INTERIM FINANCIAL REPORT AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2022

SOMEC GRUPPO


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GRUPPO

INDEX

INTERIM DIRECTORS' REPORT FOR THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 30 JUNE 2022

INTRODUCTION

On 28 September 2022, the Board of Directors approved the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2022 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.
- **EBITDA *margin*** is obtained from the ratio of EBITDA to the sum of Revenues from contracts with customers and Other revenues and income.
- **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.

MANAGER RESPONSIBLE FOR PREPARING FINANCIAL REPORTS

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
Ph: +39 0438 4717
Share capital EUR 6,900,000.00 fully paid in
VAT no. IT 04245710266
www.somecgruppo.com

INVESTOR RELATIONS

email: investorrelations@somecgruppo.com
Ph: +39 0438 471998

GENERAL INFORMATION

SOMEC GROUP

We are one of the world's main players as regards the engineering, design and rollout of complex turnkey projects in the areas of civil and naval engineering, in the following segments: systems engineered for naval architecture and building facades; professional kitchen systems and products; design and creation of custom high-end interiors.
The main companies in the Somec Group work to order, designing and producing unique systems suitable for the most extreme operating conditions in full compliance with naval and civil engineering safety and quality standards. The Group's projects stand out for their uniqueness and high level of specific know-how, needed for high value-added orders.
SOMEC stands for top quality Italian construction. www.somecgruppo.com

The Group operates through three divisions:

→ **Engineered systems for naval architecture and building façades**
The Somec Group is one of the largest players in Europe and North America regarding the design, careful selection of materials, production, installation and maintenance of innovative solutions and original construction systems for naval architecture and building facades, ensuring the highest certified standards of quality and durability.

→ **Professional kitchen systems and products**
The Somec Group designs and produces integrated and customizable systems for professional kitchens, harmoniously combining aesthetics with top performance, as well as turnkey projects in the catering and hospitality sectors.
All its products are backed by certified standards of high efficiency and durability for international clients whose needs and expectations are always satisfied.

→ **Mestieri: design and production of bespoke interiors**
The Somec Group rolls out turnkey projects for high-end interiors, making the most of the skills and know-how of Italian craftsmen able to work with a wide range of materials, from metals and marbles to precious woods, leathers and fabrics.
A history of excellence, with a portfolio of unique references, coordinated by a lead company that takes charge of the general management of the most complex and sophisticated projects in the following sectors: cruise and yacht, hospitality and catering, high-end residential and first-class retail.

SOMEC GROUP STRUCTURE

The following graph shows the Group's structure at 30 June 2022.

ENGINEERED SYSTEMS OF NAVAL ARCHITECTURE AND BUILDING FAÇADES

- PE — SOMEC NAVALE France branch
- PE — SOMEC NAVALE Germany branch
- PE — SOMEC NAVALE Finland branch
- PE — SOMEC NAVALE Norway branch
- PE — SOMEC NAVALE Romania branch
- 100% — SOMEC SHANGHAI
- 100% — SOMEC SINTESI
- 100% — NAVALTECH
- 100% — SOTRADE
  - PE — Sotrade Italy
  - PE — Sotrade Finland
- 100% — 3.0 PARTNERS USA INC.
  - 71% — FABBRICA
    - 100% — AFM
    - 70% — FABBRICA WORKS
    - 40%* — SQUADRA
- 60% — bluesteel
  - 100% — Bluesteel Group UK LTD
  - 100% — Bluesteel Group USA INC.

PROFESSIONAL KITCHEN SYSTEMS AND PRODUCTS

- 100% — OXIN
  - PE — OXIN Germany branch
  - PE — OXIN Romania branch
  - PE — OXIN Norway branch
- 100% — GICO
- 100% — INOXTREND
- 100% — PRIMAX
- 100% — PIZZAGROUP
  - 100% — PIZZA GROUP USA LLC

MESTIERI: DESIGN AND PRODUCTION OF BESPOKE INTERIORS

- 100% — MESTIERI SOMEC GRUPPO
  - 80%** — MESTIERI USA INC.
- 60% — TSI
  - 100% — TSI LLC
- 100% — HYSEA
- 60% — SKILLMAX
  - 100% — SKILLBUILD

PE: Permanent Establishment
*Squadra S.r.l. 40% held by the Group through Somec S.p.A. and Fabbrica LLC
**Mestieri USA INC. 60% owned by Mestieri S.r.l. and 20% by 3.0 Partners USA INC

SCOPE OF CONSOLIDATION

As at 30 June 2022 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
Bluesteel S.r.l.	Colle Umberto (TV)	60% (1)	Euro	650.000
GICO S.p.A.	Vazzola (TV)	100%	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
Mestieri S.r.l.	San Vendemiano (TV)	100%	Euro	100,000
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 Sintesi S.r.l.	San Vendemiano (TV)	100%	Euro	100,000
Somec Shanghai Co., Ltd	Shanghai (Cina)	100%	CNY	984,922
Sotrade S.r.o.	Piestany (Slovacchia)	100%	Euro	92,380
Total Solution Interiors S.r.l.	Cantù (CO)	60% (2)	Euro	100,000

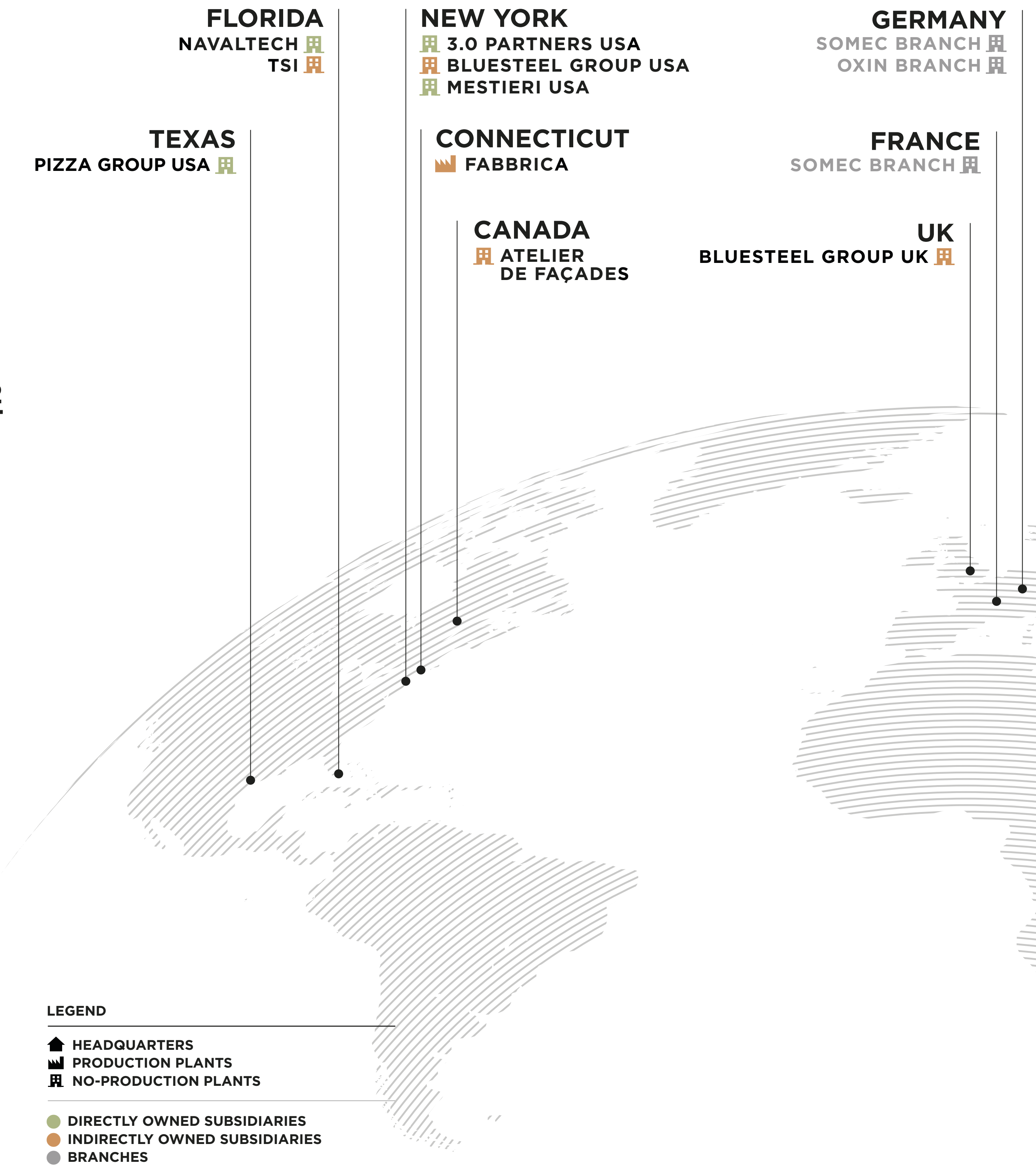
Company	Registered office	% ownership	Currency	Share Capital
Indirectly owned subsidiaries and associates:				*(currency unit)*
Atelier de Façades Montréal Inc.	Montréal (Canada)	70.90%	CAD	100
Bluesteel Group UK Ltd	Londra (UK)	60% (1)	GBP	100
Bluesteel Group USA Inc.	New York (USA)	60% (1)	USD	10,000
Fabbrica LLC	Delaware (USA)	70.90%	USD	10,000,000
Fabbrica Works S.r.l.	San Biagio di Callalta (TV)	49.63% (3)	Euro	100,000
Mestieri USA Inc.	New York (USA)	80% (4)	USD	-
Pizza Group USA LLC	Houston (USA)	100%	USD	10,000
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

On 13 January 2022 Somec S.p.A. completed the acquisition of 60% of the share capital of Bluesteel S.r.l., which thus enters the scope of consolidation together with the companies Bluesteel Group UK Ltd and Bluesteel Group USA Inc., which are 100% directly controlled. The companies were fully consolidated over the entire half yearly period.
On 15 February 2022 the call option for the 20% stake in GICO S.p.A. was exercised in advance. As of 30 June 2022, the parent company therefore holds 100% of the share capital of GICO S.p.A.
On 19 April 2022 the indirect controlling interest in the US company Fabbrica LLC was increased, through the company 3.0 Partners USA Inc., from 50.9% to 70.9% of the share capital.
In the first half of 2022 Mestieri S.r.l. was also established, 100% controlled by parent company Somec S.p.A. and, to expand the business centering on the design and creation of high-end interiors in the US market, Mestieri USA Inc. was also founded, 60% controlled by Mestieri S.r.l. and 20% by US company 3.0 Partners USA Inc.
In April 2022 the subsidiary Pizza Group S.r.l. established Pizza Group USA LLC, to strengthen its presence in the US market.

(1) The acquisition of Bluesteel S.r.l. includes an option (Put and Call) for the purchase of the remaining 40% minority stake, which may be exercised from the approval of the company's financial statements at 31 December 2025 until 30 June 2026. By virtue of the Put and Call option, consolidation does not entail the recognition of minority interests.
(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. 49.63% is the related indirect ownership of Somec S.p.A. as at 30.06.2022.
(4) The indirect subsidiary Mestieri USA Inc. is 60% owned by Mestieri S.r.l. and 20% by 3.0 Partners USA Inc.

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), New York (USA), Houston (USA), Connecticut (USA), Delaware (USA), Montréal (Canada), Piestany (Slovakia), Bucharest (Romania), Londra (UK), Santa Lucia di Piave (TV), Codognè (TV), San Vito al Tagliamento (PN), Cantù (CO), Aprilia (LT), San Biagio di Callalta (TV), Vazzola (TV) and Colle Umberto (TV).

ITALY
- SOMEC GRUPPO HQ
- SOMEC NAVALE
- BLUESTEEL
- FABBRICA WORKS
- GICO
- HYSEA
- INOXTREND
- MESTIERI
- OXIN
- PIZZA GROUP
- PRIMAX
- SKILLMAX
- SKILLBUILD
- SOMEC SINTESI
- SQUADRA
- TSI
- SOTRADE BRANCH

NORWAY
- SOMEC BRANCH
- OXIN BRANCH

FINLAND
- SOMEC BRANCH
- SOTRADE BRANCH

SLOVAKIA
- SOTRADE

ROMANIA
- SOMEC BRANCH
- OXIN BRANCH

CHINA
- SOMEC SHANGHAI

SIGNIFICANT EVENTS

DURING THE FIRST HALF OF 2022

Agreement to raise the controlling interest in Fabbrica LLC
On 3 January 2022 Somec S.p.A., through its direct US subsidiary 3.0 Partners USA Inc., signed an agreement for the acquisition of an additional 20% stake in its US subsidiary Fabbrica LLC from minority shareholder 2.0 Partners LLC. The transaction was completed on 14 April 2022, with Somec S.p.A. raising its indirect controlling interest from 50.9% to 70.9%.

Completion of the Bluesteel S.r.l. acquisition
On 13 January 2022 Somec S.p.A. completed the acquisition of 60% of the share capital of Bluesteel S.r.l., a player in the European market of systems engineered for building façades and windows. The purchase continues the Group's strategy of consolidating its position in the segment “Systems engineered for naval architecture and building facades”. The growing demand for building renovation, in terms of environmental sustainability and reduction of waste and running costs, will allow further growth of the division in both the US and European markets.

Early acquisition of remaining 20% of GICO S.p.A.
On 16 December 2021 Somec S.p.A. signed an agreement for the early purchase of the remaining 20% of GICO S.p.A.'s share capital, acquired in July 2020. Following the completion of the purchase on 15 February 2022, Somec S.p.A. increased its controlling interest from 80% to 100%, becoming its sole shareholder.

Establishment of Mestieri S.r.l.
On 17 February 2022 Mestieri S.r.l. was established, a company 100% controlled by Somec S.p.A. and based in San Vendemiano (TV). The aim is to roll out turnkey projects for top quality interiors, in order to expand the parent company's business and strengthen the division devoted to the design and creation of high-end interiors.

