Somec S.p.A.

Interim Financial Report as at and for the six months ended 30 June 2021

Interim Directors' Report for the Interim Condensed Consolidated Financial Statements as at and for the period ended 30 June 2021

Introduction

On 28th September 2021, the Board of Directors approved the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021 prepared by the Parent company, Somec S.p.A..

The Interim Condensed Consolidated Financial Statements were drawn up in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union, on the basis of IAS 34 Interim Financial Reporting. "IFRS" also includes all amended International Accounting Standards ("IAS") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

Alternative performance indicators

Somec's management measures the performance of the Group and its business units partly based on some performance indicators not required by IFRS. More specifically, EBITDA and EBIT are used to measure the Group's profitability.

As required by Consob Notice no. 0092543 of 3 December 2015, which transposes the ESMA/2015/1415 guidelines on alternative performance indicators, the components of each indicator are described below:

- **EBT** is obtained by adding income taxes to net profit for the period, as reported in the financial statements;
- **EBIT** is obtained by adding net financial income/expense, i.e. the sum of financial income and charges, net exchange rate gains and losses and net income from associates to income before taxes;
- **EBITDA** is obtained by adding amortisation, depreciation and other write-downs to EBIT, as reported in the financial statements;
- **Adjusted EBITDA** is obtained by adding non-recurring costs and revenues to EBITDA;
- **Backlog** is the residual value of the orders that have yet to be completed.
  This amount accounts for the difference between the total nominal value of an order (including additions or modifications) on a certain date and the value on the same date of revenues from contracts with customers relating to orders associated with such contracts;
- **Backlog under Option** is the total value of the contractual options on orders that are held but have yet to be exercised by customers on a certain date;
- **Total Backlog** is the sum of Backlog and Backlog under option;
- **Net Debt** is determined as defined by the new ESMA Guidelines dated 4 March 2021 (see Consob Notice no. 5/21 of 29 April 2021).

Corporate bodies and company information

Board of Directors

Oscar Marchetto
Chairman of the Board of Directors

Giancarlo Corazza
Director and Executive Officer

Alessandro Zanchetta
Director and Executive Officer

Gianna Adami
Lead Independent Director

Stefano Campoccia
Independent Director

The term of office of the Board of Directors ends with the approval of the financial statements as at 31 December 2022.

Board of Statutory Auditors

Michele Furlanetto
Chairman of the Board of Statutory Auditors

Annarita Fava
Standing Auditor

Luciano Francini
Standing Auditor

Lorenzo Boer
Alternate Auditor

Aldo Giusti
Alternate Auditor

The term of office of the Board of Statutory Auditors ends with the approval of the financial statements as at 31 December 2022.

Financial Reporting Officer

Federico Puppin

Committees

Gianna Adami, Stefano Campoccia
Related party Committee

Gianna Adami, Stefano Campoccia
Remuneration Committee

Gianna Adami, Stefano Campoccia
Control Committee

Independent Auditing Firm

EY S.p.A.

The statutory audit will be performed by the auditing firm EY S.p.A. up until the approval of the financial statements as at 31 December 2028.

Registered office and corporate details

Somec S.p.A.
Via Palù, 30
31020 San Vendemiano (TV)
Italy
Tel: +39 0438 4717
Share capital EUR 6,900,000.00 fully paid in
VAT no. IT 04245710266
www.somecgroup.com

Investor Relations

email: ir@somecgroup.com
Ph: +39 0438 471998

General information

Design for land and sea

Somec Group

is a leading global player that specialises in the business of design and execution of major turnkey marine or land-based projects involving glass building façades, special architectural projects, public area interiors, and professional cooking equipment. All the Group's main activities are project-based, designing and producing unique solutions suitable for use in the most extreme conditions and to the highest safety and quality standards of marine and civil engineering. Indeed, the projects overseen by the Group are recognisable for their originality and the specific technological expertise that is typically required for large, high value-added orders.

The Group operates through two business units: **Seascape**, dedicated to marine projects, and **Landscape**, dedicated to land-based projects.

Seascape

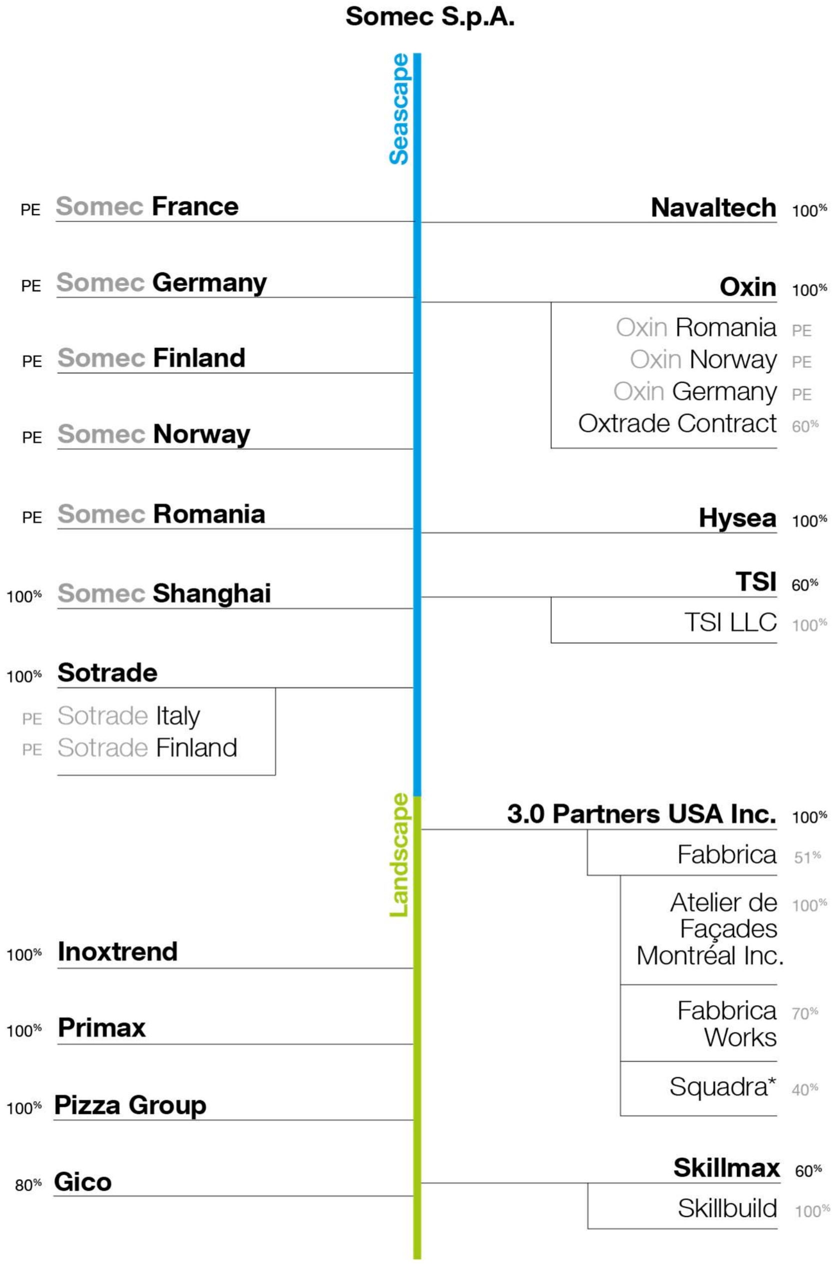
The Seascape division places Somec Group as one of the world's leading players in the segment of design, customised production and installation of glass envelopes used in the construction of new cruise ships (Marine Glazing), design and installation of custom-made catering areas for cruise ships (Marine Cooking Equipment) and outfitting of public spaces on ships, including halls, casinos, shops, theatres, lounges, and restaurants (Marine Public Areas). The Group offers both services for cruise ship newbuild orders, as well as refitting services for the conversion, modernisation, replacement and repair of glazing elements and public spaces on existing cruise ships.

Landscape

Somec's Landscape Division's services (through its subsidiary Fabbrica LLC) include ad-hoc design, customised production and installation of façades and personalised high quality, innovative external fittings for office, retail, government and public buildings in some major cities in the North East of the United States (Building Façades). Since acquiring Skillmax, the Group also offers specialist outfitting services for public space interiors, such as halls, retail outlets, restaurants, and offices (Public Area Interiors). Finally, the Group makes professional equipment for the catering and restaurant business (Professional Cooking Equipment).

Somec Group Structure

The following graph shows the Group's structure at 30 June 2021



PE: Permanent Establishment
***Squadra S.r.l.** 40% owned by Somec S.p.A. and Fabbrica LLC

Scope of consolidation

As at 30 June 2021 the scope of consolidation includes the following companies directly or indirectly owned by Somec S.p.A., all of which are consolidated on a line-by-line basis:

Company	Registered office	% ownership	Currency	Share Capital
Directly owned subsidiaries:				*(currency unit)*
3.0 Partners USA Inc.	New York (USA)	100%	USD	10,000
GICO S.p.A.	Vazzola (TV)	80% (1)	Euro	120,000
Hysea S.r.l.	San Vendemiano (TV)	100%	Euro	100,000
Inoxtrend S.r.l.	Santa Lucia di Piave (TV)	100%	Euro	622,222
Navaltech LLC	Miami (USA)	100%	USD	1,000
Oxin S.r.l.	Codognè (TV)	100%	Euro	100,000
Pizza Group S.r.l.	San Vito al Tagliamento (PN)	100%	Euro	12,000
Primax S.r.l.	San Vito al Tagliamento (PN)	100%	Euro	1,030,000
Skillmax S.r.l.	San Biagio di Callalta (TV)	60%(2)	Euro	500,000
Somec Shanghai Co., Ltd	Shanghai (Cina)	100%	CNY	984,922
Sotrade Sro	Piestany (Slovacchia)	100%	Euro	92,380
Total Solution Interiors S.r.l.	Cantù (CO)	60%(2)	Euro	100,000
Indirectly owned subsidiaries and associates:				
Atelier de Façades Montréal Inc.	Montréal (Canada)	50.90%	CAD	100
Fabbrica LLC	Delaware (USA)	50.90%	USD	9,935,407
Fabbrica Works S.r.l.	San Biagio di Callalta (TV)	35.63%(3)	Euro	100,000
Oxtrade Contract S.r.l.	Tg - Mures (Romania)	60%	RON	1,000
Skillbuild S.r.l.	San Biagio di Callalta (TV)	60% (2)	Euro	20,000
Total Solution Interiors LLC	Miami (USA)	60% (2)	USD	293,034

(1) The GICO S.p.A. acquisition includes "Put and Call" options on the minority stake, to be exercised within three months of approval of the financial statements as at 31.12.2023. Minority interests are not recognised in the consolidated income statement in light of the "Put and Call" options in place.

(2) The acquisitions of Skillmax S.r.l. and Total Solution Interiors S.r.l. both provide for "Put and Call" options on the remaining 40%, which are exercisable as of 2024 (up until the end of 2025) and 2022 (up until the end of 2024) respectively. Minority interests are not recognised in the consolidated income statement in light of the "Put and Call" options in place.

(3) 70% of Fabbrica Works S.r.l. is directly owned by Fabbrica LLC. 35.63% is the related indirect ownership of Somec S.p.A. as at 30.06.2021.

During the first half of 2021, the Parent Company acquired the remaining 10% of the share capital of its subsidiaries Hysea S.r.l. and Inoxtrend S.r.l. from minority shareholders. According to this agreement, Somec S.p.A. now owns 100% of the shares of the two subsidiaries.
Moreover, during the first half of 2021, Somec exercised its call option early on the 40% stake in Primax S.r.l. previously held by a minority shareholder via the company Art.Serf. S.p.A.. As a result, the Parent company owns 100% of Primax S.r.l. share capital as at 30 June 2021.
What's more, following completion of a voluntary liquidation procedure, the Group's UK subsidiary, Seatech UK Ltd. ceased operations during the first half of the year.
Finally, in January 2021 the subsidiary Skillmax established Skillbuild S.r.l. with the aim of serving the market of private residential property renovation in order to offer integrated management of energy-efficient redevelopment projects.

List of Company premises

Pursuant to article 2428 of Italy's Civil Code, the Company operates in Italy at its registered office in Via Palù 30 in San Vendemiano (TV), its premises in Via Palù 32, 34 and 38, also in San Vendemiano (TV), and a warehouse in Susegana (TV).
The Group also operates through permanent establishments in Saint Nazaire in France, Turku in Finland, Papenburg, Wismar and Rostock in Germany, Tulcea in Romania, Sovik, Ulstein and Langsten in Norway.
The Group is also active in Miami (USA), Connecticut (USA), Delaware (USA), Montréal (Canada), Piestany (Slovakia), Bucharest (Romania), Santa Lucia di Piave (TV), Codognè (TV), San Vito al Tagliamento (PN), Cantù (CO), Aprilia (LT), San Biagio di Callalta (TV) and Vazzola (TV).

Significant events during the first half of 2021

Skillbuild
On 19th January 2021, the newly acquired company Skillmax S.r.l. created Skillbuild S.r.l. with the aim of serving the market of private residential property renovation following the government fiscal incentives for sustainable building.

Early exercise of Put and Call options on Primax shareholding
On 31st March 2021, the call option on the 40% stake in Primax S.r.l. previously held by a minority shareholder (through the company Art.Serf. S.p.A.) was exercised before expiration. Consequently, as at 30 June 2021 the Parent Company holds 100% of Primax S.r.l. share capital.

Acquisition of Inoxtrend and Hysea minorities
During the first half of 2021, the Parent Company acquired the remaining 10% of the share capital of the subsidiaries Hysea S.r.l. and Inoxtrend S.r.l. from minority shareholders. According to this agreement, Somec S.p.A. now owns 100% of the shares of the two subsidiaries.

Significant events after 30 June 2021

ESG rating
On 7th July 2021, Somec Group received an assessment of its ESG risk from Sustainalytics, a leading independent rating firm. The rating measures a company's exposure to industry-specific material ESG risks and how well a company is managing those risks: Somec S.p.A. received an ESG Risk Rating of 24.5, ranking it at 43rd place out of 133 companies within the industry.

Agreement for the acquisition of Bluesteel
On 27th July 2021, Somec S.p.A. signed an agreement for the acquisition of 60% of the shares of Bluesteel S.r.l., a European player in the field of engineered systems for façades and windows. The Bluesteel deal will expand the Building Façades division in Europe.

Order Backlog

During the first half of 2021, the Group received over 158 million Euro of order intake.

Total Group Backlog[1] reached 826 million Euro as at 30 June 2021 (exceeding the 720 million Euro total of 30 June 2020 by 106 million Euro), of which 649 Euro million in the Seascape division and 177 Euro million in the Landscape division, with a time horizon of the order portfolio until 2029. Of the total Backlog amount of 826 Euro million, options account for 27%.

The following table summarises the historical Backlog trend by half-year period.

Total Group Backlog by 6 month-period (million Euro)

30.06.2018	31.12.2018	30.06.2019	31.12.2019	30.06.2020	31.12.2020	30.06.2021
433	431	552	638	720	767	826

The following chart shows the total Backlog (as at 30 June 2021) breakdown by scheduled delivery year. It is worth noting that, due to the characteristics of the specific business, the planning horizon of the Landscape - Building Façades segment is no longer than two years, representing the average time between order signing and delivery.

