

SOMEK S.P.A. BOARD OF DIRECTORS APPROVES INTERIM FINANCIAL REPORT AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2022

**REVENUES UP TO 152 MILLION EURO +18.8%
BACKLOG OF 923 MILLION EURO
STRONG OPERATING CASH FLOW OF 16.5 MILLION EURO**

1H2022 RESULTS

- Consolidated revenues of 152 million Euro, 18.8% up on 30 June 2021
- Order backlog of 923 million Euro, order intake over 142 million Euro in the first half 2022
- Consolidated EBITDA of 9.1 million Euro, down from 14.1 million Euro at 30 June 2021¹
- Consolidated EBITDA margin at 6%, down from 11% at 30 June 2021
- Strong operating cash flow of 16.5 million Euro
- Net financial debt of 36.5 million Euro compared to 22.5 million Euro at 31 December 2021. Including IFRS 16, net debt stood at 63.4 million Euro, compared to 48.2 million Euro at 31 December 2021

San Vendemiano (TV), 28 September 2022 – The Board of Directors of Somec S.p.A. met today to examine and approve the Interim Financial Report as at and for the six months ended 30 June 2022.

"The first half of the year was affected by the large rise in the cost of raw materials and energy, and this was true for all businesses", said Oscar Marchetto, Chairman of the Somec Group. "This inevitably had an impact on our Group, nevertheless we managed to increase cash flows significantly, raise revenue by 18.8% and build an order backlog of 923 million Euro. Thanks to this backlog, and to measures adopted to raise margins, we can look forward to the second half of the year with confidence: we expect the growth in volumes to continue and margins to improve significantly. Promising signs have already come from the resumption of refitting activity, from business in the US and from the Interiors division."

Order Backlog

During the first half 2022, the Group received over 142 million Euro of order intake.

Total Group Backlog² reached 923 million Euro as at 30 June 2022 (921 million Euro as at 31 December 2021), of which 671 million Euro in the *Engineered systems for naval architecture and building façades* division, 159 million Euro in the *Professional kitchen systems and products* division and 93 million Euro in the *Mestieri: design and production of bespoke interiors* division, with a time horizon of the order portfolio until 2030. Of the total Backlog amount of 923 million Euro, options account for 23.9%.

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

¹ In the first half of 2021 consolidated EBITDA included a grant of 2.5 million Euro in favor of US subsidiary Fabbrica LLC.

² Backlog plus Backlog under option.

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

30.06.2019	31.12.2019	30.06.2020	31.12.2020	30.06.2021	31.12.2021	30.06.2022
552	638	720	767	826	921	923

The following chart shows the total Backlog (as at 30 June 2022) breakdown by scheduled delivery year.

Total Backlog breakdown by scheduled year (% of total)

2022	2023	2024	2025	2026	2027	2028	2029	2030
11.2%	28.5%	26.5%	12.4%	10.4%	6.6%	2.8%	1.4%	0.2%

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

<i>Engineered systems for naval architecture and building façades</i>	<i>Professional kitchen systems and products</i>	<i>Mestieri: design and production of bespoke interiors division</i>	Total
72.7%	17.2%	10.1%	100.0%

The following table shows a summarised breakdown split by the main cruise operators.

Seascope Backlog by cruise operator (%)

A	B	C	D	E	Others ancillary	Total
24.0%	20.9%	16.1%	17.1%	13.5%	8.4%	100%

Key economic-financial highlights in 1H 2022

Consolidated revenues at 30 June 2022 amounted to 152 million Euro, 18.8% up on the corresponding figure of 128 million Euro at 30 June 2021. The Group's organic growth was 13.7%.