Medium/long-term loan taken out with a pool of banks
On 31 March 2022 Somec S.p.A. took out a medium/long-term loan for the maximum overall amount of 60 million Euro (principal) with a pool made up of three leading Italian banks. The loan, having a maximum duration of 78 months, consists of three credit lines, of which: (a) one credit line of up to 30 million Euro, to support internationalization projects, partially backed by an autonomous, first demand guarantee from SACE S.p.A.; (b) one credit line of up to 20 million Euro to refinance existing medium-long-term bank debt and, for any credit left over, to replenish company liquidity; and (c) one credit line of up to 10 million Euro, available to support possible Group growth through acquisitions.

New treasury share purchase programs
On 12 October 2021 Somec S.p.A. initiated a new program to purchase treasury shares further to the resolution approved by the Shareholders' Meeting on 29 April 2021.
This program is designed to enable Somec S.p.A. to: (i) have treasury shares that can be allocated to service the long-term variable incentive plan, reserved for some of the Group's strategic resources, this too approved in the Shareholders' Meeting of 29 April 2021; (ii) have a “stock reserve” to service any extraordinary transactions and/or possible use of shares as consideration in extraordinary transactions with other parties, as part of transactions of interest to the parent company.

On 28 April 2022 this program ended, with the purchase of 4,562 treasury shares, corresponding to 0.07% of the share capital, for a total value of 131,000 Euro, at a weighted average price of 28.6338 Euro.
On 9 May 2022 Somec S.p.A. initiated another treasury share purchase program further to the resolution approved by the Shareholders' Meeting of 29 April 2022. On 16 June 2022 this programme ended, with the purchase of 11,500 treasury shares, corresponding to 0.17% of the share capital, for a total value of 349,000 Euro, at a weighted average price of 30.3552 Euro.

Establishment of Pizza Group USA LLC and Mestieri USA Inc.
On 22 March 2022 Pizza Group USA LLC was founded as a means for strengthening the US presence of Pizza Group S.r.l., a company based in San Vito al Tagliamento (PN) focusing on the design, production and sale of machinery, ovens and equipment for pizzerias. This company was acquired by Somec in 2020, and has grown significantly since then.
Moreover, on 19 April 2022, the company Mestieri USA Inc. was also established to expand the business of designing and creating high-end interiors in the United States, following the establishment in Italy of Mestieri S.r.l. This company was founded with the aim of rolling out turnkey projects for top quality interiors, aimed at high-flying sectors such as high-end residential, retail and luxury hospitality, in both the civil and shipbuilding segments, making use of and preserving Made in Italy craftsmanship, which has always been highly appreciated overseas.
The letter of intent is aimed at the purchase of a 60% stake into Gino Ceolin S.r.l.. The remaining 40% is expected to be subject to the assignment of put & call options in favour of the Parties, exercisable within a time window to be determined, which will open with the approval of the financial statements as of December 31, 2026. No binding agreements relating to the transaction have yet been finalized at the date of this document.

Non-binding agreement for the acquisition of Gino Ceolin S.r.l.
On 31 May 2022 a non-binding letter of intent was signed with the company Gino Ceolin S.r.l. for purchase of that company's majority stake. The company specializes in the realization of custom metal carpentry works for exteriors and interiors, in particular in the retail, hospitality and high-end residential sectors. The company is a fine example of a Made in Italy business that boasts prestigious references in major international markets. With this transaction the company enters the Somec Group through subsidiary Mestieri S.r.l. to expand the range of specializations available in the Group's "Italian quality" construction projects and thus strengthen its custom high-end interiors design and creation division.
The non-binding letter of intent is aimed at the purchase of a 60% stake into Gino Ceolin S.r.l..
The remaining 40% is expected to be subject to the assignment of Put and Call options in favour of the parties, exercisable within a time window to be determined, which will open with the approval of the financial statements as of December 31, 2026.

Preliminary agreement for the acquisition of Budri S.r.l.
On 23 June 2022 Somec S.p.A. signed a draft agreement for the acquisition of the majority stake in Budri S.r.l., one of the world's leading companies in the marble-working sector. Over time Budri has acquired unparalleled experience internationally, rolling out major and complex custom marble projects for villas, residences, hotels, boutiques and other prestigious buildings, becoming a major player in the sector, with references worldwide. The transaction, completed on 20 July 2022 through the subsidiary Mestieri S.r.l., is highly strategic, as it will expand the Group's offering of solutions for high-end bespoke construction projects.

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 S.r.l. 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 provisional price will be reduced if certain objectives in terms of net financial position are not achieved at the closing date of the 2022 financial statements. 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.

As regards the minority stake, there are Put and Call options that can be exercised in two separate time frames: for 15%, within 120 days of the approval of the 2025 financial statements for the Call option or in the following 120 days for the Put option; and for the remaining 20%, within 120 days of the approval of the 2027 financial statements for the financial year for the Call option or in the following 120 days for the Put option.

Budri S.r.l. was born out of GMB S.r.l. (formerly Budri S.p.A.) as a separate business line, as from 1 January 2022. In 2021 the transferred business posted a production value of 11.3 million Euro and an EBITDA of 1.3 million Euro. As at the date of the transfer, shareholders' equity amounted to 3 million Euro, and the net financial position was negative to the tune of 6.1 million Euro.

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 acquisition agreement included a shareholder agreement governing the separate exercising of Put and Call options for the shares of minority shareholders at a price corresponding to 6 times the average EBITDA for the three-year period prior to the option being exercised, net of the net financial position at that time, to be exercised within ninety days of the approval of the 2021, 2022 or 2023 financial statements. The price paid to minority shareholders is not significant, based on the option parameters. 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.

ORDER BACKLOG

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

Total Group Backlog [1] 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 milion 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.

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%

(1) Total Backlog: Backlog plus Backlog under option, as described in the Introduction regarding the Alternative performance indicators.

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

BACKLOG BY BUSINESS DIVISION (%)			
Engineered systems for naval architecture and building façades	**Professional kitchen systems and products**	**Mestieri: design and production of bespoke interiors division**	**Total**
72,7%	17,2%	10,1%	100,0%

The table below briefly illustrates the backlog broken down by the shipping companies making orders for new vessels.

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%

SOMEC GROUP OPERATING PERFORMANCE

RESULTS

Below is the reclassified consolidated income statement as at 30 June 2022 and 30 June 2021.

CONTO ECONOMICO CONSOLIDATO RICLASSIFICATO					
	Half-year as at 30 June 2022	**%**	**Half-year as at 30 June 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%**

Amounts in €/000

The Group's **consolidated economic situation** at 30 June 2022 saw revenues of 152 million Euro, compared to 128 million Euro at 30 June 2021, a rise of 18.8%, confirming the full recovery of production activities, in particular refitting. This figure includes the contribution of acquisitions, while the Group's organic growth was 13.7%.

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

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.

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, benefiting from the contribution received by US subsidiary Fabbrica LLC. The reasons for the reduction in EBIT are the same as those already explained in reference to EBITDA, plus the higher incidence of the write-downs 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.

The **Net result for minority interests** of -0.2 million Euro compares with +2.1 million Euro in the first half of 2021.

TRENDS OF SINGLE DIVISIONS

Below is a summary of the key income statement figures for the three divisions as at 30 June 2022 with comparative figures for 30 June 2021.

30 JUNE 2022

	Engineered systems for naval architecture and building façades	**Professional kitchen systems and products**	**Mestieri: design and production of bespoke interiors division**	**Total**
Total revenues	88,320	30,776	32,906	152,002
EBITDA	4,297	1,882	2,931	9,110
EBIT	(574)	230	363	19
EBITDA margin	4.9%	6.1%	8.9%	6.0%
EBIT margin	-0.6%	0.7%	1.1%	0.0%

Amounts in €/000

30 JUNE 2021

	Engineered systems for naval architecture and building façades	**Professional kitchen systems and products**	**Mestieri: design and production of bespoke interiors division**	**Total**
Total revenues	85,134	30,504	12,337	127,975
EBITDA	11,202	3,376	(437)	14,141
EBIT	6,735	2,013	(2,106)	6,642
EBITDA margin	13.2%	11.1%	-3.5%	11.0%
EBIT margin	7.9%	6.6%	-17.1%	5.2%

Amounts in €/000

Total revenues per business unit showed the following performances:

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

STATEMENT OF FINANCIAL POSITION

The following is the reclassified consolidated statement of financial position as at 30 June 2022 and 31 December 2021.

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30/06/2022	31/12/2021
Intangible assets	52,297	47,681
of which Goodwill	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)**

Amounts in €/000

Net non-current assets amounted to 87.9 million Euro as at 30 June 2022 compared to 80.6 million Euro as at 31 December 2021. The change is mainly due to the acquisition of Bluesteel S.r.l. which, following the Purchase Price Allocation, entailed the recognition of intangible assets (Know-how) of 2.1 million Euro and the provisional posting of goodwill of 4.1 million Euro, in addition to increased right-of-use assets of 1.1 million Euro.

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

- 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.

- 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.

- 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

Net financial position amounted to 63.4 million Euro, up by 15.2 million Euro on the 48.2 million Euro as at 31 December 2021. 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			
		30/06/2022	**31/12/2021**
A.	Cash and cash equivalents	42	142
B.	Bank deposits	63,991	47,503
C.	**Total liquidity (A+B)**	**64,033**	**47,645**
D.	**Current financial assets**	**396**	**389**
E.	Current bank debt	(18,943)	(17,393)
F.	Current portion of long-term debt	(10,822)	(13,612)
G.	Other current financial liabilities	(498)	(2,062)
H.	**Current debt (E+F+G)**	**(30,263)**	**(33,067)**
I.	**Current net financial position (C+D+H)**	**34,166**	**14,967**
J.	Non-current bank debt	(64,117)	(34,936)
K.	Other non-current financial liabilities	(6,566)	(2,517)
L.	**Non-current financial position (J+K)**	**(70,683)**	**(37,453)**
M.	**Net financial position before IFRS 16 (I+L)**	**(36,517)**	**(22,486)**
N.	**IFRS 16 – Lease - impact**	**(26,854)**	**(25,722)**
	Current portion	(4,084)	(3,917)
	Non-current portion	(22,770)	(21,805)
O.	**Net financial position (M+N IFRS 16 impact)**	**(63,371)**	**(48,208)**

Amounts in €/000

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 Consolidated Financial Statements.

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.

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.

The reclassified consolidated statement of cash flows as at 30 June 2022 and 30 June 2021 is shown below.

CASH FLOW STATEMENT

	30/06/2022	**30/06/2021**
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**

Amounts in €/000

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.

Cash flow for **financing activities** of 2.5 million Euro mainly refers to the new medium/long-term bank loan taken out with a pool of banks, net of dividend payments and cash used for the acquisition of minority shares in Fabbrica LLC.

OTHER INFORMATIONS

RESEARCH & 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.
As tangible evidence of the commitment to the integration of sustainability considerations in the business model, our management activity is reported internally through a set of ESG-oriented (*Environmental, Social & Governance*) indicators on the performance of the Group on the sustainability front.
The R&D department is constantly committed to creating innovative solutions that can make a tangible contribution.

HUMAN RESOURCES

As at 30 June 2022, the Group's headcount amounts to 867 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 70 between 30 June 2021 and 30 June 2022, an increase of 9%, 6% of this figure due to the acquisition of Bluesteel S.r.l.

OWNERSHIP OF THE COMPANY

As at 30 June 2022, 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%.

It is also noted that, at the end of the period, parent company Somec S.p.A. held 22,900 treasury shares, 0.33% of the share capital, following the treasury share purchase programme launched in late 2021 and continued in the first half of 2022.

The remaining 24.34% is float, accounting for 1,679,053 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 2022 and income and expenses from related party transactions in the first half of 2022, please see the relevant section of the notes to the financial statements.

TREASURY SHARES

As of 30 June 2022 Somec S.p.A. held 22,900 treasury shares, 0.33% of the share capital.

Somec S.p.A. initiated a series of programmes to purchase treasury shares based on the resolutions approved by the Shareholders' Meetings of 29 April 2021 and of 29 April 2022. This programms are designed to enable Somec S.p.A. to: (i) have treasury shares that can be allocated to service the long-term variable incentive plan, reserved for some of the Group's strategic resources (ii) have a "stock reserve" to service any extraordinary transactions and/or possible use of shares as consideration in extraordinary transactions with other parties, as part of transactions of interest to the parent company. As part of these programs and net of the allocations made to service the incentive plan, at the end of the six-month period the Group holds a total of 22,900 treasury shares, corresponding to 0.33% of the share capital, worth 727,000 Euro.

PERFORMANCE OF SOMEC SHARES LISTED ON THE BORSA ITALIANA S.P.A. ELECTRONIC STOCK EXCHANGE (EURONEXT MILAN MARKET - EXM)

On 30 June 2022, the official closing price of Somec shares was 31.20 Euro (-17.2% compared to the closing value of 37.70 Euro as at 30 December 2021, +16.9% compared to the closing value of 26.70 Euro as at 30 June 2021). The market capitalisation as at 30 June 2022 was 215,280 thousand Euro (compared to 260,130 thousand Euro as at 30 December 2021).

ATYPICAL AND/OR UNUSUAL TRANSACTIONS

During the first half 2022, the Group did not carry out any atypical and/or unusual transactions.

