INTERIM FINANCIAL REPORT AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2023

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INDEX

INTERIM DIRECTORS' REPORT

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 30 JUNE 2023

INTRODUCTION

On 25th September 2023, the Board of Directors approved the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2023 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, based on 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 result 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 Financial Debt** is determined as defined by the new ESMA Guidelines dated 4 March 2021 (see Consob Notice No. 5/21 of 29 April 2021)
- **Net Financial Position** is determined by adding fair value of current and non-current derivative assets to net financial debt

CORPORATE BODIES AND COMPANY INFORMATION

BOARD OF DIRECTORS

Oscar Marchetto
Chairman of the Board of Directors

Alessandro Zanchetta
Director and Executive Officer

Giancarlo Corazza
Director and Executive Officer

Davide Callegari
Director and Executive Officer

Gianna Adami
Lead Independent Director

Elena Nembrini
Independent Director

Giuliana Borello
Independent Director

The term of office of the Board of Directors ends with the approval of the financial statements as at 31 December 2025.

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

Barbara Marazzi
Alternate Auditor

The term of office of the Board of Statutory Auditors ends with the approval of the financial statements as at 31 December 2025.

MANAGER RESPONSIBLE FOR PREPARING FINANCIAL REPORTS

Federico Puppin

COMMITTEES

Gianna Adami (Chairman),
Elena Nembrini and Giuliana Borello
Remuneration and Appointment Committee

Elena Nembrini (Chairman),
Gianna Adami and Giuliana Borello
Control, Risk and Sustainability Committee

Gianna Adami (Chairman),
Elena Nembrini and Giuliana Borello
Related party Committee

INDEPENDENT AUDITING FIRM

EY S.p.A.

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

REGISTERED OFFICE AND CORPORATE DETAILS

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

INVESTOR RELATIONS MANAGER

Andrea Moretti

email: investorrelations@somecgroup.com
Tel: +39 0438 471998

GENERAL INFORMATION

SOMEC GROUP

specialises in the engineering, design and deployment of complex turnkey projects in civil and naval engineering by relying on three business units: Engineered systems for naval architecture and building façades; Professional kitchen systems and products; Mestieri: design and production of bespoke interiors division.
The Group's companies operate in an integrated and synergetic manner, according to strict quality and safety standards while guaranteeing a high level of customisation and specific know-how on the processing of different materials, a key requirement when delivering high value-added projects.
In over forty years of history and by relying on rigorous certification and accreditation processes, Somec has achieved a reputation for quality and operational and financial reliability on a global scale.

The Group operates through three business units:

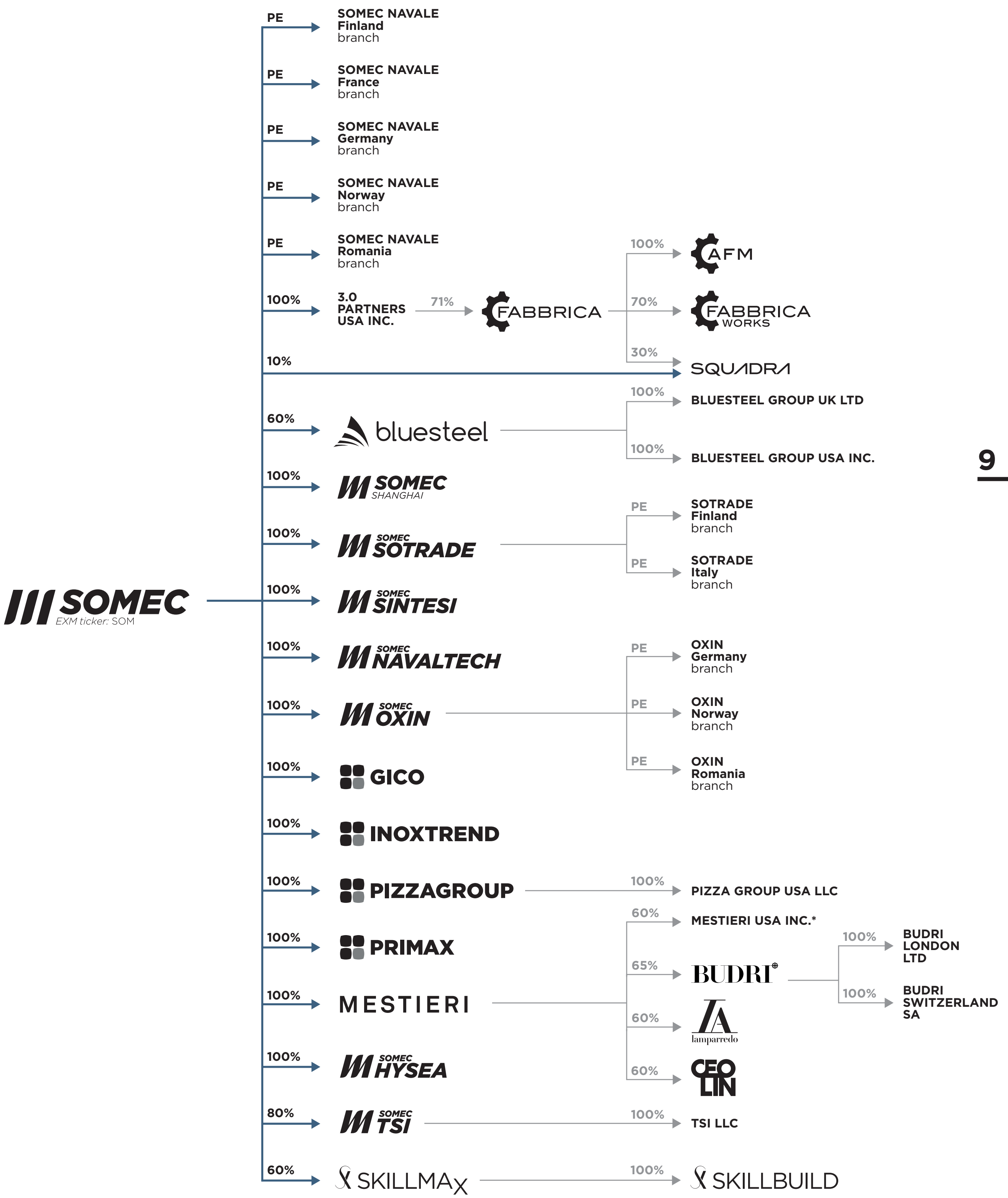
→ ***Engineered systems for naval architecture and building façades***
The Somec Group is one of the largest players in Europe and North America regarding the design, careful selection of materials, production, installation and maintenance of innovative solutions and original engineered systems for naval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

→ ***Professional kitchen systems and products***
The Somec Group designs and produces integrated and customisable systems for professional kitchens, harmoniously combining aesthetics with top performance, as well as turnkey projects in the restaurant 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 division***
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: cruising and yachting, hospitality and restaurant, high-end residential and first-class retail

SOMEC GROUP STRUCTURE

The following graph shows the Group's structure at 30 June 2023.



PE: Permanent Establishment / *MESTIERI USA INC.: 60% owned by Mestieri S.r.l. and 40% by 2.0 Partners LLC

SYSTEMS OF NAVAL ARCHITECTURE AND BUILDING FAÇADES

SOMEC NAVALE
SOMEC SINTESI
SOMEC NAVALTECH
SOMEC SOTRADE

FABBRICA
FABBRICA WORKS
AFM
bluesteel
SQUADRA

PROFESSIONAL KITCHEN SYSTEMS AND PRODUCTS

SOMEC OXIN

GICO
INOXTREND
PIZZAGROUP
PRIMAX
OXIN

MESTIERI: DESIGN AND CREATION OF CUSTOM HIGH-END INTERIORS

MESTIERI SOMEC GRUPPO

SOMEC TSI
SOMEC HYSEA

SKILLMAX
SKILLBUILD
BUDRI
lamparredo
CEOLIN

SCOPE OF CONSOLIDATION

As at 30 June 2023 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	% owners	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 (China)	100%	CNY	4,734,222
Sotrade S.r.o.	Piestany (Slovakia)	100%	Euro	92,380
Total Solution Interiors S.r.l.	Cantù (CO)	80% (2)	Euro	100,000

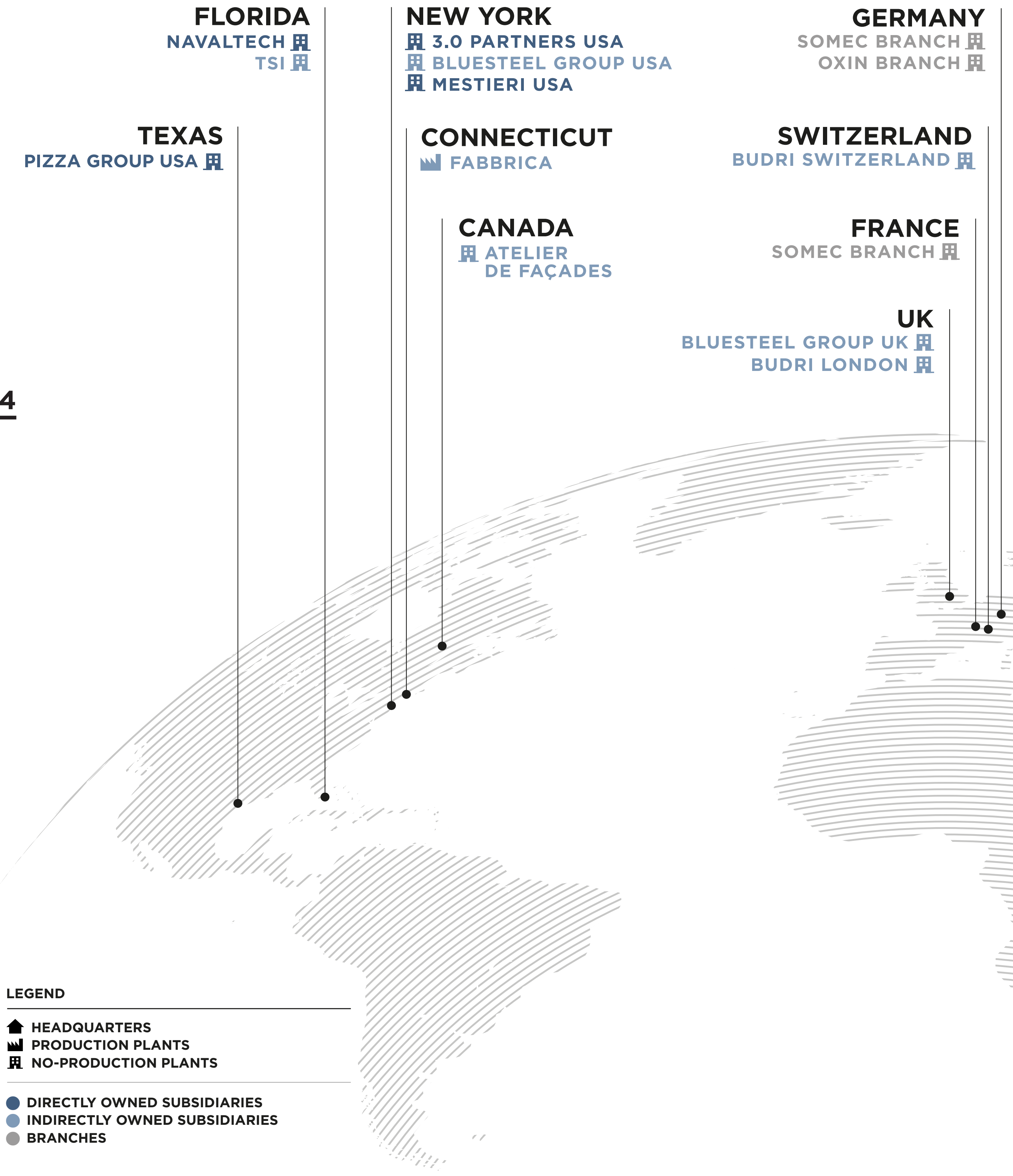
Company	Registered office	% owners	Currency	Share Capital
Indirectly owned subsidiaries and associates:				*(currency unit)*
Atelier de Façades Montréal Inc.	Montréal (Canada)	70.90%	CAD	100
Bluesteel Group UK Ltd	Londra (UK)	60% (1)	GBP	100
Bluesteel Group USA Inc.	New York (USA)	60% (1)	USD	10,000
Budri S.r.l.	Mirandola (MO)	65% (3)	Euro	3,000,000
Budri London Ltd	Londra (UK)	65% (3)	GBP	10,000
Budri Switzerland SA	Lugano (CH)	65% (3)	CHF	100,000
Fabbrica LLC	Delaware (USA)	70.90%	USD	6,250,000
Fabbrica Works S.r.l.	San Biagio di Callalta (TV)	49.63% (4)	Euro	100,000
Gino Ceolin S.r.l.	Mogliano Veneto (TV)	60% (5)	Euro	50,000
Lamp Arredo S.r.l.	Quinto di Treviso (TV)	60% (6)	Euro	100,000
Mestieri USA Inc.	Delaware (USA)	60%	USD	10,000
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)	80% (2)	USD	293,034

During the semester, on 25 January 2023 Somec S.p.A. finalised the acquisition of 60% of the share capital of Gino Ceolin S.r.l. through its direct subsidiary Mestieri S.r.l. The company was fully consolidated over the entire half yearly period.

(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. provide for Put and Call options on the remaining 40% and 20% respectively, which are exercisable as of May 2024 (up until April 2025) and 2022 (up until the end of 2024) respectively. Minority interests are not recognized in the consolidated income statement in light of the Put and Call options in place.
(3) The acquisition of Budri S.r.l. includes an option right between the parties (Put and Call option) for the purchase of the minority interest for the remaining 35%. This option can be exercised: (i) in relation to 15% from the approval of the company's financial statements for the year ending 31 December 2025; (ii) in relation to the additional 20% from the approval of the company's financial statements for the year ending 31 December 2027. Minority interests are not recognised in the consolidated income statement in light of the Put and Call option in place.
(4) 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 30.06.2023.
(5) The acquisition of Gino Ceolin S.r.l. includes an option right between the parties (Put and Call option) for the purchase of the minority interest for the remaining 40%, to be exercised within 90 days of the approval of the financial statements for the year ending 31 December 2026. Minority interests are not recognised in the consolidated income statement in light of the put and call option in place.
(6) The acquisition of Lamp Arredo S.r.l. includes an option right between the parties (Put and Call option) for the purchase of the minority interest for the remaining 40%. This option can be exercised: (i) in relation to 20% from the approval of the company's financial statements for the year ending 31 December 2024; (ii) in relation to the additional 20% from the approval of the company's financial statements for the year ending 31 December 2026. Minority interests are not recognised in the consolidated income statement in light of the Put and Call option in place.

