and to comply the regulations of this market we had to acquire a company, a historical company that is 40 years old, and we put our people there, we set up a sales office in London where we are negotiating orders for 2023, '24 and '25.

So, this is our strategy of penetrating the market of old Europe starting from the façades sector, as we had done in the United States with Fabbrica. Then there is our strategy of creating "Mestieri" This is not irrelevant because "Mestieri" is a project that we had to accomplish, and as you know doing a project for the first time, without being able to copy or see what others have done, means starting from scratch. We acquired Budri because the company operates in a luxury segment that is also in Rome, Milan. They transform and lay marble and stone. They have projects all over the world. We can say that this company is the most important player in the marble sector in Italy, and this also means globally.

Then came the operation with Lamp Arredo. Lamp Arredo means metal processing and does the finishes on metals therefore it processes from steel to bronze, aluminium and so on and so forth. An agreement with Ceolin was also finalised in January, but we had already started to cooperate with Gino Ceolin in the creation of metal decoration works for the house retail sector, i.e. staircases, bronze doors and windows, steel doors and windows, all iron or valuable materials, processing.

This company also has a very long history, because Ceolin has been creating metal works over the last forty years, starting from the time when they cooperated with architect Carlo

Scarpa and then continuing with other architects over the years. Our aim is to continue cooperating with top companies in the high-end market segment, that is, those craftsmen who can show, especially in their company history, that they have worked with architects or archistars.

This company also has a very long history, because Ceolin has been creating works for the last forty years, starting from when they cooperated with architect Carlo Scarpa for the first time and then continuing with other architects over the years. Our goal is to continue cooperating with outstanding companies in the high-end market segment, that is, those craftsmen who, especially in their company history, have references showing that they have cooperated with architects or archistars.

In addition to expensive raw material and high inflation, during the pandemic year, we are talking about 2020-21, there have also been shipyards struggling. Very small shipyards in the shipbuilding sector went bankrupt, thus causing writedowns. In the face of all this, however, we reacted. As you have seen we reacted in the second half of the year: once beaten in the first half of the year on the various difficulties, we fought back in the second half. We reacted on productivity, we reacted on profitability even on refittings. As you know we have companies that are listed, i.e. they make product, on Cooking, the various Cooking comp

As you know we have companies that are listed, i.e. they make product, the various Cooking companies make product and so there they are listed. We have increased the lists and we have registered external growth. These were the results for 2022 I would like to pass the floor to Alessandro.

Alessandro Zanchetta: Good morning everyone. First of all, two very important figures: revenues at EUR 329 million plus 27% and backlog 934, both of which are a historical record for our group since the beginning of our activity. An EBITDA still stable at EUR 23.2 million, despite being weighed down by the increase in raw material prices and the difficulty of finding raw material and the increase in energy costs which, as you can imagine, have affected transport, many, many production factors. And the other very very important aspect that we had mentioned in the half-yearly report, the recovery of profitability in the second half of the year thanks to the actions we had put in place as the Chairman mentioned earlier. EBIT and the net result are clearly affected by these extraordinary write-downs that the Chairman had mentioned, which I will detail later. And

certainly also by the acquisitions made during 2022. Let's go to page 8 of our presentation, whereas I just said revenues went from 328 million with a growth of 27.2% compared to 2021 a big organic growth thanks let's say to the commercial actions that we had put in place still during 2020-2021 equal to 16.9%, while the acquisitions, clearly excluding Fabbrica, which was already consolidated in our revenues, so the other three acquisitions affected 10.3% of the growth in revenues. There is also an exchange rate effect to say that has been quantified as 3.1%.

Revenues by division. As you can see, the big growth in revenues by division in percentage terms came from the newly formed Mestieri division, a division that grew a lot during 2022. Revenues by geographic area, as you can see, are fairly homogeneous in Europe, in which we have included Italy, America, and a portion of let's say 10% in the rest of the world. As regards the acquisitions in detail Blue Steel had an impact of 12 million at consolidated level, Budrio of 13 million while Lamp Arredo, the latest acquisition, had an impact of just over 1,000,000. Let's turn to the slide on page 9, the order book, again as I said before a record portfolio of 934 million in constant growth, as you can see, from 2019 onwards. The breakdown of orders by portfolio, broken down let's say by our three divisions, shows that the naval architecture and building façades account for the biggest share, namely 71%, the professional kitchens for 17%, and Mestieri for 11%. It has to be said, that the time horizon, which is always very long as far as our company is concerned, with a time horizon ranging from 2023 to 2031, clearly with much higher percentages for what concerns the years to come, 2023 24, and then ever decreasing. Another important factor is the concentration of the portfolio by shipowner that we have always given as evidence. If you see the first shipowner, the shipowner we call shipowner A, accounts for 14% of what our backlog is. All the others are fairly aligned precisely because of the diversification we have within shipowners.