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, above all through internal audit and risk management system based on a risk-based approach, 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

RISKS RELATING TO THE WORLDWIDE GEOPOLITICAL SITUATION

In the first six months of 2022 geopolitical tensions in the world, fueled by the Russian-Ukrainian conflict, brought about an extremely complex and unpredictable situation, characterized by galloping inflation and highly speculative dynamics. This had a significant impact on energy and raw material prices, as well as on the reliability of supplies. For the first time, resource availability is at risk, making any planning and optimization of the production chain extremely difficult. This in turn has an impact on costs and efficiency. This dramatic scenario comes on top of a situation already made difficult by the pandemic, increasing volatility and systemic tension. Although the Group has no direct or indirect business interests in the areas affected by the conflict, and its business is not particularly energy-intensive or exposed to inflationary phenomena, it must be stressed that the persistence of the above-mentioned situation has inevitably made the company more exposed to such risks and subject to global supply dynamics. This will put consequent pressure on operations and margins.
The impact of these risks is however mitigated by an extremely streamlined organizational structure and abundant order backlog, which is an undoubted advantage in terms of potential planning.

COVID-19 (CORONAVIRUS) RELATED RISKS

The Group's business model is based on a strategy of proximity to the customer, and a short, well-controlled production chain has been adopted, thus it is not particularly exposed to the current pandemic emergency. While there is broad consensus about a marked improvement in the global health situation, with a gradual return to normality in the medium term, the persistence or possible deterioration of the situation cannot be ruled out, and this may have an impact on the normal management of operations, with particular reference to the supply and customer chains. Moreover, while the cruise sector is enjoying a phase of strong recovery, it remains particularly vulnerable to the phenomenon.
To mitigate this risk, the Group continues to adopt strict measures and protocols to safeguard the health of employees and the continuity of operational processes.

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 current global geopolitical and pandemic emergencies, it still operates according to a "Business to Business" model, which is therefore extremely structured and organized, 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 shipbuilding industry, 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. With regard to the absence of customer concentration, it is noted that in this sector no operator accounts for more than 24% of turnover, which greatly 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.
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 civil sector of the division Systems engineered for naval architecture and building facades, for instance, is less exposed to these risks due to i) the product sector, whose demand, driven by the massive investment plan focusing on environmental sustainability and climate change requirements, has so far been little affected by the pandemic, and is characterized by shorter, more frequent projects, and ii) extreme customer fragmentation.

CYBER SECURITY RISKS

The Group is exposed to such risks due to the growing use of IT systems and the spread of digitisation processes. Relative consequences might lead to a loss of data, interruptions to activities or privacy violations. While it is not particularly exposed to this risk, the Group is still engaged in constant activity to strengthen its security systems and procedures, training staff and protecting IT infrastructures with ad hoc measures.

RISKS RELATED TO CLIMATE CHANGE

The Group is committed to ensuring the transition to a low-polluting economy. There may however still be transition-related and physical risks, having a possible impact on business processes, in particular production processes. Group assets might also be affected by natural events (floods, droughts, fires and so on) generated by the effects of climate change.
The Group's industrial strategy is oriented towards continuously raising the efficiency of production systems and processes to reduce energy consumption and air emissions. Its market positioning makes it a partner of excellence for leading US players in the sphere of research, development and implementation of innovative solutions that have a low environmental impact and actively combat climate change.
The Group implements actions to combat acute and chronic physical risks, and has taken out specific insurance coverage to guard against possible consequences deriving from disastrous climatic and natural events. In order to mitigate these risks, the Group is also committed to integrating sustainability issues in its business plan and incentive tools, monitoring relevant elements through "what-if" analyses.

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.

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 taken out medium/long-term loans with variable Euribor-linked rates, regarding which it has carried out hedging transactions that mitigate the risk of rate fluctuations. 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. Although the Group is not particularly exposed to the risk of its customers delaying or defaulting on their payment obligations depending on the type of contract entered into or trade practices, we cannot rule out the possibility that the current geopolitical crisis may indirectly have an impact on its customer portfolio due to inflationary phenomena or unreliability of supplies. For commercial purposes, policies have also been anyway 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.

KEY UNCERTAINTIES

At the time of drafting this document, the conflict between Russia and Ukraine and the continuing global pandemic emergency is producing a scenario characterized by extreme volatility and unpredictability. The success of the vaccination plan and extraordinary measures offer clear evidence that the situation is returning to normal, however, the risk of a return of the pandemic remains. The geopolitical situation, on the other hand, represents a clear threat to the recovery of the global economy.
It is not possible at this moment to foresee the relative consequences in terms of inflation and continuity of supplies.

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.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

	Note	30/06/2022	31/12/2021
Non-current assets			
Property, plant and equipment	1	14,720	14,135
Intangible assets	2	52,297	47,681
Right-of-use assets	3	26,636	25,544
Investments in associates	4	308	213
Non-current financial assets	5	1,527	323
Deferred tax assets	6	4,486	3,788
Total non-current assets		**99,974**	**91,684**
Current assets			
Inventory and contract assets	7	52,964	36,085
Trade receivables	8	74,379	75,860
Other receivables	9	12,185	10,224
Tax receivables	10	3,532	4,272
Other current financial assets	11	396	389
Cash and cash equivalents	12	64,033	47,645
Total current assets		**207,489**	**174,475**
Total assets		**307,463**	**266,159**

Amounts in €/000

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30/06/2022	31/12/2021
Group net equity			
Share capital	13	6,900	6,900
Share premium reserve	13	18,173	18,173
Legal reserve	13	1,380	1,380
Other reserves and retained earnings	13	4,556	20,815
Total Group net equity		**31,009**	**47,268**
Non-controlling interests	13	4,368	10,066
Total net equity		**35,377**	**57,334**
Non-current liabilities			
Loans and financing	14	64,117	34,936
Other non-current financial liabilities	15	29,336	24,322
Other non-current liabilities		383	-
Provisions for liabilities and charges	16	493	1,283
Net defined-benefit obligations	17	4,174	4,256
Deferred tax liabilities	6	7,516	6,790
Total non-current liabilities		**106,019**	**71,587**
Current liabilities			
Trade payables	18	70,575	53,427
Other current liabilities	19	11,739	9,653
Contract work in progress and customer advances	20	46,969	35,224
Loans and financing	14	29,765	31,005
Other current financial liabilities	15	4,582	5,979
Income tax liabilities	21	2,437	1,950
Total current liabilities		**166,067**	**137,238**
Total liabilities		**272,086**	**208,825**
Total liabilities and shareholders' equity		**307,463**	**266,159**

Amounts in €/000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
	Note	**Half-year as at 30 June 2022**	**Half-year as at 30 June 2021**
Revenues from contracts with customers	22	150,575	124,584
Other revenues and income	23	1,427	3,391
Revenues		**152,002**	**127,975**
Raw materials and consumables		(64,341)	(54,641)
Employee benefit expenses	24	(27,681)	(21,833)
Depreciation, amortisation and other write-downs	25	(9,091)	(7,499)
Other operating costs	26	(50,870)	(37,360)
Operating profit (EBIT)		**19**	**6,642**
Financial expenses	27	(1,134)	(794)
Financial income	27	38	388
Other income (and expenses)	28	1,101	284
Income from associates	29	44	48
Profit/(loss) before tax (EBT)		**68**	**6,568**
Income taxes	30	(418)	(1,563)
Profit/(loss) for the period		**(350)**	**5,005**
Non-controlling interests	13	(165)	2,089
Group profit/(loss)	**13**	**(185)**	**2,916**
Earnings per share (in Euro)	**31**	**(0.03)**	**0.42**
Diluted earnings per share (in Euro)	**31**	**(0.03)**	**0.42**

Amounts in €/000

	Nota	Half-year as at 30 June 2022	Half-year as at 30 June 2021
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	732	474
Net gains/(losses) on cash flow hedges	13	1,126	70
Total other comprehensive income/(losses) that may be subsequently reclassified within profit/(loss), net of tax:	**13**	**1,858**	**544**
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	373	89
Total other consolidated comprehensive income that will not be reclassified to net income/(losses), net of tax:	**13**	**373**	**89**
Total other comprehensive income/(losses), net of tax:	**13**	**2,231**	**633**
Total income/(loss) net of tax		**1,881**	**5,638**
Attributable to:			
Equity holders of the parent		**1,524**	**3,499**
Non-controlling interests		**357**	**2,139**

Amounts in €/000

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS	Note	Half-year as at 30 June 2022	Half-year as at 30 June 2021
Pre-tax result		68	6,568
Reconciliation of net income to operating cash flow:			
Depreciation and amortisation, excl. impairment write-downs	25	7,233	6,685
Government grant	23	-	(2,513)
Change in defined benefit obligations	13-17	(79)	(303)
Change in Put and Call option liabilities	27	-	(133)
Finance costs	27	1,134	794
Finance income	27	(38)	(255)
Net exchange rate changes		(2,280)	(977)
Change in fair value of financial derivatives		-	70
Income (loss) for the period from associates	4-29	(44)	(48)
(Capital gains)/Capital losses on sale of assets		(9)	4
Net change in provisions for risks and charges	16	(48)	422
Costs for share-based payments	13-24	257	-
Change in operating assets and liabilities:			
Decrease/(Increase) in inventory and contract assets	7	(16,740)	1,168
Increase/(Decrease) in contract work in progress and customer advances	20	11,120	(7,444)
Decrease/(Increase) in trade receivables	8	3,395	(3,667)
Decrease/(Increase) in other receivables	9	(1,050)	154
Increase/(Decrease) in trade payables	18	14,139	6,667
Decrease/(Increase) in other current assets and liabilities		3,012	1,444
Income tax payments		(966)	(1,525)
(Use of funds)	16	(790)	
Interest received/(paid)		(1,800)	(970)
Cash flows from operating activities (A)		**16,514**	**6,141**

Amounts in €/000

	Note	Half-year as at 30 June 2022	Half-year as at 30 June 2021
Investing activities:			
Investments in property, plant and equipment		(808)	(706)
Investments in intangible assets		(459)	(193)
Investments in subsidiaries and associates	4	(51)	63
Change in current and non-current financial assets	5-11	(7)	1
Realisable price of property, plant and equipment		43	-
Settlement of payment for equity investments	15	(1,663)	(2,163)
Settlement of price adjustment on business combination	15	(400)	-
Acquisition of subsidiaries net of cash acquired		(1,106)	-
Cash flows from investing activities (B)		**(4,451)**	**(2,998)**
Financing activity:			
Loans and financing granted	14	50,000	13,433
(Repayments)	14	(24,132)	(11,499)
Lease liability payments	3-15	(2,502)	(2,157)
Increase/(Decrease) in short term bank loans	14	1,022	(4,081)
Treasury share purchase reserve	13	(128)	-
Dividends paid to parent company shareholders	13	(5,502)	-
Dividends paid to minority shareholders	13	(2,003)	-
Acquistion of minority shareholdings	13	(14,248)	(85)
Cash flows from financing activities (C)		**2,507**	**(4,389)**
Increase (decrease) in cash and cash equivalents (A+B+C)		**14,570**	**(1,246)**
Cash and cash equivalents at the beginning of the period	**12**	**47,645**	**41,843**
Net effect of exchange differences		1,818	644
Cash and cash equivalents at the end of the period	**12**	**64,033**	**41,241**

Amounts in €/000

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2022

	Note	Share Capital	Share premium reserve	Legal reserve	Other reserves and retained earnings (loss)	Net income (loss) for the period	Group net equity	Minority interest capital and reserves	Minority net income (loss)	Minority interest	Total net equity
01/01/2022		**6,900**	**18,173**	**1,380**	**12,369**	**8,446**	**47,268**	**7,734**	**2,332**	**10,066**	**57,334**
2021 profit allocation:											
- other reserves					8,446	(8,446)	-	2,332	(2,332)	-	-
- dividends					(5,502)		(5,502)	(2,003)		(2,003)	(7,505)
Treasury share purchase reserve	13				(128)		(128)				(128)
Reserve for share-based payments	13				257		257				257
Acquisition of minority interests					(12,397)		(12,397)	(4,053)		(4,053)	(16,450)
Other movements					(12)		(12)				(12)
Other comprehensive income (OCI)	**13**										
- defined benefit plans					352		352	22		22	373
- change in currency translation reserve					231		231	500		500	732
- change in CFH reserve					1,126		1,126	-		-	1,126
Net income for the period						(185)	(185)		(165)	(165)	(350)
30/06/2022		**6,900**	**18,173**	**1,380**	**4,742**	**(185)**	**31,009**	**4,533**	**(165)**	**4,368**	**35,377**

Amounts in €/000

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2021

	Note	Share Capital	Share premium reserve	Legal reserve	Other reserves and retained earnings (loss)	Net income (loss) 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**	**9,200**	**2,673**	**38,326**	**8,073**	**(1,193)**	**6,880**	**45,206**
2020 profit allocation:											
- *other reserves*					2,673	(2,673)	-	(1,193)	1,193	-	-
Acquisition of minority interests					(184)		(184)	99		99	(85)
Other movements					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**	**12,275**	**2,916**	**41,645**	**7,029**	**2,089**	**9,118**	**50,763**

Amounts in €/000

EXPLANATORY NOTES

TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2022

GENERAL INFORMATION

Publication of the Consolidated Financial Report of Somec S.p.A. and its subsidiaries ("Somec Group") for the period ended 30 June 2022 has been authorised by the Board of Directors, which approved the financial statements on 28 September 2022.

The Somec Group specializes in the engineering, design and rollout of complex turnkey projects in the naval and civil engineering field. As described in more detail in the interim directors' report, the Group operates through three business units: engineered systems for naval architecture and building façades, professional kitchen systems and products, design and production of bespoke interiors.
Somec S.p.A. (hereinafter, "Somec" or the "Parent Company") is a public limited company that is incorporated and domiciled in Italy in Via Palù 30, San Vendemiano (TV) 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 (Euronext Milan Market - EXM) on 4 August 2020.

BASIS OF PREPARATION

The Interim Consolidated Financial Statements as at and for the period ended 30 June 2022 have been prepared in accordance with IAS 34 - Interim Reporting.

The Interim Consolidated Report have been prepared on a going concern basis, since the Directors have verified that there are no financial, operating or other types of indicators that might highlight significant uncertainties in 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 2021. The Somec Group half-year financial statements provide an interim picture of its condition.

The Consolidated Financial Report is 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 Statement 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.