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).



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), Lugano (Switzerland),Santa Lucia di Piave (TV), Codognè (TV), San Vito al Tagliamento (PN), Cantù (CO), Aprilia (LT), San Biagio di Callalta (TV), Vazzola (TV), Colle Umberto (TV), Quinto di Treviso (TV), Mirandola (MO) and Mogliano Veneto (TV).

ITALY

SOMEC GRUPPO HQ
SOMEC NAVALE

- BLUESTEEL
- BUDRI
- GINO CEOLIN
- FABBRICA WORKS
- GICO
- HYSEA
- INOXTREND
- LAMP ARREDO
- 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 2023

Completion of Gino Ceolin S.r.l. acquisition

On 25 January 2023, Somec S.p.A. finalised, through its direct subsidiary Mestieri S.r.l., the acquisition of 60% of the share capital of Gino Ceolin S.r.l.

The price paid was 1.2 million Euro, while the remaining 40% of the capital is tied to Put and Call option rights that may be exercised within 90 days of the approval of the financial statements for the year ending 31 December 2026. The Put and Call option exercise price will be based on the average normalised EBITDA of the three financial years prior to such exercise, to which a 5x multiple will be applied, net of the net financial position calculated at the option exercise date. A variable price component is also payable by way of earn out up to 0.3 million Euro, to be paid upon reaching certain parameters related to the value of production and normalised EBITDA in the 2023 and 2024 periods.

Appointment of an Investor Relation Manager

On 8 March 2023, Somec S.p.A. appointed an Investor Relation Manager who will be responsible for boosting Somec's knowledge and reputation with the financial community, helping the share price and trading volumes on the Milan Stock Exchange to become increasingly more significant.

Resolutions of the Shareholders' Meeting

The Shareholders' Meeting of Somec S.p.A. met on 04 May 2023 to:

- approve the financial statements for the year ended 31 December 2022
- approve the allocation of the result for the period
- set the number of members sitting on the Board of Directors at seven and fixed the term of office of the new Board at three financial years, i.e. until the Shareholders' Meeting approving the financial statements for the year ending 31 December 2025. The following were elected as members of the Board of Directors: Oscar Marchetto, Alessandro Zanchetta, Giancarlo Corazza, Davide Callegari, Gianna Adami, Elena Nembrini, Giuliana Borello. The Shareholders' Meeting also appointed Oscar Marchetto as Chairman of the Board of Directors
- appoint the Board of Statutory Auditors, which will remain in office until the Shareholders' Meeting approving the Financial Statements for the year ending 31 December 2025. Its members include: Michele Furlanetto (Chairman), Annarita Fava (Standing Auditor), Luciano Francini (Standing Auditor), Lorenzo Boer (Alternate Auditor), Barbara Marazzi (Alternate Auditor)
- approve the first and second sections of the report on remuneration policy and emoluments paid

- approve the authorisation for purchase and disposal of treasury shares

- amend the Articles of Association, including for the purpose of introducing multiple voting. By approving the amendment to Article 6 of the Articles of Association, the Shareholders' Meeting resolved to allocate up to a maximum of two votes for each share owned by the same person for a continuous period of not less than twenty-four months from the date of registration in the special list to be established by Somec S.p.A..

Appointment of the CEO of Mestieri S.r.l.

On 5 June 2023, Flavio Chiari was appointed Chief Executive Officer of Mestieri S.r.l., the parent company of the "Mestieri: Design and Production of Bespoke Interiors" BU.
The appointment follows on the Group's objective of strengthening the internal managerialisation process and accelerating the Group's growth path, with Mestieri acting as a key enabler.

Adoption of the Multiple Voting Regulations

On 22 June 2023, following the resolution of the Extraordinary Shareholders' Meeting held on 4 May 2023 and the ensuing amendment of the Articles of Association, the Board of Directors of Somec S.p.A. resolved to adopt the Multiple Voting Regulations. At the same time, it drew up the Special List of Shareholders who intend to take advantage of such voting.

AFTER 30 JUNE 2023

Reorganisation of Fabbrica Works S.r.l.

On 13 July 2023, Somec S.p.A. entered into a preliminary agreement for the reorganisation of Fabbrica Works S.r.l., a company currently indirectly controlled through its American subsidiary Fabbrica LLC and established at the time to support the latter's commercial growth on the main reference markets from a technical and productive standpoint.

Following this agreement, on 26 July 2023 Fabbrica Works S.r.l. acquired ownership of the company complex it has been using so far under a lease agreement, while Somec S.p.A. directly acquired 16% of the capital of Fabbrica Works S.r.l., bringing its direct and indirect controlling interest to 86%. Subject to obtaining the lessor's consent, Fabbrica Works S.r.l. will eventually take over the leasing agreement for the production and executive site in San Biagio di Callalta (TV).

Finalisation of the agreement with one of the minority shareholders of Bluesteel S.r.l.

On 12 September 2023, Somec S.p.A. entered into an agreement with one of the minority shareholders of subsidiary Bluesteel S.r.l. to settle a litigation pending before the Court of Venice – Business Court – for breach of representations and warranties issued on behalf of Somec S.p.A. at the time of the sale of the 60% interest in Bluesteel S.r.l., as approved by the Parent's Board of Directors at its meeting of 14 July 2023.

Under this agreement, the sale by the minority shareholder to Somec S.p.A. of the remaining 34% stake in Bluesteel that it owned – without payment of a cash consideration by Somec S.p.A. – was also finalised on 18 September 2023. Following the completion of the transaction, Somec S.p.A. reached 94% of Bluesteel share capital. The minority shareholder also paid – upon settlement – the amount of 850,000 Euro to Somec S.p.A..

ORDER BACKLOG

The Group's total backlog[1] stood at 845 million Euro as at 30 June 2023, compared to 934 million Euro as at 31 December 2022, of which 23% under option, covering the 2023-2031 time horizon.

The drop is related to the economic phase in the cruise sector, where investment in new production capacity will be resumed only thanks to the strong recovery in passengers and profitability currently underway, with new orders currently expected to flow in between the end of 2023 and the beginning of 2024.

The latter aspect particularly affected the backlog of the Engineered Systems of Naval Architecture and Building Façades division, which stood at 578 million Euro (666 million Euro at the beginning of the year). The Professional Kitchens Systems and Products (156 million Euro, from 159 million Euro at 31 December 2022) and Mestieri: Design and Production of Bespoke Interiors (111 million Euro from 109 million Euro previously) divisions were virtually stable.

It should therefore be noted that the backlog is expected to be an increasingly less significant performance gauge in view of Somec's expansion into businesses that involve more fragmented work lasting less than twelve months.

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

TOTAL BACKLOG SEMESTER BY SEMESTER (MILLION EURO)						
30.06.2020	**31.12.2020**	**30.06.2021**	**31.12.2021**	**30.06.2022**	**31.12.2022**	**30.06.2023**
720	767	826	921	923	934	845

The following chart shows the total Backlog (as at 30 June 2023) breakdown by scheduled delivery year.

TOTAL BACKLOG BREAKDOWN BY SCHEDULED YEAR (% OF TOTAL)								
2023	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
20.7%	31.3%	20.8%	12.8%	7.2%	3.4%	2.2%	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.

TOTAL BACKLOG BREAKDOWN BY BUSINESS DIVISION (% OF TOTAL)			
Engineered systems for naval architecture and building façades	**Professional kitchen systems and products**	**Mestieri: design and production of bespoke interiors division**	**Total**
68.4%	18.5%	13.1%	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**	**Backlog not related to cruise operator**	**Total**
13.0%	12.7%	10.0%	8.3%	6.2%	8.8%	41.0%	100%

SOMEC GROUP OPERATING PERFORMANCE

RESULTS

Below is the reclassified consolidated income statement as at 30 June 2023 and 30 June 2022.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

	Half-year as at 30 June 2023	%	Half-year as at 30 June 2022	%	Δ%
Revenue from contracts with customers	190,146	99.2%	150,575	99.1%	26.3%
Other revenues and income	1,442	0.8%	1,427	0.9%	1.1%
Total revenues	**191,588**	**100.0%**	**152,002**	**100.0%**	**26.0%**
Materials, services and other costs	(150,257)	-78.4%	(115,211)	-75.8%	30.4%
Personnel costs	(31,543)	-16.5%	(27,681)	-18.2%	14.0%
Operating costs	**(181,800)**	**-94.9%**	**(142,892)**	**-94.0%**	**27.2%**
EBITDA	**9,788**	**5.1%**	**9,110**	**6.0%**	**7.4%**
Depreciation and amortisation	(8,607)	-4.5%	(9,091)	-6.0%	-5.3%
EBIT	**1,181**	**0.6%**	**19**	**0.0%**	**6,115.8%**
Net financial income (expenses)	(2,367)	-1.2%	5	0.0%	n.a.
Net results from associate companies	46	0.0%	44	0.0%	4.5%
EBT	**(1,140)**	**-0.6%**	**68**	**0.0%**	**-1,776.5%**
Income taxes	(699)	-0.4%	(418)	-0.3%	67.2%
Consolidated Net Result	**(1,839)**	**-1.0%**	**(350)**	**-0.2%**	**425.4%**
Non-controlling interests	467	0.2%	(165)	-0.1%	-383.0%
Group Net Result	**(2,306)**	**-1.2%**	**(185)**	**-0.1%**	**1,146.5%**

Amounts in €/000

The **Group's consolidated economic situation** as at 30 June 2023 showed revenues to stand at 191.6 million Euro, up 39.6 million Euro compared to 152 million Euro as at 30 June 2022 (+26% compared to the previous period under comparison, of which 1.8% related to the favourable exchange rate effect).

Performance was driven by the organic development of all three Group BUs, which – net of acquisitions – recorded a combined growth of 16.9%, driven in particular by the progress of naval and civil orders and the expected increase in refitting activities. The operations aimed at strengthening the "Mestieri: Design and Production of Bespoke Interiors" BU through the acquisitions of Budri S.r.l. and Lamp Arredo S.r.l., which took place in the second half of the 2022 financial year, and Gino Ceolin S.r.l., finalised in January 2023, had a further positive impact on Group revenues, contributing to the half-yearly revenue performance to the extent of 9.1% (13.9 million Euro).

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

TOTAL REVENUES BREAKDOWN BY GEOGRAPHIC AREA		
	30/06/2023	**30/06/2022**
Europe (including Italy)	54.9%	51.7%
North America	37.0%	39.1%
Rest of the World	8.1%	9.2%

Consolidated **EBITDA** in the first half of 2023 stood at 9.8 million Euro, showing an increase of 7.4% compared to 9.1 million Euro as at 30 June 2022. As opposed to a strong revenue performance, EBITDA margin decreased to 5.1% compared to 6% in H1 2022, which was also affected by the revision of the full-life margins of ongoing contracts due tohigher raw material and energy costs. The profitability was affected by a further across-the-board increase in production costs, as well as by the progress of contracts won in the past, whose profitability had been impacted by inflationary pressures. EBITDA also suffered the expansion costs of Mestieri's Italian parent company and US subsidiary, as well as the emergence of losses related to Bluesteel's orders prior to its acquisition by Somec.

Personnel expenses as at 30 June 2023 amounted to 31.5 million Euro, compared to 27.7 million Euro as at 30 June 2022. This item was affected by: i) the effect of the acquisitions of Budri S.r.l., Lamp Arredo S.r.l. and Gino Ceolin S.r.l., which led to an increase in the number of employees and consequently in the cost item; ii) the increase in the workforce at Fabbrica LLC; iii) and the costs relating to the Parent Company's medium/long-term incentive plan, amounting to 0.3 million Euro.

Depreciation, amortisation and write-downs amounted to 8.6 million Euro, compared to 9.1 million Euro as at 30 June 2022, dropping 5.3%.
At 30 June 2022, this item was affected by significant provisions for doubtful receivables totalling 1.9 million Euro relating to two foreign customers. Write-downs in the first half of 2023 amounted to 0.3 million Euro.

Consolidated **EBIT** for the six months ended 30 June 2023 amounted to 1.2 million Euro, or 0.6% of total revenues, compared to a virtual break-even posted in the previous six-month period. The improvement is attributable to the above-mentioned increase in EBITDA, as well as the absence of the significant provisions for doubtful receivables as mentioned earlier.

Financial income (charges) showed a negative figure of 2.4 million Euro as at 30 June 2023 (virtually zero as at 30 June 2022). This item was chiefly burdened by financial charges related to the increase in gross debt, as well as the increase in the cost of the short-term component thereof.

The **Consolidated Net Result** of -1.8 million Euro compares with -0.4 million Euro in the first half of 2022.

The **Group net result** of -2.3 million Euro compares with -0.2 million Euro in the first half of 2022.

The **Net result for minority interests** of 0.5 million Euro compares with -0.2 million Euro in the first half of 2022.

TRENDS OF SINGLE DIVISIONS

Below is a summary of the key income statement figures for the three divisions as at 30 June 2023 with comparative figures for 30 June 2022.