It must also be said that 40% of this backlog does not depend on the naval business but derives from the very large acquisitions and more than \$164 million regarding Fabbrica and the United States in 2022. And let's move forward to page 10 where we will consider the various divisions more in detail. Regarding the first division naval architecture, civil facades we had revenues up to 15% against an Ebitda decrease by 36%. Compared to 2021 we grew by 15.5%, 8.4 due to organic growth and 7.1 due to acquisitions. As far as revenues are concerned, we grew in both the naval and the newbuilding segments; there was a strong increase in refitting, especially in the last few months of 2022, and a big contribution also came from orders and from the steadily

growing turnover of Fabbrica. The EBITDA is therefore clearly at business level, still resilient, but with the margin impacted by raw materials. This concerns in particular the naval sector, which is the one that has suffered most from the increase in raw materials and the increase in energy. In fact, the Ebitda margin went from 11.6% to 6.4, taking into account that in 2021 we were also getting a portion related to the pandemic contribution, especially in the US. The important thing is that since the second half of the year we have returned to 7.6% growth, thus recovering most of the margin.

It is clear that this effect of Ebitda is mainly due to the naval business, and therefore of the multi-year contracts, to the accounting effect of the profitability of the useful life of the order, which we have considered as margin, assuming that the costs would end in the present situation or in this moment. On page 11, professional kitchens revenues have increased by 9%, thus rising from 60 to 65 million due to the effect of growth. In the naval business we also have to consider that in the first part of 2022 the cooking division was still blocked and slowed down by the effects of the pandemic, which had a significant impact in first few months. (minute 15:03) Here too the Ebitda for 2021-22 has decreased from 10.5 to 7.9%. Clearly, the increase in prices for raw materials and also in electronic technical components, which – as we all remember - were also difficult to find, except at very high prices, also had a significant impact here. Nonetheless, even in the second half of the year, as the Chairman anticipated earlier, the adjustment of price lists, especially with regard to the cooking part, which may not have been prompt, but did occur, led to an increase in margins from 6.1 to 9.6% in the second half of the year.

When considering these divisions, we must always consider that we are also paying for commercial developments. Let me just mention Pizza USA. The development of new models and the aggregation with the companies also involve software, hardware, and personnel integration. On page 12 you can see a slide on the new division, Mestieri. Here too, Mestieri revenues more than doubled: 127% growth, and an Ebitda rising by EUR 8.3 million. The growth was clearly due to the acquisitions, which accounted for 47%, but it was also the result of an organic growth made up of commercial activities put in place in 2021, which began to bring results in 2022 and which we believe will also bring positive results in 2023. The fact that cruise ships have resumed sailing has had an impact on margins. Moreover, a whole series of refitting activities has also been resumed by the shipowners, and we all know that refitting usually brings high margins. Of course, the acquisition of Budrio, which took place about six months ago, had also a positive impact

on this sector from the point of view of both revenues and Ebitda. As far as the Ebitda is concerned, even in this case there was significant growth, we are at 8% this year after recording a negative result last year. The difference between the first and second half of the year is the accounting effect caused by the refitting, which, economically speaking, had an impact mainly in the first half of the year. With regard to the investments that have been made, we always consider the establishment of Mestieri Italia, Mestieri USA, the commercial activities that we are undertaking and the orders that we are fulfilling and the estimates that we are making that clearly have costs but have not yet produced revenues and margins. And as far as operating profitability is concerned, on page 13 the Ebitda is stable at EUR 23 million, with a strong improvement in the second half of the year. In the second half of the year we passed from 8.9% of last year to 7.1%. Also in this case the effect of the pandemic contribution in favour of Fabbrica in 2021 has been taken into account. Another interesting fact is that compared to the 9,100,000 of EBITDA, which in absolute value are equal to 6% the percentage value of the first semester, we passed to 14 million in the second semester recording an 8% margin that brought us on average to this 7.1.