Performance is shown below by business segment:

- **Engineered systems for naval architecture and building façades** +3.7%
(88.3 million Euro as at 30 June 2022 compared to 85.1 million Euro as at 30 June 2021)
- **Professional kitchen systems and products** +0.9%
(30.8 million Euro as at 30 June 2022 compared to 30.5 million Euro as at 30 June 2021)
- **Mestieri: design and production of bespoke interiors division** +166.7%
(32.9 million Euro as at 30 June 2022 compared to 12.3 million Euro as at 30 June 2021)

The table below breaks down **revenues** by business area:

<i>Eur M/ % of total</i>	<i>Engineered systems for naval architecture and building façades</i>		<i>Professional kitchen systems and products</i>		<i>Mestieri: design and production of bespoke interiors division</i>		Total	
Half year at 30/06/2022	88.3	58.1%	30.8	20.3%	32.9	21.6%	152.0	100.0%
Half year at 30/06/2021	85.1	66.5%	30.5	23.8%	12.4	9.7%	128.0	100.0%
% change	3.7%		0.9%		166.7%		18.8%	

The following table shows a summary of the **total revenues breakdown by geographic area**:

	30/06/2022	30/06/2021
Italy	32.1%	27.8%
Europe (excluding Italy)	19.6%	23.9%
North America	39.1%	38.4%
Rest of the World	9.2%	9.9%

Consolidated **EBITDA** stood at 9.1 million Euro at 30 June 2022, 35.6% down on the figure of 14.1 million Euro at 30 June 2021. The EBITDA margin of 6% compares with 11% for the previous half year, due to the following factors: rising production costs, in particular prices of raw materials and energy costs, with a consequent correction in the first half of the year for the margins of ongoing orders; higher personnel costs due to new hires and acquisitions; higher costs for trade fair and promotional activities; no contribution from the *Paycheck Protection Program* for US subsidiary Fabbrica LLC, compared with 2.5 million Euro in the first half of 2021.

The **EBITDA margin**:

- for the **Engineered systems for naval architecture and building façades** division was 4.9%, compared to 13.2% at 30 June 2021. The decline is due to the reduction in order margins due to the rise in prices of raw materials, in particular steel and aluminum. It is worth to be noted that in the first half of 2021 Fabbrica LLC had received a non-recurring contribution of 2.5 million Euro.
- for the **Professional kitchen systems and products** division was 6.1%, compared to 11.1% at 30 June 2021. This decline is due to the rise in prices of raw materials, in particular steel, and to the cost of promotional activities of subsidiary Pizza Group S.r.l.
- for the **Mestieri: design and production of bespoke interiors** division was 8.9%, compared to -3.5% at 30 June 2021. This improvement of 12.4% is due to the resumption of refitting activities, with higher margins compared to new buildings, having been sidelined in the first half of 2021 due to the pandemic.

Personnel costs amounted to 27.7 million Euro at 30 June 2022, compared to 21.8 million Euro at 30 June 2021. This figure was affected to the extent of 0.6 million Euro by the parent company's medium/long-term incentive plan and by performance bonuses, both absent in the first half of 2021. There was also a large rise in worker recruitment at Fabbrica LLC, while the acquisition of Bluesteel S.r.l. resulted in increased personnel costs.

Depreciation and amortisations amounted to 9.1 million Euro, compared to 7.5 million Euro on 30 June 2021. This item was affected by significant provisions for bad debts totaling 1.8 million Euro, relating to two foreign customers.

Consolidated **EBIT** at 30 June 2022 was zero, compared to the positive figure of 6.6 million Euro in the first half of 2021, with a zero percentage impact on revenues compared to 5.2% in the previous half year. The reasons for the reduction in EBIT are the same as those already explained in reference to EBITDA, plus the higher incidence of write-downs as mentioned above.

Net financial income (expenses) was similar to the first half of 2021 (almost zero, compared to -0.1 million Euro in the compared half-year).

The **Consolidated Net Result** of -0.4 million Euro compares with +5 million Euro at 30 June 2021. The consolidated net result had a -0.2% effect on revenues in the first half of 2022, compared with 3.9% in the first half of 2021.

The **Group net result** of -0.2 million Euro compares with 2.9 million Euro in the first half of 2021.