Total Backlog breakdown by scheduled year (% of total)

2021	2022	2023	2024	2025	2026	2027	2028	2029
10.9%	24.0%	19.8%	12.6%	12.4%	11.4%	7.0%	1.5%	0.4%

The following table shows a summarised breakdown of orders in our Backlog by business segment.

Seascape			**Landscape**
Marine Glazing	Marine Cooking Equip.	Marine Public Areas	Building Façades
47.8%	19.7%	11.1%	21.4%

The following table shows a summarised breakdown of Seascape Backlog, accounting for 79% of total Backlog, split by the main cruise operators.

Seascape Backlog by cruise operator (%)

A	B	C	D	E	Others ancillary	Total
25%	19%	18%	17%	14%	7%	100%

[1] Total Backlog: Backlog plus Backlog under option, as described in the Prospectus.

Somec Group operating performance

Results

Below is the reclassified consolidated income statement as at 30 June 2021 and 30 June 2020.

Reclassified consolidated income statement

Amounts in €/000	**30.06.2021**	%	**30.06.2020**	%	Δ%
Revenue from contracts with customers	124,584	*97.4%*	113,022	*99.5%*	*10.2%*
Other revenues and income	3,391	*2.6%*	536	*0.5%*	*532.6%*
Total revenues	**127,975**	***100.0%***	**113,558**	***100.0%***	***12.7%***
Materials, services and other costs	(92,001)	*-71.9%*	(83,601)	*-73.6%*	*10.0%*
Personnel costs	(21,833)	*-17.1%*	(19,289)	*-17.0%*	*13.2%*
Operating costs	**(113,834)**	***-89.0%***	**(102,890)**	***-90.6%***	***10.6%***
EBITDA*	**14,141**	***11.0%***	**10,668**	***9.4%***	***32.6%***
Depreciation and amortisation	(7,499)	*-5.9%*	(7,319)	*-6.4%*	*2.5%*
EBIT	**6,642**	***5.2%***	**3,349**	***2.9%***	***98.3%***
Net financial income (expenses)**	(122)	*-0.1%*	371	*0.3%*	*-132.9%*
Net results from associate companies	48	*0.0%*	49	*0.0%*	*-2.0%*
EBT	**6,568**	***5.1%***	**3,769**	***3.3%***	***74.3%***
Income taxes	(1,563)	*-1.2%*	(820)	*-0.7%*	*90.6%*
Consolidated Net Profit	**5,005**	***3.9%***	**2,949**	***2.6%***	***69.7%***
Non-controlling interests	**2,089**	***1.6%***	**(465)**	***-0.4%***	***-549.2%***
Group Net Profit	**2,916**	***2.3%***	**3,414**	***3.0%***	***-14.6%***

** EBITDA was impacted by non-recurring translisting costs incurred in the first half of 2020, excluding which EBITDA would amount to Euro 11.4 million, with an adjusted EBITDA margin of 10.1%.*
*** As at 30 June 2020 pre-tax profit (EBT) and financial income (expenses) included income from the Pizza Group business combination, which resulted in a one-off gain of Euro 1.5 million.*

The Group's consolidated income statement as at 30 June 2021 shows revenues of Euro 128 million, compared to Euro 113.6 million at 30 June 2020 (up 12.7%) and confirms the full resumption of operations, also considering the shutdown in the first half of 2020 due to the pandemic. The data also confirms the growth trend compared to the same period of 2019, which was not impacted by the effects of COVID-19.

The following table provides a summary of the total **revenue breakdown by geographic area** in the first half of 2021 with comparative figures from the first half of 2020:

	30/06/2021	**30/06/2020**
Italy	*27.8%*	*18.3%*
Europe (excluding Italy)	*23.9%*	*25.4%*
North America	*38.4%*	*51.9%*
Rest of the World	*9.9%*	*4.4%*

Consolidated **EBITDA** amounts to Euro 14.1 million at 30 June 2021, up 32.6% on Euro 10.7 million at 30 June 2020, with an EBITDA margin of 11.0% compared to 9.4% during the previous six month period.

Depreciation and amortisation amounts to Euro 7.5 million, flat vs Euro 7.3 million as at 30 June 2020.

Consolidated **EBIT** stands at Euro 6.6 million as at 30 June 2021 compared to Euro 3.3 million in the first half of 2020, with a margin of 5.2% compared to 2.9% in the previous half-year period. This increase is attributable to volumes growth and the Government grant received in the first half of the year by the US subsidiary Fabbrica LLC.

The item **Financial income (expenses)** amounts to a negative Euro 0.1 million compared to a positive Euro 0.4 million in the first half of 2020, which benefited from income to the amount of Euro 1.5 million from the Pizza Group business combination.

Consolidated Net Profit for the period amounts to Euro 5.0 million compared to Euro 2.9 million as at 30 June 2020. The net profit margin is 3.9% for the first half of 2021, compared to 2.6% in the first half of 2020.

Non-controlling interests in the period amount to Euro 2.1 million compared to a negative -Euro 0.5 million in the first half of 2020.

Group Net Profit stands at Euro 2.9 million, compared to Euro 3.4 million in the first half of 2020.

Seascape and Landscape

Below is a summary of the key income statement figures for the two divisions as at 30 June 2021 with comparative figures for 30 June 2020.

	30 June 2021			30 June 2020		
Amounts in €/000	***Seascape***	***Landscape***	**Total**	***Seascape***	***Landscape***	**Total**
Revenues	64,929	63,046	127,975	71,400	42,158	113,558
EBITDA	5,970	8,171	14,141	7,130	3,538	10,668
EBIT	2,751	3,891	6,642	4,641	(1,292)	3,349

	30 June 2021			30 June 2020		
% of revenues	***Seascape***	***Landscape***	**Total**	**Seascape**	***Landscape***	**Total**
EBITDA *margin*	9,2%	13,0%	11,0%	10,0%	8,4%	9,4%
EBIT *margin*	4,2%	6,2%	5,2%	6,5%	-3,1%	2,9%

Revenues per business unit showed the following performances:

- *Seascape* division: revenues -9% (Euro 65 million as at 30 June 2021 compared to Euro 71.4 million as at 30 June 2020);
- *Landscape* division: revenues +49.3% (Euro 63 million as at 30 June 2021 compared to Euro 42.2 million as at 30 June 2020).

EBITDA margin:

- *Seascape:* EBITDA margin 9.2%, vs 10.0% as at 30 June 2020. The performance of the *Marine Public Areas* is still affected by the effects of the Covid-19 pandemic. More specifically, operations did not resume at full capacity until the second quarter of 2021;
- *Landscape*: EBITDA margin 13.0% compared to 8.4% as at 30 June 2020 due to the twofold impact of the Group's growth strategy and the Government grant received by the US subsidiary Fabbrica LLC, amounting to Euro 2.5 million. The improvement in the performances of the Public Areas Interiors and Professional Cooking Equipment divisions reflects the changes in the scope of consolidation in the two periods in question.

The following table shows the breakdown of **revenues by segment**:

Eur M/ % of total	***Marine Glazing***		***Marine Cooking Equipment***		***Marine Public Areas***		***Seascape***	
Half-year at 30/06/2021	39.2	*60.3%*	16.8	*25.9%*	9.0	*13.8%*	65.0	*100.0%*
Half-year at 30/06/2020	38.6	*54.1%*	16.3	*22.8%*	16.5	*23.1%*	71.4	*100.0%*
% change	*1.6%*		*3.1%*		*-45.5%*		*-9.0%*	

Eur M/ % of total	***Building Façades***		***Professional Cooking Equipment***		***Public Areas Interiors***		***Landscape***	
Half-year at 30/06/2021	45.9	*72.9%*	13.7	*21.7%*	3.4	*5.4%*	63.0	*100.0%*
Half-year at 30/06/2020	33.7	*79.9%*	7.9	*18.7%*	0.6	*1.4%*	42.2	*100.0%*
% change	*36.2%*		*73.4%*		*466.7%*		*49.3%*	

Statement of financial position

The following is the reclassified consolidated statement of financial position as at 30 June 2021 and 31 December 2020.

Reclassified consolidated statement of financial position

Amounts in €/000	**30.06.2021**	**31.12.2020 restated ***
Intangible assets	49,720	52,025
of which Goodwill	*27,138*	*26,959*
Tangible assets	15,117	16,056
Right-of-use assets	20,243	18,944
Investments in associates	179	194
Non-current financial assets	247	282
Other non-current assets and liabilities	(4,724)	(5,978)
Employee benefits	(4,075)	(4,381)
Net non-current assets	**76,707**	**77,142**
Inventory and payments on account	13,206	12,631
Construction contracts and advance payments from customers	22,035	23,778
Trade receivables	69,250	65,520
Trade payables	(50,607)	(43,940)
Provisions for risk and charges	(892)	(470)
Other current assets and liabilities	(26,274)	(31,112)
Net working capital	**26,718**	**26,407**
Net Invested capital	**103,425**	**103,549**
Group equity	41,645	38,326
Non-controlling interest in equity	9,118	6,880
Net financial position	52,662	58,343
Sources of funding	**103,425**	**103,549**

** Following the Purchase Price Allocation for the acquisition of GICO S.p.A., the corresponding amounts as at 31 December 2020 have been restated, as required by paragraph 49 of IFRS 3.*

Net non-current assets amount to Euro 76.7 million as at 30 June 2021 compared to Euro 77.1 million as at 31 December 2020, thus essentially unchanged.

Net working capital stands at Euro 26.7 million, up by Euro 0.3 million on Euro 26.4 million as at 31 December 2020. The breakdown shows an increase in trade receivables and payables, confirming the resumption of normal construction and production operations, offset by a decrease in other current assets and liabilities which include advance payments from customers.

Group shareholders' equity amounts to Euro 41.6 million as at 30 June 2021 compared to Euro 38.3 million as at 31 December 2020, reflecting the performance during the period.

Net financial position amounts to Euro 52.7 million, down by Euro 5.6 million on the Euro 58.3 million as at 31 December 2020. The following table shows a detailed breakdown and the evolution of this item.

Net financial position

Consolidated net financial position is composed as follows:

Consolidated Net financial position

	Amounts in €/000	**30/06/2021**	**31/12/2020 restated ***
A.	Cash and cash equivalents	49	51
B.	Bank deposits	41,192	41,792
C.	**Total liquidity (A+B)**	**41,241**	**41,843**
D.	**Short term receivables**	**365**	**331**
E.	Current financial assets	(4,789)	(9,555)
F.	Current bank debt	(15,248)	(16,862)
G.	Current portion of bank loans and credit facilities	(1,863)	(763)
H.	**Current Debt (E+F+G)**	**(21,900)**	**(27,180)**
I.	**Current net financial position (C+D+H)**	**19,706**	**14,994**
J.	Non-current bank debt	(43,561)	(42,329)
K.	Other non-current financial liabilities	(8,344)	(11,956)
L.	**Non-current financial position (J+K)**	**(51,905)**	**(54,285)**
M.	**Net financial position before IFRS 16 (I+L)**	**(32,199)**	**(39,291)**
N.	**IFRS 16 – *Lease - impact***	**(20,463)**	**(19,052)**
	Current portion	(3,543)	(3,800)
	Non-current portion	(16,920)	(15,252)
O.	**Net financial position (M+N IFRS 16 impact)**	**(52,662)**	**(58,343)**

Net financial position as defined by the new ESMA Guidelines dated 4 March 2021 (see Consob Notice no. 5/21 of 29 April 2021) is shown in the explanatory notes to the Interim Condensed Consolidated Financial Statements.
** Following the Purchase Price Allocation for the acquisition of GICO S.p.A., the corresponding amounts as at 31 December 2020 have been restated, as required by paragraph 49 of IFRS 3.*

Group **Net Financial Position** as at 30 June 2021, including the effect of IFRS 16, stands at Euro 52.7 million, compared to Euro 58.3 million as at 31 December 2020.

The decrease in consolidated net debt between 31 December 2020 and 30 June 2021 reflects the resumption of production and construction activity, which stabilised cashflows.

Group Net Financial Position, excluding the effects of the application of IFRS 16, stands at Euro 32.2 million as at 30 June 2021, compared to Euro 39.3 million as at 31 December 2020.

The reclassified consolidated statement of cash flows as at 30 June 2021 and 30 June 2020 is shown below.

Cash Flow statement

Amounts in €/000	**30/06/2021**	**30/06/2020**
Cash flows from operating activities	6,141	8,296
Cash flows from investing activities	(835)	(8,601)
Free Cash Flow	**5,306**	**(305)**
Cash flows from financing activities	(6,552)	12,194
Effect of exchange rate changes on cash and cash equivalents	644	27
Net cash flow	**(602)**	**11,916**
Cash and cash equivalents at the beginning of the period	**41,843**	**29,428**
Cash and cash equivalents at the end of the period	**41,241**	**41,343**

Free cash flow amounts to Euro 5.3 million at 30 June 2021, in the absence of acquisitions during the period, and reflects the volumes trend over the 6 months.

Cash flow from operating activities offset cash flows from financing activities.

Research and development

The Group, which has always taken a proactive approach towards customers, creates and offers innovative solutions in step with market developments. Our strategy of constantly updating our products and processes is therefore one of the Group's core values and over time has enabled us to compete on a global scale.
The objectives of the research and development department focus on issues such as energy efficiency, reducing our environmental impact and lowering operating costs.

Human Resources

As at 30 June 2021, the Group's headcount amounts to 800 employees including members of the project management, marketing and sales teams (around 12%), general office staff (roughly 14%), research and development, engineering (approximately 14%) and manufacturing (about 60%) personnel. The headcount grew by an average of 32 between 30 June 2020 and 30 June 2021, an increase of 4%.

Ownership of the Company

As at 30 June 2021, the company Venezia S.p.A. directly owns 74.86% of the share capital of Somec S.p.A, accounting for 5,165,300 ordinary shares. Venezia S.p.A. is a holding company indirectly controlled by Oscar Marchetto (74.3%), Giancarlo Corazza (15.7%) and Alessandro Zanchetta (10.0%).

On the reporting date, in addition to the indirect stake held via Venezia S.p.A, Oscar Marchetto owns a direct shareholding of 0.33%, Giancarlo Corazza - through Gicotech S.r.l. of which he is sole director and shareholder - owns a direct shareholding of 0.07%, Alessandro Zanchetta - through Ellecigi S.r.l. of which he is sole director and shareholder - owns a direct shareholding of 0.07%.

The remaining 24.67% is float, accounting for 1,701,953 of a total of 6,900,000 Somec Group ordinary shares.

Related party and intra-Group transactions

During the period, Somec Group conducted business with parent companies and their subsidiaries. The transactions essentially include the provision of services, rental payments on real estate, and loans and financing. The transactions are part of day-to-day operations and are conducted on an arm's length basis, i.e. at conditions that are or would be applied between two independent parties on an open market. For details on outstanding receivables / payables as at 30 June 2021 and income and expenses from related party transactions in the first half of 2021, please see the relevant section of the notes to the financial statements.

Performance of Somec shares listed on the Borsa Italiana S.p.A. electronic stock exchange (MTA)

On 30 June 2021, the official closing price of Somec shares was Euro 26.70 (+48.3% compared to Euro 18.00 per share set for the IPO, +49.6% compared to the closing value of Euro 17.85 as at 30 December 2020, +45.5% compared to the closing value of Euro 18.35 at the end of first half of 2020). The market capitalisation as at 30 June 2021 is Euro 184,230 thousand.