30 JUNE 2023

	Engineered systems for naval architecture and building façades	Professional kitchen systems and products	Mestieri: design and production of bespoke interiors division	Total
Total revenues	109,767	33,850	47,971	191,588
EBITDA	5,430	2,003	2,355	9,788
EBITDA margin	4.9%	5.9%	4.9%	5.1%
EBIT	918	751	(489)	1,181
EBIT margin	0.8%	2.2%	-1.0%	0.6%

Amounts in €/000

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
EBITDA margin	4.9%	6.1%	8.9%	6.0%
EBIT	(574)	230	363	19
EBIT margin	-0.6%	0.7%	1.1%	0.0%

Amounts in €/000

Total revenues per business unit showed the following performances:

- the ***Engineered Systems for Naval Architecture and Building Façades*** division posted revenues of 109.8 million Euro as at 30 June 2023, showing an increase of 24.3% compared to 88.3 million Euro as at 30 June 2022. The favourable trend, in line with the performance of the entire Group, was the result of the positive dynamics of new shipbuilding and civil orders of Fabbrica LLC, as well as the contribution of refitting activities, which increased by more than 60%

- the ***Professional Kitchen Systems and Products*** division posted revenues of 33.9 million Euro as at 30 June 2023, showing an increase of 10% compared to 30.8 million Euro in the first half of 2022, mainly due to the strong performance of Oxin S.r.l.'s cruise orders

- the ***Mestieri: Design and Production of Bespoke Interiors*** division posted a strong increase in revenues in the first half of 2023 (+45.8%), totalling 48 million Euro, compared to 32.9 million Euro as at 30 June 2022. Compared to the first half of 2022, the division expanded its scope thanks to the acquisitions of Budri S.r.l. and Lamp Arredo S.r.l., which took place in the second half of 2022, and Gino Ceolin S.r.l., which was acquired in January 2023. Expansion through acquisitions thus brought in 13.9 million Euro in additional revenues, accounting for a contribution of 42.1% at the division level, while organic growth was still positive at +3.7% considering that in the first six months of financial year 2022 Total Solutions Interiors S.r.l. had benefited from the award of a significant contract for the complete restyling of a cruise ship

EBITDA margin per business unit showed the following performances:

- the ***Engineered Systems for Naval Architecture and Building Façades*** division reported EBITDA of 5.4 million Euro as at 30 June 2023, showing an increase of 1.1 million Euro compared to 30 June 2022 (+26.4%), with EBITDA margin standing at 4.9%, stable compared to the previous period under review. This improvement was driven by the good performance of the civil segment in America, as well as a pick-up in refitting activities, which generate higher profitability. By contrast, Marine glazing, on the other hand, suffered from a further reduction in the margins of historical orders, which in turn was due to inflationary pressures affecting the cost of production factors, from raw materials to labour. Finally, the emergence of losses related to certain orders in Bluesteel's portfolio had a further negative impact

- the ***Professional Kitchen Systems and Products*** division posted an EBITDA of 2 million Euro in the first half of 2023, showing an increase of 6.4% compared to 1.9 million Euro as at 30 June 2022, and a slightly lower profitability (5.9% of revenues compared to 6.1% in the corresponding period of 2022). The strong performance of Oxin's cruise orders more than offset the poor sales volumes recorded by the other companies in the division, with special reference to the first quarter of financial year 2023

- the ***Mestieri: Design and Production of Bespoke Interiors*** division generated EBITDA to the extent of 2.4 million Euro (or 4.9% of revenues) in the first half of 2023, compared to 2.9 million Euro as at 30 June 2022 (or 8.9% of revenues), the division having benefited from the order related to the refitting of one important cruise ship. In spite of the contribution of the newly consolidated companies (Budri S.r.l., Lamp Arredo S.r.l. and Gino Ceolin S.r.l.), profitability dropped by 4% to 4.9%. This effect is, however, to be considered temporary, as it is related to the different time distribution of orders compared to the previous year, as well as the strengthening costs of the Italian parent company Mestieri S.r.l. and the US subsidiary Mestieri USA Inc.. Significant human resources and marketing costs were incurred for the start-up of their operations, where revenues are expected to pick up as early as in the second half of the year.

STATEMENT OF FINANCIAL POSITION

The following is the reclassified consolidated statement of financial position as at 30 June 2023 and 31 December 2022.

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30/06/2023	31/12/2022
Intangible assets	58,761	59,517
of which Goodwill	37,951	36,699
Tangible assets	19,791	20,893
Right-of-use assets	28,297	27,387
Investments in associates	301	351
Non-current financial assets	231	233
Other non-current assets and liabilities	(3,647)	(5,138)
Employee benefits	(5,625)	(5,130)
Net fixed assets	**98,109**	**98,113**
Trade receivables	83,817	84,152
Inventory and payments on account	27,550	26,213
Contract work in progress	44,558	27,285
Liabilities for contract work in progress and customer advances	(39,181)	(43,215)
Trade payables	(84,196)	(79,324)
Provisions for risk and charges	(1,309)	(1,322)
Other current assets and liabilities	1,571	6,828
Net working capital	**32,810**	**20,617**
Net Invested capital	**130,919**	**118,730**
Group equity	(29,676)	(31,993)
Non-controlling interest in equity	(2,283)	(4,817)
Net financial position	(98,960)	(81,920)
Sources of funding	**(130,919)**	**(118,730)**

Amounts in €/000

Net non-current assets amounted to 98.1 million Euro as at 30 June 2023 stable compared to 31 December 2022.

Net working capital amounted to 32.8 million Euro as at 30 June 2023 compared to 20.6 million Euro as at 31 December 2022, up by 12.2 million Euro.
The main changes can be attributed to: (i) the sharp increase in contract work in progress, due to the significant increase in turnover volumes, as well as longer delivery times for certain shipbuilding orders, due to no fault of the Group; (ii) the increase in trade payables related to the greater needs in procurement levels to meet production volumes.

Group shareholders' equity amounted to 29.7 million Euro as at 30 June 2023 compared to 32 million Euro as at 31 December 2022. The change is entirely attributable to the performance of the period.

NET FINANCIAL POSITION

Consolidated net financial position is composed as follows:

CONSOLIDATED NET FINANCIAL POSITION

		30/06/2023	31/12/2022
A.	Cash and cash equivalents	52	71
B.	Bank deposits	38,990	54,273
C.	**Total liquidity (A+B)**	**39,042**	**54,344**
D.	**Current financial assets**	**5,139**	**4,608**
E.	Current bank debt	(22,659)	(27,756)
F.	Current portion of long-term debt	(19,118)	(14,881)
G.	Other current financial liabilities	(2,833)	(740)
H.	**Current financial position (E+F+G)**	**(44,610)**	**(43,377)**
I.	**Current net financial position (C+D+H)**	**(429)**	**15,575**
J.	Non-current financial assets	2,575	2,383
K.	Non-current bank debt	(62,828)	(61,094)
L.	Other non-current financial liabilities	(9,749)	(11,129)
M.	**Non-current financial position (J+K+L)**	**(70,002)**	**(69,840)**
N.	**Net financial position before IFRS 16 (I+M)**	**(70,431)**	**(54,265)**
O.	**IFRS 16 – Lease impact**	**(28,529)**	**(27,655)**
	Current portion	(5,102)	(4,757)
	Non-current portion	(23,427)	(22,898)
P.	**Net financial position (N+O IFRS 16 impact)**	**(98,960)**	**(81,920)**

Amounts in €/000

Net financial debt as defined under 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 2023, including the effect of IFRS 16, stood at 99 million Euro, compared to 81.9 million Euro as at 31 December 2022.

The increase in the consolidated net financial position as at 30 June 2023 compared to 31 December 2022, amounting to 17 million Euro, was mainly due to: (i) the significant growth in turnover, which in turn led to an increase in contract work in progress; (ii) the acquisition by Mestieri S.r.l. of 60% of the share capital of Gino Ceolin S.r.l., for a total amount of 3.8 million Euro (of which: 1.2 million Euro related to the payment of the price of the 60% share; 1.9 million Euro related to the exercise price of the options and earn-out for the purchase of the minority shares; 0.7 million Euro pertaining to financial liabilities on leases). Dividend payouts totalling 2.9 million Euro were added to the above amount, such dividends being paid by Fabbrica LLC to its minority shareholders.

Group Net Financial Position, excluding the effects of the application of IFRS 16, stood at 70.4 million Euro as at 31 December 2022, up by 16.1 million Euro from 54.3 million Euro posted as at 31 December 2022.

The reclassified consolidated statement of cash flows as at 30 June 2023 and 30 June 2022 is shown below.

CASH FLOW STATEMENT		
	30/06/2023	**30/06/2022**
Cash flows from operating activities	(7,953)	16,514
Cash flows from investing activities	(1,931)	(4,451)
Free Cash Flow	**(9,884)**	**12,063**
Cash flows from financing activities	(4,955)	2,507
Effect of exchange rate changes on cash and cash equivalents	(463)	1,818
Net cash flow	**(15,302)**	**16,388**
Cash and cash equivalents at the beginning of the period	**54,344**	**47,645**
Cash and cash equivalents at the end of the period	**39,042**	**64,033**

Amounts in €/000

Operating cash flow was negative to the extent of 8 million Euro as at 30 June 2023 compared to the positive flow of 16.5 million Euro as at 30 June 2022. This change can be attributed to the aforementioned increase in contract work in progress, due to the increase in turnover volumes and to delays in the completion of some contracts, due to no fault of the Group.

Cash outflow for **investment activities** amounted to 1.9 million Euro and mainly related to acquisition and business combination activities.

Cash flow for **financing activities** was negative to the extent of 5 million Euro, mainly due to the repayment of medium/long-term loans and the distribution of dividends to minority shareholders of Fabbrica LLC in the first half of 2023.

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 business activity is reported 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.

ENVIRONMENT AND PERSONNEL

Somec is well aware of the context in which the factories of the Group companies operate, and shares in the concern over the issue of climate change. In order to manage environmental aspects, Somec Group - whose Parent Company is ISO 14001 certified - relies on ongoing coordination between its subsidiaries: the expansion of the Group as a result of our external growth through acquisitions, a strategy that relies heavily on control of our reference sectors, means that the Group companies depend on standardised practices and procedures.
In 2022, the Parent Company obtained ISO 45001 safety certification, while subsidiary Gico S.p.A. obtained SASO (Saudi Arabian Standards Organisation) certification, a symbol of the conformity of goods to the country's standards and safety regulations.

As part of actions to enhance human capital, as already mentioned last year, the Group is working to protect the most vulnerable workers by giving an additional 30% paid leave in cases of serious diseases, establishing a Solidarity Hours Bank, facilitating women's work with a parental equality incentive and announcing a call for the assignment of two scholarships to worthy children of employees, aimed at promoting the "social elevator".
The policy of incentives linked to profitability, productivity and quality objectives has been reinforced, with a greater involvement of workers through the creation of "INDITEX", a bonus convertible in Welfare benefits, and the shared management of a multi-week schedule to deal with production highs and lows.

HUMAN RESOURCES

As at 30 June 2023, the Group's headcount amounts to 993 employees including members of the project management, marketing and sales teams (around 12%), general office staff (roughly 15%), research and development, engineering (approximately 13%) and manufacturing (about 60%) personnel.
Compared to the figure posted as at 30 June 2022, the average workforce grew by 111 resources, corresponding to a 13% increase, mainly due to the acquisitions of Budri S.r.l. and Lamp Arredo S.r.l., which took place during the second half of 2022, and the increase in the workforce of Fabbrica LLC.

OWNERSHIP OF THE COMPANY

As at 30 June 2023, 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 (81.3%), Alessandro Zanchetta (10.0%) and Giancarlo Corazza (8.7%).

On the reporting date, in addition to the indirect stake held via Venezia S.p.A., Oscar Marchetto owns a direct shareholding of 0.39%, 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 reporting period, Parent Company Somec S.p.A. held 11,934 treasury shares, 0.17% of the share capital, following the treasury share purchase programme launched at the previous years.

The remaining 24.44% is float, accounting for 1,686,031 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 2023 and income and expenses from related party transactions in the first half of 2023, please see the relevant section of the notes to the interim condensed financial statements.

TREASURY SHARES

Somec S.p.A. has launched a number of treasury share buyback schemes based on the authorisation resolutions approved in previous years.
On 4 May 2023, the Shareholders' Meeting approved the proposal of the Board of Directors and authorised the Board of Directors, subject to revocation of the previous authorisation granted on 29 April 2022, for the part not yet executed, to purchase and dispose of treasury shares up to a maximum of 5% of the share capital and for a maximum period of eighteen months.
In principle, the authorisation to purchase and dispose of treasury shares is granted with the aim of providing Somec S.p.A. with a flexible process that helps to pursue some of the purposes compatible with the laws and regulations in force and, specifically, to: (i) hold treasury shares to be used to underpin the "2021-2025 Long-Term Variable Incentive Scheme"; (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; (iii) use treasury shares to service bonds or other debt instruments convertible in Somec S.p.A.'s shares; (iv) use treasury shares to service any incentive plans, either for a consideration or free of charge, reserved to directors and/or employees and/or collaborators of Somec S.p.A. or its Group; (v) carry out any other extraordinary transactions on the share capital (including any reduction thereof through the cancellation of treasury shares, subject to the requirements of the law); and (vi) provide the shareholders with an additional instrument to monetise their investment.
As part of these schemes and net of the allocations made to service the incentive scheme, at 30 June 2023 Somec S.p.A. held a total of 11,934 treasury shares, i.e. 0.17% of its share capital, worth 361 thousand Euro.

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

Key figures	
Share Capital	Euro 6,900,000.00
Ordinary shares issued	6,900,000
Treasury shares	11,934
ISIN	IT0005329815
Market	Euronext Milan
Ticker	EXM: SOM
Bloomberg	SOM:IM
Minimum lot	1
Specialist	Intermonte SIM S.p.A.

As at 30 June 2023, the official closing price of Somec shares was 30.9 Euro (-4.9% compared to the closing value as at 30 December 2022, i.e. 32.50 Euro).
The market capitalisation as at 30 June 2023 is 213,210 thousand Euro (compared to 224,250 thousand Euro as at 30 December 2022).

UNUSUAL TRANSACTIONS

During the first half 2023, 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

Over the past few years, the macroeconomic backdrop has been filled with uncertainty. Geopolitical instability and, more importantly, the Russian-Ukrainian conflict that began in February 2022 have led to an extremely complex and unpredictable situation, characterised by inflationary trends and highly speculative dynamics. Notably, these trends have had an impact on energy and commodity prices, as well as on reliability of supplies and, more generally, a sharp increase in inflation on a global scale, resulting in a tightening of central banks' monetary policies. For the first time, resource availability was at risk, making any planning and optimisation of the production chain difficult. This in turn had an impact on costs and efficiency. Although the Group has no direct or indirect business interests in the areas affected by the conflict, and its business model is neither energy-intensive nor particularly exposed to inflationary phenomena regarding raw materials or the higher costs of international transactions, the continuation of this situation might lead to difficulties in the normal management of operations or to pressures on margins. The impact of these risks is however mitigated by a streamlined organisational structure and abundant order backlog, which proves undoubtedly beneficial in terms of potential planning.
Therefore, the economic recovery seen in the first post-pandemic phase has slowed down and the outlook for the short to medium term remains uncertain and difficult to make out. In any case, the Group constantly monitors the evolution of the macroeconomic environment and its impact on business.

RISK OF FAILURE TO WIN PROJECTS, CANCELLATIONS AND CONSEQUENT EFFECT ON THE BACKLOG AND BACKLOG UNDER OPTION

This risk refers to the possibility of failing to acquire new orders or of the cancellation and / or delay of existing orders.
Although the Group is exposed to this risk, which is inherent to the sector and has been exacerbated by the current global pandemic, it still operates according to a "Business to Business" model, which is therefore extremely structured and organised, based on a multi-year Backlog consisting of projects for which customers have already paid given the need for careful planning in this industrial sector.
The shipbuilding segment, which is theoretically more exposed to this risk, has not shown any cause for concern. With regard to the absence of customer concentration, it is noted that in this sector no operator accounts for more than 13% 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 Engineered Systems for Naval Architecture and Building Façades division, for example, is less exposed to such risks, in view of both the product sector and the extreme fragmentation of the customer base.