Net working capital stood at 10.8 million Euro, down by 14.1 million Euro on 24.9 million Euro as at 31 December 2021. The main changes related to: i) the increase in inventories due to the increase in material costs and greater procurement within the Group to tackle the potential scarcity of market resources; ii) the increase in both contract work in progress and liabilities for contract work in progress due to the increase in production volumes and unit costs; iii) the increase in trade payables, mainly relating to supplies to process orders being paid after the end of the period.

Group shareholders' equity amounted to 31 million Euro as at 30 June 2022 compared to 47.3 million Euro as at 31 December 2021. The change, reflecting the performance during the period, is mainly attributable to implicit share premium paid in connection with the acquisition of an additional 20% of the share capital of Fabbrica LLC, resulting directly in a reduction in shareholders' equity and in the allocation of dividends.

Group Net Financial Position, excluding the effects of the application of IFRS 16, stood at 36.5 million Euro as at 30 June 2022, compared to 22.5 million Euro as at 31 December 2021.

Group Net Financial Position as at 30 June 2022, including the effect of IFRS 16, stood at 63.4 million Euro, compared to 48.2 million Euro as at 31 December 2021.

The increase in consolidated net financial debt at 30 June 2022 compared to 31 December 2021 was the result of the payment of dividends of 7.5 million Euro, of which 5.5 million Euro paid by the parent company and 2 million Euro by Fabbrica LLC to its minority shareholders, the acquisition of an additional 20% stake in Fabbrica LLC (16.5 million Euro) and of Bluesteel S.r.l. (5.3 million Euro), offset by the positive effect of the reduction in net working capital. In this regard, there was also a 1.1 million Euro increase due to the IFRS 16 application, following the acquisition of Bluesteel S.r.l..

The change in non-current bank debts was mainly due to the medium/long-term loan taken out in the first quarter of 2022 by parent company Somec S.p.A. with a pool of leading Italian banking institutions to support internationalization projects and refinance existing medium/long-term bank debt. As at 30 June 2022 active credit lines amounted to 50 million Euro.

Operating cash flow, amounting to 16.5 million Euro, rose by 10.4 million Euro compared to the first half of 2021, mainly due to the decrease in the value of net working capital.

At 30 June 2022 the **free cash flow** amounted to 12.1 million Euro due to strong operating cash flow.

Significant events after 30 June 2022

Non-binding agreement for the acquisition of Lamp Arredo S.r.l.

On 15 July 2022 Somec S.p.A. signed a non-binding letter of intent for the acquisition of a majority stake in Lamp Arredo S.r.l., a company specializing in the engineering and production of metal components, particularly skilled in the processing of painted steel and stainless steel as well as high-quality materials, for varied and creative finishes and works of high aesthetic value.

Under the terms of the signed letter of intent, a 60% stake in Lamp Arredo will be acquired. The remaining 40% may be subject to Put and Call options in favor of the parties involved, which may be exercised in time frames still to be decided.

Completion of the Budri acquisition

On 20 July 2022, through the subsidiary Mestieri S.r.l., acquisition of the majority stake (65%) of the share capital of Budri S.r.l. was completed.

On the closing date a provisional price of 7.5 million Euro was paid, including recognition of a majority premium of 10% on the equity value percentage. The agreement also provides for an *earn out* to be paid when set EBITDA and net financial position targets are achieved, in each of the years in the period 2022-2025. The cumulative *earn out* amount may not exceed 3.5 million Euro in the period 2022-2023 and 3.25 million Euro in the period 2024-2025.

Finally, there are Put and Call options that can be exercised on the remaining 35% minority stake in two separate time frames, between the approval of the 2025 and 2027 financial statements.

Call option exercised on 20% of the share capital of Total Solution Interiors S.r.l.

On 20 July 2022 Somec S.p.A. exercised the *Call* option on 20% of the share capital of Total Solution Interiors S.r.l. (TSI), previously held by minority shareholders, thus achieving control of 80% of the company, which rolls out bespoke interiors projects.

The price paid to minority shareholders was not significant, based on the parameters in place for exercising the option.