On the other hand, the EBIT was clearly crippled by extraordinary write-downs. As the Chairman mentioned earlier, there were two bankruptcies, one of a German shipowner and one of a Croatian shipyard, events that had never happened before, which clearly had an impact both from the point of view of development in those markets and, above all, with regard to credit, with significant write-downs of outstanding receivables (even though our business model usually leads us to have receivables for one month, two months, and no more). If we had not had these two write-downs here we would have been more or less in line in percentage terms with last year. Clearly an important part, as far as Ebit is concerned, is the increased depreciation due to acquisitions. On page 14 instead we have the cash generation part of Somec We always stress that our large cash generation capacity is due to our business model and has always brought us a very high cash-conversion rate, historically between 60 and 70%. This has also been confirmed for 2022.

It is clear that we had to pay a price in order to lay a solid foundation for growth. All our commercial developments such as the opening of Pizza Group in the United States, Mestieri USA and Italy, Blue Steel UK where we set up our sales office, as the Chairman

mentioned earlier, Budrio UK, Budrio Switzerland are all activities we had to pay for during 2022 and we hope that they will yield important results during 2023.

The slide on page 15 shows the net financial position. The net financial position before IFRS 16: if we start from 22.5 million before IFRS 16 at 31 12 2021, the EBITDA for 2022 is worth 23.2 million, the change in net working capital equal to 4.3 million is clearly due to the increase in the value of inventories as a result of the increase in the cost of raw materials and also of the significant increase in volumes.

As you can see, the investments are always limited, in the sense that we are talking about investments related to the maintenance of our facilities and of our activities, a part of the investments has been used for the IT security system. We have been making this investments both in the course of 2022 and in the course of 23. 36 million is the impact of the acquisitions, the three acquisitions plus also the purchase of 20% of Fabbrica, 8.5 million are the dividends divided between the dividends distributed by the parent company and the dividends distributed to third parties with Fabbrica, the financial charges and taxes amounting to 3.4 million, the item "other" which includes derivatives for 8.4 million that bring the net financial position before IFRS 16 to 54.3 million.

Below you can see the breakdown of the net financial position by macro-items. The IFRS clearly impact 27.7 million. It is clear that the debt level rate was around 1 last year, we are at 2.3 this year due to the effect of the acquisitions we have completed. I would leave the floor to President Oscar Marchetto for some more data.

Oscar Marchetto: Thank you Alessandro. So for 2023 the context is still challenging but I can, we can, be satisfied with the developments we started in 2002 because they give us the opportunity to continue to grow in all three segments.

We can continue to develop our project Mestieri because the Mestieri is a project that needs to be beefed up every year, it needs new companies every year in order to grow, thus this year we will concentrate on selecting companies in order to be able to do extraordinary things in 2024. Mestieri will be important in the US market especially in 2023. As to the scenario that we are facing right now, prices are going down, despite the war. Prices are decreasing both at transport level and at purchase level: from aluminium to steel. to electronic components. to transport and packaging prices are going down and even energy prices are lower.

We can say that the figures we have indicated for 2023 such as the revenues at 360 million, the Ebitda at no less than 30 million and the net debt lower than 40 million are something we are sure about. It is the first time that we are providing figures, and we are doing so because we are confident that we will achieve these results.

Abbiamo tre scenari sia degli involucri esterni sia delle cucine professionali sia del.

We have three scenarios, glass envelopes, professional kitchens and Mestieri. You know that our markets are Europe and the United States. Each of these two markets has a huge business potential, worth more than 20 billion. This is why we must absolutely grow, we must continue to be work and improve, we must continue to reduce our debt, as Alessandro Zanchetta explained earlier. This is is a viable road, it is a road that even our managers have approved, and I think there won't be any problems in reaching these numbers.

I would stop here. If you have any questions we are ready to answer you

The first question is from Renato Gargiulo of Stifel

Good morning everyone. My first question is about Fabbrica. We saw that the order intake has been very strong again, more than \$160 million. I was wondering if you have any indication on the outlook for this year, on the share of potential new orders that you could take. And related to that, also in view of a potential macroeconomic recession, I was wondering if you have any indications about your exposure on market for residential housing as opposed to the commercial real-estate market.

The second question is about your 2023 targets. We saw a strong improvement in margins in the second half of the year versus the first half. I was wondering, what could be the main drivers for this year. Is it a matter of business mix, i.e. incidence of US business or refitting, or is it a matter of further renegotiation with customers or other cost relationships? Thank you.