Disclosure of risks

As part of its activities, the Group is exposed to risks and uncertainties deriving from external factors related to the general or specific macroeconomic context of its business sectors, as well as to risks resulting from strategic decisions and internal management risks. The Group systematically monitors and identifies business risks, the results of which are reported to the Board of Directors and the competent internal committees. The main business risks identified by the Group are described below.

Operational risks

COVID-19 (Coronavirus) related risks
Although the global vaccination campaigns and the various restrictions imposed by governments worldwide are, to varying degrees, allowing us to gradually return to normal and are increasing consumer confidence, thus paving the way for economic recovery and rising consumption, the "Covid-19" pandemic, and the potential arrival of new variants, could continue to impact the economy and industrial operations.
However, this risk has been mitigated by Somec's strategic decisions: proximity to customers and the adoption of a short and controlled supply chain, as well as by its proven ability to manage any uncertainty and instability promptly and effectively.

Risk of failure to win projects, cancellations and consequent effect on the Backlog and Backlog under Option
This risk refers to the possibility of failing to acquire new orders or of the cancellation and / or delay of existing orders.
Although the Group is exposed to this risk, which is inherent to the sector and has been exacerbated by the current global pandemic, it still operates according to a "Business to Business" model, which is therefore extremely structured and organised, based on a multi-year Backlog consisting of projects for which customers have already paid given the need for careful planning in this industrial sector.
The Seascape Business Unit, which is theoretically more exposed to this risk, has not shown any cause for concern. On the contrary, all orders in progress have been confirmed, bolstered by the positive signs of a recovery of the resilient cruise ship sector. Furthermore, the low level of customer concentration (the Group's largest customer accounts for just over a quarter of turnover) severely limits the Group's exposure to this risk.
As for Backlog "under option", the existing letters of intent exercisable by customers, the contracts subject to conditions, as well as contract negotiations currently under way, may not lead to new order acquisitions. However, the impact of this outcome would not be seen for several years. This risk was also mitigated by the conversion of options into orders in the first half of 2021.
The impact of this risk is further mitigated by the diversification strategy implemented by the Group in recent years through the expansion of its business, both organically and through acquisitions in new markets, geographical areas, products and services. The Building Façades division of the Landscape Business Unit, for example, is less exposed to these risks due to the type of product, demand for which has so far proved immune to the effects of the pandemic, the fact that projects are of a shorter duration and greater frequency, and due to the highly fragmented client base.

ESG related risks
As regards the key risks identified by Somec Group associated with the relevant material topics specified by Legislative Decree no. 254/2016 and any action taken to mitigate these risks, particularly concerning the management of personnel, environmental impacts, raw materials and the supply chain, please see the **2020 Consolidated Non-Financial Statement**, given that there were no significant changes in the Group's operations and scope during the first half of 2021 compared to the year 2020.

Financial risks

The Group is not significantly exposed to financial risks.
The main risk, following the significant growth in the business of the US subsidiaries is the risk of currency-based transactions. The risk of interest rate fluctuations (interest rate risk) is still present, while the liquidity risk, also in the wake of the stock exchange listing, is very limited. The Group is not exposed to significant credit risks as its financial counterparties are represented by prime customers considered solvent by the market. We confirm that, in the choice of its financing and investment transactions, the Group has adopted prudential criteria aimed at mitigating risks and that no speculative transactions have been implemented. The main types of financial risk are set out below, with the relative comments on the degree of significance of the exposure to the different risk categories.

Exchange rate risks
The Group is exposed to exchange rate risk on account of its US subsidiaries, which conduct their business in US dollars. While monitoring this risk very closely, the Group does not currently deem it necessary to adopt specific management or hedging strategies given that the risk is mainly currency translation-related, i.e. determined exclusively by the conversion of the US dollar-denominated assets and liabilities of US subsidiaries into Euro.
Somec believes that the Group's risk management policy is sufficient to limit the exchange rate risk. However, it is possible that future unforeseeable fluctuations in the exchange rate of the Euro against other currencies could have negative impacts on the financial condition of the Group companies, as well as affect the comparability of individual financial years. Furthermore, in limited cases, where it is cost-effective or local market conditions require it, companies can borrow or use funds in currencies other than the currency of account. Exchange rate fluctuations may cause positive or negative exchange differences.

Interest rate risk
Interest rate risk management aims to ensure a balanced debt structure, minimising the cost of lending over time. The Group is exposed to the risk that significant fluctuations in interest rates may occur, and that the policies adopted to neutralise these fluctuations prove insufficient. Fluctuations in interest rates affect the market value of the company's financial assets and liabilities and the level of its net financial charges, given that some of the loans are subscribed by the Group at variable rates. The Parent Company has contracted medium / long-term loans with variable Euribor-linked rates, regarding which it has carried out hedging transactions. Details of existing loans and derivative transactions are reported in the Notes to the financial statements.

Credit risks
A credit risk is the probable financial loss generated by the failure of a third party to fulfil its payment obligation towards the Group. The Group is not particularly exposed to the risk that its clients may delay or default on their payment obligations, according to the agreed terms and procedures, as it operates in the Seascape sector with the main shipbuilders and ship owners of unquestionable solvency, and in the Landscape sector in a US financial system that provides for payment on view, if not in advance. For business purposes, policies have also been adopted to ensure the solvency of its clients and limit exposure to the credit risk vis-à-vis each single client through activities that include customer assessment and monitoring. Periodically, all receivables undergo an analytical assessment, for each client, and are written down in the event of any impairment.

Liquidity risks
Liquidity risk is defined as the risk that the Group encounters difficulties in obtaining the funds it needs to meet the obligations arising out of its financial liabilities. Prudential management of the liquidity risk is pursued by monitoring the Group's cash flows, financing needs and liquidity, with the aim of guaranteeing sound management of financial assets through the correct management of any excess liquidity or assets that may be liquidated and the use of appropriate credit lines.
The cash flows, borrowing requirements and liquidity of the Group companies are monitored continuously at the central level, in order to guarantee effective and efficient management of financial assets. At the same time, the Group has adopted a number of policies and processes aimed at optimising the management of its financial assets, thus reducing the liquidity risk: maintaining an adequate amount of available liquidity; diversifying financing sources and ensuring

its continuous and active presence on capital markets; obtaining adequate credit lines; monitoring potential liquidity conditions, in relation to the business planning process.

Business Outlook

Somec Group boasts a solid Backlog that provides it with visibility until 2029. New order intake levels are also robust thanks to the careful planning of its operating activities. The Group therefore believes that the outlook is bright for the second half of 2021, whilst bearing in mind the uncertainties of the current global economic scenario due to the ongoing pandemic, the effects of climate change, geopolitical instability and overall volatility stemming from rising raw material and energy costs.

Inside the Landscape division, Building Façades segment is expected to benefit from the relief measures for the construction sector introduced by the US government, tied to environmental sustainability (to reduce CO2 emissions and improve the energy efficiency of buildings) and economic stimulus packages.

The Seascape division continues to prove resilient thanks to new order intake and confirmation of the options acquired. The cruise industry, which was strongly affected by the pandemic, also showed clear signs of a sharp recovery in the first half of 2021 with pre-bookings exceeding pre-pandemic levels.

The Group plans to continue with its sales drive, cost control and cash generation efforts in order to increase both organic growth and shareholder remuneration.

Thanks to the Group’s performance in the first half of the year, the overall sentiment, steady new order intake, clear visibility granted by the Backlog, our geographical and business diversification and fully autonomous local supply chains, we believe the overall business outlook is particularly positive for the second half of 2021, bearing in mind the possibility of a further worsening of the pandemic that might impact the Group’s operations or potential supply issues due to uncertainties arising from raw material costs and energy price rises.

Estimates for the year 2021 point to a full sales volume recovery and a return to pre-Covid growth rates.

Somec S.p.A.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2021

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in €/000	**Note**	**30/06/2021**	**31/12/2020 restated ***
ASSETS			
Non-current assets			
Property, plant and equipment	1	15,117	16,056
Intangible assets	2	49,720	52,025
Right-of-use assets	3	20,243	18,944
Investments in associates	4	179	194
Non-current financial assets	5	247	282
Other non-current assets		254	51
Deferred tax assets	6	2,476	2,289
Total non-current assets		**88,236**	**89,841**
Current assets			
Inventory and contract assets	7	35,241	36,409
Trade receivables	8	69,250	65,520
Other receivables	9	8,813	8,967
Tax receivables	10	2,721	2,820
Other current financial assets	11	365	331
Cash and cash equivalents	12	41,241	41,843
Total current assets		**157,631**	**155,890**
TOTAL ASSETS		**245,867**	**245,731**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Group net equity			
Share capital	13	6,900	6,900
Other reserves	13	22,832	20,339
Retained earnings	13	11,913	11,087
Total Group net equity		**41,645**	**38,326**
Non-controlling interests	13	9,118	6,880
Total net equity		**50,763**	**45,206**
Non-current liabilities			
Loans and financing	14	43,561	42,329
Other non-current financial liabilities	15	25,264	27,208
Other non-current liabilities		-	69
Provisions for liabilities and charges	16	892	470
Net defined-benefit obligations	17	4,075	4,381
Deferred tax liabilities	6	7,454	8,249
Total non-current liabilities		**81,246**	**82,706**
Current liabilities			
Trade payables	18	50,607	43,940
Other current liabilities	19	9,015	7,769
Contract work in progress and customer advances	20	26,994	34,438
Loans and financing	14	20,037	26,417
Other current financial liabilities	15	5,406	4,563
Income tax liabilities	21	1,799	692
Total current liabilities		**113,858**	**117,819**
Total liabilities		**195,104**	**200,525**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**245,867**	**245,731**

** Following the Purchase Price Allocation for the acquisition of GICO S.p.A., the corresponding amounts as at 31 December 2020 have been restated, as required by paragraph 49 of IFRS 3. For more details, please see the section on "Business combinations and acquisition of minority interests" in the explanatory notes.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in €/000	**Note**	**Half-year as at 30 June 2021**	**Half-year as at 30 June 2020**
Revenues from contracts with customers	22	124,584	113,022
Other revenues and income	23	3,391	536
Revenues		**127,975**	**113,558**
Raw materials and consumables		(54,641)	(48,405)
Employee benefit expenses	24	(21,833)	(19,289)
Depreciation, amortisation and other write-downs	25	(7,499)	(7,319)
Other operating costs	26	(37,360)	(35,196)
Operating profit (EBIT)		**6,642**	**3,349**
Financial expenses	27	(794)	(952)
Financial income	27	388	47
Other income (and expenses)	28	284	1,276
Income from associates	29	48	49
Profit/(loss) before tax (EBT)		**6,568**	**3,769**
Income taxes	30	(1,563)	(820)
Profit/(loss) for the period		**5,005**	**2,949**
Non-controlling interests	13	2,089	(465)
Group net income	13	**2,916**	**3,414**
Earnings per share (in Euro)	31	**0.42**	**0.49**
Diluted earnings per share (in Euro)	31	**0.42**	**0.49**
Other comprehensive income/(losses) that may be subsequently reclassified within profit/(loss) for the period (net of tax):			
Exchange gains/(losses) arising on translation of foreign subsidiaries' financial statements	13	474	74
Net gains/(losses) on cash flow hedges	13	70	(115)
Total other comprehensive income/(losses) that may be subsequently reclassified within profit/(loss), net of tax:		**544**	**(41)**
Other comprehensive income/(losses) that will not be subsequently reclassified within profit/(loss) for the period:			
Gains/(losses) from remeasurement of defined benefit plans	13	89	(17)
Total other consolidated comprehensive income that will not be reclassified to net income/(losses), net of tax:		**89**	**(17)**
Total other comprehensive income/(losses), net of tax:		**633**	**(59)**
Total income/(loss) net of tax		**5,638**	**2,890**
Attributable to:			
Equity holders of the parent		**3,499**	**3,274**
Non-controlling interests		**2,139**	**(383)**

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in €/000	Note	Half-year as at 30 June 2021	Half-year as at 30 June 2020
Pre-tax profit		6,568	3,769
Reconciliation of net income to operating cash flow:			
Depreciation and amortisation, excl. impairment write-downs	25	6,685	7,312
Paycheck Protection Program Government grant	23	(2,513)	-
Change in defined benefit obligations	13-17	(303)	363
Change in Put and Call option liabilities	27	(133)	-
Other gains on acquisitions	28	-	(1,457)
Finance costs	27	794	952
Finance income	27	(255)	(47)
Net exchange rate changes		(977)	181
Change in fair value of financial derivatives	13	70	115
Income (loss) for the period from associates	4-29	(48)	(49)
(Capital gains)/Capital losses on sale of assets		4	(1)
Change in operating assets and liabilities:			
Decrease/(Increase) in inventory and contract assets	7	1,168	5,676
Increase/(Decrease) in contract work in progress and customer advances	20	(7,444)	7,221
Decrease/(Increase) in trade receivables	8	(3,667)	(2,748)
Decrease/(Increase) in other receivables	9	154	(20)
Increase/(Decrease) in trade payables	18	6,667	(10,576)
Decrease/(Increase) in other current assets and liabilities		1,444	(1,060)
Net change in provisions for liabilities and charges	16	422	2
Income tax payments		(1,525)	(496)
Interest received/(paid)		(970)	(843)
Cash flows from operating activities (A)		**6,141**	**8,296**
Investing activities:			
Investments in property, plant and equipment		(706)	(1,294)
Investments in intangible assets		(193)	(207)
Investments in subsidiaries and associates	4	63	-
Change in current and non-current financial assets		1	(1)
Settlement of price adjustment on business combination		-	(1,196)
Acquisition of subsidiaries net of cash acquired		-	(5,903)
Cash flows from investing activities (B)		**(835)**	**(8,601)**
Financing activity:			
Loans and financing granted	14	13,433	18,205
(Repayments)	14	(11,499)	(5,785)
Lease liability payments	3-15	(2,157)	(2,134)
Increase/(Decrease) in short term bank loans	14	(4,081)	1,908
Settlement of payment for equity investments	15	(2,163)	-
Acquistion of minority shareholdings	13	(85)	-
Cash flows from financing activities (C)		**(6,552)**	**12,194**
Increase (decrease) in cash and cash equivalents (A+B+C)		**(1,246)**	**11,888**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**41,843**	**29,428**
Net effect of exchange differences		644	27
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**41,241**	**41,343**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in €/000	Note	Share Capital	Share premium reserve	Legal reserve	Other reserves	Retained earnings (loss)	Net income for the period	Group net equity	Minority interest capital and reserves	Minority net income (loss)	Minority interest	Total net equity
01/01/2021		**6,900**	**18,173**	**1,380**	**986**	**8,272**	**2,673**	**38,385**	**8,073**	**(1,193)**	**6,880**	**45,265**
01/01/2021 restated *		**6,900**	**18,173**	**1,380**	**786**	**8,414**	**2,673**	**38,326**	**8,073**	**(1,193)**	**6,880**	**45,206**
2020 profit allocation												
- other reserves					1,905	768	(2,673)	-	(1,193)	1,193	-	-
Acquistion of minority shareholdings						(184)		(184)	99		99	(85)
Other changes					4			4				4
Other comprehensive income (OCI)	13											
- Defined benefit plans					86			86	3		3	89
- Change in currency translation reserve					427			427	47		47	474
- Change in CFH reserve					70			70				70
Net income for the period							2,916	2,916		2,089	2,089	5,005
30/06/2021		**6,900**	**18,173**	**1,380**	**3,278**	**8,997**	**2,916**	**41,645**	**7,029**	**2,089**	**9,118**	**50,763**

Amounts in €/000	Note	Share Capital	Share premium reserve	Legal reserve	Other reserves	Retained earnings (loss)	Net income for the period	Group net equity	Minority interest capital and reserves	Minority net income (loss)	Minority interest	Total net equity
01/01/2020		**6,900**	**18,173**	**1,380**	**696**	**4,367**	**7,892**	**39,409**	**7,665**	**1,529**	**9,194**	**48,603**
2019 profit allocation												
- other reserves					1,867	6,025	(7,892)	-	1,529	(1,529)	-	-
- dividends						(3,450)		(3,450)				(3,450)
Change in scope of consolidation									30		30	30
Other comprehensive income (OCI)	13											
- Defined benefit plans					(18)			(18)				(18)
- Change in currency translation reserve					(7)			(7)	81		81	74
- Change in CFH reserve					(115)			(115)				(115)
Net income for the period							3,414	3,414		(465)	(465)	2,949
30/06/2020		**6,900**	**18,173**	**1,380**	**2,423**	**6,942**	**3,414**	**39,232**	**9,305**	**(465)**	**8,841**	**48,073**

** Following the Purchase Price Allocation for the acquisition of GICO S.p.A., amounts as at 1 January 2021 have been restated, as required by paragraph 49 of IFRS 3. For more details, please see the section on “Business combinations and acquisition of minority interests” in the explanatory notes.*

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2021

GENERAL INFORMATION

Publication of the Interim Condensed Consolidated Financial Statements of Somec S.p.A. and its subsidiaries (“Somec Group”) for the period ended 30 June 2021 (“Interim Consolidated Financial Statements”) has been authorised by the Board of Directors, which approved the financial statements on 28th September 2021.