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 a transition to business management with a lower environmental impact, trying to reduce the generation of greenhouse gas emissions. An integral part of this path is the determination of the transition risks (including the increase in energy costs) and physical risks that could have an impact on company 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 processes and the product sold 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 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 committed to integrating sustainability issues in its business plan and incentive tools, monitoring relevant elements through "what-if" analyses.

FINANCIAL RISKS

The Group is exposed to financial risks, where the main risk, following the significant growth in the business of the US subsidiaries is the risk of currency-based transactions. With regard to financial debt, interest rate fluctuations also pose a risk, partly due to the current upward trend in interest rates, while liquidity risk is very low. 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 contracted medium / long-term loans with variable Euribor-linked rates, regarding which it has carried out hedging transactions. Details of existing loans and derivative transactions are reported in the Notes to the interim condensed 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 trends or unreliability of supplies. For business purposes, policies have also been adopted to ensure the solvency of its clients and limit exposure to the credit risk vis-à-vis each single client through activities that include customer assessment and monitoring. Periodically, all receivables undergo an analytical assessment, for each client, and are written down in the event of any impairment.

LIQUIDITY RISKS

Liquidity risk is defined as the risk that the Group encounters difficulties in obtaining the funds it needs to meet the obligations arising out of its financial liabilities. Prudential management of the liquidity risk is pursued by monitoring the Group's cash flows, financing needs and liquidity, with the aim of guaranteeing sound management of financial assets through the correct management of any excess liquidity or assets that may be liquidated and the use of appropriate credit lines.

BUSINESS OUTLOOK

Although revenues and EBITDA grew, the first-half results suffered from a still sub-optimal market environment, with special reference to the rise in production costs brought on by inflation, the effects of high interest rates, and the tendency of clients and customers to replan the completion of certain orders.

In the third quarter of the financial year, which was currently underway at the time of writing this report, Somec witnessed signs of improvement regarding both the profitability of ongoing orders and a further increase in refitting volumes. In addition to this, an agreement was reached with one of the minority shareholders of Bluesteel, which lays the foundations for the final turnaround and re-launch of the subsidiary, while operations came fully on stream at Mestieri S.r.l. and Mestieri USA, whose potential in terms of commercial expansion is already beginning to show.

At the same time, new and more focused management actions aimed at recovering profitability, especially in the marine glazing and professional kitchens segments, will allow EBITDA and cash inflow to improve significantly in the remaining part of the year.

Therefore, in the light of the foregoing and with reference to the income and financial forecasts (i.e., guidance) made on 22 March 2023 for the current year, Somec Management:

- confirms its expectation of strong growth in revenues, the robust trend of which will push the 2023 final figure well above the level of 360 million Euro previously indicated
- currently expects EBITDA to fall in the region of 26 million Euro and 29 million Euro, compared to previous expectations in excess of 30 million Euro, but still up double-digit from 23.2 million Euro in the 2022 financial year
- forecasts a pre-IFRS16 net financial position between 40 million Euro and 50 million Euro
- continues to expect a return to payment of dividends from the profits of financial year 2023

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS			
	Note	30/06/2023	31/12/2022
Non-current assets			
Property, plant and equipment	1	19,791	20,893
Intangible assets	2	58,761	59,517
Right-of-use assets	3	28,297	27,387
Investments in associates	4	301	351
Non-current financial assets	5	2,806	2,616
Deferred tax assets	6	5,771	4,024
Total non-current assets		**115,727**	**114,788**
Current assets			
Inventory and contract assets	7	72,108	53,498
Trade receivables	8	83,817	84,152
Other receivables	9	17,140	18,417
Tax receivables	10	3,723	4,166
Other current financial assets	11	5,139	4,608
Cash and cash equivalents	12	39,042	54,344
Total current assets		**220,969**	**219,185**
Total assets		**336,696**	**333,973**

Amounts in €/000

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	30/06/2023	31/12/2022
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	3,223	5,540
Total Group net equity		**29,676**	**31,993**
Non-controlling interests	13	2,283	4,817
Total net equity		**31,959**	**36,810**
Non-current liabilities			
Loans and financing	14	62,828	61,094
Other non-current financial liabilities	15	33,177	34,026
Other non-current liabilities		602	669
Provisions for liabilities and charges	16	1,309	1,322
Net defined-benefit obligations	17	5,625	5,130
Deferred tax liabilities	6	8,816	8,493
Total non-current liabilities		**112,357**	**110,734**
Current liabilities			
Trade payables	18	84,196	79,324
Other current liabilities	19	16,429	13,084
Contract work in progress and customer advances	20	39,181	43,215
Loans and financing	14	41,776	42,638
Other current financial liabilities	15	7,935	5,497
Income tax liabilities	21	2,863	2,671
Total current liabilities		**192,380**	**186,429**
Total liabilities		**304,737**	**297,163**
Total liabilities and shareholders' equity		**336,696**	**333,973**

Amounts in €/000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Note	Half-year as at 30 June 2023	Half-year as at 30 June 2022
Revenues from contracts with customers	22	190,146	150,575
Other revenues and income	23	1,442	1,427
Revenues		**191,588**	**152,002**
Raw materials and consumables		(91,537)	(64,341)
Employee benefit expenses	24	(31,543)	(27,681)
Depreciation, amortisation and other write-downs	25	(8,607)	(9,091)
Other operating costs	26	(58,720)	(50,870)
Operating profit (EBIT)		**1,181**	**19**
Financial expenses	27	(3,141)	(1,134)
Financial income	27	1,645	38
Other income (and expenses)	28	(871)	1,101
Income from associates	29	46	44
Profit/(loss) before tax (EBT)		**(1,140)**	**68**
Income taxes	30	(699)	(418)
Profit/(loss) for the period		**(1,839)**	**(350)**
Non-controlling interests	13	467	(165)
Group net result	**13**	**(2,306)**	**(185)**
Earnings/(loss) per share (in Euro)	31	(0.34)	(0.03)
Diluted earnings/(loss) per share (in Euro)	31	(0.34)	(0.03)

Amounts in €/000

	Note	Half-year as at 30 June 2023	Half-year as at 30 June 2022
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	(64)	732
Net gains/(losses) on cash flow hedges	13	(222)	1,126
Total other comprehensive income/(losses) that may be subsequently reclassified within profit/(loss), net of tax:	**13**	**(286)**	**1,858**
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	(104)	373
Total other consolidated comprehensive income that will not be reclassified to net income/(losses), net of tax:	**13**	**(104)**	**373**
Total other comprehensive income/(losses), net of tax:	**13**	**(390)**	**2,231**
Total income/(loss) net of tax		**(2,229)**	**1,881**
Attributable to:			
Equity holders of the Parent		**(2,619)**	**1,524**
Non-controlling interests		**390**	**357**

Amounts in €/000

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Half-year as at 30 June 2023	Half-year as at 30 June 2022
Profit/(loss) for the period		(1,839)	(350)
Reconciliation of net income to operating cash flow:			
Depreciation and amortisation	25	8,283	7,233
Change in defined benefit obligations	13-17	(38)	(79)
Change in Put and Call option liabilities	27	(940)	-
Finance costs	27	3,135	1,134
Finance income	27	(698)	(38)
Net exchange rate changes		1,207	(2,280)
Income (loss) for the period from associates	4-29	(46)	(44)
(Capital gains)/Capital losses on sale of assets		(3)	(9)
Net change in provisions for risks and charges	16	(13)	(48)
Costs for share-based payments	13-24	(32)	257
Change in operating assets and liabilities:			
Decrease/(Increase) in inventory and contract assets	7	(17,939)	(16,740)
Increase/(Decrease) in contract work in progress and customer advances	20	(4,205)	11,120
Decrease/(Increase) in trade receivables	8	(1,214)	3,395
Decrease/(Increase) in other receivables	9	1,279	(1,050)
Increase/(Decrease) in trade payables	18	3,828	14,139
Decrease/(Increase) in other current assets and liabilities		4,556	3,430
Income tax payments		(1,441)	(966)
(Use of provisions)	16	-	(790)
Interest received/(paid)		(1,833)	(1,800)
Cash flows from operating activities (A)		**(7,953)**	**16,514**

Amounts in €/000

	Note	Half-year as at 30 June 2023	Half-year as at 30 June 2022
Investing activities:			
Investments in property, plant and equipment		(823)	(808)
Investments in intangible assets		157	(459)
Investments in associates	4	96	(51)
Change in current and non-current financial assets	5-11	-	(7)
Realisable price of property, plant and equipment		3	43
Settlement of payment for equity investments	15	-	(1,663)
Settlement of price adjustment on business combination	15	(487)	(400)
Acquisition of subsidiaries net of cash acquired		(877)	(1,106)
Cash flows from investing activities (B)		**(1,931)**	**(4,451)**
Financing activity:			
Loans and financing granted	14	12,700	50,000
(Repayments)	14	(6,912)	(24,132)
Lease liability payments	3-15	(3,086)	(2,502)
Increase/(Decrease) in short-term bank loans	14	(5,098)	1,022
Treasury share purchase reserve	13	365	(128)
Dividends paid to Parent Company shareholders	13	-	(5,502)
Dividends paid to minority shareholders	13	(2,924)	(2,003)
Acquistion of minority shareholdings	13	-	(14,248)
Cash flows from financing activities (C)		**(4,955)**	**2,507**
Increase (decrease) in cash and cash equivalents (A+B+C)		**(14,839)**	**14,570**
Cash and cash equivalents at the beginning of the period	**12**	**54,344**	**47,645**
Net effect of exchange differences		(463)	1,818
Cash and cash equivalents at the end of the period	**12**	**39,042**	**64,033**

Amounts in €/000

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2023

	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
01/01/2023		**6,900**	**18,173**	**1,380**	**7,292**	**(1,752)**	**31,993**	**3,522**	**1,295**	**4,817**	**36,810**
2022 profit allocation:											
- other reserves					(1,752)	1,752	-	1,295	(1,295)	-	-
- dividends							-	(2,924)		(2,924)	(2,924)
Treasury share purchase reserve	13				330		330			-	330
Reserve for share-based payments	13				(32)		(32)			-	(32)
Other changes					5		5			-	5
Other comprehensive income (OCI)	**13**										
- Defined benefit plans					(97)		(97)	(7)		(7)	(104)
- Change in currency translation reserve					6		6	(70)		(70)	(64)
- Change in CFH reserve					(223)		(223)				(223)
Net income/(loss) for the period					-	(2,306)	(2,306)		467	467	(1,839)
30/06/2023		**6,900**	**18,173**	**1,380**	**5,529**	**(2,306)**	**29,676**	**1,816**	**467**	**2,283**	**31,959**

Amounts in €/000

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 changes					(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/(loss) 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

EXPLANATORY NOTES

TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2023

GENERAL INFORMATION

Publication of the Interim Condensed Consolidated Financial Statements of Somec S.p.A. and its subsidiaries ("Somec Group") for the period ended 30 June 2023 has been authorised by the Board of Directors, which approved the financial statements on 25 September 2023.

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: i) Engineered systems for naval architecture and building façades ii) Professional kitchen systems and products iii) 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 2023 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 2022. 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 2023 and the business outlook are provided.

SCOPE OF CONSOLIDATION

The Interim Consolidated Financial Statements include the financial statements of the Parent company, Somec S.p.A. as at 30 June 2023, and those of the following directly or indirectly controlled subsidiaries on the same reporting date:

Company	Registered office	% owners	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 (China)	100%	CNY	4,734,222
Sotrade S.r.o.	Piestany (Slovakia)	100%	Euro	92,380
Total Solution Interiors S.r.l.	Cantù (CO)	80% (2)	Euro	100,000

Company	Registered office	% owners	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
Budri S.r.l.	Mirandola (MO)	65% (3)	Euro	3,000,000
Budri London Ltd	Londra (UK)	65% (3)	GBP	10,000
Budri Switzerland SA	Lugano (CH)	65% (3)	CHF	100,000
Fabbrica LLC	Delaware (USA)	70.90%	USD	6,250,000
Fabbrica Works S.r.l.	San Biagio di Callalta (TV)	49.63% (4)	Euro	100,000
Gino Ceolin S.r.l.	Mogliano Veneto (TV)	60% (5)	Euro	50,000
Lamp Arredo S.r.l.	Quinto di Treviso (TV)	60% (6)	Euro	100,000
Mestieri USA Inc.	Delaware (USA)	60%	USD	10,000
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)	80% (2)	USD	293,034

During the semester, on 25 January 2023 Somec S.p.A. finalised the acquisition of 60% of the share capital of Gino Ceolin S.r.l. through its direct subsidiary Mestieri S.r.l. The company was fully consolidated over the entire half yearly period.

(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. provide for Put and Call options on the remaining 40% and 20% respectively, which are exercisable as of May 2024 (up until April 2025) and 2022 (up until the end of 2024) respectively. Minority interests are not recognized in the consolidated income statement in light of the Put and Call options in place.
(3) The acquisition of Budri S.r.l. includes an option right between the parties (Put and Call option) for the purchase of the minority interest for the remaining 35%. This option can be exercised: (i) in relation to 15% from the approval of the company's financial statements for the year ending 31 December 2025; (ii) in relation to the additional 20% from the approval of the company's financial statements for the year ending 31 December 2027. Minority interests are not recognised in the consolidated income statement in light of the Put and Call option in place.
(4) 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 30.06.2023.
(5) The acquisition of Gino Ceolin S.r.l. includes an option right between the parties (Put and Call option) for the purchase of the minority interest for the remaining 40%, to be exercised within 90 days of the approval of the financial statements for the year ending 31 December 2026. Minority interests are not recognised in the consolidated income statement in light of the put and call option in place.
(6) The acquisition of Lamp Arredo S.r.l. includes an option right between the parties (Put and Call option) for the purchase of the minority interest for the remaining 40%. This option can be exercised: (i) in relation to 20% from the approval of the company's financial statements for the year ending 31 December 2024; (ii) in relation to the additional 20% from the approval of the company's financial statements for the year ending 31 December 2026. Minority interests are not recognised in the consolidated income statement in light of the Put and Call option in place.

BASIS OF CONSOLIDATION

The main criteria used to prepare the interim 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., Budri London Ltd, Budri Switzerland SA, 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 June 2023		31 December 2022		30 June 2022	
	Average	Final	Average	Final	Average	Final
Canadian Dollar	1.4565	1.4415	1.3695	1.4440	1.3900	1.3425
US Dollar	1.0807	1.0866	1.0530	1.0666	1.0934	1.0387
Swiss Franc	0.9856	0.9788	1.0047	0.9847	1.0364	0.9960
Chinese Renminbi	7.4894	7.8983	7.0788	7.3582	7.0823	6.9624
Pound Sterling	0.8764	0.8583	0.8528	0.8869	0.8424	0.8582

NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting standards applied for the preparation of the consolidated financial statements as at and for the year ended 31 December 2022 were also used to prepare the Interim Consolidated Financial Statements, in addition to the new standards and amendments in force as of 1 January 2023.
The Group has not adopted in advance any new standard, interpretation or amendment that has been issued but is not yet in force.

