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PRESS RELEASE

Franchi Umberto Marmi: partnership with GVM

- **Binding agreement signed to acquire 50% of Ingegner Giulio Faggioni Carrara S.r.l., one of the main marble extraction companies operating in the Apuan district;**
- **The transaction involves GVM's reinvestment in FUM with a 9% equity stake;**
- **Consideration for the transaction exceeds €67 million;**
- **Through this transaction, the Company further strengthens its leadership in the industry;**
- **Shareholders' Meeting convened in ordinary and extraordinary session to approve the buy-back and disposal of own shares and the reserved share capital increase in service of the acquisition.**

Carrara, 14 December 2020 – The Board of Directors of **Franchi Umberto Marmi S.p.A.**, an international leader in the processing and marketing of Carrara marble, listed on the AIM Italia segment (ticker: FUM) (the "**Company**" or "**FUM**"), has resolved to conclude the preliminary agreement to purchase a 50% interest in Ingegner Giulio Faggioni Carrara S.r.l. ("**Faggioni**") from Giulio Vanelli Marmi – La Civiltà del Marmo S.r.l. ("**GVM**"), a company with which FUM already has commercial and supply relationships. The transaction is worth €67 million and involves GVM's reinvestment in FUM with a 9% equity stake.

In particular, Faggioni holds 50% of the rights to exploit two of the most important quarries in the Carrara district, located in Miseglia, a renowned area specialised in extraction of the most sought-after types of marble, including the Statuario and Calacatta varieties. FUM will thus secure access to a significant additional quantity of superior-quality marble.

This transaction allows FUM to consolidate and expand its network of relationships with the main quarries in the Apuan district, with a particular focus on superior-quality marble types (Statuario, Calacatta, Cremo, etc.), thus strengthening its leadership in the global Carrara marble industry.

The transaction is expected to be concluded and the equity interest transferred by **15 February 2021**.

The preliminary purchase and sale agreement provides for the transfer of 50% of the equity interest in Faggioni held by GVM for a consideration of €67.411 million, of which €6.085 million paid today as earnest money and the remaining €61.326 million to be paid as follows:

- €29.41 million through the issuance of 2,941,076 new FUM shares at the price of €10.00 (ten/00) each at closing;
- €18.915 million in cash at the closing date;
- a maximum of €13.0 million on a deferred basis during the period from 2023 to 2027, in five instalments of equal amounts, contingent on the granting of new concessions and/or renewals (set to expire on 31.10.2023) for a period of at least 12 years or longer, or in reduced, proportional form where such concessions and/or renewals are granted for shorter periods than indicated above.

The aforementioned consideration, in view of partial payment through the issuance of new FUM shares, was appraised by an independent expert, who expressed a positive opinion with regard to the principle of fairness.

FUM has also undertaken to pay GVM an earn-out of €1.0 million, contingent on the achievement of certain financial performance results in the period ending on 31 December 2023, whereas GVM has pledged to reinvest €1.5 million in the purchase of FUM shares on the market.

The total price thus paid would technically correspond to a valuation of a business unit, once fully operational, at an implicit EV/EBITDA multiple of approximately 7x, and therefore even below the implicit value at which FUM is currently valued by the market.

The Board of Directors has convened the extraordinary Shareholders' Meeting for 30 December 2020 to approve a capital increase, with the exclusion of option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code, in the amount of €29,410,760.00, including issue premium, to be executed in indivisible form by issuing 2,941,076 new ordinary shares at a price per share of €10.00 (ten/00), inclusive of issue premium. Following the increase, GVM will acquire a 9% equity interest in the Company.

The newly issued shares will be subject to a lock-up of 36 months and will be excluded from the right to the distribution of the dividend for the current financial year ending on 31 December 2020; until that date, they will therefore have a different ISIN from the ordinary shares currently outstanding.

In view of the acquisition by GVM of a significant equity interest in the Company, the preliminary contract entered into force today provides for the appointment to the Board of Directors of Gualtiero Vanelli as Director designated by GVM. In consideration of his specific experience in the high-quality and stylish marble sector, and in the arts in particular, he will be granted operating powers to manage and supervise the development of the Company's brand marketing.