Somec Group specialises in the business of design and execution of major turnkey marine or land-based projects involving glass building façades, special architectural projects, public area interiors, and professional cooking equipment. As described in more detail in the Interim Directors’ Report, the Group operates through two business units: Seascape, dedicated to marine operations, and Landscape, dedicated to land-based projects.

Somec S.p.A. (hereinafter, “Somec” or the “Parent Company”) is a public limited company that is incorporated and domiciled in Italy and is part of the Fondaco Group. Fondaco S.r.l. controls Somec S.p.A. indirectly via Venezia S.p.A.. Fondaco S.r.l. and Venezia S.p.A. are not involved in the management and coordination of the company.

The company was listed on the Borsa Italiana S.p.A. electronic stock exchange (MTA) on 4th August 2020.

BASIS OF PREPARATION

The Interim Consolidated Financial Statements as at and for the period ended 30 June 2021 have been prepared in accordance with IAS 34 - Interim Reporting.

The Interim Consolidated Financial Statements have been prepared on a going concern basis, since the Directors have established that there are no financial, operating or other types of indicators that point to significant uncertainties concerning the Group’s ability to meet its obligations in the foreseeable future and particularly within the next 12 months.

The Interim Consolidated Financial Statements do not include all disclosures reported in the annual consolidated financial statements. Therefore, it is advisable to read the Interim Consolidated Financial Statements in conjunction with the Consolidated Financial Statements as at and for the year ended 31 December 2020. The Somec Group half-year financial statements provide an interim picture of its condition.

The Interim Consolidated Financial Statements are composed of:

- a consolidated statement of financial position which shows current and non-current assets and liabilities on the basis of their realisation or settlement during the course of ordinary business operations within twelve months of the end of the previous financial year;
- a statement of the profit (loss) for the period and other items of the consolidated statement of comprehensive income, which shows costs and revenues classified according to their nature, a method that most accurately represents Group’s sector of business;
- a consolidated statement of cash flows prepared using the indirect method of accounting;
- a consolidated statement of changes in shareholders’ equity;
- the explanatory notes containing all information required under current legislation and according to IAS 34, which is appropriately presented and refers to the accounting schedules.

The reporting currency of the Interim Consolidated Financial Statements is the Euro, the functional currency adopted by the Parent Company in accordance with IAS 1. All amounts are shown in thousands of Euro, including those presented in the explanatory notes, unless otherwise stated.
The Interim Consolidated Financial Statements are subject to a limited audit performed by the independent auditing firm, EY S.p.A., which audits the accounts of the Parent Company and its main subsidiaries.

SCOPE OF CONSOLIDATION

The Interim Consolidated Financial Statements include the financial statements of the Parent company, Somec S.p.A. as at 30 June 2021, and those of the following directly or indirectly controlled subsidiaries on the same reporting date:

Company	Registered office	% ownership	Currency	Share Capital
Directly-owned subsidiaries:				*(currency unit)*
3.0 Partners USA Inc.	New York (USA)	100%	USD	10,000
GICO S.p.A.	Vazzola (TV)	80% (1)	Euro	120,000
Hysea S.r.l.	San Vendemiano (TV)	100%	Euro	100,000
Inoxtrend S.r.l.	Santa Lucia di Piave (TV)	100%	Euro	622,222
Navaltech LLC	Miami (USA)	100%	USD	1,000
Oxin S.r.l.	Codognè (TV)	100%	Euro	100,000
Pizza Group S.r.l.	San Vito al Tagliamento (PN)	100%	Euro	12,000
Primax S.r.l.	San Vito al Tagliamento (PN)	100%	Euro	1,030,000
Skillmax S.r.l.	San Biagio di Callalta (TV)	60% (2)	Euro	500,000
Somec Shanghai Co., Ltd	Shanghai (China)	100%	CNY	984,922
Sotrade S.r.o.	Piestany (Slovakia)	100%	Euro	92,380
Total Solution Interiors S.r.l.	Cantù (CO)	60% (2)	Euro	100,000
Indirectly-owned subsidiaries and associates:				
Atelier de Façades Montréal Inc.	Montréal (Canada)	50.90%	CAD	100
Fabbrica LLC	Delaware (USA)	50.90%	USD	9,935,407
Fabbrica Works S.r.l.	San Biagio di Callalta (TV)	35.63%(3)	Euro	100,000
Oxtrade Contract S.r.l.	Tg - Mures (Romania)	60%	RON	1,000
Skillbuild S.r.l.	San Biagio di Callalta (TV)	60% (2)	Euro	20,000
Total Solution Interiors LLC	Miami (USA)	60% (2)	USD	293,034

(1) The GICO S.p.A. acquisition includes "Put and Call" options on the minority stake, to be exercised within three months of approval of the financial statements as at 31.12.2023. Minority interests are not recognised in the consolidated income statement in light of the "Put and Call" options in place.

(2) The acquisitions of Skillmax S.r.l. and Total Solution Interiors S.r.l. both provide for "Put and Call" options on the remaining 40%, which are exercisable as of 2024 (up until the end of 2025) and 2022 (up until the end of 2024) respectively. Minority interests are not recognised in the consolidated income statement in light of the "Put and Call" options in place.

(3) 70% of Fabbrica Works S.r.l. is directly owned by Fabbrica LLC. 35.63% is the related indirectly owned stake held by Somec S.p.A. as at 30.06.2021.

During the first half of 2021, the Parent Company acquired the remaining 10% of the share capital of the subsidiaries Hysea S.r.l. and Inoxtrend S.r.l. from minority shareholders. According to this agreement, Somec S.p.A. now owns 100% of the shares of the two subsidiaries.
Moreover, during the first half of 2021, Somec exercised its call option early on the 40% stake in Primax S.r.l. previously held by a minority shareholder, via the company Art.Serf. S.p.A.. Consequently, the Parent Company holds 100% of Primax S.r.l. share capital as at 30 June 2021.
What's more, following completion of a voluntary liquidation procedure, the Group's UK subsidiary, Seatech UK Ltd. ceased operations during the first half of the year.
Finally, in January 2021 the subsidiary Skillmax established Skillbuild S.r.l. with the aim of serving the market of private residential property renovation in order to offer integrated management of energy-efficient redevelopment projects.

BASIS OF CONSOLIDATION

The main criteria used to prepare the consolidated financial statements are as follows:

- the financial statements illustrating the financial condition of the subsidiaries are drawn up using the same accounting principles as the Parent Company or, alternatively and where necessary, appropriate adjustments are made to the financial statements of the subsidiaries, in order to ensure compliance with the Group's accounting policies;
- subsidiaries are fully consolidated from the date of acquisition, or from the date on which the Group acquires control, and cease to be consolidated on the date on which control is transferred outside of the Group;
- control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. Specifically, the Group has control only when it has power over the investee (or holds valid rights that enable it to manage the relevant activities of the investee), it is exposed or has rights to variable returns from its involvement with the investee, and it has the ability to use its power over the investee to affect the amount of the investor's returns. Generally, it is presumed that ownership of the majority of voting rights grants control, even if the Group considers all relevant facts and circumstances to determine its control of an investee, including contractual arrangements with other holders of voting rights, rights deriving from contractual agreements and voting rights and potential voting rights of the Group;
- the book value of investments in subsidiaries is offset against the related net equity based on the assumption that the assets and liabilities of subsidiaries are consolidated on a line-by-line basis;
- intercompany payables, receivables, income and expense are eliminated; profits and losses from intra-group transactions, including unrealised profit and losses, as well as all dividends paid/payable to Group entities, are eliminated;
- non-controlling interests are recorded separately under shareholders' equity; net income from non-controlling interests is reported separately in the consolidated income statement and in the consolidated comprehensive income statement.

Conversion of financial statements in foreign currency

On the reporting date, the assets and liabilities of foreign subsidiaries have been converted into Somec Group's reporting currency (Euro) at the exchange rate on the same date, and their income statements have been converted using the average exchange rate for the period, which is deemed as representative of the exchange rates at which the related transactions were carried out.

Exchange rates applied to determine the Euro-denominated value of the items of the subsidiaries 3.0 Partners USA Inc., Atelier de Façades Montréal Inc., Fabbrica LLC, Navaltech LLC, Oxtrade Contract S.r.l., Somec Shanghai Co., Ltd and Total Solution Interiors LLC are as follows:

For the income statement (average exchange rates for the period):

Currency	Half-year as at 30 June 2021	Half-year as at 30 June 2020
Pound Sterling	0.8680	0.8746
US Dollar	1.2053	1.1020
Canadian Dollar	1.5030	1.5033
New Romanian Leu	4.9016	4.8173
Chinese Renminbi	7.7960	7.7509

For the statement of financial position (exchange rates at the end of the period):

Currency	30/06/2021	31/12/2020
Pound Sterling	0.8581	0.8990
US Dollar	1.1884	1.2271
Canadian Dollar	1.4722	1.5633
New Romanian Leu	4.9280	4.8683
Chinese Renminbi	7.6742	8.0225

NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting standards applied for the preparation of the consolidated financial statements as at and for the year ended 31 December 2020 were also used to prepare the Interim Consolidated Financial Statements, in addition to the new standards and amendments in force as of 1 January 2021. The Group has not opted for the early adoption of any new standards, interpretations or amendments that have been issued but are not yet effective.
Various amendments have been applied for the first time in 2021, but these did not impact the Group's Interim Consolidated Financial Statements.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The changes include a temporary easing of the requirements concerning the effects on the financial statements when the interbank market interest rate (IBOR) is replaced by an alternative, essentially risk-free rate (Risk Free Rate - RFR).
The changes include the following practical expedients:

- a practical expedient that allows contractual changes or changes in cash flows due directly to the reform to be treated as changes in floating interest rate, akin to a movement in the market rate of interest;
- allow the changes required by the IBOR reform to be made within the scope of hedging designation and hedging documentation, without the hedging relationship being discontinued;
- provide temporary relief for entities from having to meet the separately identifiable requirements when an RFR instrument is designated as a hedge of a risk component.

These changes have no impact on the Group's interim financial report. The Group plans to use these practical expedients in the future periods in which they are applicable.
Financial instruments which could be impacted by the changes above mentioned are: floating-rate loans (for a nominal value of Euro 51.2 million as at 30 June 2021), interest rate derivative financial instruments (for a nominal value of Euro 1.0 million as at 30 June 2021) and liabilities due to variable rate leases (amounting to Euro 20.5 million at 30 June 2021).

DISCRETIONARY MEASUREMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES

When preparing the financial statements, Directors are required to make discretionary assessments, estimates and assumptions that influence the reported amounts of revenue, costs, assets and liabilities and related information, as well as contingent liabilities. Estimation uncertainty risks causing outcomes that require material adjustments to the carrying amounts of assets and/or liabilities in future years.
As for the Group's business sectors, below are the categories of items most affected by the use of estimates and discretionary judgements and for which changes in the conditions underlying the assumptions used may have a significant impact on financial results.

Revenues from contracts with customers, contract assets/liabilities for work in progress to order
For revenues from contracts with customers for contract work and assets and liabilities for contract work in progress, the application of the cost-to-cost method requires that a prior estimate of the total cost of the individual projects is made and updated on each reporting date, based on the use of assumptions by the Directors. The profit margins for the entire project upon completion are recognised in the income statements for each year based on the stage of completion; accordingly, correct recognition of work in progress and margins on contracts that have not yet been completed requires management to make a careful estimate of the final costs and expected increases as well as delays, extra costs and penalties that could reduce the expected margin. The Company has adopted contract management and risk analysis methods designed to identify, monitor and quantify the risks associated with performance of such contracts. The amounts shown in the financial statements represent management's best estimates at the reporting date. These facts and circumstances make it difficult to estimate the cost of completing projects and, consequently, to estimate the value of the contract assets or liabilities for contract work in progress at the reporting date.

Government grants

Government grants obtained for investments in tangible or intangible assets are recognised in the income statement over the period in which the entity recognises as expenses the related costs and are treated as deferred income. In more detail, Government grants are recognised only when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received.
In regard to the US Payroll Protection Program, a scheme to assist US businesses to meet operating expenses and maintain employment levels during the Covid-19 pandemic, the Group has opted to recognise in the income statement the portion of the funds that with reasonable certainty will be converted into a grant.

Deferred tax assets (prepaid taxes)

Deferred tax assets are recognised based on the assumption that the company will generate taxable income in future years. Projections of future taxable income for the purposes of deferred tax asset recognition depend on factors that may vary over time and have a significant impact on the recoverability of deferred tax assets. The book value of deferred tax assets is shown in note 6 Deferred tax assets and liabilities.

Provisions for liabilities and charges

The Directors make estimates to measure liabilities and charges. More specifically, the Directors use estimates and assumptions to determine the probability that an actual liability will arise, and, if the risk is deemed probable, to determine the amount of provisions required to offset this risk.

Impairment of non-financial assets

The Group's tangible and intangible assets are subject to impairment tests at least once per year if they have an indefinite useful life, or more frequently if there is any indication that their carrying amount is not recoverable. Directors may use accounting discretion to determine the amount of asset impairment to be recognised in the financial statements. Directors estimate the potential impairment of fixed assets and equity investments in relation to the future cash flows attributable to the assets.
The recoverable amount is heavily influenced by the discount rate used in the discounted cash flow model. Identification of Cash Generating Units (CGU) is also affected by management's judgement, which can affect the recoverability of the carrying amounts. Further details on Goodwill are shown in note 2.