Please see the Directors' Report for further information on the Group's financial condition, its operating performance and income, both as a whole and in the various sectors of business. Details on costs, revenues and investments, in addition to information on the main events in the firs half 2022 and the business outlook are provided.

SCOPE OF CONSOLIDATION

The Intermin Consolidated Financial Statements include the financial statements of the Parent company, Somec S.p.A. as at 30 June 2022, 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
Bluesteel S.r.l.	Colle Umberto (TV)	60% (1)	Euro	650,000
GICO S.p.A.	Vazzola (TV)	100%	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
Mestieri S.r.l.	San Vendemiano (TV)	100%	Euro	100,000
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 Sintesi S.r.l.	San Vendemiano (TV)	100%	Euro	100,000
Somec Shanghai Co., Ltd	Shanghai (Cina)	100%	CNY	984,922
Sotrade S.r.o.	Piestany (Slovacchia)	100%	Euro	92,380
Total Solution Interiors S.r.l.	Cantù (CO)	60% (2)	Euro	100,000

Company	Registered office	% ownership	Currency	Share Capital
Indirectly-owned subsidiaries and associates:				*(currency unit)*
Atelier de Façades Montréal Inc.	Montréal (Canada)	70.90%	CAD	100
Bluesteel Group UK Ltd	Londra (UK)	60% (1)	GBP	100
Bluesteel Group USA Inc.	New York (USA)	60% (1)	USD	10,000
Fabbrica LLC	Delaware (USA)	70.90%	USD	10,000,000
Fabbrica Works S.r.l.	San Biagio di Callalta (TV)	49.63% (3)	Euro	100,000
Mestieri USA Inc.	New York (USA)	80% (4)	USD	-
Pizza Group USA LLC	Houston (USA)	100%	USD	10,000
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

On 13 January 2022 Somec S.p.A. completed the acquisition of 60% of the share capital of Bluesteel S.r.l., which thus enters the scope of consolidation together with the companies Bluesteel Group UK Ltd and Bluesteel Group USA Inc., which are 100% directly controlled. The companies were fully consolidated over the entire half yearly period.
On 15 February 2022 the call option for the 20% stake in GICO S.p.A. was exercised in advance. As of 30 June 2022, the parent company therefore held 100% of the share capital of GICO S.p.A.
On 19 April 2022 the indirect controlling interest in US company Fabbrica LLC was increased, through the company 3.0 Partners USA Inc., from 50.9% to 70.9% of the share capital.
In the first half of 2022 Mestieri S.r.l. was also established, 100% controlled by parent company Somec S.p.A. and, to expand the business centring on the design and creation of high-end interiors in the US market, Mestieri USA Inc. was also founded, 60% controlled by Mestieri S.r.l. and 20% by US company 3.0 Partners USA Inc.
In April 2022 the subsidiary Pizza Group S.r.l. established Pizza Group USA LLC, to strengthen its presence in the US market.

(1) The acquisition of Bluesteel S.r.l. includes an option (Put and Call) for the purchase of the remaining 40% minority stake, which may be exercised from the approval of the company's financial statements at 31 December 2025 until 30 June 2026. By virtue of the Put and Call option, consolidation does not entail the recognition of minority interests.
(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. 49.63% is the related indirect ownership of Somec S.p.A. as at 30.06.2022.
(4) The indirect subsidiary Mestieri USA Inc. is 60% owned by Mestieri S.r.l. and 20% by 3.0 Partners USA Inc.

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., Bluesteel Group UK Ltd, Bluesteel Group USA Inc., Fabbrica LLC, Mestieri USA Inc., Navaltech LLC, Pizza Group USA LLC, Somec Shanghai Co., Ltd and Total Solution Interiors LLC are as follows:

Currency	30/06/2022		30/06/2021	
	Average for the period	At the end of the period	Average for the period	At the end of the period
Canadian Dollar	1.3900	1.3425	1.5030	1.4393
US Dollar	1.0934	1.0387	1.2053	1.1326
Chinese Renminbi	7.0823	6.9624	7.7960	7.1947
Pound Sterling	0.8424	0.8582	0.8680	0.8403

NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The Group has not adopted any new standards, interpretations or amendments that are in issue but not yet effective. Several amendments and interpretations were effective for the first time since 1 January 2022, but did not impact the Group's consolidated financial statements.

ONEROUS CONTRACTS – COSTS OF FULFILLING A CONTRACT – AMENDMENTS TO IAS 37

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.
These changes had no impact on the Group's half-year financial statements.

REFERENCE TO THE CONCEPTUAL FRAMEWORK – AMENDMENTS TO IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.
These changes had no impact on the Group's half-year condensed financial statements since potential contingent assets, liabilities and contingent liabilities were not recognised in the half-year period for the purpose of these changes.

PROPERTY, PLANT AND EQUIPMENT: PROCEEDS BEFORE INTENDED USE – AMENDMENTS TO IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS – SUBSIDIARY AS A FIRST-TIME ADOPTER

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.
These amendments had no impact on the interim condensed consolidated financial statements of the Group as it is not a first-time adopter.

IFRS 9 FINANCIAL INSTRUMENTS – FEES IN THE '10 PER CENT' TEST FOR DERECOGNITION OF FINANCIAL LIABILITIES

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

IAS 41 AGRICULTURE – TAXATION IN FAIR VALUE MEASUREMENTS

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.
These amendments had no impact on the interim condensed consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

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.
R&D tax credits are accounted for in the income statement in the item Other revenues and income in accordance with IAS 20 when the analysis and documentation needed for recognition are complete.

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.

SHARE-BASED PAYMENTS - MEDIUM-/LONG-TERM INCENTIVE PLAN

The fair value of the shares that can be assigned through the incentive plan and the measurement of rights accrued are subject to estimates linked to expectations of the Group's results and achievement of the targets that potential beneficiaries are set.
The Group estimates the likelihood of achieving these results based on forecasts contained in the Multiannual plan adopted by the Board of Directors.

BUSINESS COMBINATIONS AND ACQUISITION OF MINORITY SHAREHOLDINGS

BLUESTEEL S.R.L. ACQUISITION

On 13 January 2022 Somec S.p.A. completed the acquisition of 60% of the share capital of Bluesteel S.r.l. The agreements bind the remaining 40% of shares to Put and Call option rights, which can be exercised from the approval of the financial statements of the acquired company at 31 December 2025 until 30 June 2026. Valuation parameters are linked to the average value of normalized EBITDA for the two years prior to the option being exercised, net of the net financial position at that time.
The consideration for acquisition consists of the payment of i) the price, 1.5 million Euro, ii) a capital contribution, made on the closing date, of 1 million Euro, iii) payment of the earn out component of 0.5 million Euro and iv) the current fair value of the Put and Call option for purchase of the remaining minority stake, calculated at 2,283 thousand Euro at the time of provisional allocation of the acquisition price.

Price payment for 60%	1,500
Reserved capital increase	1,000
Earn-out payment	500
Put & Call option liabilities	2,283
Total consideration	**5,283**

Amounts in €/000

It is noted that as of today (date on this document), the fair value of net assets acquired (so-called Purchase price allocation) has not yet been set by the Directors. Provisionally, however, the Directors have allocated part of the price paid for the purchase of Bluesteel S.r.l. to estimating the fair value of the company's non-patented technology (know-how), taken to mean the set of knowledge and competences required to successfully implement complex construction projects. In calculating this value (2,133 thousand Euro on the date of acquisition of the controlling interest), the Directors adopted an income assessment criterion based on the discounting of royalties in favour of the possible licensor for the specific technology (so-called relief from royalty method). They then calculated a royalty rate taking into account the information obtained from company management. This was applied to forecast revenues given in the business plans and their projections, considering an appropriate maintenance cost. The flows obtained were discounted at an appropriate discount rate, also taking into account the tax benefit theoretically attributable to the depreciation of the asset (TAB). The time frame considered for the discounting of royalty flows was seven years, considered to be the useful life of ascertained know-how.

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

Total assets	9,112
Total liabilities	(7,955)
Total net assets at fair value	**1,157**
Goodwill on business combination	**4,126**
Acquisition price	**5,283**

Net cash acquired by subsidiary	894
Consideration paid	(2,000)
Cash flow net of acquisition	**(1,106)**
Potential consideration	**(2,282)**
Total net consideration	**(3,388)**

Amounts in €/000

The company's net assets measured at fair value on the acquisition date amount to a total of 1,157 thousand Euro. The difference between the total consideration and the fair value provisional of the identified net assets was recognised as goodwill amounting to 4,126 thousand Euro, which the Directors determined was recoverable in consideration of the estimated cash flows expected from the investment. It is noted that the fair value of gross receivables at the acquisition date amounted to 2,064 thousand Euro, corresponding to the book value at the same date.
Acquisition of the controlling interest in Bluesteel S.r.l. was recognised in the books for the entire half-yearly period.

ACQUISITION OF MINORITY INTERESTS OF FABBRICA LLC

On 3 January 2022 Somec S.p.A., through its direct subsidiary 3.0 Partners USA Inc., signed an agreement for the acquisition of an additional 20% stake in its US subsidiary Fabbrica LLC from minority shareholder 2.0 Partners LLC. The transaction was completed on 14 April 2022, with Somec S.p.A. raising its indirect controlling interest from 50.9% to 70.9%. As a precondition of the transaction, the minority shareholder 2.0 Partners LLC sold 5% of its stake in Fabbrica LLC to a new company, whose shareholders are some of the current managers of Fabbrica, in support of a strategy aimed at retaining strategic managerial figures.
The purchase price for the equity interest consisted of a fixed component, paid at the time of closing, amounting to USD 15.5 million, and a variable component, consisting of a double earn out mechanism:

- The first, to be recognised for a maximum cumulative amount of USD 2.6 million, linked to EBIT values given in the business plan of Fabbrica LLC for each financial year between 2022 and 2025.
- The second, to be recognised for a maximum total amount of USD 2.1 million, linked to the cumulative EBIT for the years 2022/2023 and 2024/2025, upon the achievement of given results, namely higher growth than that estimated in the business plan of Fabbrica LLC.

Both earn outs will be paid, if due, within sixty working days of the approval of the financial statements of the subsidiary Fabbrica LLC. Below is a summary of the consideration paid for the transaction. All indicated values represent the equivalent value in Euro of the corresponding amounts originally calculated in US dollars.

Fixed component payment	14,248
Due for earn out	2,202
Acquisition price	**16,450**

Amounts in €/000

It is noted that the amount due relating to the second earn out mechanism is not quantifiable at the closing date of these condensed consolidated half-year financial statements, as it is linked to "over performance" in respect of the business plan 2022-2025 of Fabbrica LLC, and therefore does not fall within the above acquisition price.

The difference between the amount by which the minority interest has been adjusted and the fair value of the price paid was fully recognised among retained earnings, resulting in a reduction in consolidated shareholders' equity.

OPERATING SEGMENT REPORTING

In the first half of 2022 the Somec Group changed the composition of the industrial sectors being reported upon compared to 31 December 2021 and previous years, in order to offer a better representation of the evolution and specific nature of construction projects managed by Group companies, in the business segments in which it operates.
For the purposes of applying IFRS 8, the Group decided to update the previous organizational structure, divided into the Seascape sector, dedicated to naval construction, and the Landscape sector, dedicated to the civil sector, and defined three new operating sectors, consistent with the management and control model now used, as shown below:

- **Engineered systems for naval architecture and building facades:** construction projects complete with naval glazings and architectural solutions for large cruise ships, construction projects complete with curtain walls and glazings for civil engineering works.
- **Professional kitchen systems and products:** professional kitchen systems integrated with cruise ship onboard systems, large professional kitchen systems tailored for catering and hospitality, bespoke monoblock and cooking suites, professional products for vertical cooking and the cold chain.
- **Mestieri: design and production of bespoke interiors:** design and production of interiors for hospitality, catering, luxury retail, high-end residential, cruise ships and finally superyachts.

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.

Segment net income is identified by net profit before taxes and other financial gains and losses and represents one of the main indicators used by the Chief Operating Decision Maker (CODM) as defined by IFRS 8 - Operating Segments.

The tables below give information on revenues and results of the Group's operating sectors for the six months ended 30 June 2022 and 30 June 2021. Figures for the period ending 30 June 2021 have been restated on the basis of the new organizational structure.

RESULTS BY OPERATING SEGMENT AS AT 30 JUNE 2022

	Engineered systems for naval architecture and building façades	Professional kitchen systems and products	Mestieri: design and production of bespoke interiors	Segments total	Adjustments and eliminations	Consolidated
Revenues from contracts with customers	87,762	30,472	32,796	151,030	(455)	150,575
Other revenues and income	1,470	433	252	2,155	(728)	1,427
Intra-segment revenues	3,721	785	499	5,005	(5,005)	-
Revenues	**92,953**	**31,690**	**33,547**	**158,190**	**(6,188)**	**152,002**
Raw materials and consumables	(34,464)	(16,242)	(13,998)	(64,704)	363	(64,341)
Employee benefit expense	(19,060)	(6,059)	(2,577)	(27,696)	15	(27,681)
Depreciation, amortisation and other write-downs	(4,872)	(1,651)	(2,568)	(9,091)	-	(9,091)
Other operating costs	(30,639)	(7,196)	(13,846)	(51,681)	811	(50,870)
Income from associates	44	-	-	44	-	44
Adjustments and eliminations	(3,721)	(785)	(499)	(5,005)	-	-
Segment net income	**241**	**(243)**	**59**	**57**	**11**	**68**

Amounts in €/000

RESULTS BY OPERATING SEGMENT AS AT 30 JUNE 2021

	Engineered systems for naval archi-tecture and building façades	Professional kitchen systems and products	Mestieri: design and production of bespoke interiors	Segments total	Adjustments and eliminations	Consolidated
Revenues from contracts with customers	82,529	30,582	12,069	125,180	(596)	124,584
Other revenues and income	3,470	402	273	4,145	(754)	3,391
Intra-segment revenues	7,343	1,061	387	8,791	(8,791)	-
Revenues	**93,342**	**32,045**	**12,729**	**138,116**	**(10,141)**	**127,975**
Raw materials and consumables	(35,429)	(13,660)	(5,758)	(54,847)	206	(54,641)
Employee benefit expense	(13,179)	(6,514)	(2,140)	(21,833)	-	(21,833)
Depreciation, amortisation and other write-downs	(4,468)	(1,362)	(1,669)	(7,499)	-	(7,499)
Other operating costs	(25,717)	(7,545)	(5,241)	(38,503)	1,143	(37,360)
Income from associates	48	-	-	48	-	48
Adjustments and eliminations	(7,343)	(1,061)	(387)	(8,791)	-	-
Segment net income	**7,254**	**1,903**	**(2,466)**	**6,691**	**(123)**	**6,568**

Amounts in €/000

ADJUSTMENTS AND ELIMINATIONS

It is noted that financial income and expenses, other income and gains and losses arising from the fair value measurements of some financial assets and liabilities are not allocated to an individual sector, since the underlying instruments are managed at Group level. These items are included in adjustments and eliminations for the purpose of segment reporting.