Somec S.p.A. reserves the right to exercise the option of purchasing the remaining 20% of the share capital of Total Solution Interiors S.r.l. according to the terms of the aforementioned agreement.

Business Outlook

In the second half of the year we expect volume growth trends to continue for both existing business and new acquisitions. Care will be taken with measures to raise margins through actions on current orders and the updating of price lists. Added solace comes from the resumption of refitting activity, which looks like it will continue over the remainder of the year.

Business volumes in the US, through Fabbrica LLC, also show signs of a continuous acceleration.

The aforementioned correction of current orders, begun in the first half of the year, will significantly improve margins in the second half of the year.

Cash flows from operations generated in the second half of the year are expected to grow due to the combined effect of better margins and a potential reduction in inventory levels.

Filing of documentation

The Interim Financial Report as at and for the six months ended 30 June 2022 and the Independent Auditors' Report will be available to Shareholders and the general public via the authorised storage provider 1INFO (www.1info.it) and on the Company website www.somecgruppo.com/en as soon as available.

The Financial Reporting Officer, Federico Puppini, confirms, pursuant to article 154-bis, paragraph 2, of Legislative Decree no. 58/98, that the accounting information contained in this press release corresponds to the accounting figures, books and records.

This document contains forward-looking statements, in particular in the section titled "Business Outlook" relating to future events, the operating income and financial results of the Group. These statements are based on the Group's current expectations and forecasts regarding future events and, by their nature involve risks and uncertainties since they refer to events and depend on circumstances which may, or may not, happen or occur in the future and, as such, they must not be unduly relied upon. The actual results could differ significantly from those contained in these statements due to a variety of factors, including changes in the macroeconomics and in economic growth and other changes in business conditions, changes in legal and institutional framework (both in Italy and abroad), and many other factors, most of which are beyond the Group's control.

SOME C

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

Contacts

Press office:

Thanai Communication Advisors

Thanai Bernardini

me@thanai.it | + 39 335 7245418

Alessandro Bozzi Valenti

alessandro.valenti@thanai.it | + 39 348 0090866

Investor Relations office:

investorrelations@somecgruppo.com

tel. +39 0438 471998

Summary tables

Reclassified consolidated income statement <i>In Euro thousand</i>	1H 2022	%	1H 2021	%	Δ%
Revenue from contracts with customers	150,575	99.1%	124,584	97.4%	20.9%
Other revenues and income	1,427	0.9%	3,391	2.6%	-57.9%
Total revenues	152,002	100.0%	127,975	100.0%	18.8%
Materials, services and other costs	(115,211)	-75.8%	(92,001)	-71.9%	25.2%
Personnel costs	(27,681)	-18.2%	(21,833)	-17.1%	26.8%
Operating costs	(142,892)	-94.0%	(113,834)	-89.0%	25.5%
EBITDA	9,110	6.0%	14,141	11.0%	-35.6%
Depreciation and amortisation	(9,091)	-6.0%	(7,499)	-5.9%	21.2%
EBIT	19	0.0%	6,642	5.2%	-99.7%
Net financial income (expenses)	5	0.0%	(122)	-0.1%	-104.1%
Net results from associate companies	44	0.0%	48	0.0%	-8.3%
EBT	68	0.0%	6,568	5.1%	-99.0%
Income taxes	(418)	-0.3%	(1,563)	-1.2%	-73.3%
Consolidated Net Result	(350)	-0.2%	5,005	3.9%	-107.0%
Non-controlling interests	(165)	-0.1%	2,089	1.6%	-107.9%
Group Net Result	(185)	-0.1%	2,916	2.3%	-106.3%