Several amendments and interpretations were effective for the first time in 2023, but did not impact the Group's interim consolidated financial statements.

DEFINITION OF ACCOUNTING ESTIMATES - AMENDMENTS TO IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.
The amendments had no impact on the Group's interim condensed consolidated financial statements.

DISCLOSURE OF ACCOUNTING POLICIES - AMENDMENTS TO IAS 1 AND IFRS PRACTICE STATEMENT 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
The amendments had no impact on the Group's interim condensed consolidated financial statements, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION – AMENDMENTS TO IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated financial statements.

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.

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

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. The agreements tie the remaining 35% of the shares to Put and Call options, to be exercised at two separate times: 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.
The agreed consideration for exercising the options is tied to EBITDA net of Net Financial Position, both to be calculated at the closing date of the relevant financial year, in 2025 and 2027, respectively, deducting – on a pro-rata basis – from the shares under option the 10% majority bonus recognised at the date of closing.
The consideration for the acquisition consists of (i) payment of the price of 7,490 thousand Euro, (ii) the value of the earn out (254 thousand Euro) linked to EBITDA and Net Financial Position figures set out in the business plan of Budri S.r.l. for each financial year between 2022 and 2025, and finally (iii) the fair value of the Put and Call option for the purchase of the remaining minority interest, established at 4,692 thousand Euro at the time of allocation of the acquisition price.

Price payment for 65%	7,490
Due for earn out	254
Put & Call option liabilities	4,692
Total consideration	**12,436**

Amounts in €/000

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

Non-current assets	**12,452**
Property, plant and equipment	7,737
Intangible assets	3,325
Right-of-use assets	1,265
Non-current financial assets	125
Current assets	**8,418**
Inventory and contract assets	3,845
Trade receivables	2,753
Other receivables	1,244
Current financial assets	44
Cash and cash equivalents	532
Total assets	**20,870**
Non-current liabilities	**(6,985)**
Loans and financing	(3,689)
Other non-current financial liabilities	(1,088)
Net defined-benefit obligations	(537)
Deferred tax liabilities	(1,671)
Current liabilities	**(7,052)**
Trade payables	(2,432)
Other current liabilities	(887)
Contract work in progress and customer advances	(2,366)
Loans and financing	(1,112)
Other current financial liabilities	(177)
Income tax liabilities	(78)
Total liabilities	**(14,037)**
Total net assets at fair value	**6,833**
Goodwill on business combination	**5,603**
Acquisition price	**12,436**

Amounts in €/000

Net cash acquired by subsidiary	532
Consideration paid	(7,490)
Cash flow net of acquisition	**(6,958)**
Potential consideration	(4,946)
Total net consideration	**(11,904)**

Amounts in €/000

The company's net assets measured at fair value on the acquisition date amount to a total of 6,833 thousand Euro.

At the time of the business combination, the following items were identified:

- an intangible asset with a finite service life not recognised in the financial statements, such asset consisting of know-how, i.e. the acquired company's ability to perform in the sector in which it operates, totalling 3,292 thousand Euro, gross of the related tax effect of 918 thousand Euro. The Directors adopted an income evaluation criterion based on the discounting back of royalties to be paid to the licensor for the specific technology (known as 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 five years, considered to be the useful life of ascertained know-how

- the latent capital gain related to the land and building owned by the acquired company, totalling 2,696 thousand Euro, gross of the related tax effect (752 thousand Euro). This higher value attributable to land and buildings, compared to the net book value at the date of acquisition, was determined on the basis of an assessment performed by a leading independent expert

The difference between the total consideration and the fair value provisional of the identified net assets was recognised as goodwill amounting to 5,603 thousand Euro, which the Directors determined was recoverable in consideration of the estimated cash flows expected from the investment. Please see note 2 Intangible assets for more details on the assets with a finite and indefinite useful life recognised at the acquisition date.
The purchase price allocation for the business combination is final.

LAMP ARREDO S.R.L. ACQUISITION

On 28 October 2022, Somec S.p.A. finalised, through its direct subsidiary Mestieri S.r.l., the acquisition of 60% of the share capital of Lamp Arredo S.r.l.. According to the agreement, the remaining 40% of the shares is linked to Put and Call option rights, which may be exercised at two separate times: 20% within 90 days of the approval of the financial statements for the year ending 31 December 2024 and a further 20% within 90 days of the approval of the financial statements for the year ending 31 December 2026. The value of the Put and Call option will be based on the average normalised EBITDA of the two financial years prior to such exercise, net of the Net Financial Position calculated at the option exercise date.
The consideration for the acquisition consists of payment of the price of 1,731 thousand Euro, adjusted by an additional amount of 124 thousand Euro, established on the basis of the value of the net financial position at the date of closing, and by the fair value of the Put and Call option for the purchase of the remaining minority interests, established at 2,153 thousand Euro during the provisional allocation of the acquisition price.

Price payment for 60%	1,731
Additional payment	124
Put & Call option liabilities	2,153
Total consideration	**4,008**

Amounts in €/000

At the date this report was prepared, the measurement of the fair value of the net assets acquired (aka Purchase Price Allocation) had not yet been completed by the Directors.
However, albeit on a provisional basis, at the time of the business combination the following items were identified:

- an intangible asset with a finite service life not recognised in the financial statements, such asset consisting of unpatented technology (or know-how), i.e. the acquired company's ability to perform in the sector in which it operates, totalling 1,332 thousand Euro, gross of the related tax effect of 372 thousand Euro, in respect of which the Directors estimated a service life of five years

- an intangible asset with a finite service life not recognised in the financial statements, such asset consisting of a backlog totalling 82 thousand Euro, gross of the related tax effect of 23 thousand Euro

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

Total assets	6,232
Total liabilities	(4,186)
Total net assets at provisional fair value	**2,046**
Goodwill on business combination	**1,962**
Acquisition price	**4,008**

Amounts in €/000

Net cash acquired by subsidiary	1,255
Consideration paid	(1,731)
Additional payment of consideration paid	(124)
Cash flow net of acquisition	**(600)**
Potential consideration	(2,153)
Total net consideration	**(2,753)**

Amounts in €/000

The Company's net assets measured at provisional fair value on the acquisition date totalled of 2,046 thousand Euro. The difference between the total consideration and the provisional fair value of the identified net assets was recognised as goodwill to the extent of 1,962 thousand Euro, which the Directors considered recoverable in view of the estimated cash flows expected from the investment.

GINO CEOLIN S.R.L. ACQUISITION

On 25 January 2023, Somec S.p.A. finalised, through its direct subsidiary Mestieri S.r.l., the acquisition of 60% of the share capital of Gino Ceolin S.r.l.. The remaining 40% of the capital is tied to Put and Call option rights that may be exercised within 90 days of the approval of the financial statements for the year ending 31 December 2026. The Put and Call option exercise price will be based on the average normalised EBITDA of the three financial years prior to such exercise, to which a 5x multiple will be applied, net of the net financial position calculated at the option exercise date. A variable price component is also payable by way of earn out up to 0.3 million Euro, to be paid upon reaching certain parameters related to the value of production and normalised EBITDA in the 2023 and 2024 periods.
The consideration for the acquisition consists of (i) payment of the price of 1,170 thousand Euro, (ii) the value of the earn out of 282 thousand Euro, (iii) the fair value of the Put and Call option for the purchase of the remaining minority interests, established at 1,660 thousand Euro during the provisional allocation of the acquisition price.

Price payment for 60%	1,170
Due for earn out	282
Put & Call option liabilities	1,660
Total consideration	**3,112**

Amounts in €/000

At the date this report was prepared, the measurement of the fair value of the net assets acquired (aka Purchase Price Allocation) had not yet been completed by the Directors.
However, albeit on a provisional basis, at the time of the business combination the following items were identified an intangible asset with a finite service life not recognised in the financial statements, such asset consisting of unpatented technology (or know-how), i.e. the acquired company's ability to perform in the sector in which it operates, totalling 1,825 thousand Euro, gross of the related tax effect of 509 thousand Euro, in respect of which the Directors estimated a service life of seven years.

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

Total assets	5,879
Total liabilities	(4,135)
Total net assets at provisional fair value	**1,744**
Goodwill on business combination	**1,368**
Acquisition price	**3,112**

Amounts in €/000

Net cash acquired by subsidiary	293
Consideration paid	1,170
Cash flow net of acquisition	**1,463**
Potential consideration	1,942
Total net consideration	**3,405**

Amounts in €/000

The Company's net assets measured at provisional fair value on the acquisition date totalled of 1,744 thousand Euro. The difference between the total consideration and the provisional fair value of the identified net assets was recognised as goodwill to the extent of 1,368 thousand Euro, which the Directors considered recoverable in view of the estimated cash flows expected from the investment.
The acquisition of control of Gino Ceolin S.r.l. was reflected in the accounts at the beginning of the financial year 2023.

OPERATING SEGMENT REPORTING

For the purposes of application of IFRS 8, the Group defines three Business Units (BUs), consistent with the management and control model used to date, as shown below:

- ***Engineered systems for naval architecture and building façades:*** complete construction projects of naval enclosures and glazing and architectural solutions for large cruise ships, complete construction projects of curtain walls and glazed enclosures for civil engineering
- ***Professional kitchen systems and products:*** professional kitchen systems integrated with on-board facilities of cruise ships, large customised professional kitchen systems for catering and hospitality, monoblocs and customised cooking suites, professional products for vertical cooking and the cold chain
- ***Mestieri: design and production of bespoke interiors:*** design and production of interiors for a whole range of sectors, including hospitality, catering, luxury retail, high-end residential property, cruise ships and superyachts

The aforementioned BUs were identified on the basis of the following considerations:

- they represent revenue- and cost-generating activities whose operating results are reviewed on a regular basis at the highest operational decision-making level, in order to assess the performance of each segment and allocate the relevant resources
- they are subject to internal reporting disclosure
- separate financial disclosures are available
- the BUs are entirely independent of each other

Segment result 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 following tables show the revenues and result of the Group's operating segments for the periods ended 30 June 2023 and 30 June 2022.

RESULTS BY OPERATING SEGMENT AS AT 30 JUNE 2023

	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	110,028	33,508	47,366	190,902	(756)	190,146
Other revenues and income	1,301	411	679	2,391	(949)	1,442
Intra-segment revenues	7,296	1,798	2,686	11,780	(11,780)	-
Revenues	**118,625**	**35,717**	**50,731**	**205,073**	**(13,485)**	**191,588**
Raw materials and consumables	(52,629)	(17,744)	(21,622)	(91,995)	458	(91,537)
Employee benefit expense	(18,894)	(6,479)	(6,177)	(31,550)	7	(31,543)
Depreciation, amortisation and other write-downs	(4,512)	(1,251)	(2,844)	(8,607)	-	(8,607)
Other operating costs	(32,856)	(8,160)	(18,943)	(59,959)	1,239	(58,720)
Income from associates	46	-	-	46	-	46
Adjustments and eliminations	(7,296)	(1,798)	(2,686)	(11,780)	-	-
Segment net result	**2,484**	**285**	**(1,541)**	**1,228**	**(2,368)**	**(1,140)**

Amounts in €/000

RESULTS BY OPERATING SEGMENT AS AT 30 JUNE 2022

	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	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 result	**241**	**(243)**	**59**	**57**	**11**	**68**

Amounts in €/000

ADJUSTMENTS AND ELIMINATIONS

It should be noted that financial income and expenses, other revenues 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 2023	Half-year as at 30 June 2022
Segment net income	**1,228**	**57**
Financial expenses	(3,141)	(1,134)
Financial income	1,645	38
Other income (and expenses)	(871)	1,101
Net effect of eliminations between segments	(1)	6
Profit/(loss) before tax	**(1,140)**	**68**

Amounts in €/000

ASSETS AND LIABILITIES BY OPERATING SEGMENT AS AT 30 JUNE 2023 AND 31 DECEMBER 2022

The following table shows the Group's assets and liabilities by operating segment as at 30 June 2023 and 31 December 2022.

ASSETS AND LIABILITIES BY OPERATING SEGMENT AS AT 30 JUNE 2023 AND 31 DECEMBER 2022	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 30/06/2023	170,356	65,339	91,507	327,202	9,494	336,696
as at 31/12/2022	173,457	65,648	86,678	325,783	8,190	333,973
Segment liabilities						
as at 30/06/2023	(196,286)	(36,626)	(60,147)	(293,059)	(11,678)	(304,737)
as at 31/12/2022	(190,392)	(39,606)	(56,000)	(285,998)	(11,165)	(297,163)

Amounts in €/000

The following table shows revenues by geographical area as at 30 June 2023 and 30 June 2022:

REVENUES BY GEOGRAPHICAL AREA

	Half-year as at 30 June 2023	Half-year as at 30 June 2022
Italy	56,769	49,012
UE	48,441	29,747
Non-UE	86,378	73,243
Total	**191,588**	**152,002**

Amounts in €/000

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

		Half-year as at 30 June 2023	%	Half-year as at 30 June 2022	%
Total Revenues	**Operating segment**	**191,588**	**100.0%**	**152,002**	**100.0%**
Client 1	Engineered systems for naval architecture and building façades; Professional kitchen systems and products; Mestieri: design and production of bespoke interiors division	45,715	23.9%	33,148	21.8%
Client 2	Engineered systems for naval architecture and building façades	-	-	21,694	14.3%
Client 3	Professional kitchen systems and products Mestieri: design and production of bespoke interiors division	-	-	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	4,906	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 01/01/2022	**3,746**	**5,754**	**832**	**1,264**	**2,279**	**260**	**14,135**
Changes in 2022							
Business combinations	6,813	1,416	67	673	64	-	9,033
Change in scope of consolidation	-	-	-	10	15	-	25
Investments	29	334	382	340	41	-	1,126
Net disposals	-	(14)	(6)	(27)	(5)	-	(52)
Other changes / reclassifications	-	216	12	20	-	(266)	(18)
Amortisation	(318)	(1,721)	(436)	(557)	(704)	-	(3,736)
Exchange differences	8	190	-	28	141	13	380
Closing Net Book Value	**10,278**	**6,175**	**851**	**1,751**	**1,831**	**7**	**20,893**
Historical cost	13,136	20,733	5,873	7,033	5,172	7	51,953
Accumulated depreciation	(2,858)	(14,557)	(5,022)	(5,282)	(3,341)	-	(31,060)
Net Book Value as at 31/12/2022	**10,278**	**6,175**	**851**	**1,751**	**1,831**	**7**	**20,893**
Changes in 2023							
Business combinations	-	130	19	26	-	-	175
Investments	61	274	123	236	126	11	831
Net disposals	-	(1)	-	(2)	-	-	(3)
Other changes / reclassifications	-	(3)	44	-	(39)	(7)	(4)
Amortisation	(223)	(923)	(213)	(317)	(347)	-	(2,024)
Exchange differences	(2)	(41)	-	(7)	(27)	-	(77)
Closing Net Book Value	**10,114**	**5,611**	**824**	**1,687**	**1,544**	**11**	**19,791**
Historical cost	13,194	21,238	6,228	7,360	5,155	11	53,187
Accumulated depreciation	(3,080)	(15,626)	(5,404)	(5,674)	(3,611)	-	(33,396)
Net Book Value as at 30/06/2023	**10,114**	**5,611**	**824**	**1,687**	**1,544**	**11**	**19,791**

Amounts in €/000

"Business Combinations" include the figures arising from the acquisitions of Gino Ceolin S.r.l., which took place during the current half year. The investments made in the period are geared towards maintaining the efficiency and production capacity of the Group's plants.
It should be noted that at 30 June 2023, there were no impairment indicators for Property, Plant and Equipment.