RECONCILIATION OF INCOME

RECONCILIATION OF INCOME

	Half-year as at 30 June 2022	Half-year as at 30 June 2021
Segment net income	**57**	**6,691**
Financial expenses	(1,134)	(794)
Financial income	38	388
Other revenues	1,101	284
Net effect of eliminations between segments	6	(1)
Profit before tax	**68**	**6,568**

Amounts in €/000

ASSETS AND LIABILITIES BY OPERATING SEGMENT AS AT 30 JUNE 202 AND AS AT 31 DECEMBER 2021

The following table shows the Group's assets and liabilities by operating segment as at 30 June 2022 and as at 31 December 2021.

ASSETS AND LIABILITIES BY OPERATING SEGMENT AS AT 30 JUNE 202 AND AS AT 31 DECEMBER 2021

	Engineered systems for naval archi-tecture and building façades	Professional kitchen systems and products	Mestieri: design and production of bespoke interiors	Segments total	Adjustments and eliminations	Consolidated
Segment assets						
as at 30 June 2022	186,616	63,525	49,304	299,445	8,018	307,463
as at 31 December 2021	143,035	62,305	52,760	258,100	8,059	266,159
Segment liabilities						
as at 30 June 2022	(194,382)	(38,478)	(29,274)	(262,134)	(9,952)	(272,086)
as at 31 December 2021	(129,544)	(37,139)	(33,401)	(200,084)	(8,741)	(208,825)

Amounts in €/000

The following table shows revenues by geographical area as at 30 June 2022 and 30 June 2021:

REVENUES BY GEOGRAPHICAL AREA		
	Half-year as at 30 June 2022	**Half-year as at 30 June 2021**
Italy	49,012	35,506
EU	29,747	30,641
Non-EU	73,243	61,828
Total	**152,002**	**127,975**

Amounts in €/000

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

		Half-year as at 30 June 2022	**%**	**Half-year as at 30 June 2021**	**%**
Total Revenues	**Respective sector**	**152,002**	**100.0%**	**127,975**	**100.0%**
Client 1	Engineered systems for naval architecture and building façades; Professional kitchen systems and products; Mestieri: design and production of bespoke interiors.	33,148	21.8%	33,866	26.5%
Client 2	Engineered systems for naval architecture and building façades.	21,694	14.3%	18,552	14.5%
Client 3	Professional kitchen systems and products; Mestieri: design and production of bespoke interiors.	17,414	11.5%		

Amounts in €/000

OPERATING SEGMENT SEASONALITY

The operating sector Engineered systems for naval architecture and building facades deals with construction projects complete with naval glazings and architectural solutions for large cruise ships, and construction projects complete with curtain walls and glazings for civil engineering works. This sector includes revenues from refitting services, namely services for the conversion, modernization, replacement and repair of glazings and public areas of cruise ships already in service. The demand for refitting activities is subject to seasonal fluctuations, with a fall in demand in the summer period.

The operating sector Professional kitchen systems and products deals with the design and production of professional kitchen systems integrated with the onboard systems of cruise ships, large professional kitchen systems tailored for catering and hospitality, bespoke monoblock and cooking suites, professional products for vertical cooking and the cold chain. This sector does not appear to suffer from seasonal fluctuations, considering that turnover depends solely on the development of the existing orders portfolio.

The operating sector Mestieri: design and creation of custom interiors deals with the design and construction of interiors for hospitality, catering, luxury retail, high-end residential, cruise ships and finally superyachts. Here too there do not appear to be seasonal fluctuations, considering that turnover depends solely on the development of the existing orders portfolio.

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

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 semester, any write-downs or write-backs, and any effects arising from extraordinary transactions.

PROPERTY, PLANT AND EQUIPMENT

	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	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 01/01/2021	**3,937**	**6,527**	**980**	**1,395**	**2,814**	**402**	**16,056**
Changes in 2021							
Change in scope of consolidation	-	-	79	1	-	-	80
Investments	4	345	231	333	74	90	1.077
Net disposals	-	(21)	(11)	(28)	-	-	(60)
Other changes / reclassifications	(33)	109	1	(7)	1	(253)	(182)
Amortisation	(173)	(1,456)	(447)	(465)	(797)	-	(3,338)
Exchange differences	10	250	-	35	185	21	501
Closing Net Book Value	**3,746**	**5,754**	**832**	**1,264**	**2,279**	**260**	**14,135**
Historical cost	4,906	14,756	4,751	4,567	4,784	260	34,024
Accumulated depreciation	(1,160)	(9,002)	(3,918)	(3,303)	(2,505)	-	(19,889)
Net Book Value as at 31/12/2021	**3,746**	**5,754**	**832**	**1,264**	**2,279**	**260**	**14,135**
Changes in 2022							
Business combinations	479	497	15	33	-	-	1,024
Change in scope of consolidation	-	-	-	11	-	31	42
Investments	22	222	212	224	16	72	768
Net disposals	-	(2)	-	(25)	(7)	-	(34)
Other changes / reclassifications	-	-	1	9	2	(43)	(31)
Amortisation	(96)	(800)	(204)	(231)	(329)	-	(1,660)
Exchange differences	11	237	-	36	174	18	476
Closing Net Book Value	**4,162**	**5,908**	**856**	**1,321**	**2,135**	**338**	**14,720**
Historical cost	5,510	16,455	5,147	5,151	5,179	338	37,780
Accumulated depreciation	(1,348)	(10,547)	(4,291)	(3,830)	(3,044)	-	(23,060)
Net Book Value as at 30/06/2022	**4,162**	**5,908**	**856**	**1,321**	**2,135**	**338**	**14,720**

Amounts in €/000

Investments during the period relate mainly to the acquisition of Bluesteel S.r.l. and the maintenance of efficiency and production capacity of the Group's industrial 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 semester, any write- downs or write-backs, and any effects deriving from extraordinary transactions.

INTANGIBLE ASSETS

	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	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 01/01/2021	**26,959**	**482**	**11,690**	**587**	**12,114**	**193**	**52,025**
Changes in 2021							
Investments	-	660	653	-	-	10	1,323
Other changes / reclassifications	-	-	65	-	(6)	(187)	(128)
Amortisation	-	(315)	(3,950)	(135)	(2,405)	-	(6,805)
Exchange differences	461	-	252	-	554	-	1,267
Closing Net Book Value	**27,417**	**828**	**8,710**	**452**	**10,259**	**15**	**47,681**
Historical cost	30,225	1,574	20,888	730	22,007	15	75,439
Accumulated depreciation	(2,808)	(746)	(12,177)	(278)	(11,748)	-	(27,757)
Net Book Value as at 31/12/2021	**27,417**	**828**	**8,710**	**452**	**10,259**	**15**	**47,681**
Changes in 2022							
Business Combination	4,126	-	2,134	2	-	-	6,262
Changing scope of consolidation	-	-	-	13	-	2	15
Investments	-	2	15	-	9	417	443
Other changes / reclassifications	-	-	22	-	-	-	22
Amortisation	-	(158)	(2,183)	(62)	(969)	-	(3,372)
Exchange differences	538	-	164	-	546	-	1,248
Closing Net Book Value	**32,081**	**672**	**8,863**	**404**	**9,844**	**433**	**52,297**
Historical cost	34,890	1,576	23,333	744	22,618	433	83,595
Accumulated depreciation	(2,809)	(904)	(14,470)	(341)	(12,774)	-	(31,298)
Net Book Value as at 30/06/2022	**32,081**	**672**	**8,863**	**404**	**9,844**	**433**	**52,297**

Amounts in €/000

Goodwill

Goodwill acquired through business combinations carried out by Somec Group in the first half 2022 and in the previous years amounted to a total of 32,081 thousand Euro as at 30 June 2022 (27,417 thousand Euro as at 31 December 2021).

In order to determine the recoverable value, this goodwill has been allocated to the related cash generating units (CGUs) of individual Group companies, with the exception of goodwill for the Professional Cooking Equipment CGUs (Inoxtrend S.r.l., Primax S.r.l., Pizza Group S.r.l. and GICO S.p.A.) and Fabbrica CGUs (Fabbrica LLC, Atelier De Façades Montréal Inc., Fabbrica Works S.r.l. and Bluesteel S.r.l.), for which the Directors evaluate whether performance benefits from the synergies generated by the business combination and consequently test goodwill on the group of CGUs.

The breakdown of goodwill of the CGUs as at 30 June 2022 and as at 31 December 2021 is as follows:

	CGU Fabbrica	CGU Professional Cooking Equipment	CGU Oxin	CGU TSI	CGU Bluesteel	CGU Skillmax	CGU Hysea	Total
30/06/2022	6,490	6,482	5,685	6,379	4,126	2,837	83	**32,081**
31/12/2021	5,952	6,482	5,685	6,379	-	2,837	83	**27,417**

Amounts in €/000

The change during the period is mainly due to the provisional purchase price allocation for the acquisition of Bluesteel S.r.l. and exchange effects on the goodwill in the functional currency of Fabbrica LLC, as summarized in the following table.

GOODWILL	
Net Book Value as at 31/12/2021	**27,417**
Bluesteel Business Combination (provisional PPA)	4,126
Exchange differences	538
Net Book Value as at 30/06/2022	**32,081**

Amounts in €/000

For more details, please refer to the paragraph "Business combinations" in these explanatory notes; for other CGUs and verifying the presence of impairment indicators, reference is made to the paragraph "Discretionary measurements and significant accounting estimates" again in these 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 2021. Therefore, the considerations set out in the consolidated financial statements as at 31 December 2021 in regard to the recoverability of the value of intangible assets of an indefinite useful life (including goodwill) are confirmed.

Development costs

At 30 June 2022 development costs amounted to 672 thousand Euro (828 thousand Euro as at 31 December 2021) and referring to the construction of new products in the Professional Kitchen Equipment sector.

Patents and know-how

The item "Patents and know-how", amounting to 8,863 thousand Euro as at 30 June 2022 (8,710 thousand Euro as at 31 December 2021) includes, before the related deferred tax effect, provisional allocation of part of the consideration paid for the purchase of Bluesteel S.r.l. 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 acquisitions of Fabbrica LLC and Primax S.r.l., 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 at 30 June 2022 amounted to a total of 8,102 thousand Euro (7,791 thousand Euro at 31 December 2021).

The change in know-how is summarised in the following table:

KNOW-HOW	
Net Book Value as at 31/12/2021	**7,791**
Bluesteel Business Combination	2,133
Amortisation	(1,968)
Exchange differences	146
Net Book Value as at 30/06/2022	**8,102**

Amounts in €/000

In order to identify the value of unpatented technology (know-how) from the business combination of Bluesteel, which took place in the first half of 2022, of Fabbrica LLC, Total Solution Interiors S.r.l., Primax S.r.l. and Skillmax S.r.l., 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 and seven for the newly acquired Bluesteel), 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 item "Concessions, licences, trademarks and similar rights", amounting to 404 thousand Euro as at 30 June 2022 (452 thousand Euro as at 31 December 2021) includes the fair value of the GICO brand (Professional Cooking Equipment CGU), recognised as a tangible asset with a finite useful life attribuated in the purchase price allocation for the acquisition of the company.
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.
The change in the item during the semester is summarised in the following table:

CONCESSIONS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS	
Net Book Value as at 31/12/2021	**452**
Change in scope of consolidation	14
Amortisation	(62)
Net Book Value as at 30/06/2022	**404**

Amounts in €/000

Other intangible assets

The item "Other intangible assets", amounting to 9,844 thousand Euro as at 30 June 2022 (10,259 thousand Euro as at 31 December 2021), refers to the amount recognised as customer relationships following the acquisitions of Fabbrica LLC, Total Solution Interiors S.r.l. and Pizza Group S.r.l., which occurred in previous years.
Changes in item "Customer relationships" is summarised in the following table:

CUSTOMER RELATIONSHIPS	
Net Book Value as at 31/12/2021	**10,052**
Amortisation	(819)
Exchange differences	540
Net Book Value as at 30/06/2022	**9,773**

Amounts in €/000

To calculate the value of relationships with customers from the Fabbrica LLC, Total Solution Interiors S.r.l. and Pizza Group S.r.l. 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 S.r.l. 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. On the reporting date, the Directors have identified no impairment indicators for relationships with customers.
The item "Other intangible assets" includes costs capitalised to the amount of 18 thousand Euro, pertaining to the contract cost assets of the subsidiary Fabbrica LLC, amortised based on the progression of the project.
Finally, the item includes current intangible assets and advances of 432 thousand Euro relating to ongoing R&D projects in some companies in the division Professional kitchen systems and products.