Reclassified consolidated statement of financial position

In Euro thousand

	30/06/2022	31/12/2021
Intangible assets	52,297	47,681
<i>of which Goodwill</i>	32,081	27,417
Tangible assets	14,720	14,135
Right-of-use assets	26,636	25,544
Investments in associates	308	213
Non-current financial assets	1,527	323
Other non-current assets and liabilities	(3,413)	(3,002)
Employee benefits	(4,174)	(4,256)
Net non-current assets	87,901	80,638
Trade receivables	74,379	75,860
Inventory and payments on account	22,354	13,756
Construction contracts and advance payments from customers	30,610	22,329
Liabilities for contract work in progress and customer advances	(46,969)	(35,224)
Trade payables	(70,575)	(53,427)
Provisions for risk and charges	(493)	(1,283)
Other current assets and liabilities	1,541	2,893
Net working capital	10,847	24,904
Net Invested capital	98,748	105,542
Group equity	(31,009)	(47,268)
Non-controlling interest in equity	(4,368)	(10,066)
Net financial position	(63,371)	(48,208)
Sources of funding	(98,748)	(105,542)

Net financial position	30/06/2022	31/12/2021
<i>In Euro thousand</i>		
Cash and cash equivalents	42	142
Bank deposits	63,991	47,503
Total liquidity	64,033	47,645
Current financial assets	396	389
Current bank debt	(18,943)	(17,393)
Current portion of long-term debt	(10,822)	(13,612)
Other current financial liabilities	(498)	(2,062)
Current debt	(30,263)	(33,067)
Current net financial position	34,166	14,967
Non-current bank debt	(64,117)	(34,936)
Other non-current financial liabilities	(6,566)	(2,517)
Non-current financial position	(70,683)	(37,453)
Net financial position before IFRS 16	(36,517)	(22,486)
IFRS 16 – Lease - impact	(26,854)	(25,722)
Current portion	(4,084)	(3,917)
Non-current portion	(22,770)	(21,805)
Net financial position	(63,371)	(48,208)

Cash Flow statement	30/06/2022	30/06/2021
<i>In Euro thousand</i>		
Cash flows from operating activities	16,514	6,141
Cash flows from investing activities	(4,451)	(2,998)
Free Cash Flow	12,063	3,143
Cash flows from financing activities	2,507	(4,389)
Effect of exchange rate changes on cash and cash equivalents	1,818	644
Net cash flow	16,388	(602)
Cash and cash equivalents at the beginning of the period	47,645	41,843
Cash and cash equivalents at the end of the period	64,033	41,241

The foregoing press release is not a public offer of financial instruments in Italy pursuant to Art. 1, § 1, lett. t), of Leg. Decree No. 58 of 24 February 1998. This press release (including the information contained herein) is not, either as a whole or in part, a public offer of financial instruments nor a call for public tender for the purchase of financial instruments, and there will not be any offer of sale of such products in any jurisdiction for which such offer or sale is in violation of applicable law. This press release is not an offer of sale of financial instruments in the United States of America, in Australia, in Canada, in Japan or in any other jurisdiction in which this offer or sale is forbidden and therefore it may not be published or distributed, either directly or indirectly, in these countries. The financial instruments mentioned in this press release have not been and will not be registered under the Securities Act of 1933 of the United States of America, as amended; such products shall not be offered or sold in the United States of America without registration or without specific exemption from the obligations of registration. The documentation regarding the offer has not been/will not be submitted for approval to CONSOB and to Borsa Italiana S.p.A.

The foregoing press release may contain information that is forward-looking, including references that are not related exclusively to historical data or current events and that, therefore, as such are uncertain. Forward-looking information is based on assumptions, expectations, projections and forecast data regarding future events and is subject to very many uncertainties and to other factors out of the Company's and/or Group's control. There are many factors that may generate significantly different results and trends compared to the implicit or explicit contents of forward-looking information. For this reason, this kind of information is not a reliable indication of future performance. Somec S.p.A. denies any obligation to publicly update or review forward-looking information either as a result of future events or for any other reason, unless this is required under applicable laws. The information and the opinions contained in this press release are those available at the time of going to press and may be changed without warning. Moreover, any references to the past performance of the Company or of the Group must not be intended as an indication of future performance.

NOT TO BE PUBLISHED OR DISTRIBUTED IN THE UNITED STATES OF AMERICA, AUSTRALIA, CANADA OR JAPAN