Oscar Marchetto: I'll answer your question on the American market. As you know we are in the North East of the United States, this means that we are based in Connecticut, where we operate between Boston Washington Philadelphia and New York. We have a

lot of contracts there, I think that we have a backlog of around 360 million, if I am not mistaken, and it's not residential. We operate outside of the residential market, which is the one that has a lot of movement every year in the U.S. We're in Boston, as you know, in the hospitals, in the institutions, in the big projects that are done especially in Boston, where they do biotechnology or medical research, they have offices, laboratories, and then we have contracts in New York with famous high fashion brands, as we announced at the time, the Rolex building and so on. Our share in that area is a little more than 10%. We are also in a market where in the next ten years there will be a refurbishment of skyscrapers. This will happen even in the United States where there are already regulations. Therefore there will be a refitting of skyscrapers and buildings built before the years 2000-2005. The reason is sustainability: even America must convert the façades of skyscrapers to sustainability. Therefore we believe that market situation will be very very positive in the next ten years. And you know that we are local, we have the production site there, and that's what saved us especially during the pandemic, when our orders increased because there weren't any transportation problems. So I don't see any difficulties, on the contrary, there is a slight slowdown, due to inflation, but we they continue to make offers, we are always positioned on the high-end, where there is a very technical development, engineering solutions and so on and so on. We don't see any slowdown on American market in the next few years, on the contrary, we expect an increase, thank you.

Alessandro Zanchetta: I am going to answer your third questions about margins. To round up what the chairman was saying, the residential market accounts for about 20% of our backlog in the residential market; this 20% refers to residential structure refurbishment and not to the construction of new residential buildings, a segment where there could be some delays in the delivery time. As a matter of fact we have been told that principals in the US are asking to change the use of the buildings i.e. to switch it from sale probably rent. This would imply only some minor changes and probably some temporal shifts but not cancellations and as far as we are concerned we have a very low share in the residential sector. Everything else, as you could see from contracts, involves new headquarters of companies or governmental agencies or universities or multinational companies.

As far as new orders are concerned, we have started, and are still in the process of revising our costs, especially in the naval sector, and especially in what we call the soft backlog, i.e., the option ships, where our good fortune is that we are often leaders in the

field. So it is also difficult for customers to find alternatives. We have started some discussions and we have found some openings, more openings from the European shipowners or shipyards, a little less from the Italian shipowners, but we are working on it.

Our strength is that our contracts are always tailor-made, which means that the basic contract also includes many change orders that are sometimes requested by the shipyard and sometimes requested by the shipowner himself. Prices for these new requests are calculated taking the inflation into account and this clearly helps us increase the overall margins.

Usually, the prices of these change orders can be as high as twenty-five per cent of the contract, so we are certainly doing this partly because we think that we can considerably improve our margins, partly because of what I said before, namely that a lot of refitting work is resuming. Let's bear in mind that shipowners are coming from two years in which the ships have not sailed and therefore, in addition to what we may call "standard refitting", i.e. the compulsory maintenance that they have to do every three or four years, we are starting to price that refitting, modernisation and replacement work that is clearly more valuable in terms of margins and that leads us to exceed or increase the our margins, at least in this sector.

Follow up questions:

Perfect thank you very much it's very clear. If I may I have two quick follow up questions, one about acquisitions: If I understand correctly this year you will proceed with the integration of the latest acquisitions and the closing of any new deals is more of a 2024 topic, isn't it?

And the second question is about the 2,7 million write down with two customers. Do you see any similar issues or do you think that the other customers are in a better situation?

Oscar Marchetto: I'll answer on the subject of extraordinary transactions. Well, in January we did the Ceolin transaction, that will be closed in 2024 but was negotiated in 2022, so we did an operation in 2023. We are negotiating other transactions involving Mestieri, I can tell you that. They will certainly be planned for closing in 2024 also because

right now we are working a lot to develop Mestieri in the United States and here in Italy and to integrate the transactions we have done

Alessandro Zanchetta: As I said it is an exceptional event regarding 2022. We do not believe that there are any credit problems, or rather as far as 2023 is concerned, there are no signs of credit-related problems for any of the sites on which we operate. This is true for the shipbuilding divisions, as far as Fabbrica is concerned, we must always remember that the credit is covered by the client's insurance policy, so credit is not an issue there, no matter what happens.