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:

RIGHT-OF-USE ASSETS	Land and buildings	Plant and machinery	Company cars	Other assets	Total
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 01/01/2021	**15,637**	**2,029**	**974**	**304**	**18,944**
Changes in 2021					
Increase	2,941	273	726	114	4,054
Other changes / reclassifications	6,474	(58)	(99)	(10)	6,307
Depreciation and amortisation	(3,125)	(447)	(450)	(121)	(4,143)
Exchange differences	382	-	-	-	382
Closing Net Book Value	**22,309**	**1,797**	**1,151**	**287**	**25,544**
Historical cost	28,154	2,577	2,036	512	33,279
Accumulated depreciation	(5,845)	(780)	(885)	(225)	(7,735)
Net Book Value as at 31/12/2021	**22,309**	**1,797**	**1,151**	**287**	**25,544**
Changes in 2022					
Business Combination	1,176	-	4	7	1,187
Increase	57	247	411	20	735
Changing scope of consolidation	205	-	24	-	229
Other changes / reclassifications	674	-	(13)	(4)	657
Depreciation and amortisation	(1,658)	(225)	(255)	(63)	(2,201)
Exchange differences	480	-	-	5	485
Closing Net Book Value	**23,242**	**1,819**	**1,323**	**252**	**26,636**
Historical cost	30,221	2,578	2,305	527	35,631
Accumulated depreciation	(6,979)	(759)	(982)	(275)	(8,995)
Net Book Value as at 30/06/2022	**23,242**	**1,819**	**1,323**	**252**	**26,636**

In migliaia di Euro

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:

RESULT RECONCILIATION	30/06/2022	30/06/2021
Depreciation of right-of-use assets	2,201	2,006
Interest payable on leases	304	218
Expenses - short term leases	1,346	742
Total recognised in the income statement	**3,851**	**2,966**

Amounts in €/000

Total cash flows used for leases recognised in compliance with IFRS 16 amounted to 2,502 thousand Euro as at 30 June 2022 (4,539 thousand Euro as at 31 December 2021).

NOTE 4: INVESTMENTS IN ASSOCIATES

The following table shows the changes in the first half of 2022 of the item Investments in associates, referring to the company Squadra S.r.l..

ASSOCIATES	
Net book value as at 31/12/2021	**213**
Write-ups/(write downs)	44
Other changes	51
Net book value as at 30/06/2022	**308**

Amounts in €/000

NOTE 5: NON-CURRENT FINANCIAL ASSETS

The item is composed as follows:

NON-CURRENT FINANCIAL ASSETS	30/06/2022	31/12/2021
Securities and investment funds	214	287
Derivative instrument assets	1,309	33
Other	4	3
Total Non-current financial assets	**1,527**	**323**

Amounts in €/000

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.

DEFERRED TAX ASSETS	30/06/2022		31/12/2021	
	Timing differences	Tax effect	Timing differences	Tax effect
Bad debt provision	2,689	644	1,331	318
Maintenance	20	5	20	5
Unpaid Directors' compensation	83	20	83	20
Inventory write-offs	953	237	1,077	272
Warranty provisions	355	86	355	86
Derivative financial instruments	77	20	176	42
Tax losses	10,038	2,432	8,963	2,174
Adjustment for inventory and contract assets	2,390	667	-	-
Ancillary cost adjustments for equity investments	25	6	25	6
Start-up and expansion costs	176	49	352	98
Right-of-use assets	853	206	919	222
Employee benefits	(64)	(15)	405	109
Provisions	-	-	715	199
Other	490	129	943	237
Total Deferred tax assets		**4,486**		**3,788**

Amounts in €/000

To determine deferred tax assets (prepaid taxes), we applied the tax rates in force in the various countries of Group operations.
Deferred taxes calculated on tax losses that can be carried forward, amounting to 2,432 thousand Euro at 30 June 2022, refer mainly to tax losses generated in the first half 2022, in the year 2021 and in previous years that, taking into account the multiannual plans prepared by the Group, this 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 Group recognizes deferred tax assets up to the value for which it considers collection likely in future years and in a time frame compatible with the time horizon implied in management estimates.
Notice that as at 30 June 2022 the Group has additional tax loss carry-forwards amounting to 2,800 thousand Euro, 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 274 thousand Euro.

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

DEFERRED TAX LIABILITIES	30/06/2022		31/12/2021	
	Timing differences	Tax effect	Timing differences	Tax effect
Unrealised exchange gains	1,606	386	56	14
Depreciation and amortisation	596	161	530	143
Derivative financial instruments	937	293	30	7
USA retained earnings	2,482	670	2,274	614
Right-of-use assets	264	64	379	92
Increase in value allocated to contract assets (interim)	754	210	816	228
Increase in value allocated to land and buildings	1,915	534	1,960	547
Increase in value allocated to plant and machinery	389	108	414	116
Increase in value allocated to know-how	8,102	2,248	7,791	2,155
Increase in value allocated to customer relationships	9,773	2,670	10,052	2,748
Increase in value allocated to brands	356	99	416	116
Other	293	73	47	10
Total Deferred tax liabilities		**7,516**		**6,790**

Amounts in €/000

NOTE 7: INVENTORY AND CONTRACT ASSETS

The item is composed as follows:

INVENTORY AND CONTRACT ASSETS	30/06/2022	31/12/2021
Raw materials and consumables	15,109	9,791
Work in process and semi-finished goods	1,916	1,527
Contract work in progress	30,610	22,329
Finished goods and goods for resale	3,970	2,249
Advances and payments on account to suppliers	1,359	189
Total Inventory and contract assets	**52,964**	**36,085**

Amounts in €/000

Raw materials and consumables are mainly 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 1,575 thousand Euro 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 3,166 thousand Euro, is adjusted by a bad debt provision of 1,591 thousand Euro in order to align its value with the realisable value.
The item Advances and payments on account to suppliers amounting to 1,359 thousand Euro, 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 3,247 thousand Euro.

NOTE 8: TRADE RECEIVABLES

Trade receivables amounting to 74,379 thousand Euro as at 30 June 2022 (75,860 thousand Euro as at 31 December 2021) 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 2022 is as follows:

TRADER RECEIVABLE BY EXPIRY DATE

	Not yet expired	Expired 0 - 90 days	Expired 90 - 180 days	Expired by more than 180 days	Total
Gross book value of trade receivables as at 30 June 2022	62,537	7,217	3,923	4,020	**77,697**
Gross book value of trade receivables as at 31 December 2021	62,757	7,902	2,924	4,307	**77,890**

Amounts in €/000

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 2022 are shown below:

CREDIT WRITE-DOWN FUND	
Balance as at 31/12/2021	**2,030**
Allocations	(526)
Provisions	1,814
Balance as at 30/06/2022	**3,318**

Amounts in €/000

Written-down receivables refer to specific positions for which there is uncertainty about collectability. The credit write-down fund was recorded on the basis of management's best estimates and analysis of the schedule, and in relation to the solvency of customers with older exposure or subject to enforced recovery procedures.

NOTE 9: OTHER RECEIVABLES

Other receivables include the following::

OTHER RECEIVABLES	30/06/2022	31/12/2021
Indirect tax receivables	5,143	5,152
Other receivables	1,531	1,578
Advance payments to suppliers	3,486	2,248
Prepaid expenses	1,196	887
Down-payments	349	234
Employee advances	263	-
Receivables from INAIL and INPS	185	28
Other tax receivables	32	97
Total Other receivables	**12,185**	**10,224**

Amounts in €/000

The item Indirect tax receivables amounting to 5,143 thousand Euro (5,152 thousand Euro as at 31 December 2021) 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.
The item Other receivables includes a 767 thousand Euro credit for labour cost subsidies received by US subsidiary Fabbrica LLC

NOTE 10: TAX RECEIVABLES

The item includes the following:

TAX RECEIVABLES	30/06/2022	31/12/2021
Corporation tax receivable (IRES)	838	1,752
Regional business tax receivable (IRAP)	131	241
Foreign tax credit	2,068	1,347
Other income tax receivables	495	932
Total Tax receivables	**3,532**	**4,272**

Amounts in €/000

The item Foreign tax credit refers mainly to IRES and IRAP credit for down payments paid by some Italian companies in the Group and to credit on taxes paid abroad, referring in particular to foreign branches through which the Group operates at international shipyards.

NOTE 11: OTHER CURRENT FINANCIAL ASSETS

The following table shows the breakdown of the item:

OTHER CURRENT FINANCIAL ASSETS	30/06/2022	31/12/2021
Securities	152	157
Prepaid interest and other financial items	244	232
Total Other current financial assets	**396**	**389**

Amounts in €/000

NOTE 12: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows:

CASH AND CASH EQUIVALENTS	30/06/2022	31/12/2021
Current bank accounts and post office deposits	63,991	47,503
Cash-in-hand	42	142
Total Cash and cash equivalents	**64,033**	**47,645**

Amounts in €/000

Cash and cash equivalents at the end of the period refer to the balance of current accounts held with various banks on which there are no restrictions or constraints.

NOTE 13: SHAREHOLDERS' EQUITY

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

SHAREHOLDERS' EQUITY	30/06/2022	31/12/2021
Share capital	6,900	6,900
Share premium reserve	18,173	18,173
Legal reserve	1,380	1,380
Other reserves and retained earnings	4,556	20,815
Group net equity	**31,009**	**47,268**
Minority interest capital and reserves	4,533	7,734
Income from minorities	(165)	2,332
Minority interest	**4,368**	**10,066**
Total net equity	**35,377**	**57,334**

Amounts in €/000

The share capital (fully paid-in) amounts to 6,900 thousand Euro as at 30 June 2022, and is composed of 6,900,000 shares of no par value, inclusive of 22,900 treasury shares.
The share premium reserve is recognised following the share capital increase that took place at the time the stock was listed on the Euronext Growth Milan (EGM) market in April 2018.
Below are the main components making up the item Other reserves and retained earnings:

- Extraordinary reserve, amounting to 5,070 thousand Euro, to which profits in excess of the portion allocated to the legal reserve and dividend distribution are allocated.
- Cash flow hedge reserve, which receives the variation in the effective hedging component of derivative instruments at the fair value, which at 30 June 2022 had balance of 976 thousand Euro (negative balance of 120 thousand Euro at 31 December 2021).
- IFRS first-time adoption reserve established on the date of transition of the consolidated financial statements to the international accounting standards (1 January 2018), with the convergence of all changes introduced compared to Italian accounting standards (negative balance of 133 thousand Euro).
- Share-based payment reserve of 554 thousand Euro at 30 June 2022, derives from the accounting treatment of the Incentive Plan, resulting in the posting of a notional cost for the period of 591 thousand Euro and use for the allocation of Restricted shares in the first half of 2022 of 334 thousand Euro.
- Treasury share purchase reserve, formed during the parent company's treasury share purchase programs, and used in the first half of 2022 following the allocation of Restricted shares linked to the approval of the 2021 financial statements, totaling 22,900 treasury shares, corresponding to 0.33% of the share capital, for a total consideration of 727 thousand Euro.
- Conversion reserve of 1,032 thousand Euro, relating to exchange rate differences from conversions into Euro of the balance sheets of Group companies operating in non-Euro areas.
- Profit attributable to the parent company, which at 30 June 2022 amounted to -185 thousand Euro, compared to a positive result of 8,446 thousand Euro at 31 December 2021.

Shareholders' equity attributable to minority shareholders refers almost entirely to the minority shareholders of Fabbrica LLC, and has mainly changed as a result: of the acquisition of minority stakes in the same US subsidiary (4,053 thousand Euro), routine conversion reserve movements (500 thousand Euro), distribution of dividends to the minority shareholders of Fabbrica LLC (2,003 thousand Euro) and allocation of the result for the period, negative to the tune of 165 thousand Euro. In addition, as already indicated above in the note "Business combinations and acquisition of minority interests", purchase of the minority stake of Fabbrica LLC completed in the first half of 2022, for a total price of 16,450 thousand Euro, resulted in a reduction in the Group's Other reserves of shareholders' equity of 12,397 thousand Euro, and a fall in shareholders' equity of 4,053 thousand Euro.

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

OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME

	30/06/2022	30/06/2021
Exchange differences on translation of foreign operations	732	474
Effective portion of gains/(losses) on cash flow hedge instruments	1,126	70
Gains/(losses) on remeasurement of defined benefit plans	373	89
Total Other components of net comprehensive income	**2,231**	**633**

Amounts in €/000

NOTE 14: LOANS AND FINANCING

The item is composed as follows:

LOANS AND FINANCING	30/06/2022	31/12/2021
Non-current repayments on medium/long-term loans	64,117	34,936
Total Non-current loans and financing	**64,117**	**34,936**
Instalments of medium/long term loans falling due within one year	10,822	13,612
Other loans payable	5,063	4,557
Advance payments on invoices and contracts	12,998	12,509
Overdrafts/factoring	811	305
Interest and charges on bank loans and overdrafts	71	22
Total Current loans and financing	**29,765**	**31,005**
Total Loans and financing	**93,883**	**65,941**

Amounts in €/000

The change in the item is mainly attributable to the increase in bank loans following the parent company's agreement with a pool of three leading banks for a medium/long-term loan in the first quarter of 2022. The item Other loans payable refers to non-recourse factoring agreements with the factoring company Ifitalia.

Finally, it is noted that some medium-and long-term loans in place must comply with economic/financial parameters (covenants), to be calculated annually based on the results of the consolidated financial statements (specifically: net financial debt/EBITDA and net financial debt/shareholders' equity). Measurements taken on 31 December 2021 had confirmed compliance with these parameters.