Put and call option liabilities

At the end of each reporting period, the Group measures the present value of the strike price of options written over non-controlling interest. It estimates the discount rate and assesses the terms of the Put and Call options envisaged with minority shareholders. The effect of remeasurement of the NCI put/call liability is recognised in profit or loss. For more details, please see note 15 on Other financial liabilities.

Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease and therefore applies the incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. When no data exists or interest rates must be adjusted to reflect the terms and conditions of the lease, the Group must estimate its incremental borrowing rate. The Group estimates the incremental borrowing rate based on observable data (such as market interest rates) where available, as well as making specific considerations regarding its credit profile.

Significant judgements required to determine the lease term of contracts that contain an extension option

The Group estimates the lease term of its contracts which include a renewal option. The Group's assessment of the existence or otherwise of reasonable certainty that it will exercise the option affects the estimate of the lease term, significantly impacting the amount of the lease liability and the recognised right-of-use assets.

The Group analysed all its lease agreements and defined the lease term for each one, provided by the "non-cancellable" period and the effects of any extension or early termination clauses which it determined it was reasonably certain to exercise. More specifically, assessments of property leases considered the specific circumstances of each asset. As for other categories of assets, mainly company cars and equipment, the Group generally determined that it was not likely to exercise any extension or early termination options, in line with normal Group policy. Please see note 3 Right-of-use-assets for more details.

Determination of useful life of assets
The Group determines the useful life of the items Property, plant and equipment, intangible assets with a finite useful life, as well as right-of-use assets. To estimate useful life, including that of assets arising from business combinations (order book, customer list, know-how and trademarks), management applies widely used valuation methods, based on experience and knowledge of the sector. Useful life is reviewed at the end of each reporting period.

Employee benefit plans
The carrying amount of defined benefit plans is determined using actuarial assumptions based on estimated discount rates, expected interest rates, future salary increases, mortality rates and future pension increases. The Group considers the discount rate for the actuarial valuation on the reporting date to be fair, but future significant changes in rates may have substantial effects on the liability recognised in the financial statements. Please see note 17 Net defined-benefit obligations for more details.

Impacts of Covid-19
For the preparation of the Interim Consolidated Financial Statements, the Group established the existence of impairment indicators for its main CGUs, bearing in mind the potential impact on their assets as a result of COVID-19.
No impairment indicators were identified for the main CGUs to which goodwill is allocated. It was therefore deemed unnecessary to carry out a further impairment test, as the assessments performed for the preparation of the financial statements as at 31 December 2020 were substantially confirmed and also further corroborated by the recently approved Group Business Plan.

BUSINESS COMBINATIONS AND ACQUISITION OF MINORITY SHAREHOLDINGS

GICO S.p.A. acquisition

On 15 July 2020, Somec S.p.A. completed the acquisition of 60% of GICO - Grandi Impianti Cucine S.p.A.. On 2 September 2020, the Parent Company subscribed to a reserved capital increase, including a share premium, as a result of which it now owns 80% of the share capital of GICO. The agreement also provides for a Put and Call option on the remaining 20% stake within three months of the approval of the financial statements as at 31 December 2023, with valuation criteria based on the 2023 EBITDA result and the net financial position at 31 December 2023.

The consideration consists of an initial payment of Euro 400 thousand, the payment of the deferred instalment of Euro 200 thousand, the reserved capital increase of Euro 1,200 thousand and the present value of the fair value of the Put and Call option on the residual minority interests, amounting to Euro 386 thousand.

Amounts in €/000	
Price payment for 60%	400
Price payment for 60% (deferred)	200
Reserved capital increase	1,200
Put & Call option liabilities	386
Total consideration	**2,186**

The fair values of the identifiable assets and liabilities on the acquisition date are as follows:

Amounts in €/000	**Acquisition-date fair value**	**Adjustment for purchase price allocation**	**Fair value at acquisition**
Non-current assets	**1,300**	**760**	**2,060**
Property, plant and equipment	1,207	-	1,207
Intangible assets	93	594	687
Deferred tax assets	-	166	166
Current assets	**2,561**	**-**	**2,561**
Inventory and contract assets	1,284	-	1,284
Trade receivables	747	-	747
Other receivables	65	-	65
Tax receivables	9	-	9
Cash and cash equivalents	456	-	456
Total assets	**3,861**	**760**	**4,621**
Non-current liabilities	**(1,583)**	**(163)**	**(1,746)**
Loans and financing	(992)	-	(992)
Other non-current financial liabilities	(65)	3	(62)
Provisions for liabilities and charges	(189)	-	(189)
Net defined benefit obligations	(335)	-	(335)
Deferred tax liabilities	(2)	(166)	(168)
Current liabilities	**(1,556)**	**-**	**(1,556)**
Trade payables	(581)	-	(581)
Other current liabilities	(495)	-	(495)
Loans and financing	(257)	-	(257)
Other current financial liabilities	(155)	-	(155)
Income tax liabilities	(68)	-	(68)
Total liabilities	**(3,139)**	**(163)**	**(3,302)**
Total net assets at fair value	**722**	**597**	**1,319**
Goodwill on business combination	**1,464**	**-**	**867**
Consideration paid	**2,186**	**-**	**2,186**

The company's net assets measured at fair value on the acquisition date amount to a total of Euro 1,319 thousand. At the time of the business combination, during the purchase price allocation phase, the Group identified an off-balance sheet intangible asset with a finite useful life, i.e. the brand, understood as the attractiveness of the acquired company in its business sector, amounting to Euro 594 thousand, before tax (Euro 166 thousand), to which the Directors assigned a useful life of five years.
The difference between the total consideration and the fair value of the identified net assets was recognised as goodwill amounting to Euro 867 thousand, which the Directors determined was recoverable in consideration of the estimated cash flows expected from the investment.
Please see note 2 Intangible assets for more details on the assets with a finite and indefinite useful life recognised at the acquisition date.
Between the acquisition date and 31 December 2020, GICO's revenues amounted to Euro 1,355 thousand, while revenues amounted to Euro 2,333 thousand in the first half of 2021. Gross receivables at the acquisition date amounted to Euro 1,025 thousand.
The purchase price allocation for the business combination is final.

OPERATING SEGMENT REPORTING

In compliance with IFRS 8, the Group opted to define the following operating segments:

- Seascape: design, customised production and installation of innovative glazing elements used in the construction of new cruise ships, and the design, production and installation of custom-made catering areas for cruise ships and outfitting of public spaces on ships;
- Landscape: ad-hoc design, customised production and installation of façades, and custom made, high quality, innovative external fittings for office, retail, government and public buildings, as well as production of professional cooking equipment.

The aforementioned operating segments were identified on the basis of the following considerations:

- they engage in business activities from which they may earn revenues and incur expenses whose operating results are reviewed regularly by the operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;
- they are subject to internal reporting disclosure;
- separate financial statement information is available;
- the sectors are entirely independent of each other.

During the first six months of 2021, no changes were made to the structure of operating segments as reported in the Consolidated Financial Statements as at 31 December 2020.

The following tables show the revenues and net income of the Group's operating segments for the the six-month periods ended 30 June 2021 and 30 June 2020.

Results by operating segment as at 30 June 2021

	Seascape	Landscape	Segments total	Adjustments and eliminations	Consolidated
Revenues from contracts with customers	64,586	60,468	125,054	(470)	124,584
Other revenues and income	780	3,038	3,818	(427)	3,391
Intra-segment revenues	3,158	6,514	9,672	(9,672)	-
Revenues	**68,524**	**70,020**	**138,544**	**(10,569)**	**127,975**
Raw materials and consumables	(24,877)	(30,299)	(55,176)	535	(54,641)
Employee benefit expense	(12,085)	(9,748)	(21,833)	-	(21,833)
Depreciation, amortisation and other write-downs	(3,219)	(4,280)	(7,499)	-	(7,499)
Other operating costs	(22,459)	(15,267)	(37,726)	366	(37,360)
Income from associates	48	-	48	-	48
Adjustments and eliminations	(3,158)	(6,514)	(9,672)	-	-
Segment net income	**2,774**	**3,912**	**6,686**	**(118)**	**6,568**

Results by operating segment as at 30 June 2020

	Seascape	Landscape	Segments total	Adjustments and eliminations	Consolidated
Revenues from contracts with customers	71,015	42,010	113,025	(3)	113,022
Other revenues and income	385	151	536	-	536
Intra-segment revenues	4,258	1,703	5,962	(5,962)	-
Revenues	**75,659**	**43,865**	**119,523**	**(5,965)**	**113,559**
Raw materials and consumables	(27,783)	(20,624)	(48,408)	3	(48,405)
Employee benefit expense	(10,398)	(8,891)	(19,289)	-	(19,289)
Depreciation, amortisation and other write-downs	(2,489)	(4,830)	(7,319)	-	(7,319)
Other operating costs	(26,093)	(9,103)	(35,196)	-	(35,196)
Income from associates	49	-	49	-	49
Adjustments and eliminations	(4,258)	(1,703)	(5,962)	-	-
Segment net income	**4,687**	**(1,288)**	**3,399**	**370**	**3,769**

Financial income and expenses, gains and losses on fair value adjustments of some financial assets and liabilities are not allocated to an individual segment as the underlying instruments are managed at the Group level. These items are included in adjustments and eliminations for the purpose of segment reporting.

Reconciliation of income

	Half-year as at 30 June 2021	Half-year as at 30 June 2020
Segment net income	**6,686**	**3,399**
Financial expenses	(794)	(953)
Financial income	388	47
Other revenues	284	1,276
Net effect of eliminations between segments	4	-
Profit before tax	**6,568**	**3,769**

Assets and liabilities by operating segment as at 30 June 2021 and 31 December 2020

The following table shows the Group's assets and liabilities by operating segment as at 30 June 2021 and 31 December 2020:

	Seascape	Landscape	Segments total	Adjustments and eliminations	Consolidated
Segment assets					
as at 30/06/2021	125,482	115,188	240,670	5,197	**245,867**
as at 31/12/2020	132,129	108,658	240,787	4,944	**245,731**
Segment liabilities					
as at 30/06/2021	(119,112)	(66,739)	(185,851)	(9,253)	**(195,104)**
as at 31/12/2020	(123,856)	(67,876)	(191,732)	(8,793)	**(200,525)**

The following table shows revenues by geographical area as at 30 June 2021 and 30 June 2020:

Revenues	Half-year as at 30 June 2021	Half-year as at 30 June 2020
Italy	35,506	20,762
EU	30,641	28,788
Non-EU	61,828	64,008
Total	**127,975**	**113,558**

The following table shows clients whose revenues (turnover and change in inventory) account for over 10% of Group revenues and income on the reporting dates:

	Half-year as at 30 June 2021	%	Half-year as at 30 June 2020	%
Total Revenues	**127,975**	**100.0%**	**113,558**	**100.0%**
Client 1	*33,866*	*26.5%*	*22,955*	*20.2%*
Client 2	*18,552*	*14.5%*		

Operating segment seasonality

The Seascape operating segment services include: design, customised production and installation of high spec glass enclosures for new cruise ships; design and installation of made-to-measure catering solutions for cruise ships; outfitting of public areas on cruise ships. It also includes revenues from refitting services, i.e. conversion, upgrading, replacement and repair of glass enclosures, public areas and, to a lesser extent, catering areas on existing cruise ships. Refitting demand is seasonal and typically declines during the summer period.
The Landscape operating segment services include: ad-hoc design, customised production and installation of façades and custom-made, high quality, innovative external fittings for office, retail, government and public buildings, as well as production of professional cooking equipment. The latter sector is not impacted by seasonality effects considering that turnover is related solely to the development of the existing order book.
This disclosure provides a better understanding of the results, however management has concluded that the Group’s operating segments do not represent “highly seasonal businesses”, as required by IAS 34.

FINANCIAL HIGHLIGHTS *

** Following the Purchase Price Allocation for the acquisition of GICO S.p.A., the corresponding amounts as at 31 December 2020 presented in the explanatory notes have been restated, as required by paragraph 49 of IFRS 3.*

Note 1: Property, plant and equipment

The following table provides a detailed breakdown of the item and the changes in tangible assets as a result of acquisitions, sales/disposals, depreciation for the period, any write-downs or write-backs, and any effects arising from extraordinary transactions.

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Unscheduled maintenance of leased assets	Assets under construction and advances	Total
Historical cost	336	9,342	2,721	3,018	3,894	771	20,082
Accumulated depreciation	(65)	(3,522)	(1,717)	(1,500)	(1,084)	-	(7,888)
Net Book Value as at 01/01/2020	**270**	**5,820**	**1,004**	**1,518**	**2,810**	**771**	**12,194**
Changes in 2020							
Business combinations	3,850	1,951	148	230	51	-	6,230
Investments	2	560	284	279	868	31	2,024
Net disposals	-	-	(1)	(176)	-	-	(177)
Other changes / reclassifications	(12)	(273)	4	6	(177)	(400)	(852)
Amortisation	(173)	(1,531)	(459)	(462)	(738)	-	(3,363)
Closing Net Book Value	**3,937**	**6,527**	**980**	**1,395**	**2,814**	**402**	**16,056**
Historical cost	4,925	14,593	4,451	4,333	4,385	402	33,089
Accumulated depreciation	(987)	(8,066)	(3,472)	(2,938)	(1,569)	-	(17,032)
Net Book Value as at 31/12/2020	**3,937**	**6,527**	**980**	**1,395**	**2,814**	**402**	**16,056**
Changes in 2021							
Business combinations	-	-	-	-	-	-	-
Investments	-	122	133	154	51	149	609
Net disposals	-	(8)	(11)	(8)	-	-	(27)
Other changes / reclassifications	4	216	-	18	80	(203)	115
Amortisation	(86)	(724)	(216)	(220)	(393)	-	(1,639)
Closing Net Book Value	**3,856**	**6,134**	**885**	**1,339**	**2,554**	**348**	**15,117**
Historical cost	4,929	14,717	4,570	4,463	4,561	348	33,588
Accumulated depreciation	(1,073)	(8,583)	(3,686)	(3,123)	(2,006)	-	(18,471)
Net Book Value as at 30/06/2021	**3,856**	**6,134**	**885**	**1,339**	**2,554**	**348**	**15,117**

Investments during the period were made to maintain the efficiency and production capacity of the Group’s plants.

Note 2: Intangible assets

The following table provides detailed information on the breakdown of the item and the changes in intangible assets due to acquisitions, sales/disposals, amortisation for the period, any write-downs or write-backs, and any effects deriving from extraordinary transactions.