Regarding the other segment, the Mestieri segment, let us remember that the customers in this sector are luxury customers and therefore a very very high clientele. In this case avoiding problems with payments and also the payment methods often involve advances and even over 30%. This does not lead us to think that are other types of assessment are needed. What has caused us some problem, for example, were some smaller shipyards. This is clearly a consequence of the pandemic when, since some major shipyards were slowing down, we carried out refitting work in smaller shipyards perhaps making some mistakes. At the moment we have not abandoned all the smaller shipyards, we have just concentrated on the four European shipyards, which is perfect, thank you very much.

The next question is from Mario Coppola of Intermonte.

Good morning, everyone, thank you for your presentation. I would like to ask you some follow up questions regarding what has been said previously, starting from the guidance, I would like to understand the degree of prudence that you have applied to these figures, in other words whether it is possible to do better, especially in terms of revenues. And what precisely are your assumptions in terms of margins, especially on costs. And in the event, let's say, of a further reduction in costs, could this have an incremental effect on your targets, and could you also spend a few words on what your assumptions have been about labour costs and if you expect any inflationary pressures?

In Europe and the United States another follow up with regard to what was said earlier about Mestieri. I wanted to understand if there is a possibility or if you are considering the possibility of maybe doing transactions that have not only already planned as those that have been done in this year, so as add ons to the portfolio,

but also more significant acquisitions with maybe even the possibility that had been hypothesised in the past of a possible move to the star segment. My last question is about the debt. Could you give us some details on the breakdown of the debt in terms of fixed variable rate and what you expect in terms of the cost of the debt in 2023; always remaining on this topic, if this current level of debt, i.e. two or three times the EBITDA, do you consider it to be a level of comfort, let's say, or if you have in mind a slightly more conservative target in terms of leverage, thank you.

Alessandro Zanchetta: I will answer about cautious approach on 2023.

We had the good fortune to have 80% of the revenues already quantified for what concerns the backlog and we used a bit of a prudence, as I was saying before, i.e. a prudence criterion for what is valid in the United States, which does not mean cancellation of orders but maybe slowdowns or extensions of what could be the progress of the job orders at the construction site. It is clear that we also follow the construction side, so clearly if the construction side slows down because the client slows down we slow down too. Which doesn't mean losing contract quotas, but rather extending them. We have decided to use a prudential criterion in this respect as well -and then given the situation, it is possible that in the United States things change quickly and then from one moment to the next they might ask you to anticipate or compress, let's say, the timings. The other bit of caution we have used in the case of Mestieri since at this time we are also commercially organising all the activities, all the contracts that may be very important for Mestieri. It is clear that in the United States Mestieri can sign contracts of a value even above four, five, seven, eight, or ten million. It is clear that with this kind of contracts in the US revenue could also go up considerably. Therefore we used, let's say, these prudence criteria linked to the business development of Mestieri and also to the situation in the US. We did the same thing for Europe. Right now we have a lot of offers also for what concerns Bluesteel and the facades in the UK. And it is clear that everyone is waiting to see whether raw material prices go down, and if the drop significantly. And here I can also refer back to your other question about margins. Where we consider margins, it is clear that as far as 2023 is concerned, even here we have used a criterion of prudence considering that raw material prices could drop constantly but not as much as they really could.

It is clear that even if prices should drop much faster than they are doing now, our benefits would be postponed by six months anyway, because we have to buy at least six months

before the economic effect. So if they were to drop suddenly because of a crisis or some event in the next few months, the effects would be felt towards the end of the year, and certainly during almost all the year 2024. As far as labour costs are concerned, we have also made assessments in the United States and, fortunately, we can say that in the area where we are in the United States we do not run any risk related to the increase in labour costs. As regards Italy and our entire group, we always pay particular attention to our staff because our employees are our main asset, i.e. we grow if we have the people able to do their job. We are pursuing a policy of staff training, of staff placements, which are those things that I cannot consider as assets but which clearly have an influence.

Because it takes a few years to create project managers, to duplicate managers in our sector, this is the goal we have been pursuing for a number of years and, in this assessment, we have clearly taken into account the inflationary effect on personnel costs as well, because we are already experiencing it and we will perhaps experience it even more in the coming months.

As far as debt is concerned, we were fortunate enough to be able to close that financing in March last year at a time when Euribor was clearly at zero, and we also refinanced what we had before, let's say as debt, precisely in order to close these acquisitions sooner, because, as the Chairman rightly said, we took advantage of the crisis. Let's remember that these acquisitions are all acquisitions that work in the world of luxury that had perhaps come after 1 or 2 years of difficulty, so I believe that we were able to buy them at an interesting value. The luxury segment is recovering. They are growing a lot, and I think we will get great satisfaction from our acquisitions over the years.