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, amortisation for the period, 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	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 01/01/2022	**27,417**	**828**	**8,710**	**452**	**10,259**	**15**	**47,681**
Changes in 2022							
Business combinations	9,632	10	6,264	1,293	82	-	17,281
Change in scope of consolidation	-	-	-	13	-	-	13
Investments	-	123	449	12	235	971	1,791
Depreciation	(719)	-	-	-	-	-	(719)
Amortisation	-	(340)	(4,899)	(220)	(2,030)	-	(7,489)
Exchange differences	368	-	176	-	415	-	959
Closing Net Book Value	**36,699**	**621**	**10,700**	**1,550**	**8,961**	**986**	**59,517**
Historical cost	39,507	1,708	27,911	2,148	22,765	986	95,024
Accumulated depreciation	(2,808)	(1,087)	(17,210)	(598)	(13,804)	-	(35,507)
Net Book Value as at 31/12/2022	**36,699**	**621**	**10,700**	**1,550**	**8,961**	**986**	**59,517**
Changes in 2023							
Business combinations	1,368	-	1,829	-	-	-	3,197
Investments	-	-	105	11	285	27	428
Other changes / reclassifications	-	-	-	-	-	(584)	(584)
Amortisation	-	(138)	(2,354)	(112)	(960)	-	(3,564)
Exchange differences	(116)	-	(15)	-	(101)	-	(232)
Closing Net Book Value	**37,951**	**483**	**10,265**	**1,449**	**8,185**	**429**	**58,761**
Historical cost	40,759	1,708	29,837	2,159	22,930	429	97,822
Accumulated depreciation	(2,808)	(1,225)	(19,573)	(709)	(14,745)	-	(39,060)
Net Book Value as at 30/06/2023	**37,951**	**483**	**10,265**	**1,449**	**8,185**	**429**	**58,761**

Amounts in €/000

Goodwill

Goodwill acquired through business combinations carried out by Somec Group in the first half 2023 and in previous years amounted to a total of 37,951 thousand Euro as at 30 June 2023 (36,699 thousand Euro as at 31 December 2022).

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

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

	CGU Fabbrica	CGU Professional Cooking Equipment	CGU TSI	CGU Oxin	CGU Skillmax	CGU Budri	CGU Lamp Arredo	CGU Bluesteel	CGU Hysea	CGU Gino Ceolin	Total Goodwill
30/06/2023	6,204	6,482	6,379	5,685	2,837	5,603	1,962	1,348	83	1,368	**37,951**
31/12/2022	6,320	6,482	6,379	5,685	2,837	5,603	1,962	1,348	83	-	**36,699**

Amounts in €/000

The change during the period is mainly due to:

- the provisional allocation of the price paid for the acquisitions of Gino Ceolin S.r.l.
- exchange effects on the goodwill in the functional currency of Fabbrica LLC

An overview of the change in the period relating to goodwill is provided in the following table:

GOODWILL	
Net Book Value as at 31/12/2022	**36,699**
Gino Ceolin Business Combination (provisional PPA)	1,368
Exchange differences	(116)
Net Book Value as at 30/06/2023	**37,951**

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.

It should be noted that no impairment indicators were recorded during the first half of 2023. In fact, the CGU on which the goodwill was allocated achieved results of the period in line with the forecasts used for impairment tests conducted at 31 December 2022, with the exception of CGU Bluesteel and CGU Professional Cooking Equipment. For these CGU, however, the management has estimated that the performance, slightly behind 30 June 2023, will be subject to recovery, with the prospect of achieving results in line with the expectations of the plan. Therefore, with regard to the recoverability of the amount in the balance sheet for intangible fixed assets with an indefinite useful life, including goodwill, the considerations set out in the consolidated financial statements at 31 December 2022 are confirmed, to which please refer.

Development costs
At 30 June 2023 development costs amounted to 483 thousand Euro (621 thousand Euro as at 31 December 2022) and referring to the construction of new products in the Professional Kitchen Equipment sector.

Patents and know-how
“Patents and know-how”, totalling 10,265 thousand Euro at 30 June 2023 (10,700 thousand Euro at 31 December 2022) includes, before the related deferred tax effect, the provisional allocation of part of the consideration paid for the purchase of Gino Ceolin S.r.l. and Lamp Arredo S.r.l. to the estimated fair value of know-how, i.e. the ability to perform in the sector in which they operate.
The same intangible asset was also recognised upon allocation of the price paid for the acquisitions of i) Fabbrica LLC and Primax S.r.l., which took place in 2018 ii) Total Solution Interiors S.r.l. in 2019 iii) Skillmax S.r.l. in 2020 iv) Bluesteel S.r.l. and Budri S.r.l. which took place in 2022.
The net book value of the know-how at 30 June 2023 amounted to a total of 9,462 thousand Euro (9,780 thousand Euro at 31 December 2022).

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

KNOW HOW	
Net Book Value as at 31/12/2022	**9,780**
Gino Ceolin Business Combination	1,825
Amortisation	(2,137)
Exchange differences	(6)
Net Book Value as at 30/06/2023	**9,462**

Amounts in €/000

In order to identify the value of unpatented technology (know-how) from the business combinations of Bluesteel S.r.l., Budri S.r.l., Gino Ceolin S.r.l., Lamp Arredo S.r.l., Fabbrica LLC, Total Solution Interiors S.r.l., Primax S.r.l. and Skillmax S.r.l., 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 years for Gino Ceolin S.r.l.), 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 1,449 thousand Euro as at 30 June 2023 (1,550 thousand Euro as at 31 December 2022) includes the fair value of the GICO brand (Professional Cooking Equipment CGU), recognised as a tangible asset with a finite useful life attributed 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.

An overview of changes in this item during the year is shown in the table below:

CONCESSIONS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS	
Net Book Value as at 31/12/2022	**1,550**
Investments	11
Amortisation	(112)
Net Book Value as at 30/06/2023	**1,449**

Amounts in €/000

Other intangible assets
The item "Other intangible assets", amounting to 8,185 thousand Euro as at 30 June 2023 (8,961 thousand Euro as at 31 December 2022), 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. This item also includes the amount ascribed to the order backlog identified at the time of acquisition of Lamp Arredo.
On overview of changes in Customer Relations and Order Backlog is shown in the table below:

CUSTOMER RELATIONSHIPS	
Net Book Value as at 31/12/2022	**8,775**
Amortisation	(826)
Exchange differences	(100)
Net Book Value as at 30/06/2023	**7,849**

Amounts in €/000

ORDER BACKLOG	
Net Book Value as at 31/12/2022	**61**
Amortisation	(41)
Net Book Value as at 30/06/2023	**20**

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. "Other intangible assets" include costs capitalised during the year to the amount of 284 thousand Euro, pertaining to the contract cost assets of subsidiary Fabbrica LLC., amortised based on the project's progress status. Finally, this item includes intangible assets under development and advances (429 thousand Euro) mainly related to research and development projects underway in some companies of the Professional Kitchens Systems and Products BU.

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	28,154	2,577	2,036	512	33,279
Accumulated depreciation	(5,845)	(780)	(885)	(225)	(7,735)
Net Book Value as at 01/01/2022	**22,309**	**1,797**	**1,151**	**287**	**25,544**
Changes in 2022					
Business combinations	2,896	673	90	20	3,679
Change in scope of consolidation	199	-	24	-	223
Increase	525	327	733	25	1,610
Other changes / reclassifications	656	-	(35)	(4)	617
Depreciation and amortisation	(3,482)	(494)	(538)	(125)	(4,639)
Exchange differences	349	-	-	4	353
Closing Net Book Value	**23,452**	**2,303**	**1,425**	**207**	**27,387**
Historical cost	31,836	3,330	2,527	485	38,179
Accumulated depreciation	(8,385)	(1,027)	(1,102)	(278)	(10,792)
Net Book Value as at 31/12/2022	**23,452**	**2,303**	**1,425**	**207**	**27,387**
Changes in 2023					
Business combinations	685	82	27	-	794
Increase	1,724	407	510	39	2,680
Other changes / reclassifications	239	(1)	(15)	(1)	223
Depreciation and amortisation	(1,985)	(336)	(313)	(62)	(2,696)
Exchange differences	(94)	-	-	3	(91)
Closing Net Book Value	**24,021**	**2,455**	**1,634**	**186**	**28,297**
Historical cost	33,157	3,819	2,901	487	40,365
Accumulated depreciation	(9,136)	(1,364)	(1,267)	(301)	(12,068)
Net Book Value as at 30/06/2023	**24,021**	**2,455**	**1,634**	**186**	**28,297**

Amounts in €/000

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

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

	30/06/2023	30/06/2022
Depreciation of right-of-use assets	2,696	2,201
Interest payable on leases	394	304
Expenses - short-term leases	1,273	1,346
Total recognised in the income statement	**4,363**	**3,851**

Amounts in €/000

Total cash flows used for leases recognised in compliance with IFRS 16 amounted to 3,086 thousand Euro as at 30 June 2023 (5,211 thousand Euro as at 31 December 2022).

NOTE 4: INVESTMENTS IN ASSOCIATES

The following table shows the changes in the first half of 2023 of the item Investments in associates, referring to the company Squadra S.r.l., valued using equity method.

INVESTMENTS IN ASSOCIATES	
Net book value as at 31/12/2022	**351**
Write-ups/(write downs)	46
Dividends from equity method investments	(96)
Net book value as at 30/06/2023	**301**

Amounts in €/000

NOTE 5: NON-CURRENT FINANCIAL ASSETS

The item is composed as follows:

NON-CURRENT FINANCIAL ASSETS	30/06/2023	31/12/2022
Securities and investment funds	227	229
Derivative instrument assets	2,575	2,383
Other	4	4
Total Non-current financial assets	**2,806**	**2,616**

Amounts in €/000

Derivative assets reflect the non-current portion of the fair value at the reporting date of IRS derivatives hedging the interest rate risk of loans.

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	30/06/2023		31/12/2022	
	Timing differences	Tax effect	Timing differences	Tax effect
Bad debt provision	4,617	1,107	3,628	869
Maintenance	7	2	7	2
Unpaid Directors' compensation	29	7	25	6
Inventory write-offs	1,304	331	1,336	339
Warranty provisions	355	86	355	86
Trademark amortisation	659	184	659	184
Derivative financial instruments	29	8	29	8
Tax losses	12,325	2,958	8,085	1,940
Provisions for liabilities and charges	20	5	20	5
Ancillary cost adjustments for equity investments	456	127	382	106
Start-up and expansion costs	8	2	5	1
Right-of-use assets	1,067	255	991	239
Employee benefits	1,235	296	304	73
Interest payable	420	101	-	-
Other	1,256	302	686	166
Total Deferred tax assets		**5,771**		**4,024**

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 2,958 thousand Euro at 30 June 2023, refer mainly to tax losses generated in the first half 2023 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 2023 the Group has additional tax loss carry-forwards amounting to 7,662 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 804 thousand Euro.

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

DEFERRED TAX LIABILITIES

	30/06/2023		31/12/2022	
	Timing differences	Tax effect	Timing differences	Tax effect
Unrealised exchange gains	144	34	747	179
Depreciation and amortisation	6	1	578	156
Derivative financial instruments	3,383	812	3,641	874
USA retained earnings	1,666	450	1,577	426
Right-of-use assets	309	84	319	77
Employee benefits	1,461	351	706	158
Increase in value allocated to contract assets (interim)	3,279	881	622	189
Increase in value allocated to land and buildings	4,426	1,235	4,518	1,261
Increase in value allocated to plant and machinery	337	94	362	101
Increase in value allocated to know-how	9,463	2,640	9,626	2,683
Increase in value allocated to customer relationships	7,849	2,145	8,373	2,289
Increase in value allocated to the order backlog	20	6	61	17
Increase in value allocated to trademark	238	66	297	83
Other	61	17	-	-
Total Deferred tax liabilities		**8,816**		**8,493**

Amounts in €/000

NOTE 7: INVENTORY AND CONTRACT ASSETS

The item is composed as follows:

INVENTORY AND CONTRACT ASSETS

	30/06/2023	31/12/2022
Raw materials and consumables	16,570	17,396
Work in process and semi-finished goods	2,518	2,926
Contract work in progress	44,558	27,285
Finished goods and goods for resale	5,600	5,115
Advances and payments on account to suppliers	2,862	776
Total Inventory and contract assets	**72,108**	**53,498**

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 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 2,862 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 3,408 thousand Euro.

NOTE 8: TRADE RECEIVABLES

Trade receivables amounting to 83,817 thousand Euro as at 30 June 2023 (84,152 thousand Euro as at 31 December 2022) 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 2023 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 2023	76,176	5,408	1,242	5,207	**88,033**
Gross book value of trade receivables as at 31 December 2022	74,752	6,035	1,015	6,241	**88,043**

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 2023 are shown below:

BAD DEBT PROVISION	
Balance as at 31/12/2022	**3,892**
Allocations	(15)
Provisions	339
Balance as at 30/06/2023	**4,216**

Amounts in €/000

Doubtful receivables refer to specific accounts, the collection of which is deemed uncertain. Provisions for doubtful receivables were carried on the basis of best estimates made by management based on the analysis of the schedule of payments and in relation to the solvency status of customers having a longer outstanding debt record or who are subject to enforced recovery proceedings.