"This transaction is the natural next step in the growth process outlined for the investors in recent months and reinforces our leading position in the high-quality marble segment. The transaction is in line with our approach, which stands out for its strong focus on the highest quality and environmental sustainability standards in both extraction and processing, confirming our commitment to investing in the local area, with significant benefits for local employment and economy. I am very proud of this transaction, which is evidence of the entrepreneurial abilities of two of the leading companies in the sector, which have successfully partnered at such an extremely complex time as that we are living through, bearing witness to the solidity and responsiveness of our companies." commented **Alberto Franchi, Chairman and CEO of Franchi Umberto Marmi S.p.A.**

"Through this agreement, GVM has decided to reinvest over 50% of the proceeds of the sale in FUM, by both subscribing the capital increase and pledging to purchase additional shares on the market, confirming its confidence in the Company's growth strategy and prospects. We are honoured to have become an important partner of a global leading player such as Franchi Umberto Marmi. Particular thanks go out to my advisors, Riccardo Lenzetti and Massimo Gabbani, who supported me in reaching this important milestone for my company." commented **Gualtiero Vanelli, CEOof Giulio Vanelli Marmi S.r.l. – GVM.**

In addition, FUM also announces that in recent weeks there has been a robust recovery in sales and deliveries, including to Eastern countries, and to China in particular, resulting in revenues for the period from October to November 2020 of approximately €12.4 million (about +21% compared to the same period of 2019). This result thus confirms the recovery trend that had already begun in the third quarter of 2020 and which will make it possible to exceed the turnover reported in the fourth quarter of 2019 (€12.5 million).

FUM was assisted by Emintad Italy as financial advisor, by Deloitte for financial due diligence, by Studio Legale Grimaldi and Studio Legale Strenta for specific aspects of legal due diligence and by Studio Conti Giovanetti for tax matters. Raimondo Cossu was responsible for geological due diligence matters.

GVM was assisted by Riccardo Lenzetti and Massimo Gabbani.

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The Board of Directors resolved to submit the proposal to authorise the buy-back and disposal of own shares for the approval of the Shareholders' Meeting. The proposal is intended to provide the Company with a "portfolio" to be used in implementing strategic investment opportunities for all purposes permitted under applicable provisions — including the purposes envisaged in Article 5 of Regulation (EU) No. 596/2014 ("MAR") and related implementing provisions, where applicable, and in market practices admitted under Article 13 of MAR — including, without limitation: (i) implementing share-based incentive plans, regardless of the form in which they are structured (including stock options, stock grants or work-for-equity schemes) or undertaking free assignments to shareholders or discharging obligations arising from warrants and convertible financial instruments, whether mandatorily convertible into shares or exchangeable for shares (on the basis of transactions in progress and/or to be approved/implemented); (ii) permitting the use of own shares in transactions associated with ordinary operations or projects consistent with the strategic guidelines that the Company intends to pursue, in relation to which opportunities for share exchanges arise; (iii) being able to use own shares as investments for efficient use of the cash generated by the Company's ordinary operations; and (iv) intervening, in accordance with applicable provisions, including through intermediaries, in support of the liquidity of its securities and market efficiency. The authorisation to buy back own shares will be requested for a period of 18 months from the date of the Shareholders' Meeting resolution; the authorisation to dispose of own shares will be requested without any time limits.

As of today, the Company does not hold any own shares.

Full information regarding the terms and conditions of the authorisation will be given in the Board of Directors' Explanatory Report, which will be made available to the public within the terms provided for in applicable legislation on the website www.franchigroup.it.

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The Board of Directors has resolved to convene the Ordinary and Extraordinary Shareholders' Meeting for 30 December 2020, 11:00 AM, at the offices of Notary Alessandra Radaelli, in Milan, Via Montebello 27, in first call, and, where necessary, on 4 January 2021, same time and place, to discuss and pass resolutions regarding the following Agenda:

<u>Ordinary session:</u>

- Authorisation to buy back and dispose of own shares pursuant to Articles 2357 *et seqq.* of the Italian Civil Code. Related and consequent resolutions.

<u>Extraordinary session:</u>

- Capital increase with exclusion of option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code in the amount of €29,410,760.00 (twenty-nine million, four hundred ten thousand, seven hundred sixty/00) (inclusive of issue premium), to be executed in indivisible form through the issuance of 2,941,076 ordinary shares at a price per share of €10.00 (ten/00), inclusive of issue premium, with dividend entitlement from 1 January 2021, reserved for subscription by Giulio Vanelli Marmi S.r.l.; consequent amendment to Article 6 of the By Laws. Related and consequent resolutions.

The documentation relating to the items on the Agenda will be made available to the public at the registered office and on the website www.franchigroup.it according to the terms established by applicable legislation.

The press release is available from the website www.franchigroup.it/Investor/ pricesensitivepressreleases.

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***Franchi Umberto Marmi**, established in 1971, is a leader in the processing and marketing of blocks and slabs of Carrara marble, a natural stone that perfectly embodies Italian craftsmanship and luxury, with special characteristics that make it unique in Italy and the rest of the world.*

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