SOMEC GRUPPO

ANNUAL REPORT 2024

ANNUAL REPORT 2024

03

DIRECTORS' REPORT

31 December 2024

Letter from the Chairman to Shareholders

Dear Shareholders,

2024 was a year of considerable challenges and significant achievements. Against a global backdrop of considerable uncertainty and economic difficulties, Somec Group was able to stay the course, once again proving its ability to face the future with a clear vision and unfaltering determination as well as a strong focus on strategic objectives.

The commitment and passion shown by all Somec people, from each individual employee to frontline management, enabled the company to achieve remarkable results, rewarding an approach that combines attention to momentum with medium/long-term strategy.

We worked to generate cash and improve profitability, achieving excellent levels of EBITDA and Net Financial Position. At the same time, we continued to invest, with a focus on hiring new high-profile professionals, training and streamlining all business processes.

The contracts won in 2024 bear out our competitiveness and reliability, both in Europe and the US.

Overseas, our US subsidiary Fabbrica continued to strengthen its foothold thanks to the virtuous and ever-expanding path it has managed to create, allowing it to seize the great opportunities that the new regulations afford to those who are able to carry out projects according to the highest standards of sustainability. At the same time, the endeavours in the retail segment helped to further improve our performance.

Against such a backdrop, the Group structure, consisting of three distinct but strongly synergetic business units, proved to be a successful strategic choice. This organisational structure allows us not only to optimise our resources and efforts, but also to guarantee concrete and measurable results in each of the areas in which we engage. Complementarity across our business units allows us to address challenges based on a holistic approach, enhancing the effectiveness and efficiency of our actions, and to respond with agility to the needs of the markets, while ensuring a tangible and positive impact for all parties involved.

Looking at the results of the period, I can only express complete satisfaction. In detail, revenues reached 382.8 million Euro, up 3.2% compared to 371.0 million Euro in 2023. Profitability indicators show an even better picture. EBITDA increased by almost 70% to 30.1 million Euro, while EBITDA Margin rose to 7.9%.

Letter from the Chairman to Shareholders (continued)

These results, which are in line with the targets set, were achieved thanks to the combined action of greater efficiency in operating costs and a mix of higher value-added contracts, particularly in refitting and in the North American glass façade market.

More efficient operations also benefited EBIT, which reached 8.1 million Euro, showing a clear improvement over the 0.2 million Euro of the previous year.

Our order book, spanning more than a decade, allows us to look to the future with optimism. At 31 December 2024, the Group's backlog stood at 744 million Euro, with new orders won in the past financial year totalling more than 350 million Euro. These figures underline not only the vibrancy of the markets in which we operate, but also our ability to seize every single opportunity for value.

Our Horizons division continued to dominate the order book, accounting for 65.0% of the total thanks to the consolidation of our leadership in systems for cruise ships and glass façade for the US civil market.

Our Talenta division contributed 22.1% to the backlog, driven by new orders in the professional marine kitchen sector through its subsidiary Oxin and expansion into new markets.

Our Mestieri division, accounting for 12.9% of the backlog, recorded a decrease in orders, mainly due to a reduction in volumes in naval interiors projects and a more target-oriented selection of projects, in line with our focus strategy geared towards projects with higher added value.

Having said that, I would like to focus on another aspect that I consider significant: the territorial nature of our business, equally divided between Europe and the United States. A key aspect of our strategy in the States is the "local on local" model, which allows us to face potential challenges from tariffs or trade restrictions without any anxiety.
Our Mestieri division continues to act as a blueprint for the luxury sector, where the demand for exclusive products characterised by the quality of Italian craftsmanship, which we proudly strive to guarantee, is experiencing steady growth.
The headcount in our Group remained stable, underscoring our commitment to maintaining a solid organisational structure.
Another highlight of financial year 2024 was our stronger commitment to increasingly sustainable and responsible business practices, as reflected in the Sustainability Report included in the Annual Report.

A key pillar of this journey was investment in training: we delivered training covering risk monitoring, financial management, legal compliance and regulations on claims.

The involvement of top management, project managers and team sales allowed a more awareness-raising, strategic and sustainability-oriented corporate culture to be spread.

At the same time, we raised the standards for measuring greenhouse gas (GHG) emissions, improving the transparency and quality of environmental data. This commitment, which is also certified by external bodies, is a starting point for our evolution in the ESG area.
The real challenge is to show that our commitment becomes stronger and stronger over time, in the pursuit of increasingly ambitious goals.

With a view to sustaining this path and allowing it to rest on a solid basis, we have set up a dedicated sustainability office, with specific competences to monitor this area in a strategic and across-the-board fashion. Furthermore, we have adopted a sustainability plan for the 2024-2030 period, a roadmap that will guide us by setting clear and measurable targets.

Finally, we have consolidated our dialogue with Confindustria Veneto Est, notably joining the Sustainability Group to provide an active contribution to the sharing of best practices for sustainable development among businesses engaging in different sectors.