NOTE 15: OTHER FINANCIAL LIABILITIES

The item includes the following:

OTHER FINANCIAL LIABILITIES	30/06/2022	31/12/2021
Non-current lease liabilities	22,770	21,805
Derivative liabilities	49	188
Strike price of options on purchase of non-controlling interest	4,641	2,329
Earn out payment for non-controlling interest	1,876	-
Total Other non-current financial liabilities	**29,336**	**24,322**
Current lease liabilities	4,084	3,917
Strike price of options on purchase of non-controlling interest	-	400
Payables for equity investments	-	1,662
Earn out payment for non-controlling interest	495	
Other financial liabilities	3	
Total Other current financial liabilities	**4,582**	**5,979**
Total Other financial liabilities	**33,918**	**30,301**

Amounts in €/000

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 49 thousand Euro as at 30 June 2022 (188 thousand Euro as at 31 December 2021) reflect the fair value measurement of derivative instruments outstanding on the reporting date. The Group has entered into derivative 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 Skillmax S.r.l. (2,339 thousand Euro), which can be exercised from May 2024 to April 2025 and to the fair value of options with the minority shareholders of Bluesteel S.r.l. (2,302 thousand Euro), which can be exercised from the approval of the company's financial statements at 31 December 2025 until 30 June 2026.
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 2022 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.

Payables for equity investments
In the first half of 2022 outstanding equity purchase debts at the end of the previous year, amounting to 1,662 thousand Euro at 31 December 2021, were paid off (in greater detail: 512 thousand Euro referring to the difference between the final price and provisional price paid for the acquisition of Total Solution Interiors S.r.l., 250 thousand Euro relating to the purchase of Pizza Group S.r.l. shares, 700 thousand Euro referring to the deferred price for exercising the option on Primax S.r.l. minority shares and finally 200 thousand Euro for the deferred price of GICO S.p.A.).

Earn out payment for non-controlling interest
The item represents the discounted debt for earn out payments to minority shareholders of Fabbrica LLC, based on agreements for the acquisition of an additional 20% stake in the share capital of the US subsidiary, completed in the first half of 2022. This debt was linked to EBIT values forecast in the business plan for each year between 2022 and 2025.

NOTE 16: PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges, amounting to 493 thousand Euro at 30 June 2022 (1,283 thousand Euro at 31 December 2021), fell by 790 thousand Euro, due mainly to interventions to deal with a pending litigation.

The item provisions for liabilities and charges were composed as follows:

PROVISIONS FOR LIABILITIES AND CHARGES		
	30/06/2022	**31/12/2021**
Provision for cost-operating contract costs	331	1,035
Product warranty provision	25	25
Other provisions for liabilities and charges	137	223
Total provisions for liabilities and charges	**493**	**1,283**

Amounts in €/000

The movements of the first semester were as follows:

CHANGES IN PROVITIONS FOR LIABILITIES AND CHARGES				
	31/12/2021	**Allocations**	**Provisions**	**30/06/2022**
Provision for cost-operating contract costs	1,035	(704)	-	331
Product warranty provision	25	-	-	25
Other provisions for liabilities and charges	223	(86)	-	137
Total provisions for liabilities and charges	**1,283**	**(790)**	**-**	**493**

Amounts in €/000

NOTE 17: NET DEFINED-BENEFIT OBLIGATIONS

The item refers to severance indemnity reserve (TFR), changes in which during the first half 2022 were as follows:

NET DEFINED-BENEFIT OBLIGATIONS	
Balance as at 31/12/2021	**4,256**
Business Combination	370
Provisions	980
Interest	15
Other changes	(17)
Actuarial (gains)/losses	(466)
Allocations for indemnities and advances	(964)
Balance as at 30/06/2022	**4,174**

Amounts in €/000

As at 30 June 2022, 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:

ASSUMPTIONS	30/06/2022	31/12/2021
Economic assumpionts		
Increase in living costs	2.10%	1.75%
Discount rate	3.22%	0.98%
Severance indemnity growth rate	3.08%	2.81%
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.

SENSITIVITY ANALYSIS (30/06/2022)	
Turnover rate +1%	3,240
Turnover rate -1%	3,221
Inflation rate +0.25%	3,285
Inflation rate -0.25%	3,179
Discount rate +0.25%	3,162
Discount rate -0.25%	3,249

Amounts in €/000

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

EXPECTED PAYMENTS	
Within 1 year	283
Between 1 and 2 years	285
Between 2 and 3 years	356
Between 3 and 4 years	312
Between 4 and 5 years	324
Total	**1,560**

Amounts in €/000

NOTE 18: TRADE PAYABLES

Trade payables amount to 70,575 thousand Euro as at 30 June 2022, compared to 53,427 thousand Euro as at 31 December 2021. The change is mainly attributable to the increase in material costs and the higher level of Group procurement. It is noted that these debts refer mainly to supplies on order paid after the close of the period. 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:

OTHER CURRENT LIABILITIES	30/06/2022	31/12/2021
Social security and pension fund liabilities	2,148	2,080
Deferred employee compensation liabilities	5,331	3,685
Payables to directors and statutory auditors	211	266
Indirect tax and withholding tax liabilities	2,334	2,212
Other liabilities	1,276	1,053
Accrued expenses and deferred income	439	357
Total Other current liabilities	**11,739**	**9,653**

Amounts in €/000

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.
The item Deferred employee compensation liabilities reflects the effects of provisions for unused holiday leave, deferred compensation, Performance bonuses and Management By Objectives (MBO) as at 30 June 2022.

NOTE 20: CONTRACT WORK IN PROGRESS AND CUSTOMER ADVANCES

This item, amounting to 46,969 thousand Euro as at 30 June 2022 (35,224 thousand Euro as at 31 December 2021) 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 change is mainly attributable to the increase in production volumes and unit costs.
The item Customer advances refers to orders not in progress on the reporting date.

NOTE 21: INCOME TAX LIABILITIES

Taxation, to the amount of 2,437 thousand Euro (1,950 thousand Euro as at 31 December 2021) 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 150,575 thousand Euro as at 30 June 2022 (124,584 thousand Euro as at 30 June 2021), broken down as follows by operating segment:

REVENUES FROM CONTRACTS WITH CUSTOMERS

	Half-year as at 30 June 2022		Half-year as at 30 June 2021	
	Revenues from contracts with customers	Change in contract work in progress	Revenues from contracts with customers	Change in contract work in progress
Engineered systems for naval architecture and building façades	88,842	(1,270)	82,327	91
Professional kitchen systems and products	28,105	2,243	31,601	(1,499)
Mestieri: design and production of bespoke interiors	33,431	(776)	5,645	6,419
Total Revenues from contracts with customers	**150,378**	**197**	**119,573**	**5,011**

Amounts in €/000

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.

The breakdown by geographic area of revenues from contracts with customers, totaling 150.6 million Euro, for the two compared half years, is as follows:

BREAKDOWN BY GEOGRAPHIC AREA

	Italy	EU	Non-EU	Total
Revenues from contracts with customers 1H2022	47,682	29,747	73,146	**150,575**
Revenues from contracts with customers 1H2021	34,675	30,598	59,311	**124,584**

Amounts in €/000

Below are broken down Revenues “over time” that are recognised on the basis of the temporary transfer of control of goods and/or services to the customer and Reveues “at a point in time” at the final delivery of the goods or services.

REVENUES FROM CONTACTS *OVER TIME* AND *AT A POINT IN TIME*

	Revenus over time	Revenues at a point in time	Total revenues from contracts with customers
Revenues from contracts with customers 1H2022	135,384	15,191	**150,575**
Revenues from contracts with customers 1H2021	111,194	13,390	**124,584**

Amounts in €/000

NOTE 23: OTHER REVENUES AND INCOME

Other revenues and income are broken down as follows:

OTHER REVENUES AND INCOME	Half-year as at 30 June 2022	Half-year as at 30 June 2021
Grants	29	2,839
Insurance claim settlements	394	21
Other income	750	364
Contingent assets	254	167
Total Other revenues and income	**1,427**	**3,391**

Amounts in €/000

It is noticed that the Group benefited in the first half 2021, through the US subsidiary Fabbrica LLC, from a Government grant (under the "Paycheck Protection Program") of 2,513 thousand Euro to offset operating expenses and maintain employment levels during the Covid-19 pandemic in 2020.

NOTE 24: EMPLOYEE BENEFIT EXPENSES

Employee benefit expense is broken down as follows:

EMPLOYEE BENEFIT EXPENSES	Half-year as at 30 June 2022	Half-year as at 30 June 2021
Wages and salaries	21,412	17,200
Social security costs	4,592	3,724
Defined benefit obligations	945	806
Other personnel expenses	732	103
Total Employee benefit expenses	**27,681**	**21,833**

Amounts in €/000

Personnel expenses represent total costs incurred for employees, including wages and salaries, social security and pension contributions and severance indemnity reserve.
The change was mainly due to the large increase in Fabbrica workforce and the acquisition of Bluesteel. Finally, it is noted that in the first half of 2022 the item also includes share-based payments, expressing the notional cost of the medium/long-term Incentive Plan, an item not present in the first half of 2021. For more details, refer to the dedicated paragraph (long-term variable incentive plan 2021-2025).

The average number of employees per category as at 30 June 2022 and 30 June 2021 is shown in the following table:

AVERAGE NUMBER OF EMPLOYEES PER CATEGOR		
	Half-year as at 30 June 2022	**Half-year as at 30 June 2021**
Directors	17	14
Managers	39	29
Office staff	367	329
Operational workers	443	424
Total	**866**	**796**

NOTE 25: DEPRECIATION, AMORTISATION AND WRITE-DOWNS

Depreciation, amortisation and write-downs are as follows:

DEPRECIATION, AMORTISATION AND WRITE-DOWNS		
	Half-year as at 30 June 2022	**Half-year as at 30 June 2021**
Depreciation of property, plant and equipment	1,659	1,641
Amortisation of intangible assets	3,371	3,038
Depreciation of right-of-use assets	2,202	2,006
Depreciation of tangible and intangible assets	-	94
Provision for bad debt	1,859	291
Other provisions for liabilities and charges	-	429
Total Depreciation, amortisation and other write-downs	**9,091**	**7,499**

Amounts in €/000

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:

OTHER OPERATING COSTS		
	Half-year as at 30 June 2022	**Half-year as at 30 June 2021**
Outsourced manufacturing	15,958	8.337
Installation	12,313	12,572
Transport	4,176	2,945
Director and auditor remuneration	1,065	1,310
Audit fees	223	177
Other expenses	17,135	12,019
Total Other operating costs	**50,870**	**37,360**

Amounts in €/000

The item Other costs refers mainly to expenses for services, overheads, rental costs relating to short-term rentals or contracts whose underlying asset is of modest value and, finally, to sundry operating charges.

NOTE 27: FINANCIAL INCOME AND EXPENSES

The item includes the following:

FINANCIAL INCOME AND EXPENSES	Half-year as at 30 June 2022	Half-year as at 30 June 2021
Interest payable on bank loans and borrowings	(440)	(277)
Interest payable on lease liabilities	(304)	(218)
Interest payable on defined benefit plans	(15)	(5)
Interest payable to third parties	(42)	(74)
Other financial charges	(275)	(220)
Write-down of financial assets	(58)	-
Total Financial expenses	**(1,134)**	**(794)**
Other financial income	9	172
Other interest	24	-
Other income	-	81
Revaluation of financial assets	5	2
Remeasurement of financial liabilities (put option)	-	133
Total Financial income	**38**	**388**
Total Financial income and expenses	**(1,096)**	**(406)**

Amounts in €/000

The item Financial income and expenses had a negative balance of 1,096 thousand Euro (negative balance of 406 thousand Euro at 30 June 2021).

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 balance of 1,101 thousand Euro as at 30 June 2022 (positive balance of 203 thousand Euro as at 31 December 2021).

NOTE 29: INCOME FROM ASSOCIATES

The item, amounting to 44 thousand Euro as at 30 June 2022, 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:

INCOME TAXES		
	Half-year as at 30 June 2022	**Half-year as at 30 June 2021**
Current tax:		
- *IRES*	350	1.311
- *IRAP*	207	408
- *Other current tax for foreign subsidiaries*	362	757
Income tax prior years	92	139
Deferred tax liabilities	(422)	(844)
Deferred tax assets	(171)	(208)
Total Income taxes	**418**	**1.563**

Amounts in €/000

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, excluding treasury shares.
The item Diluted earnings per share is 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, excluding treasury shares, and taking into account the effects of all potential ordinary shares having a dilutive effect.

Below are the results and number of ordinary shares used to calculate basic and diluted earnings per share, determined in accordance with the methodology laid down in IAS 33.

EARNINGS PER SHARE AND NUMBER OF SHARES		
	Half-year as at 30 June 2022	**Half-year as at 30 June 2021**
Earnings/(Loss) per share (Euro)	(0.03)	0.42
Diluted earnings/(Loss) per share (Euro)	(0.03)	0.42
Weighted average number of outstanding shares:		
- *basic*	6,881,338	6,900,000
- *diluted*	6,881,338	6,900,000

OTHER INFORMATIONS

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:

	30/06/2022	31/12/2021
Non-current financial assets	1,527	323
Trade receivables	74,379	75,860
Other receivables	12,185	10,224
Current financial assets	396	389
Cash and cash equivalents	64,033	47,645
Total	**152,520**	**134,441**

Amounts in €/000

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 2022 in comparison with same items as at 31 December 2021.

LIABILITES MATURITY

	30/06/2022	On demand	Within 1 year	Between 1 and 5 years	Over 5 years
Loans and financing	64,117	-	-	53,160	10,957
Other non-current financial liabilities	29,336	-	-	22,075	7,261
Other non-current liabilities	383	-	-	377	6
Total non-current liabilities	**93,836**	**-**	**-**	**75,612**	**18,224**
Trade payables	70,575	-	70,575	-	-
Other current liabilities	11,739	-	11,739	-	-
Loans and financing	29,765	18,943	10,822	-	-
Other current financial liabilities	4,582	-	4,582	-	-
Income tax liabilities	2,437	-	2,437	-	-
Total current liabilities	**119,098**	**18,943**	**100,155**	**-**	**-**

Amounts in €/000

	31/12/2021	On demand	Within 1 year	Between 1 and 5 years	Over 5 years
Loans and financing	34,936	-	-	34,082	854
Other non-current financial liabilities	24,322	-	-	16,689	7,633
Total non-current liabilities	**59,258**	**-**	**-**	**50,771**	**8,487**
Trade payables	53,427	-	53,427	-	-
Other current liabilities	9,653	-	9,653	-	-
Loans and financing	31,005	17,393	13,612	-	-
Other current financial liabilities	5,979	-	5,979	-	-
Income tax liabilities	1,950	-	1,950	-	-
Total current liabilities	**102,014**	**17,393**	**84,621**	**-**	**-**

Amounts in €/000

Some medium-long term loans in place must comply with economic/financial parameters (covenants) to be calculated annualy based on the results of the consolidated financial statements (specifically: net financial position/EBITDA and net financial position/shareholder's equity).