Returning to the question of debt, I have to give an indicator of how much is my cost, let's say of my funding, for the credits I have brought in. I have to say that I am under ultra between the hedge and the fixed, between the hedge and the banks' margin we managed to stay under 3% for sure. Then as far as acquisitions are concerned, we still have to carry out other , on other extraordinary operations of craftspeople so, as you see, craftspeople who can be worth five to ten 15 million in turnover. But our goal is to start, so we do not deny any possibility once we find an operation that can be favourable and fits in perfectly with our project of integrating and implementing the Eurostar operation. We have always said this and we always keep this goal.

Regarding then, completing the last question of relative leverage on the EBITDA debt ratio, we came from a 0.98x - so almost 1:1 - ratio in 2021 to 2.34x as a result of these acquisitions. Let's also remember (among) the acquisitions, let's also put in the factory that has affected a lot, let's say on the acquisitions side. As for debt, however, it clearly has an important strategic value within the guidance that we have been following, i.e. to stay FS 16 under 40 million, which would bring us back ... and with an EBITDA at 30 million and would bring us back a leverage ratio around 1.3%. Let's say that we believe this is consistent with our policies.

Mario Coppola: OK, thank you. Just if I can another question, a little bit more medium to long term, let's say, in the sense that obviously, especially for Mestieri, there has been a lot of acquisition work done, a lot of realities to complete the portfolio and I was just wondering once these realities were consolidated, once... Clearly we also live in a time of, indeed, higher costs, but in a normalised situation what could be a target on this segment?

Oscar Marchetto: The strategy has not changed, because at the end of the day there are hundreds and hundreds of artisans who make a project, a whole series of them, so at the end of the day there is never an end. To close the circle, we have to be good at slowly developing our young people because at the end of the day, for every single raw material product, for example wood, marble, etc., there can be several craftsmen, because there is so much work to be done that sometimes we have difficulties with a single company, but this is something we will slowly structure taking into account the maternity issue. Alessandro perhaps if you want to add something about margins.

Alessandro Zanchetta: We tend to bring forward this type of work which is linked to the project that we are pursuing i.e. with Mestieri we want to replace the general contractor that - we should always remember - is the one that in this luxury sector clearly has the highest relative margins.

The work of these artisans combined with the work of the craftsman, combined with the work of the general contractor, this is what Mestieri should be doing, combined of course with landing in the United States, which is certainly a richer and more lucrative market. And it is no coincidence that I also said Jockey with Buddy earlier because of course the London market is also very very lucrative. If we say the target, the Ebitda result, the eight

per 100 that we made during 2022, the trend should go up but by more than a few points, surely it is the division that at the level of average EBITDA will be the highest.

Next question comes from Alberto Mari of Algebris.

Thank you. I have two questions. The first one is about the debt bridge to 2023 you give us a debt reduction target of 14 million, but you have an EBITDA target at 30, while the acquisition of the CEO only costs you 1,000,003; you do not pay a dividend on 2023, so I wanted to understand what items are absorbing cash. The second question concerns the dividend paid to the manufacturing minority. I wanted to see if you have any.... you have committed to pay these dividends also in the coming years to these minorities, thank you.

Alessandro Zanchetta. As far as net debt is concerned, the target is to go below 40, so we can certainly go much much lower.

We have taken into account the acquisition of lines on which we must then also clearly consider the holding options, so that is not the only value there. As far as the other aspect is concerned, we also have to think about the growth that we are achieving in terms of working capital with these realities here, so we have also been somewhat prudent in this case. This is a minimum target that we put - not -40 - we could also certainly have tried to be more aggressive. As for the other issue of dividend payments with 2.0, we do not have any kind of contractual agreement related to the payment of dividends. It was an operation clearly linked to the sale of the company as well, which then I remember was not only a sale of 20% of the company but was also the way to create another reality called 4.0 and which controls 4/5% of this reality here, in order to favour the aggregation, a sense of belonging of second level managers the loyalty of the company and to allow us to grow what we are doing precisely concerns the payment of dividends. There is no agreement, it was just the consequence of a situation where there was a lot of cash with very good results and we decided to make a dividend payment. Thank you. Well.

Thank you, thank you all. See you next time. Thank you again. Thank you. Goodbye.