	Goodwill	Development costs	Patents and know how	Concessions, licences, trademarks and similar rights	Other intangible assets	Intangible assets in progress and advances	Total
Historical cost	31,292	917	18,294	398	20,313	71	71,284
Accumulated depreciation	(2,808)	(251)	(4,606)	(360)	(5,278)	-	(13,303)
Net Book Value as at 01/01/2020	**28,483**	**666**	**13,687**	**38**	**15,035**	**71**	**57,981**
Changes in 2020							
Business combinations *	3,706	-	2,007	565	806	-	7,084
Investments	-	-	167	-	770	187	1,124
Net disposals	-	-	-	-	(21)	-	(21)
Other changes / reclassifications	-	-	-	-	2	(66)	(64)
Depreciation	(4,727)	-	-	-			(4,727)
Amortisation	-	(183)	(3,781)	(16)	(3,806)	-	(7,786)
Exchange differences	(507)	-	(390)	-	(670)	-	(1,567)
Closing Net Book Value	**26,959**	**482**	**11,690**	**587**	**12,114**	**193**	**52,025**
Historical cost	29,764	915	19,972	735	21,452	193	73,030
Accumulated depreciation	(2,808)	(432)	(8,282)	(148)	(9,339)	-	(21,005)
Net Book Value as at 31/12/2020	**26,959**	**482**	**11,690**	**587**	**12,114**	**193**	**52,025**
Changes in 2021							
Business combinations	-	-	-	-	-	-	-
Investments	-	-	70	-	-	60	130
Net disposals	-	-	-	-	-	-	-
Other changes / reclassifications	3	-	67	1	(8)	-	63
Amortisation	-	(91)	(1,897)	(68)	(982)	-	(3,038)
Exchange differences	179	-	124	-	237	-	540
Closing Net Book Value	**27,138**	**392**	**10,055**	**520**	**11,363**	**252**	**49,720**
Historical cost	29,946	915	20,239	736	21,661	252	73,749
Accumulated depreciation	(2,808)	(523)	(10,185)	(215)	(10,298)	-	(24,029)
Net Book Value as at 30/06/2021	**27,138**	**392**	**10,055**	**520**	**11,363**	**252**	**49,720**

** The item "Business combinations" for the year 2020 includes the purchase price allocation for the GICO S.p.A. acquisition.*

Goodwill

Goodwill acquired through business combinations carried out by Somec Group in previous years amounted to a total of Euro 27,138 thousand as at 30 June 2021 (Euro 26,959 thousand as at 31 December 2020).

In order to determine the recoverable value, this goodwill has been allocated to the related cash generating units (CGUs) of the individual Group companies, with the exception of goodwill for the Professional Cooking Equipment CGUs (Inoxtrend, Primax, Pizza Group and GICO), for which the Directors evaluate whether their performance benefits from the synergies generated by the business combination and consequently test the goodwill on the group of CGUs.

The breakdown of goodwill of the CGUs in the two periods is as follows:

	Fabbrica	Professional Cooking Equipment	Oxin	TSI	Hysea	Skillmax	Total
30 June 2021	5,672	6,482	5,685	6,379	83	2,837	**27,138**
31 December 2020	5,493	6,482	5,685	6,379	83	2,837	**26,959**

The change during the period is mainly due to exchange effects on the goodwill in the functional currency of Fabbrica LLC and the final purchase price allocation for the acquisition of GICO (Professional Cooking Equipment CGU). It is worth noting that the corresponding amounts for the Professional Cooking Equipment CGU at 31 December 2020 have been adjusted and restated for the purchase price allocation for the GICO acquisition.
Please see the “Business combinations” section of the explanatory notes for more details. For the other CGUs and assessment of impairment indicators, please see the section on “Discretionary measurements and significant accounting estimates” in the explanatory notes.
No impairment indicators were identified during the first half of the year. Indeed, the CGUs to which the goodwill was allocated reported results in line with the forecasts used for the impairment tests conducted at 31 December 2020. Therefore, the considerations set out in the consolidated financial statements as at 31 December 2020 in regard to the recoverability of the value of intangible assets of an indefinite useful life (including goodwill) are confirmed.

Development costs

Development costs, amounting to Euro 392 thousand at 30 June 2021, refer entirely to the production of new products in the industrial oven sector.

Patents and know-how

The item “Patents and know-how”, amounting to Euro 10,055 thousand as at 30 June 2021 (Euro 11,690 thousand as at 31 December 2020) includes, before the related deferred tax effect, allocation of part of the consideration paid for the purchase of Fabbrica LLC to the estimated fair value of the know-how, understood as the set of skills and ability required to successfully execute complex construction projects.
The same intangible asset was also recognised upon allocation of the price paid for the Primax S.r.l. acquisition, which took place at the end of 2018, for the acquisition of Total Solution Interiors S.r.l. in 2019, and the acquisition of Skillmax S.r.l., which took place in 2020.
The net book value of the know-how acquired at 30 June 2021 amounted to a total of Euro 9,437 thousand (Euro 11,068 thousand at 31 December 2020).
The change in know-how is summarised in the following table:

	Know-how
Net Book Value as at 31/12/2020	**11,068**
Amortisation	(1,734)
Exchange differences	103
Net Book Value as at 30/06/2021	**9,437**

In order to identify the value of unpatented technology (know-how) from the business combinations of Fabbrica, TSI, Primax and Skillmax which took place in previous years, the Directors applied a method that computes the discounted present value of royalties to be paid to license holders for specific technology (“relief from royalty method”). This method is based on the assumption that the value of the asset lies in the hypothetical royalty payments that would be saved by owning the asset rather than licensing it. Using the aforementioned approach, a royalty rate was identified to measure the value of know-how, determined by taking into account information obtained from the management of the companies, as well as by analysing the results of a panel of license agreements for similar technologies. The royalty rate was applied to the estimated revenue included in the business plan, considering an appropriate maintenance cost. The amounts obtained were discounted to the net present value using an appropriate discount rate, while also taking into account the theoretical tax benefit attributable to the amortisation of the asset (TAB). A 5-year time frame was considered to calculate the net present value of royalties (ten years for Primax), in line with the useful life attributed by the Directors to the value of know- how. On the reporting date, the Directors have identified no indication of impairment of know-how.

Concessions, licences, trademarks and similar rights
The change in the item "Concessions, licenses, trademarks and similar rights" is mainly attributable to the purchase price allocation for the acquisition of GICO (Professional Cooking Equipment CGU) which led to the identification of the fair value of the GICO brand, recognised as a tangible asset with a finite useful life. The Directors have attributed a time horizon of five years to the value of the brand. At the balance sheet date, the Directors have not identified impairment indicators for the brand.

Other intangible assets
The item "Other intangible assets", amounting to Euro 11,364 thousand as at 30 June 2021 (Euro 12,114 thousand as at 31 December 2020), refers to the amount recognised as backlog and customer relationships following the acquisitions of Fabbrica LLC, Total Solution Interiors S.r.l. and Pizza Group S.r.l.. As at 30 June 2021, the net book value of the intangible asset "Customer relationships" amounts to Euro 10,535 thousand and the NBV of "Order Backlog" amounts to Euro 99 thousand.

Changes in both items are summarised in the following table:

	Customer relationships	Order Backlog
Net Book Value as at 31/12/2020	**11,093**	**198**
Amortisation	(771)	(99)
Exchange differences	213	-
Net Book Value as at 30/06/2021	**10,535**	**99**

To calculate the value of backlog and relationships with customers from the Fabbrica, TSI and Pizza Group business combinations, realised in previous years, the Directors applied a method that computes the net present value of the excess earnings attributable to the specific intangible asset (so-called multi period excess earnings method – MEEM). This method is based on the assumption that the value of an asset is equal to the present value of the incremental net income attributable only to the asset, or net of the return on all other assets required to use the said asset. The other assets considered (contributory assets) were know-how, described in the previous note, net working capital, investments in fixed assets (other than know-how) and assembled workforce (AWF).
As for relationships with customers, considering the ten-year useful life (the useful life of this intangible asset in Pizza Group was set at five years) awarded by the Directors to this intangible asset, the excess earnings that can be deduced from the business plans were discounted to NPV, using estimates obtained starting from the last year of explicit cashflow, assuming a perpetual growth rate of 1% per year. As regards backlog, the Directors applied the aforementioned method to revenue estimates included in the business plan, considering a useful life in line with the contracts acquired.
On the reporting date, the Directors have identified no impairment indicators for relationships with customers.

The item "Other intangible assets" includes costs capitalised during the year to the amount of Euro 648 thousand, pertaining to the contract cost assets of the subsidiary Fabbrica LLC, amortised based on the progression of the project.
Lastly, the item includes intangible assets in progress and payments on account to the amount of Euro 252 thousand.

Note 3: Right-of-use assets

The following shows the book values of right-of use assets and changes in the item during the period:

	Land and buildings	Plant and machinery	Company cars	Other assets	Total
Historical cost	19,979	1,416	646	1,152	23,193
Accumulated depreciation	(3,445)	(455)	(250)	(350)	(4,499)
Net Book Value as at 01/01/2020	**16,534**	**961**	**396**	**803**	**18,694**
Changes in 2020					
Increase	690	1,217	558	128	2,593
Business combinations	2,950	284	197	40	3,471
Net disposals	-	-	-	-	-
Other changes / reclassifications	(1,376)	(55)	236	(589)	(1,784)
Depreciation and amortisation	(3,102)	(378)	(413)	(86)	(3,979)
Exchange differences	(59)	-	-	8	(51)
Closing Net Book Value	**15,637**	**2,029**	**974**	**304**	**18,944**
Historical cost	21,560	2,542	1,583	445	26,130
Accumulated depreciation	(5,923)	(513)	(609)	(141)	(7,186)
Net Book Value as at 31/12/2020	**15,637**	**2,029**	**974**	**304**	**18,944**
Changes in 2021					
Increase	9	62	253	45	369
Business combinations	-	-	-	-	-
Net disposals	-	-	-	-	-
Other changes / reclassifications	2,840	(59)	(8)	-	2,773
Depreciation and amortisation	(1,520)	(215)	(212)	(60)	(2,007)
Exchange differences	163	-	-	1	164
Closing Net Book Value	**17,129**	**1,817**	**1,007**	**290**	**20,243**
Historical cost	21,772	2,403	1,644	467	26,286
Accumulated depreciation	(4,643)	(586)	(638)	(176)	(6,043)
Net Book Value as at 30/06/2021	**17,129**	**1,817**	**1,007**	**290**	**20,243**

The lease and rental agreements currently in place do not allow for variable payments that are index linked. On the reporting date, the Group has no agreements in place with guarantees on the residual value or commitments for contracts not yet in place. The Group has no sublet agreements in place. The Group did not carry out any sale and leaseback transactions during the period.

The following table shows the amounts recognised in the statement of consolidated income:

	30/06/2021	30/06/2020
Depreciation of right-of-use assets	2,006	1,901
Interest payable on leases	218	252
Expenses - short term leases	742	827
Total recognised in the income statement	**2,966**	**2,980**

Total cash flows used for leases recognised in compliance with IFRS 16 amounted to Euro 2,157 thousand as at 30 June 2021 (Euro 4,000 thousand as at 31 December 2020).

Note 4: Investments in associates

The following table shows the changes in the first half of 2021 of the item Investments in associates, referring to the company Squadra S.r.l..

	Associates	Total
Net book value as at 31/12/2020	**194**	**194**
Write-ups/(write downs)	48	48
Dividends from equity method investments	(63)	(63)
Net book value as at 30/06/2021	**179**	**179**

Note 5: Non-current financial assets

The item is composed as follows:

	30/06/2021	31/12/2020
Securities and investment funds	245	280
Other	2	2
Total Non-current financial assets	**247**	**282**

Note 6: Deferred tax assets and liabilities

The following table shows changes in deferred tax assets, the nature of the items and the timing differences.

	30/06/2021		31/12/2020	
	Timing differences	Tax effect	Timing differences	Tax effect
Bad debt provision	809	193	813	194
Maintenance	39	9	31	7
Unpaid Directors' compensation	118	28	118	28
Inventory write-offs	586	147	586	147
Warranty provisions	755	182	355	86
Derivative financial instruments	351	84	457	110
Tax losses	4,706	1,153	3,974	977
Ancillary cost adjustments for equity investments	25	6	22	6
Start-up and expansion costs	531	148	724	202
Right-of-use assets	757	184	611	149
Employee benefits	411	99	336	81
Exchange rate losses	593	142	925	222
Other	481	101	324	80
Total Deferred tax assets		**2,476**		**2,289**

To determine deferred tax assets (prepaid taxes), we applied the tax rates in force in the various countries of Group operations.
Deferred tax assets calculated based on tax loss carry forwards, amounting to Euro 1,153 thousand at 30 June 2021, mainly refer to the tax losses generated by some subsidiaries in the year 2020 and previous years that will be recovered in future years. Given that the tax loss carry forwards are mainly attributable to Italian companies, there are no issues with carrying forward of tax losses over time. The tax benefit was accounted for as the Directors believe that future tax income is likely, against which these losses can be offset.
The Group has additional tax loss carry-forwards amounting to Euro 2,900 thousand, for which no deferred tax assets have been allocated.

Derivatives that are defined as cash flow hedges and measured at fair value directly in equity imply that the related taxes are charged directly to equity and not to the income statement. Deferred tax assets recognised to equity amounted to Euro 84 thousand.

The table below shows deferred tax liabilities, the nature of the items and temporary timing differences.

	30/06/2021		31/12/2020	
	Timing differences	Tax effect	Timing differences	Tax effect
Unrealised exchange gains	131	31	131	31
Depreciation and amortisation	738	199	347	94
USA retained earnings	1,866	504	1,807	488
Right-of-use assets	286	69	394	95
Increase in value allocated to contract assets (interim)	893	249	1,048	293
Increase in value allocated to land and buildings	2,005	559	2,050	572
Increase in value allocated to plant and machinery	440	123	983	274
Increase in value allocated to the order book	98	28	319	88
Increase in value allocated to know-how	9,437	2,607	11,068	3,056
Increase in value allocated to customer relationships	10,535	2,881	11,093	3,035
Increase in value allocated to brands	475	133	534	149
Other	255	71	284	74
Total Deferred tax liabilities		**7,454**		**8,249**

Note 7: Inventory and contract assets

The item is composed as follows:

	30/06/2021	31/12/2020
Raw materials and consumables	8,567	8,679
Work in process and semi-finished goods	1,626	1,234
Contract work in progress	22,035	23,778
Finished goods and goods for resale	2,178	2,306
Advances and payments on account to suppliers	835	412
Total Inventory and contract assets	**35,241**	**36,409**

Raw materials and consumables are essentially composed of profiles, steel sheets, and glass used during the manufacturing process and are recognised at the weighted average purchase cost.

Contract work in progress refers to orders normally lasting more than one year, in progress at the end of the the reporting date. The item includes work in progress, the value of which is higher than the amount billed to the client. Work in progress is determined by the costs incurred plus recognised margins, net of any expected losses.
The net amount of contract assets and liabilities relating to orders are shown in the statement of financial position, i.e. the amount owed by clients for contract work in progress is recognised as an asset, under the item Contract assets (when it exceeds the related advances received), whereas advances received on contract work in progress are recorded as liabilities under the item Liabilities for contract work in progress and customer advances (when they exceed the associated amount owed by clients).

The item Finished goods includes the Euro 1,506 thousand net book value of an industrial building located in Moriago della Battaglia (TV) belonging to the subsidiary Hysea S.r.l. that is destined for sale.
The book value of the property, amounting to Euro 3,097 thousand, is adjusted by a bad debt provision of Euro 1,591 thousand in order to align its value with the realisable value.

The item Advances and payments on account to suppliers amounting to Euro 835 thousand, refers to advance payments to suppliers for the purchase of raw materials and supplies that have yet to be delivered.

Inventory is shown net of the related provision amounting to Euro 3,021 thousand.

Note 8: Trade receivables

Trade receivables amounting to Euro 69,250 thousand as at 30 June 2021 (Euro 65,520 thousand as at 31 December 2020) originate from the billing of completed orders and the status of those still in progress on the reporting date, as well as normal sales transactions.