COVID-19 (CORONAVIRUS) RELATED RISKS

The Group's business model is based on a strategy of proximity to the customer, and a short, well-controlled production chain has been adopted, thus it is not particularly exposed to the current pandemic emergency. While there is broad consensus about a marked improvement in the global health situation, with a gradual return to normality in the medium term, the persistence or possible deterioration of the situation cannot be ruled out, and this may have an impact on the normal management of operations, with particular reference to the supply and customer chains. Moreover, while the cruise sector is enjoying a phase of strong recovery, it remains particularly vulnerable to the phenomenon.
To mitigate this risk, the Group continues to adopt strict measures and protocols to safeguard the health of employees and the continuity of operational processes.

RISKS RELATING TO THE WORLDWIDE GEOPOLITICAL SITUATION

In the first six months of 2022 geopolitical tensions in the world, fueled by the Russian-Ukrainian conflict, brought about an extremely complex and unpredictable situation, characterized by galloping inflation and highly speculative dynamics. This had a significant impact on energy and raw material prices, as well as on the reliability of supplies. For the first time, resource availability is at risk, making any planning and optimization of the production chain extremely difficult. This in turn has an impact on costs and efficiency. This dramatic scenario comes on top of a situation already made difficult by the pandemic, increasing volatility and systemic tension. Although the Group has no direct or indirect business interests in the areas affected by the conflict, and its business is not particularly energy-intensive or exposed to inflationary phenomena, it must be stressed that the persistence of the above-mentioned situation has inevitably made the company more exposed to such risks and subject to global supply dynamics. This will put consequent pressure on operations and margins.
The impact of these risks is however mitigated by an extremely streamlined organizational structure and abundant order backlog, which is an undoubted advantage in terms of potential planning.

CYBER SECURITY RISKS

The Group is exposed to such risks due to the growing use of IT systems and the spread of digitisation processes. Relative consequences might lead to a loss of data, interruptions to activities or privacy violations. While it is not particularly exposed to this risk, the Group is still engaged in constant activity to strengthen its security systems and procedures, training staff and protecting IT infrastructures with ad hoc measures.

RISKS RELATED TO CLIMATE CHANGE

The Group is committed to ensuring the transition to a low-polluting economy. There may however still be transition-related and physical risks, having a possible impact on business processes, in particular production processes.
Group assets might also be affected by natural events (floods, droughts, fires and so on) generated by the effects of climate change.
The Group's industrial strategy is oriented towards continuously raising the efficiency of production systems and processes to reduce energy consumption and air emissions. Its market positioning makes it a partner of excellence for leading US players in the sphere of research, development and implementation of innovative solutions that have a low environmental impact and actively combat climate change.
The Group implements actions to combat acute and chronic physical risks, and has taken out specific insurance coverage to guard against possible consequences deriving from disastrous climatic and natural events.
In order to mitigate these risks, the Group is also committed to integrating sustainability issues in its business plan and incentive tools, monitoring relevant elements through "what-if" analyses.

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:

COMPARISON BETWEEN BOOK VALUE AND FAIR VALUE

	30/06/2022		31/12/2021	
	Book value	**Fair value**	**Book value**	**Fair value**
Interest Rate Swaps:				
- *Assets*	1,309	1,309	33	33
- *Liabilities*	(49)	(49)	(188)	(188)
Call options on acquisition of non-controlling interest	(4,641)	(4,641)	(2,729)	(2,729)
Earn out payment for non-controlling interest	(2,371)	(2,371)	-	-
Total	**(5,752)**	**(5,752)**	**(2,884)**	**(2,884)**

Amounts in €/000

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 following levels can be seen:

- 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 2022 can be classified as level 2, with the exception of the options for the purchase of non-controlling minority interests, which can be classified as level 3 assets.
Moreover, during the first semester 2022 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 of the parent company and their family members, as well as some members of the Board of Directors and Executives vested with strategic responsibility of other Group companies and their family members.
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.
Financial and economic relations with related parties in the first half of 2022 are summarized in the balance sheet and income statement below.

STATEMENT OF FINANCIAL POSITION

	Trade receivables	Other receivables	Other non-current financial liabilities	Other current liabilities
2.0 Partners LLC	-	-	-	(10)
MS Studio Concept Inc.	-	-	(237)	(26)
Squadra S.r.l.	-	(291)	-	-
Venezia S.p.A.	3	(19)	-	-
Vis S.r.l.	3	(16)	(7,971)	(897)
Total	**6**	**(326)**	**(8,208)**	**(933)**

Amounts in €/000

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 first half 2022 amount to 541 thousand Euro.

INCOME STATEMENT

	Other revenues	Other operating costs	Financial expenses
2.0 Partners LLC	-	-	(29)
Fondaco S.r.l.	2	-	-
Fondaco USA Corp.	-	(9)	-
Marine Glass System Inc.	-	(9)	-
Squadra S.r.l.	-	(1.003)	-
Total	**2**	**(1.021)**	**(29)**

Amounts in €/000

It is noted that in the reporting period there was a single "highly significant" transaction pursuant to Annex 3 to the Regulation “Transactions with related parties”, issued by Consob with Resolution no. 17221 of 12 March 2010, amended by Consob resolution no. 21624 of 10 December 2020, carried out by the subsidiary 3.0 Partners USA Inc., referring to the acquisition of an additional 20% of the share capital of US subsidiary Fabbrica LLC.
No other transactions with related parties materially affected the company’s financial situation or results during the period, nor did any changes or further developments to transactions with related parties as described in the last annual report have a material effect on the company’s financial situation or results.

COMPENSATION OF DIRECTORS, STATUTORY AUDITORS, AND EXECUTIVE OFFICERS

Below is the remuneration paid to members of the governing and control bodies and to managers with strategic responsibilities in the first half of 2022.

	Compensation	Non-cash compensation	Bonuses and other incentives	Other compensation
Parent Company Board of Directors	466	5	-	203
Parent Company Board of Statutory Auditors	27	-	-	-
Key management personnel	-	3	78	561
Total	**493**	**8**	**78**	**764**

Amounts in €/000

LONG-TERM VARIABLE INCENTIVE PLAN 2021-2025

The Long-term Variable Incentive Plan 2021-2025, approved by the Shareholders’ Meeting of 29 April 2021, is based on financial instruments, and entails individual bonuses for the company’s “Strategic” Executives, with a view to further incentivising the pursuit of the Group’s medium-/long-term strategic objectives.

The Plan is of a mixed type, consisting chiefly of Performance shares (70%) and to a lesser extent Restricted shares (30%), with a view to incentivising management to achieve financial objectives and, indirectly, sustainability objectives, as expressed in the Group’s 2021-2023 Business Plan.

As for Restricted Shares, one third of the total will be disbursed when the Financial Statements are approved (for the financial years 2021, 2022 and 2023), if the person in question is still working in the company at the close of the reporting period or if the conditions of “Good Leaver” are met.

The accrual of Performance Shares is dependent on the achievement of:

- A company performance condition placed as a "gate" to entering the incentive system (Entry Gate condition).
- Two Performance Objectives (so-called "KPIs"), which determine the bonus to be awarded, decided by the Board of Directors further to a proposal from the Remuneration Committee in accordance with the Consolidated Business Plan 2021-2023.

The disbursement of Performance Shares is planned up-front (29% of the total) at the end of the three performance years and, deferred for the remaining part, at the end of the fifth year, further to the meeting of an additional performance condition.
Cash settlements are not envisaged.

For the entire duration of the Plan's vesting period, the beneficiary must:

- Be the holder of an open-ended employment relationship that is not suspended due to leave.
- Not have tendered his/her resignation.
- In the event of termination of the employment relationship, not have a so-called "Bad leaver" status.

The assumptions and methodology used in Plan assessments, the effects of which (on the balance sheet and income statement) are reported in notes 13 and 24 respectively, are consistent with those set out in IFRS 2.
The following factors have been taken into account when estimating the number of accrued rights at the balance sheet date:

- With regard to the exit of beneficiaries, an annual probability of exiting of 0% has been assumed.
- With regard to the achievement of the objectives, target goals have been set according to a mix of scenarios taking into account the Multiannual plan adopted by the Group.

VALUATION OF THE FAIR VALUE

Assigned options have been measured taking into account the financial market conditions in place at the time of assignment.
The methodology adopted to estimate the fair value follows the risk neutral approach, the valuation reflecting "no arbitrage" and "risk neutral framework" traits common to essential option pricing models.
The expected dividend rate of the underlying option was considered, assumed for the different years of the plan, namely: 0.90% in 2022, 1.20% in 2023, 1.70% in 2024, 1.90% in 2025 and 2.00% in 2026.
The price of the share at the time of assignment was 30.70 Euro, a binomial valuation model being used.

Below are details of the options assigned on 15 October 2021 and the corresponding fair value of options considered to be accrued based on the above-listed assumptions.

	Assigned options			Accrued options			
Vesting	**Restricted share**	**Performance share**	**Total**	**Restricted share**	**Performance share**	**Total**	**Fair Value**
Approval of 2021 financial statements	10,966	-	10,966	10,966	-	10,966	333,636
Approval of 2022 financial statements	10,966	-	10,966	10,966	-	10,966	329,633
Approval of 2023 financial statements	10,966	21,148	32,115	10,966	16,352	27,318	807,187
Approval of 2025 financial statements	-	51,777	51,777	-	39,257	39,257	1,115,157
Total	**32,899**	**72,925**	**105,824**	**32,899**	**55,609**	**88,508**	**2,585,613**

The cost attributable to the first half of the year was 591 thousand Euro, and includes the so-called Performance Share and Restricted Share costs accrued in the period.
It is also noted that following the approval of the 2021 financial statements, the first tranche of Restricted Shares was paid out.

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).

NET FINANCIAL POSITION			
		30/06/2022	**31/12/2021**
A.	Cash	64,033	47,645
B.	Cash equivalents	-	-
C.	Other current financial assets	396	389
D.	**Total liquidity (A+B+C)**	**64,429**	**48,034**
E.	Current financial liabilities (including debt instruments, excluding the current portion of non-current financial liabilities)	(23,525)	(23,372)
F.	Current portion of long term debt	(10,822)	(13,612)
G.	**Current debt (E+F)**	**(34,347)**	**(36,984)**
H.	**Non-current financial position (G-D)**	**30,082**	**11,050**
I.	Non-current financial liabilities (excluding current portion and debt instruments)	(93,453)	(59,258)
J.	Debt instruments	-	-
K.	Trade payables and other non-current liabilities	-	-
L.	**Non-current financial position (I+J+K)**	**(93,453)**	**(59,258)**
M.	**Net financial position (H+L)**	**(63,371)**	**(48,208)**

Amounts in €/000

Current debt and non current financial position include financial liabilites on rental agreements.

COMMITMENTS AND RISKS

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

COMMITMENTS AND RISKS	30/06/2022	31/12/2021
Contract sureties	160,414	249,243
Other guarantees	110,351	261,420
Total	**270,765**	**510,663**

Amounts in €/000

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 Engineered systems for naval architecture and building façades 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 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.
Budri has gained unparalleled international experience in the delivery of large, custom-made marble and complex projects such as villas, housing complexes, hotels, boutiques and other prestigious buildings, achieving a leading position in the industry as well as world-wide recognition.
This operation is highly strategic as it will expand the offer of solutions for the high-end customized projects managed by Somec Group.
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 provisional price will be reduced if certain objectives in terms of net financial position are not achieved at the closing date of the 2022 financial statements. 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.
As regards the minority stake, there are Put and Call options that can be exercised in two separate time frames: for 15%, within 120 days of the approval of the 2025 financial statements for the Call option or in the following 120 days for the Put option; and for the remaining 20%, within 120 days of the approval of the 2027 financial statements for the financial year for the Call option or in the following 120 days for the Put option.
Budri S.r.l. was born out of GMB S.r.l. (formerly Budri S.p.A.) as a separate business line, as from 1 January 2022. In 2021 the transferred business posted a production value of 11.3 million Euro and an EBITDA of 1.3 million Euro. As at the date of the transfer, shareholders' equity amounted to 3 million Euro, and the net financial position was negative to the tune of 6.1 million Euro.

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 acquisition agreement included a shareholder agreement governing the separate exercising of Put and Call options for the shares of minority shareholders at a price corresponding to 6 times the average EBITDA for the three-year period prior to the option being exercised, net of the net financial position at that time, to be exercised within ninety days of the approval of the 2021, 2022 or 2023 financial statements.
The price paid to minority shareholders is not significant, based on the option parameters.
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.

San Vendemiano – Italy, 28 September 2022

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 2022, during the first half of 2022.

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 2022:

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 2022

Oscar Marchetto
Executive Officer

Federico Puppin
Manager Responsible for Preparing Financial Reports

REVIEW REPORT OF INDEPENDENT AUDITING FIRM

EY
Building a better working world

Somec S.p.A.

Review report on the interim condensed consolidated financial statements as at and for the six months ended June 30, 2022

(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 consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows and the related explanatory notes of Somec S.p.A. and its subsidiaries (the "Somec Group") as of June 30, 2022. 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, 2022 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, 2022

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

Somec S.p.A. / San Vendemiano (TV) Italy

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