NOTE 9: OTHER RECEIVABLES

Other receivables include the following:

OTHER RECEIVABLES	30/06/2023	31/12/2022
Indirect tax receivables	8,568	8,497
Other receivables	603	2,412
Advance payments to suppliers	5,821	4,470
Prepaid expenses	1,313	1,483
Down-payments	400	378
Employee advances	4	2
Labour insurance and social security receivables	279	29
Other tax receivables	152	1,146
Total Other receivables	**17,140**	**18,417**

Amounts in €/000

The item Indirect tax receivables amounting to 8,568 thousand Euro as at 30 June 2023 (8,497 thousand Euro as at 31 December 2022) 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.

NOTE 10: TAX RECEIVABLES

The item includes the following:

TAX RECEIVABLES	30/06/2023	31/12/2022
Corporation tax receivable (IRES)	743	729
Regional business tax receivable (IRAP)	316	278
Foreign tax credit	2,021	2,274
Other income tax receivables	643	885
Total Tax receivables	**3,723**	**4,166**

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 Somec operates at international shipyards.

NOTE 11: OTHER CURRENT FINANCIAL ASSETS

The following table shows the breakdown of the item:

OTHER CURRENT FINANCIAL ASSETS	30/06/2023	31/12/2022
Current financial assets	3,693	2,745
Derivative instrument assets	924	1,406
Securities	252	158
Prepaid interest and other financial items	270	299
Total Other current financial assets	**5,139**	**4,608**

Amounts in €/000

Current financial receivables include amounts due from factoring companies for claims assigned without recourse and not yet collected at 30 June 2023. Derivative assets reflect the current portion of the fair value at the reporting date of IRS derivatives hedging the interest rate risk of loans.

NOTE 12: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows:

CASH AND CASH EQUIVALENTS	30/06/2023	31/12/2022
Current bank accounts and post office deposits	38,990	54,273
Cash-in-hand	52	71
Total Cash and cash equivalents	**39,042**	**54,344**

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	30/06/2023	31/12/2022
Share capital	6,900	6,900
Share premium reserve	18,173	18,173
Legal reserve	1,380	1,380
Other reserves and retained earnings	3,223	5,540
Group net equity	**29,676**	**31,993**
Minority interest capital and reserves	1,816	3,522
Income from minorities	467	1,295
Minority interest	**2,283**	**4,817**
Total net equity	**31,959**	**36,810**

Amounts in €/000

The share capital (fully paid-in) amounts to 6,900 thousand Euro as at 30 June 2023, and is composed of 6,900,000 shares of no par value, inclusive of 11,934 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 5,066 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 2023 had a balance of 2,688 thousand Euro (2,910 thousand Euro at 31 December 2022)
- 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, standing at 807 thousand Euro of 30 June 2023, which resulted from the accounting treatment of the Incentive Scheme and led to the recognition of a notional cost for the period (297 thousand Euro) and use for the allocation of restricted shares during the year (330 thousand Euro)
- treasury shares purchase reserve, which was established as part of the Parent Company's share purchase programmes and used in the current year following the allocation of restricted shares linked to the approval of the 2022 financial statements. It amounted to 11,934 treasury shares, accounting for 0.17% of the share capital, totalling 361 thousand Euro
- conversion reserve of 1,272 thousand Euro, relating to exchange rate differences from conversions into Euro of the balance sheets of Group companies operating in non-Euro areas
- result attributable to the Parent Company, which at 30 June 2023 amounted to -2,306 thousand Euro, compared to a result of -1,752 thousand Euro at 31 December 2022

Shareholders' equity pertaining to minority shareholders almost entirely pertained to minority shareholders of Fabbrica LLC and changed mainly due to: the normal trend of the translation reserve (70 thousand Euro), the distribution of dividends to minority shareholders of Fabbrica LLC (2,866 thousand Euro), and the attribution of the result for the period (467 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

	30/06/2023	30/06/2022
Exchange differences on translation of foreign operations	(64)	732
Effective portion of gains/(losses) on cash flow hedge instruments	(222)	1,126
Gains/(losses) on remeasurement of defined benefit plans	(104)	373
Total Other components of net comprehensive income	**(390)**	**2,231**

Amounts in €/000

NOTE 14: LOANS AND FINANCING

The item is composed as follows:

LOANS AND FINANCING	30/06/2023	31/12/2022
Non-current repayments on medium/long-term loans	62,828	61,094
Total Non-current loans and financing	**62,828**	**61,094**
Instalments of medium/long-term loans falling due within one year	19,118	14,881
Other loans payable	3,971	5,674
Advance payments on invoices and contracts	16,999	20,506
Overdrafts/factoring	1,489	1,442
Interest and charges on bank loans and overdrafts	199	135
Total Current loans and financing	**41,776**	**42,638**
Total Loans and financing	**104,604**	**103,732**

Amounts in €/000

It is noticed that during 2022 the Parent Company took out a medium/long-term loan with a pool of three leading banks.
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 2022 had confirmed compliance with these parameters.

NOTE 15: OTHER FINANCIAL LIABILITIES

The item includes the following:

OTHER FINANCIAL LIABILITIES	30/06/2023	31/12/2022
Non-current lease liabilities	23,428	22,897
Strike price of options on purchase of non-controlling interest	8,198	9,364
Earn out payment for non-controlling interest	1,551	1,765
Total Other non-current financial liabilities	**33,177**	**34,026**
Current lease liabilities	5,102	4,757
Strike price of options on purchase of non-controlling interest	2,065	-
Earn out payment for non-controlling interest	710	732
Other financial liabilities	58	8
Total Other current financial liabilities	**7,935**	**5,497**
Total Other financial liabilities	**41,112**	**39,523**

Amounts in €/000

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

Options on purchase of non-controlling interest
This item refers to the fair value of options to minority shareholders held on:

- Skillmax S.r.l. (2,065 thousand Euro), becoming exercisable from May 2024 to April 2025
- Budri S.r.l. (4,425 thousand Euro), becoming exercisable – in relation to 15% of the share capital – from the approval of the company's financial statements for the year ending 31 December 2025, and in relation to the remaining 20%, from the approval of the financial statements for the year ending 31 December 2027
- Lamp Arredo S.r.l. (2,128 thousand Euro), becoming exercisable – in relation to 20% of the share capital – from the approval of the financial statements for the year ending 31 December 2024, and in relation to the remaining 20%, from the approval of the financial statements for the year ending 31 December 2026
- Gino Ceolin S.r.l. (1,646 thousand Euro) becoming exercisable - in relation to 40% of the share capital – from the approval of the financial statements for the year ending 31 December 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 2023 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.

Earn out payment for non-controlling interest
This item reflects the discounted liability for the payment of earn out amounts due to the minority shareholders of Fabbrica LLC, based on the agreements entered into following the acquisition of the additional 20% interest in the American subsidiary, such acquisition having being completed in the first half of 2022 and totalling 1,725 thousand Euro. This liability was linked to EBIT figures forecast in the company's business plan for each financial year between 2023 and 2025. This item also includes the discounted liability for the payment of earn out amounts due to the minority shareholders of Budri S.r.l. (256 thousand Euro). This liability was linked to EBITDA and net financial position figures relating to each individual financial year between 2022 and 2025. This item also includes the discounted liability for the payment of the earnout amount due to the minority shareholders of Gino Ceolin S.r.l. (280 thousand Euro). This liability was linked to EBITDA and net financial position figures relating to each individual financial year between 2023 and 2024.

NOTE 16: PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges, amounting to 1,309 thousand Euro as at 30 June 2023 (1,322 thousand Euro at 31 December 2022), increased by 15 thousand Euro due to exchange differences and by 2 thousand Euro for additional provisions for the period.

Changes in the item during the period were as follows:

PROVISIONS FOR LIABILITIES AND CHARGES		
	30/06/2023	**31/12/2022**
Provision for cost-operating contract costs	1,172	1,187
Product warranty provision	25	25
Other provisions for liabilities and charges	112	110
Total provisions for liabilities and charges	**1,309**	**1,322**

Amounts in €/000

The movements of the period were as follows:

CHANGES IN PROVISIONS FOR LIABILITIES AND CHARGES				
	31/12/2022	**Allocations**	**Exchange differences**	**30/06/2023**
Provision for cost-operating contract costs	1,187	-	(15)	1,172
Product warranty provision	25	-	-	25
Other provisions for liabilities and charges	110	2	-	112
Total provisions for liabilities and charges	**1,322**	**2**	**(15)**	**1,309**

Amounts in €/000

NOTE 17: NET DEFINED-BENEFIT OBLIGATIONS

The item refers to severance indemnity reserve (TFR) changes in which during 2023 were as follows:

NET DEFINED-BENEFIT OBLIGATIONS	
Balance as at 31/12/2022	**5,130**
Business combinations	429
Provisions	1,151
Interest	62
Other changes	(168)
Actuarial (gains)/losses	136
Uses for indemnities settled and advance payments made	(1,115)
Balance as at 30/06/2023	**5,625**

Amounts in €/000

As at 30 June 2023, 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		
	30/06/2023	**31/12/2022**
Economic assumptions		
Increase in living costs	2.30%	2.30%
Discount rate	3.60%	3.77%
Severance indemnity growth rate	3.22%	3.22%
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 (30/06/2023)	
Turnover rate +1%	3,540
Turnover rate -1%	3,510
Inflation rate +0.25%	3,582
Inflation rate -0.25%	3,470
Discount rate +0.25%	3,454
Discount rate -0.25%	3,600

Amounts in €/000

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

EXPECTED PAYMENTS	
Within 1 year	1,297
Between 1 and 2 years	1,172
Between 2 and 3 years	1,178
Between 3 and 4 years	1,241
Between 4 and 5 years	1,628
Total	**6,516**

Amounts in €/000

NOTE 18: TRADE PAYABLES

Trade payables totalled 84,196 thousand Euro at 30 June 2023, compared to 79,324 thousand Euro at 31 December 2022. The change was chiefly due to greater needs in procurement levels to meet increased production volumes. Trade payables are due within 12 months, do not bear interest and are normally settled within between 30 and 120 days.
At 30 June 2023, the Group reflected trade payables to factoring companies. The Group relied on indicators to establish whether these payables continued to qualify as trade payables or were to be held as loans. It should be noted that at 30 June 2023 these payables met the criteria whereby they could be held as trade payables.

NOTE 19: OTHER CURRENT LIABILITIES

The item is composed as follows:

OTHER CURRENT LIABILITIES	30/06/2023	31/12/2022
Social security and pension fund liabilities	3,076	2,765
Deferred employee compensation liabilities	6,911	4,586
Payables to directors and statutory auditors	243	269
Indirect tax and withholding tax liabilities	3,271	3,306
Other liabilities	1,754	1,340
Accrued expenses and deferred income	1,174	818
Total Other current liabilities	**16,429**	**13,084**

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 2023. 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 2023.

NOTE 20: CONTRACT WORK IN PROGRESS AND CUSTOMER ADVANCES

This item, amounting to 39,181 thousand Euro as at 30 June 2023 (43,215 thousand Euro as at 31 December 2022) 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 was mainly due to an 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 2,863 thousand Euro (2,671 thousand Euro as at 31 December 2022) 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 190,146 thousand Euro as at 30 June 2023 (150,575 thousand Euro as at 30 June 2022), broken down as follows by operating segment:

REVENUES FROM CONTRACTS WITH CUSTOMERS

	Half-year as at 30 June 2023		Half-year as at 30 June 2022	
	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	93,816	15,570	88,842	(1,270)
Professional kitchen systems and products	31,150	2,303	28,105	2,243
Mestieri: design and production of bespoke interiors division	33,374	13,933	33,431	(776)
Total Revenues from contracts with customers	**158,340**	**31,806**	**150,378**	**197**

Amounts in €/000

Typically, “variable considerations” do not have a significant impact on the Group, except for contract additions agreed with customers. It is noted only a claim, referring to a contract in the English market, which amount was determined and attributable to a deferral at the construction site, not attributable to the Group.

The breakdown of revenues (at 190,1 million Euro) by geographical area is as follows:

BREAKDOWN BY GEOGRAPHIC AREA

	Italy	EU	Non-EU	Total
Revenues from contracts with customers 1H2023	55,459	48,441	86,246	**190,146**
Revenues from contracts with customers 1H2022	47,682	29,747	73,146	**150,575**

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 Revenues “at a point in time” at the final delivery of the goods or services.

REVENUES FROM CONTRACTS *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 1H2023	176,327	13,819	**190,146**
Revenues from contracts with customers 1H2022	135,384	15,191	**150,575**

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 2023	Half-year as at 30 June 2022
Grants	51	29
Insurance claim settlements	67	394
Other income	1,057	750
Contingent assets	267	254
Total Other revenues and income	**1,442**	**1,427**

Amounts in €/000

NOTE 24: EMPLOYEE BENEFIT EXPENSES

Employee benefit expense is broken down as follows:

EMPLOYEE BENEFIT EXPENSES	Half-year as at 30 June 2023	Half-year as at 30 June 2022
Wages and salaries	24,278	21,412
Social security costs	5,730	4,592
Defined benefit obligations	1,091	945
Other personnel expenses	444	732
Total Employee benefit expenses	**31,543**	**27,681**

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 (i) to the large increase in Fabbrica LLC's workforce (ii) the acquisition of Budri S.r.l., Lamp Arredo S.r.l. and Gino Ceolin S.r.l. which resulted in an increase in the number of employees and consequently in the cost item, and (iii) costs related to the Parent Company's medium/long-term incentive scheme, amounting to 298 thousand Euro. Finally, it is noted that in the first half of 2023 the item also includes share-based payments, expressing the notional cost of the medium/long-term Incentive Plan.
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 2023 and 30 June 2022 is shown in the following table:

AVERAGE NUMBER OF EMPLOYEES PER CATEGORY	Half-year as at 30 June 2023	Half-year as at 30 June 2022
Directors	20	17
Managers	41	39
Office staff	446	367
Operational workers	470	443
Total	**977**	**866**

NOTE 25: DEPRECIATION, AMORTISATION AND OTHER WRITE-DOWNS

Depreciation, amortisation and other write-downs are as follows:

DEPRECIATION, AMORTISATION AND OTHER WRITE-DOWNS		
	Half-year as at 30 June 2023	**Half-year as at 30 June 2022**
Depreciation of property, plant and equipment	2,024	1,659
Amortisation of intangible assets	3,564	3,371
Depreciation of right-of-use assets	2,696	2,202
Provision for bad debt	323	1,859
Total Depreciation, amortisation and other write-downs	**8,607**	**9,091**

Amounts in €/000

The provision for bad debt includes an allowance to align trade receivables with their expected realisable value.