The breakdown of gross accounts receivable by expiry date as at 30 June 2021 is as follows:

	Not yet expired	Expired 0 - 90 days	Expired by 90 - 180 days	Expired by more than 180 days	Total
Gross book value of trade receivables as at 30 June 2021	55,172	9,756	3,961	2,052	**70,941**
Gross book value of trade receivables as at 31 December 2020	53,417	7,157	2,795	3,572	**66,941**

Trade receivables are recognised net of the related bad debt provision, which represents the estimated reduction in the value of doubtful debts, such as those subject to legal disputes, and judicial and extra-judicial proceedings due to insolvency of debtors. The amount of the allowance and the changes in the first half of 2021 are shown below:

Balance as at 31/12/2020	**1,421**
Allocations	(21)
Provisions	292
Balance as at 30/06/2021	**1,692**

Note 9: Other receivables

Other receivables include the following:

	30/06/2021	31/12/2020
Indirect tax receivables	4,147	4,819
Other receivables	874	654
Advance payments to suppliers	2,427	1,802
Prepaid expenses	689	1,016
Down-payments	202	159
Employee advances	152	84
Labour insurance receivables (INAIL)	174	192
Social security receivables (INPS)	52	46
Other tax receivables	96	195
Total Other receivables	**8,813**	**8,967**

The item Indirect tax receivables amounting to Euro 4,147 thousand (Euro 4,819 thousand as at 31 December 2020) mainly refers to a VAT credit. The sizeable amount of the credit is due to the fact that some Group companies are unable to charge VAT on sales, which prevents them from fully reclaiming VAT paid on purchases. It is standard practice to apply for a partial rebate.

Note 10: Tax receivables

The item includes the following:

	30/06/2021	31/12/2020
Corporation tax receivable	628	1,195
Regional business tax receivable	207	286
Foreign tax credit	1,643	1,142
Other income tax receivables	243	197
Total Tax receivables	**2,721**	**2,820**

The item Foreign tax credits mainly includes credits for taxes paid outside Italy, referring in particular to foreign branches through which Somec operates at international shipyards.

Note 11: Other current financial assets

The following table shows the breakdown of the item:

	30/06/2021	31/12/2020
Notes receivable	146	137
Interest income and other financial items	219	194
Total Other current financial assets	**365**	**331**

Note 12: Cash and cash equivalents

Cash and cash equivalents are broken down as follows:

	30/06/2021	31/12/2020
Current bank accounts and post office deposits	41,192	41,792
Cash-in-hand	49	51
Total Cash and cash equivalents	**41,241**	**41,843**

Cash and cash equivalents at the end of the period refer to the balance of current accounts held with various banks.

Note 13: Shareholders’ equity

Details of consolidated shareholders’ equity are shown in the following table:

	30/06/2021	31/12/2020
Share capital	6,900	6,900
Share premium reserve	18,173	18,173
Legal reserve	1,380	1,380
Cash flow hedge reserve	(321)	(391)
Other reserves	3,600	1,177
Retained earnings (loss)	8,997	8,414
Income from Parent company	2,916	2,673
Group net equity	**41,645**	**38,326**
Minority interest capital and reserves	7,029	8,073
Income from minorities	2,089	(1,193)
Minority interest	**9,118**	**6,880**
Total net equity	**50,763**	**45,206**

The share capital (fully paid-in) amounts to Euro 6,000 thousand as at 30 June 2021, and is composed of 6,900,000 shares of no par value.
The share premium reserve is recognised following the share capital increase that took place at the time the stock was listed on the AIM Italia market in April 2018.
The cash flow hedge reserve includes the change in the effective hedging of derivative instruments measured at fair value.
Minority shareholders’ equity is almost entirely attributable to the minority shareholders of Fabbrica LLC.
Other reserves include currency translation reserve and IFRS first-time adoption reserve established on the date of transition to international accounting standards (1 January 2018), including all changes introduced with respect to Italian GAAP.

Net gains (losses) included in the other components of the statement of comprehensive income are shown below:

	Other comprehensive income components in first half of 2021	Other comprehensive income components in first half of 2020
Exchange differences on translation of foreign operations	474	74
Effective portion of gains/(losses) on cash flow hedge instruments	70	(115)
Gains/(losses) on remeasurement of defined benefit plans	89	(17)
Total Other components of net comprehensive income	**633**	**(59)**

Note 14: Loans and financing

The item is composed as follows:

	30/06/2021	31/12/2020
Non-current loans and financing:		
Non-current repayments on medium/long-term loans	43,561	42,329
Total Non-current loans and financing	**43,561**	**42,329**
Current loans and financing:		
Instalments of medium/long term loans falling due within one year	15,248	16,862
Other loans payable	1,980	2,665
Advance payments on invoices and contracts	2,609	6,659
Overdrafts/factoring	171	178
Interest and charges on bank loans and overdrafts	29	53
Total Current loans and financing	**20,037**	**26,417**
Total Loans and financing	**63,598**	**68,746**

The decrease in the item is mainly attributable to a reduction in the use of advances on invoices and contracts, mainly by the Parent Company.

The item Other loans payable refers to non-recourse factoring agreements with the factoring company Ifitalia.

It is worth noting that in the first half of 2021, the US subsidiary Fabbrica LLC received USD 2,000 thousand in funding, which may be converted into a Government grant if certain requirements are met, thanks to the Paycheck Protection Program, one of the measures introduced by the US Government in response to the Covid-19 pandemic.

Some medium-long-term loan contracts include covenants to be calculated annually based on the results reported in the consolidated financial statements (i.e. net debt/EBITDA and net debt/equity). The Group was in line with these criteria on the reporting date.

Note 15: Other financial liabilities

The item includes the following:

	30/06/2021	31/12/2020
Other non-current financial liabilities:		
Non-current lease liabilities	16,920	15,252
Derivative liabilities	414	501
Strike price of options on purchase of non-controlling interest	7,730	10,493
Payables for equity investments	200	962
Total Other non-current financial liabilities	**25,264**	**27,208**
Other current financial liabilities:		
Current lease liabilities	3,543	3,800
Payables for equity investments	1,863	763
Total Other current financial liabilities	**5,406**	**4,563**
Total Other financial liabilities	**30,670**	**31,771**

Lease liabilities

Lease liabilities refer to the present value of lease payments due, in accordance with the provisions of IFRS 16.

Derivative liabilities

Derivative financial liabilities to the amount of Euro 414 thousand as at 30 June 2021 (Euro 501 thousand as at 31 December 2020) reflect the fair value measurement of derivative instruments outstanding on the reporting date. The Group has entered into Interest Rate Swap contracts aimed at hedging against interest rate risk stemming from some of its medium/long-term loans.

Options on purchase of non-controlling interest

The item refers to the fair value of options held on Total Solution Interiors S.r.l. (Euro 4,734 thousand), exercisable as of 2022, the fair value of options on Skillmax S.r.l. (Euro 2,607 thousand), exercisable as of 2024, and the fair value of options on GICO S.p.A. (Euro 389 thousand), exercisable within three months of approval of the financial statements as at 31 December 2023. Financial liabilities depend on the respective contractual terms, normally referring to the development of EBITDA multipliers for future periods approaching the option exercise date, less the net financial position expected for the investment, also estimated around the exercise date. The amounts, appropriately discounted in consideration of the estimated exercise dates, have been updated as at 30 June 2021 on the basis of the most recent financial forecasts prepared by the management for each of the indicated investments, recognising the adjustment of each liability in the income statement as financial income or expense.
The Parent Company opted for the early exercise of the call option on the remaining 40% stake in Primax S.r.l. on 31 March 2021, with a reduction in the associated strike price set at Euro 2,500 thousand, of which Euro 1,400 thousand paid at the closing date, Euro 400 thousand by 31 July 2021 and Euro 700 thousand by 31 January 2022.

Payables for equity investments

Payables for the purchase of equity investments refer to the difference between the final purchase price, set in the first few months of 2020, and the provisional price already paid to gain control of Total Solution Interiors S.r.l. amounting to Euro 513 thousand, to the remaining liabilities for the purchase of the shares of Pizza Group S.r.l. (for an amount of Euro 250 thousand), to the deferred price of Euro 1,100 thousand for the exercise of the call option on the minority stake in Primax S.r.l. described earlier, in addition to the deferred price for GICO S.p.A. (Euro 200 thousand).

Note 16: Provisions for liabilities and charges

Provisions for liabilities and charges, amounting to Euro 892 thousand (Euro 470 thousand as at 31 December 2020), increased by Euro 400 thousand to reflect the best estimate of the cost to end an existing legal dispute.
Changes in the item during the first half of 2021 were as follows:

Balance as at 31/12/2020	**470**
Provisions	422
Balance as at 30/06/2021	**892**

Note 17: Net defined-benefit obligations

The item refers to severance indemnity reserve (TFR), changes in which during first half of 2021 were as follows:

Balance as at 31/12/2020	**4,381**
Provisions	798
Interest	5
Other changes	(185)
Actuarial (gains)/losses	(123)
Allocations for indemnities and advances	(801)
Balance as at 30/06/2021	**4,075**

As at 30 June 2021, there are no other types of pension plans that qualify as defined benefit plans in place. The amount stated in the accounts is subject to actuarial calculations using the projected unit credit method, at an interest rate that reflects the market yield of securities with maturity dates in line with the expected maturity of the debt. More specifically, the assumptions were as follows:

	30/06/2021	**31/12/2020**
Economic assumptions		
Increase in living costs	0.80%	0.80%
Discount rate	0.79%	0.34%
Severance indemnity growth rate	2.10%	2.10%
Real wage growth rate	1.00%	1.00%
Demographic assumptions		
Probability of death	Disability and Death Probability Tables published by Italian General Accounting Office	Disability and Death Probability Tables published by Italian General Accounting Office
Probability of disability	National Social Security Institute (INPS) tables by age and gender	National Social Security Institute (INPS) tables by age and gender
Probability of resignation	5.00%	5.00%
Probability of advance on severance indemnity	2.00%	2.00%

Below is a sensitivity analysis for each relevant actuarial assumption at the reporting date, showing the effects that would have occurred as a result of changes in the reasonably likely actuarial assumption at that date, in absolute terms.

	30/06/2021
Turnover rate +1%	3,091
Turnover rate -1%	3,139
Inflation rate +0.25%	3,168
Inflation rate -0.25%	3,060
Discount rate +0.25%	3,042
Discount rate -0.25%	3,188

Below are the estimated future payments for the coming years from the severance indemnity reserve.

	Expected payments
Within 1 year	275
Between 1 and 2 years	230
Between 2 and 3 years	284
Between 3 and 4 years	269
Between 4 and 5 years	269
Total	**1,327**

Note 18: Trade payables

Trade payables amount to Euro 50,607 thousand as at 30 June 2021, compared to Euro 43,940 thousand as at 31 December 2020. Trade payables are due within 12 months, do not bear interest and are normally settled within between 30 and 120 days.

Note 19: Other current liabilities

The item is composed as follows:

	30/06/2021	31/12/2020
Social security and pension fund liabilities	1,870	1,820
Deferred employee compensation liabilities	4,234	2,844
Payables to directors and statutory auditors	259	259
Indirect tax and withholding tax liabilities	1,362	1,500
Other liabilities	1,218	1,159
Accrued expenses and deferred income	72	187
Total Other current liabilities	**9,015**	**7,769**

Social security and pension fund liabilities mainly include amounts payable by Group companies and employees to the National Social Security Institute, or other entities, in relation to salaries for the month of June and contributions based on assessments at the end of the period.
The item Deferred employee compensation liabilities reflects the effects of provisions for unused holiday leave and deferred compensation as at 30 June 2021.

Note 20: Contract work in progress and customer advances

This item, amounting to Euro 26,994 thousand as at 30 June 2021 (Euro 34,438 thousand as at 31 December 2020) includes work in progress of a lower value than the amount billed to the client. Work in progress is determined by the costs incurred plus recognised margins, net of any expected losses.
The item Customer advances refers to orders not in progress on the reporting date.

Note 21: Income tax liabilities

Taxation, to the amount of Euro 1,799 thousand (Euro 692 thousand as at 31 December 2020) consists of current tax liabilities, net of advance tax payments and residual tax liabilities from the previous year.

KEY INCOME STATEMENT ITEMS

Note 22: Revenues from contracts with customers
Revenues from contracts with customers amount to Euro 124,584 thousand as at 30 June 2021 (Euro 113,022 thousand as at 30 June 2020), broken down as follows by operating segment:

	Half-year as at 30 June 2021	Half-year as at 30 June 2020
Seascape division revenues	64,576	71,015
Landscape division revenues	60,008	42,007
Total Revenues from contracts with customers	**124,584**	**113,022**

The Group is not typically impacted to a significant extent by "variable considerations", except for contract additions agreed with clients. The amount of claims, and amounts recognised to customers for any penalties was not significant, for over time revenues of both the Seascape division and Landscape division.

The breakdown of revenues (at Euro 124.6 million) by geographical area is as follows:

	Italy	EU	Non-EU	Total
Revenues from contracts with customers 1H2021	34,675	30,598	59,311	**124,584**
Revenues from contracts with customers 1H2020	20,664	28,652	63,706	**113,022**

Note 23: Other revenues and income
Other revenues and income are broken down as follows:

	Half-year as at 30 June 2021	Half-year as at 30 June 2020
Grants	2,839	15
Insurance claim settlements	21	14
Other income	364	283
Contingent assets	167	224
Total Other revenues and income	**3,391**	**536**

The Group benefited, through the US subsidiary Fabbrica LLC, from a Government grant (under the "Paycheck Protection Program") of Euro 2,513 thousand to offset operating expenses and maintain employment levels during the Covid-19 pandemic in 2020. Although this positive income component reflects a contribution to operating expenses, it is treated as a non-recurring item. As shown previously, the US relief measures allowed the subsidiary to obtain new financing during 2021. Depending on certain requirements, which are not yet certifiable with reasonable certainty at the end of the first half, may lead to a further positive impact on the income statement in the second half of the year.

Note 24: Employee benefit expenses
Employee benefit expense is broken down as follows:

	Half-year as at 30 June 2021	Half-year as at 30 June 2020
Wages and salaries	17,200	15,172
Social security costs	3,724	3,310
Defined benefit obligations	806	698
Other personnel expenses	103	109
Total Employee benefit expenses	**21,833**	**19,289**

Personnel expenses represent total costs incurred for employees, including wages and salaries, social security and pension contributions and severance indemnity reserve.

The average number of employees per category as at 30 June 2021 and 30 June 2020 is shown in the following table:

	Half-year as at 30 June 2021	Half-year as at 30 June 2020
Directors	14	12
Managers	29	18
Office staff	329	344
Operational workers	424	415
Total	**796**	**789**

Note 25: Depreciation, amortisation and write-downs

Depreciation, amortisation and write-downs are as follows:

	Half-year as at 30 June 2021	Half-year as at 30 June 2020
Depreciation of property, plant and equipment	1,641	1,598
Amortisation of intangible assets	3,038	3,813
Depreciation of right-of-use assets	2,006	1,901
Depreciation of tangible assets	94	-
Provision for bad debt	291	7
Other provisions for liabilities and charges	429	-
Total Depreciation, amortisation and other write-downs	**7,499**	**7,319**

The change in the amortisation of intangible assets is mainly attributable to the completion of the amortisation plan for the item Order backlog, which was recognised upon the acquisition of the subsidiary Fabbrica LLC.
The provision for bad debt includes an allowance to align trade receivables with their expected realisable value.
For the item Other provisions, see the item Provisions for liabilities and charges.