NOTE 26: OTHER OPERATING COSTS

Other operating costs are composed as follows:

OTHER OPERATING COSTS		
	Half-year as at 30 June 2023	**Half-year as at 30 June 2022**
Outsourced manufacturing	15,106	15,958
Installation	16,939	12,313
Transport	4,123	4,176
Director and auditor remuneration	1,444	1,065
Audit fees	304	223
Other expenses	20,804	17,135
Total Other operating costs	**58,720**	**50,870**

Amounts in €/000

It should be noted that Other costs mainly refers to service costs, general expenses, rental costs relating to short-term rental and lease contracts or contracts whose underlying activity is of low value, and miscellaneous operating expenses.
According to Art. 149-duodecies of the Issuers' Regulation, it should be noted that the fees for the audit services performed during the first half of 2023 by EY S.p.A. amounted to 235 thousand Euro and 45 thousand Euro for other services, with reference to other activities of assistance to the management, included in the item "Other costs". For further details, please refer to note 32.

NOTE 27: FINANCIAL INCOME AND EXPENSES

The item includes the following:

FINANCIAL INCOME AND EXPENSES	Half-year as at 30 June 2023	Half-year as at 30 June 2022
Interest payable on bank loans and borrowings	(2,127)	(440)
Interest payable on lease liabilities	(394)	(304)
Interest payable on defined benefit plans	(62)	(15)
Interest payable to third parties	(181)	(42)
Other financial charges	(333)	(275)
Remeasurement of financial liabilities (put option)	(7)	-
Write-down of financial assets	(37)	(58)
Total Financial expenses	**(3,141)**	**(1,134)**
Other financial income	32	9
Other interest	153	24
Fair value measurement gains of derivative financial instruments	486	-
Revaluation of financial assets	28	5
Remeasurement of financial liabilities (put option)	946	-
Total Financial income	**1,645**	**38**
Total Financial income and expenses	**(1,496)**	**(1,096)**

Amounts in €/000

The item Financial income and expenses as at 30 June 2023 had a negative balance of 1,496 thousand Euro (1,096 thousand Euro at 30 June 2022).

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 negative 871 thousand Euro as at 30 June 2023 (positive balance of 1,101 thousand Euro as at 30 June 2022).

NOTE 29: INCOME FROM ASSOCIATES

The item, amounting to 46 thousand Euro as at 30 June 2023, 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 2023	**Half-year as at 30 June 2022**
Current tax:		
- *IRES*	951	350
- *IRAP*	253	207
- *Other current tax for foreign subsidiaries*	1,021	362
Income tax prior years	274	92
Deferred tax liabilities	(177)	(422)
Deferred tax assets	(1,623)	(171)
Total Income taxes	**699**	**418**

Amounts in €/000

NOTE 31: EARNINGS/(LOSS) PER SHARE

The item Earnings/(loss) 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/(loss) 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/(loss) per share, determined in accordance with the methodology laid down in IAS 33.

EARNINGS/(LOSS) PER SHARE AND NUMBER OF SHARES		
	Half-year as at 30 June 2023	**Half-year as at 30 June 2022**
Earnings/(Loss) per share (Euro)	(0.34)	(0.03)
Diluted earnings/(Loss) per share (Euro)	(0.34)	(0.03)
Weighted average number of outstanding shares:		
- *basic*	6,879,232	6,881,338
- *diluted*	6,879,232	6,881,338

NOTE 32: FEES PAID TO THE AUDITING FIRM

The following table shows the fees relating to the first half of 2023 for audit, certification, tax consultancy and other services provided by EY S.p.A. and other auditors to the Parent Company and its subsidiaries.

FEES PAID TO THE AUDITING FIRM			
Type of services	**Service provider**	**Recipient**	**Fees pertaining to in the first half of 2023**
Auditing	EY S.p.A.	Parent Company Somec S.p.A.	111,275
	EY S.p.A.	Subsidiaries	123,252
	Other auditors	Subsidiaries	69,348
Other services	EY S.p.A.	Parent Company Somec S.p.A.	44,779
	Other auditors	Subsidiaries	33,312

Information pursuant to Article 149-duodecies of CONSOB Issuers' Regulations. / In Euro

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. In relation to these consolidated financial statements, this risk mainly derives 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:

	30/06/2023	**31/12/2022**
Non-current financial assets	2,806	2,616
Trade receivables	83,817	84,152
Other receivables	17,140	18,417
Current financial assets	5,139	4,608
Cash and cash equivalents	39,042	54,344
Total	**147,944**	**164,137**

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).
The table below shows sensitivity analysis to a reasonably possible change in the US dollar exchange rate for the main American subsidiaries of the Group, Fabbrica LLC and Navaltech LLC, with all other variables kept constant, showing the overall effect on the operating result as at 30 June 2023.

Changes in the USD exchange rate		Effect on operating result as at 30 June 2023	
(+)	(-)	(+)	(-)
+5%	-5%	(312)	345
+10%	-10%	(595)	728

Amounts in €/000

Transactions carried out in other currencies, other than the US dollar, are not significant at the closing date of these financial statements.

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 most of its floating-rate loans into fixed-rate loans by means of derivative financial instruments for cash flow hedging purposes.
For this reason, at the closing date of these financial statements, the potential effect on the income statement of the increase and decrease in interest rates (sensitivity analysis) is not significant.

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 2023 in comparison with same items as at 31 December 2022.

LIABILITIES MATURITY

	30/06/2023	On demand	Within 1 year	Between 1 and 5 years	Over 5 years
Loans and financing	62,828	-	-	59,702	3,126
Other non-current financial liabilities	33,177	-	-	27,628	5,549
Other non-current liabilities	602	-	-	601	1
Total non-current liabilities	**96,607**	**-**	**-**	**87,931**	**8,676**
Trade payables	84,196	-	84,196	-	-
Other current liabilities	16,429	-	16,429	-	-
Loans and financing	41,776	22,659	19,117	-	-
Other current financial liabilities	7,935	-	7,935	-	-
Income tax liabilities	2,863	-	2,863	-	-
Total current liabilities	**153,199**	**22,659**	**130,540**	**-**	**-**

Amounts in €/000

	31/12/2022	On demand	Within 1 year	Between 1 and 5 years	Over 5 years
Loans and financing	61,094	-	-	53,996	7,098
Other non-current financial liabilities	34,026	-	-	24,834	9,192
Other non-current liabilities	669	-	-	660	9
Total non-current liabilities	**95,789**	**-**	**-**	**79,490**	**16,299**
Trade payables	79,324	-	79,324	-	-
Other current liabilities	13,084	-	13,084	-	-
Loans and financing	42,638	27,757	14,881	-	-
Other current financial liabilities	5,497	-	5,497	-	-
Income tax liabilities	2,671	-	2,671	-	-
Total current liabilities	**143,214**	**27,757**	**115,457**	**-**	**-**

Amounts in €/000

Some medium-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 position/EBITDA and net financial position/shareholder's equity).

RISKS RELATING TO THE WORLDWIDE GEOPOLITICAL SITUATION

Over the past few years, the macroeconomic backdrop has been filled with uncertainty. Geopolitical instability and, more importantly, the Russian-Ukrainian conflict that began in February 2022 have led to an extremely complex and unpredictable situation, characterised by inflationary trends and highly speculative dynamics. Notably, these trends have had an impact on energy and commodity prices, as well as on reliability of supplies and, more generally, a sharp increase in inflation on a global scale, resulting in a tightening of central banks' monetary policies. For the first time, resource availability was at risk, making any planning and optimisation of the production chain difficult. This in turn had an impact on costs and efficiency. Although the Group has no direct or indirect business interests in the areas affected by the conflict, and its business model is neither energy-intensive nor particularly exposed to inflationary phenomena regarding raw materials or the higher costs of international transactions, the continuation of this situation might lead to difficulties in the normal management of operations or to pressures on margins. The impact of these risks is however mitigated by a streamlined organisational structure and abundant order backlog, which proves undoubtedly beneficial in terms of potential planning.
Therefore, the economic recovery seen in the first post-pandemic phase has slowed down and the outlook for the short to medium term remains uncertain and difficult to make out. In any case, the Group constantly monitors the evolution of the macroeconomic environment and its impact on business.

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 a transition to business management with a lower environmental impact, trying to reduce the generation of greenhouse gas emissions. An integral part of this path is the determination of the transition risks and physical risks that could have an impact on company 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 processes and the product sold 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 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 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:

FAIR VALUE MEASUREMENT

	30/06/2023		31/12/2022	
	Book value	**Fair value**	**Book value**	**Fair value**
Interest Rate Swaps:				
- *Assets*	3,500	3,500	3,788	3,788
Call options on acquisition of non-controlling interest	(10,263)	(10,263)	(9,364)	(9,364)
Earn out payment for non-controlling interest	(2,261)	(2,261)	(2,497)	(2,497)
Total	**(9,024)**	**(9,024)**	**(8,073)**	**(8,073)**

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 2023 can be classified as level 2, with the exception of the options for the purchase of non-controlling minority interests and earn out payment for non-controlling interest, which can be classified as level 3 assets.
Moreover, during first semester 2023 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 during the first half of 2023 are summarized in the balance sheet and income statement below.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Trade receivables	Financial receivables	Trade payables	Other non-current financial liabilities	Other current financial liabilities
2.0 Partners LLC	-	-	-	-	(8)
Fondaco S.r.l.	319	-	-	-	-
Marmo Elite S.r.l.	30	-	(67)	-	-
MS Studio Concept Inc.	-	-	-	(202)	(25)
Squadra S.r.l.	-	-	(469)	-	-
Venezia S.p.A.	2	-	(19)	-	-
Vis S.r.l.	1	4	(463)	(8,026)	(968)
Total	**352**	**4**	**(1,018)**	**(8,228)**	**(1,001)**

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 2023 amount to 568 thousand Euro.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Revenues	Raw materials and consumables	Other operating costs	Financial expenses
2.0 Partners LLC	-	-	-	(16)
Fondaco S.r.l.	288	-	-	-
GMB S.r.l.	-	-	(5)	-
Marmo Elite S.r.l.	31	(202)	-	-
Squadra S.r.l.	-	(1,120)	(148)	-
Total	**319**	**(1,322)**	**(153)**	**(16)**

Amounts in €/000

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 2023.

	Compensation	Non-cash compensation	Bonuses and other incentives	Other compensation
Parent Company Board of Directors	465	9	45	207
Parent Company Board of Statutory Auditors	31	-	-	-
Key management personnel	-	8	78	553
Total	**496**	**17**	**123**	**760**

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	12,657	23,624	698,020
Approval of 2025 financial statements	-	51,777	51,777	-	30,464	30,464	865,379
Total	**32,899**	**72,925**	**105,824**	**32,899**	**43,121**	**76,020**	**2,226,669**

The cost accrued in the reporting period was 298 thousand Euro and includes the so-called Performance Share and Restricted Share components from the assignment date of 15 October 2021 through to 30 June 2023.

FINANCIAL DEBT

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

FINANCIAL DEBT			
		30/06/2023	**31/12/2022**
A.	Cash	39,042	54,344
B.	Cash equivalents	-	-
C.	Other current financial assets	4,215	3,202
D.	**Total liquidity (A+B+C)**	**43,257**	**57,546**
E.	Current financial liabilities (including debt instruments, excluding the current portion of non-current financial liabilities)	(30,594)	(33,253)
F.	Current portion of long-term debt	(19,118)	(14,881)
G.	**Current financial debt (E+F)**	**(49,712)**	**(48,134)**
H.	**Current net financial debt (G+D)**	**(6,455)**	**9,412**
I.	Non-current financial liabilities (excluding current portion and debt instruments)	(96,004)	(95,121)
J.	Debt instruments	-	-
K.	Trade payables and other non-current liabilities	-	-
L.	**Non-current financial debt (I+J+K)**	**(96,004)**	**(95,121)**
M.	**Total financial debt (H+L)**	**(102,459)**	**(85,709)**

Amounts in €/000

Current and non-current financial debt include financial liabilities on rental agreements.
It should be noted that by adding the fair value of current and non-current derivative assets, equal to 3,499 thousand Euro, to the financial debt shown above, the net financial position at 30 June 2023 amounts to 98,960 thousand Euro.

COMMITMENTS AND GUARANTEES

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

COMMITMENTS AND GUARANTEES		
	30/06/2023	**31/12/2022**
Contract sureties	239,350	207,095
Other guarantees	2,485	2,372
Total	**241,835**	**209,467**

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 first half of 2023.

SIGNIFICANT EVENTS AFTER 30 JUNE 2023

Reorganisation of Fabbrica Works S.r.l.
On 13 July 2023, Somec S.p.A. entered into a preliminary agreement for the reorganisation of Fabbrica Works S.r.l., a company currently indirectly controlled through its American subsidiary Fabbrica LLC and established at the time to support the latter's commercial growth on the main reference markets from a technical and productive standpoint.
Following this agreement, on 26 July 2023 Fabbrica Works S.r.l. acquired ownership of the company complex it had been using until then under a lease agreement, while Somec S.p.A. directly acquired 16% of the capital of Fabbrica Works S.r.l., bringing its direct and indirect controlling interest to 86%. Subject to obtaining the lessor's consent, Fabbrica Works S.r.l. will eventually take over the leasing agreement for the production and executive site in San Biagio di Callalta (TV).

Finalisation of the agreement with one of the minority shareholders of Bluesteel S.r.l.
On 12 September 2023, Somec S.p.A. entered into an agreement with one of the minority shareholders of subsidiary Bluesteel S.r.l. to settle a litigation pending before the Court of Venice – Business Court – for breach of representations and warranties issued on behalf of Somec S.p.A. at the time of the sale of the 60% interest in Bluesteel S.r.l., as approved by the Parent's Board of Directors at its meeting of 14 July 2023. Under this agreement, the sale by the minority shareholder to Somec S.p.A. of the remaining 34% stake in Bluesteel that it owned – without payment of a cash consideration by Somec S.p.A. – was also finalised on 18 September 2023. Following the completion of the transaction, Somec S.p.A. reached 94% of Bluesteel share capital. The minority shareholder also paid – upon settlement – the amount of 850,000 Euro to Somec S.p.A..

San Vendemiano (TV), 25 September 2023

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 2023, during the first half of 2023.

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 2023:

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.

25 September 2023

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, 2023

(Translation from the original Italian text)

Building a better
working world

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

To the Shareholders of
Somec S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity and statement of cash flows and the related explanatory notes of Somec S.p.A. and its subsidiaries (the "Somec Group") as of June 30, 2023. 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, 2023 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, 2023

EY S.p.A.
Signed by: Stefano Marchesin, Auditor

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

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Capitale Sociale Euro 2.600.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited

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

For further information about the contents of this Half-yearly Financial Report, please contact us directly at the following e-mail address:

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SOMEC GRUPPO