Note 26: Other operating costs

Other operating costs are composed as follows:

	Half-year as at 30 June 2021	Half-year as at 30 June 2020
Outsourced manufacturing	8,337	6,747
Installation	12,572	12,798
Transport	2,945	1,469
Director and auditor remuneration	1,310	811
Other expenses	12,196	13,371
Total Other operating costs	**37,360**	**35,196**

Note 27: Financial income and expenses

The item includes the following:

	Half-year as at 30 June 2021	Half-year as at 30 June 2020
Interest payable on bank loans and borrowings	(277)	(353)
Interest payable on lease liabilities	(218)	(252)
Interest payable on defined benefit plans	(5)	-
Interest payable on loans	(74)	(205)
Other financial charges	(220)	(142)
Total Financial expenses	**(794)**	**(952)**
Other financial income	172	-
Other income	83	47
Remeasurement of financial liabilities (*put option*)	133	-
Total Financial income	**388**	**47**
Total Financial income and expenses	**(406)**	**(905)**

The item Financial income and expenses is negative at Euro 406 thousand (negative Euro 905 thousand as at 30 June 2020).

Note 28: Other income (and expenses)

The item Other income and expenses is composed of the balance of positive and negative exchange rate differences, amounting to a positive Euro 284 thousand as at 30 June 2021.
It is worth noting that at 30 June 2020, in addition to the positive and negative exchange rate differences (negative Euro 181 thousand), the item included income deriving from the acquisition of Pizza Group S.r.l. to the amount of Euro 1,457 thousand, reflecting the difference between the total consideration paid and the fair value of the net assets acquired.

Note 29: Income from associates

The item, amounting to Euro 48 thousand as at 30 June 2021, includes the effect of using the equity method of accounting for the associated company, Squadra S.r.l.

Note 30: Income taxes

Income taxes recognised in the income statement are as follows:

	Half-year as at 30 June 2021	Half-year as at 30 June 2020
Current tax:		
- IRES	1,311	1,536
- IRAP	408	186
- Other current tax for foreign subsidiaries	757	-
Income tax prior years	139	112
Deferred tax liabilities	(844)	(1,104)
Deferred tax assets	(208)	90
Total Income taxes	**1,563**	**820**

Note 31: Earnings per share

The item earnings per share is calculated by dividing the net profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding.
Diluted earnings per share are calculated by dividing the net profit or loss for the period attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period, adjusted by the effect of dilutive shares.
The net income and number of ordinary shares used to calculate the basic and diluted earnings per share, determined according to the methodology required by IAS 33, are shown below:

	Half-year as at 30 June 2021	Half-year as at 30 June 2020
Earnings/(Loss) per share (Euro)	0.42	0.49
Diluted earnings/(Loss) per share (Euro)	0.42	0.49
Weighted average number of outstanding shares:		
- basic	6,900,000	6,900,000
- diluted	6,900,000	6,900,000

FINANCIAL RISK MANAGEMENT: OBJECTIVES AND CRITERIA

The Board of Directors reviewed and agreed on the policies to manage the key financial risks described below.

Credit risk

Credit risk is the possibility of a financial loss resulting from the failure of a customer or one of the financial instrument counterparties to repay a loan or meet contractual obligations, and derives mainly from trade receivables.
The Group is not particularly exposed to the risk that its customers may delay or default on their payment obligations according to the agreed terms and methods, partly thanks to the fact that it operates with shipbuilders and shipowners of the highest standing and unquestionable solvency. Furthermore, for business purposes, the Group has adopted policies and procedures to guarantee the creditworthiness and solvency of its customers and limit exposure to credit risk by assessing and monitoring its clients.

Finally, all receivables are regularly analysed for each customer. Receivables are written down/off when a potential impairment is detected.

The book value of financial assets represents the Group’s exposure to credit risk:

	30/06/2021	31/12/2020
Non-current financial assets	247	282
Trade receivables	69,250	65,520
Other receivables	8,813	8,967
Current financial assets	365	331
Cash and cash equivalents	41,241	41,843
Total	**119,916**	**116,943**

Please see Note 8 Trade receivables for the exposure to credit risk at the end of the period deriving from trade receivables by geographic area and changes in the related allowance for doubtful accounts.

Market risk

Market risk refers to fluctuations in the value of assets and liabilities due to changes in market prices (mainly exchange rates and interest rates) which, in addition to modifying the expected cash flows, can generate an unexpected increase in costs and financial expenses.

Exchange rate risk

The Group is exposed to exchange rate risk mainly on the portion of the Group’s assets and liabilities denominated in a currency other than the Euro.
More specifically, the Group is exposed to currency translation-related risk. Although the Group prepares its consolidated financial statements using the Euro as the currency of account, it controls companies with financial statements denominated in currencies other than the Euro (i.e. US dollar). Therefore, the Group is exposed to the risk that any exchange rate fluctuations when converting the non-Euro denominated financial statements of the controlled company into its own functional currency could have a significant impact on the consolidated financial statements.
The Group is also exposed to exchange “settlement” risk as it also conducts its business in countries outside the Eurozone and, therefore, the revenues, costs and equity components of some of the Group’s assets are denominated in currencies other than the Euro, particularly the US dollar (USD).

Interest rate risk

The risk of interest rate fluctuations essentially arises from medium-long term floating-rate loans. Any interest rate fluctuations may therefore have a negative impact on Group results. So far, interest rate risk management has essentially been aimed at reducing cost of funding and stabilising cash flows. The Group has also converted some of its floating-rate loans into fixed-rate loans by means of derivative financial instruments for cash flow hedging purposes.

Liquidity risk

Liquidity risk is when the Group is unable to meet its debt obligations. As things stand, the Group believes that its healthy cash flow generation levels, readily available funds, and prudent debt management strategy offer it enough stability to guarantee business continuity. Liquidity risk management is mainly based on the strategy of reducing debt, self-funding and maintaining financial stability.
The following table analyses the breakdown and maturities of commercial, financial and other liabilities as at 30 June 2021 in comparison with same items as at 31 December 2020.

	30/06/2021				31/12/2020			
	On demand	**Within 1 year**	**Between 1 and 5 years**	**Over 5 years**	**On demand**	**Within 1 year**	**Between 1 and 5 years**	**Over 5 years**
Loans and financing	-	-	41,734	1,827	-	-	41,408	921
Other non-current financial liabilities	-	-	21,628	3,636	-	-	23,013	4,195
Other non-current liabilities	-	-	-	-	-	-	69	-
Total non-current liabilities	**-**	**-**	**63,362**	**5,463**	**-**	**-**	**64,490**	**5,116**
Trade payables	-	50,607	-	-	-	43,940	-	-
Other current liabilities	-	9,015	-	-	-	7,769	-	-
Loans and financing	4,789	15,248	-	-	9,429	16,988	-	-
Other current financial liabilities	-	5,406	-	-	-	4,563	-	-
Income tax liabilities	-	1,799	-	-	-	692	-	-
Total current liabilities	**4,789**	**82,075**	**-**	**-**	**9,429**	**73,952**	**-**	**-**

Fair value measurement and hierarchy

The following table shows a comparison by individual class between the book value and the fair value of the financial instruments held by the Group, excluding those whose book value is roughly in line with the fair value:

	30/06/2021		31/12/2020	
	Book value	**Fair value**	**Book value**	***Fair value***
Interest Rate Swaps:				
- Assets	-	-	-	-
- Liabilities	(414)	(414)	(501)	(501)
Call options on acquisition of non-controlling interest	(7,730)	(7,730)	(10,493)	(10,493)
Total	**(8,144)**	**(8,144)**	**(10,994)**	**(10,994)**

The Directors established that the fair values of cash and cash equivalents, trade receivables and payables, current financial assets and liabilities and other current liabilities are approximately in line with their book values given the short-term maturity of these instruments.

As for financial instruments recognised at fair value, according to IFRS 7 these amounts are classified on the basis of a hierarchy that reflects the materiality of the inputs used to determine the fair value. The three levels are as follows:

- Level 1 – quoted prices for identical assets or liabilities in an active market;
- Level 2 – inputs other than the quoted prices referred to in the previous point, which are observable directly (prices) or indirectly (derived from prices) on the market;
- Level 3 – inputs that are not based on observable market data.

It is worth noting that all assets and liabilities measured at fair value as at 30 June 2021 can be classified as level 2, with the exception of the options for the purchase of minority interests, which can be classified as level 3 assets.

Moreover, during the first half of 2021 no assets were transferred between Levels 1, 2 and 3.

RELATED-PARTY TRANSACTIONS

Pursuant to IAS 24, the Group's related parties are defined as follows: associated undertakings, members of the Board of Directors, Statutory Auditors, key management personnel and their relatives or companies attributable to them. The Group conducts business with the parent company Venezia S.p.A., affiliated companies and other related parties. The transactions are carried out on an arm's length basis, taking into account the characteristics of the goods and services provided.

The related-party transactions conducted in the first half of 2021 are summarised below:

Statement of financial position

	Trade receivables	Other receivables	Other non-current financial liabilities	Other current liabilities
2.0 Partners LLC	-	-	-	(13)
GEA.IM S.r.l.	-	-	(1,265)	(129)
Immobiliare Roberti S.r.l.	-	-	(1,108)	(100)
MS Studio Concept Inc.	-	-	(230)	(22)
Sinertech S.r.l.	-	-	(874)	(188)
Squadra S.r.l.	6	(337)	-	-
Venezia S.p.A.	3	-	-	-
Vis S.r.l.	-	-	(4,777)	(956)
Total	**9**	**(337)**	**(8,254)**	**(1,408)**

Other current financial liabilities mainly include lease liabilities relating to rental agreements on real estate properties owned by related companies. Lease payments paid during the period amount to Euro 782 thousand.

Income statement

	Raw materials and consumables	Other operating costs	Financial expenses
2.0 Partners LLC	-	-	26
Art.Serf S.p.A.	15	-	-
La.Mec. Lavorazioni Meccaniche S.r.l.	91	-	-
Sinertech S.r.l.	-	63	-
Squadra S.r.l.	-	767	-
Total	**106**	**830**	**26**

Following Somec S.p.A.'s early exercise of the call option on the remaining 40% of Primax S.r.l. previously held by a minority shareholder, as of 1st April 2021 the companies attributable to that shareholder were removed from the related-party list. The balance sheet items for these companies are therefore not shown, whereas the amounts shown in the income statement refer only to the costs incurred in the first quarter of 2021.

Compensation of Directors, Statutory Auditors, and Executive Officers

	Compensation	Non-cash compensation	Bonuses and other incentives	Other compensation
Parent Company Board of Directors	444	5	-	208
Parent Company Board of Statutory Auditors	27	-	-	-
Key management personnel	-	3	-	555
Total	**471**	**8**	**-**	**763**

NET FINANCIAL POSITION

The following shows the Net financial position as defined by the new ESMA Guidelines dated 4 March 2021(see Consob Notice no.5/21 of 29th April 2021).

	Amounts in €/000	**30/06/2021**	**31/12/2020**
A.	Cash	41,241	41,843
B.	Cash equivalents	-	-
C.	Other current financial assets	365	331
D.	**Total liquidity (A+B+C)**	**41,606**	**42,174**
E.	Current financial liabilities (including debt instruments, excluding the current portion of non-current financial liabilities)	(10,195)	(14,118)
F.	Current portion of long term debt	(15,248)	(16,862)
G.	**Current debt (E+F)**	**(25,443)**	**(30,980)**
H.	**Non-current financial position (G-D)**	**16,163**	**11,194**
I.	Non-current financial liabilities (excluding current portion and debt instruments)	(68,825)	(69,537)
J.	Debt instruments	-	-
K.	Trade payables and other non-current liabilities	-	-
L.	**Non-current financial position (I+J+K)**	**(68,825)**	**(69,537)**
M.	**Net financial position (H+L)**	**(52,662)**	**(58,343)**

COMMITMENTS AND RISKS

Commitments and guarantees not reported on the statement of financial position are shown in the following table:

	30/06/2021	**31/12/2020**
Contract sureties	203,833	210,602
Other guarantees	214,087	228,560
Real guarantees	-	100
Total	**417,920**	**439,262**

Contract sureties are issued by banks to third parties on behalf of some Group companies as a guarantee of performance of contractual obligations relating to orders.
The amount also includes guarantees on orders signed by the Landscape division for the North American market, the related amount decreases according to the work in progress and the backlog revision.

UNUSUAL TRANSACTIONS

The Group did not carry out any unusual transactions during the period.

SIGNIFICANT EVENTS AFTER 30 JUNE 2021

ESG rating
On 7th July 2021, Somec Group received an assessment of its ESG risk from Sustainalytics, a leading independent rating firm. The rating measures a company's exposure to industry-specific material ESG risks and how well a company is managing those risks: Somec S.p.A. received an ESG Risk Rating of 24.5, coming in at 43rd place out of 133 companies within the industry.

Agreement for the acquisition of Bluesteel
On 27th July 2021, Somec S.p.A. signed an agreement for the acquisition of 60% of the shares of Bluesteel S.r.l., a European player in the field of engineered systems for façades and windows. The Bluesteel deal will expand the Building Façades division in Europe.

*****

San Vendemiano – Italy, 28th September 2021

The Chairman of the Board of Directors
Oscar Marchetto

Management representation on the Consolidated Financial Statements

Management representation on the condensed consolidated half-year financial statements pursuant to art. 81-ter of Consob regulation 11971 dated 14 May 1999 and subsequent amendments and additions

1. The undersigned Oscar Marchetto, in his capacity as Executive Officer, and Federico Puppin, as Manager Responsible for Preparing Financial Reports of Somec S.p.A. ("Somec"), with reference to the requirements of art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 dated 24 February 1998, hereby represent:

• the suitability in relation to the business's organization and,
• the effective application of the administrative and accounting processes for the preparation of the condensed consolidated half-year financial statements at 30 June 2021, during the first half of 2021.

2. In this regard, there are no significant aspects to report.

3. The undersigned also represent that:

3.1 the condensed consolidated half-year financial statements at 30 June 2021:

a) have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;

b) correspond to the underlying accounting records and books of account;

c) are able to give a true and fair view of the assets, liabilities, financial position and results of operations of the issuer and the group of companies included in the consolidation.

3.2 the report on operating performance includes a fair review of the important events taking place in the first six months of the year and their impact on the condensed consolidated half-year financial statements, together with a description of the principal risks and uncertainties to which the Group is exposed.

28 settembre 2021

Oscar Marchetto
Executive Officer

Federico Puppin
Manager Responsible for Preparing Financial Reports

Building a better
working world

Somec S.p.A.

Review report on the interim condensed consolidated
financial statements as of June 30, 2021

(Translation from the original Italian text)

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Building a better working world

Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Somec S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity and cash flows and the related explanatory notes of Somec S.p.A. and its subsidiaries (the "Somec Group") as of June 30, 2021. The Directors of Somec S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Somec Group as of June 30, 2021 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Treviso, September 28, 2021

EY S.p.A.
Signed by: Maurizio Rubinato, Statutory Auditor

This report has been translated into the English language solely for the convenience of international readers.

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