We look to the future with determination, aware that innovation, sustainability and growth are not just goals but values that guide all our decisions. The journey we have embarked on is an ambitious and challenging one, but we know that change is the key to building a better tomorrow.

As Peter Drucker, considered one of the founding fathers of practice theories, said, “The best way to predict the future is to create it”. With this in mind, we will continue to work with commitment and vision, turning challenges into opportunities and laying solid foundations for sustainable and lasting growth.

I would like to end with a heartfelt thank you to all of you: your commitment, your trust and your passion are the true strength of our Group. Together, we are ready to build the future we envision.

Oscar Marchetto
Chairman of Somec S.p.A.

Somec Group

Introduction

The Parent Company, Somec S.p.A. has prepared a single Directors' Report for both the separate financial statements of Somec S.p.A and the consolidated financial statements of the Group, as permitted under article 40, paragraph 2a of Legislative Decree No. 127 dated 09/04/91 approved by the Board of Directors on 27 March 2025. As required under Regulation (EU) 2022/2464 (Corporate Sustainability Reporting Directive, CSRD), effective this year the Annual Report will include sustainability reporting.

The consolidated financial report was 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. "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:

Consolidated net profit adjusted reflects the consolidated net profit before adjustments for non-recurring items

EBT is obtained by adding income taxes to net result for the period, as reported in the financial statements

EBIT is obtained by adding to EBT 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

EBIT adjusted is obtained by adding the effect of the financial result to income before income taxes, such result being the sum of financial income and expenses, the balance of foreign exchange gains and losses, the portion of profit or loss of associates and non-recurring depreciation and amortisation

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

EBITDA adjusted is obtained by adding depreciation and amortisation, as reflected in the financial statements, and non-recurring items to EBIT

EBITDA margin adjusted is obtained from the ratio of EBITDA adjusted to the sum of revenues from customer contracts and other revenues

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

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: Horizons: engineered systems for naval architecture and building façades; Talenta: professional kitchen systems and products; Mestieri: design and production of bespoke interiors. 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:**

Horizons

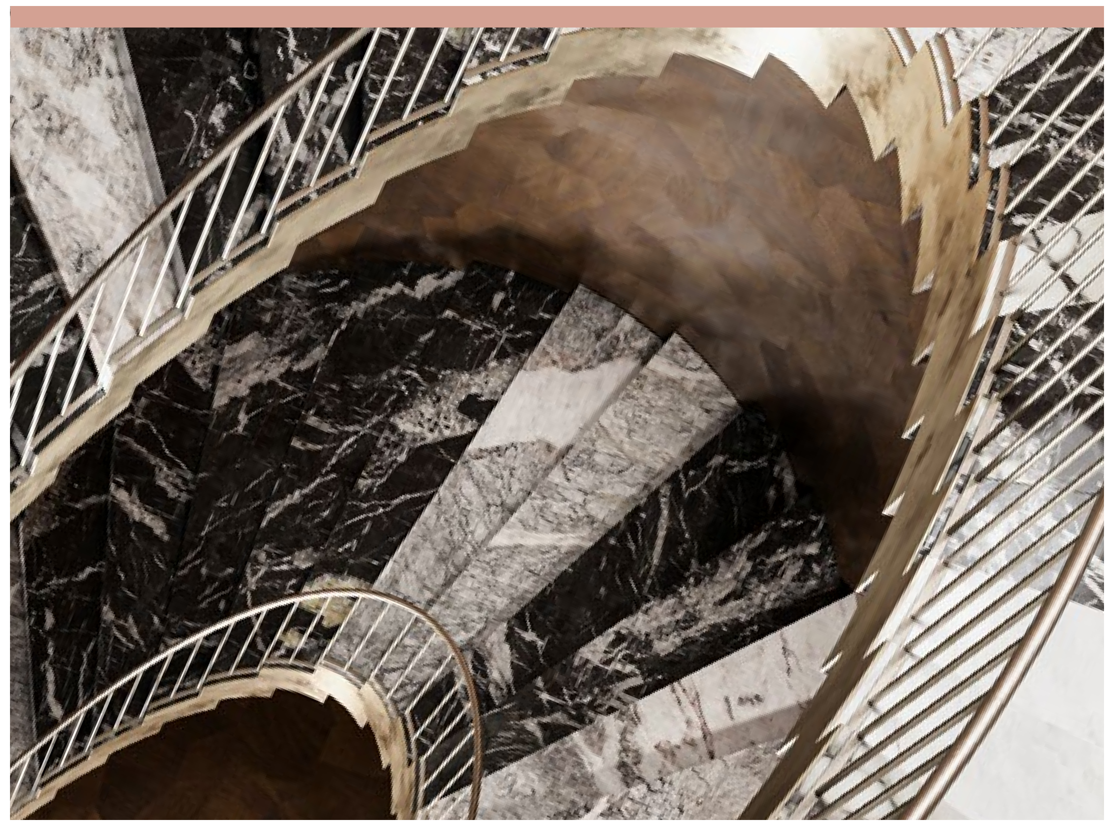
Engineered systems for naval architecture and building façades

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.

Talenta

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.



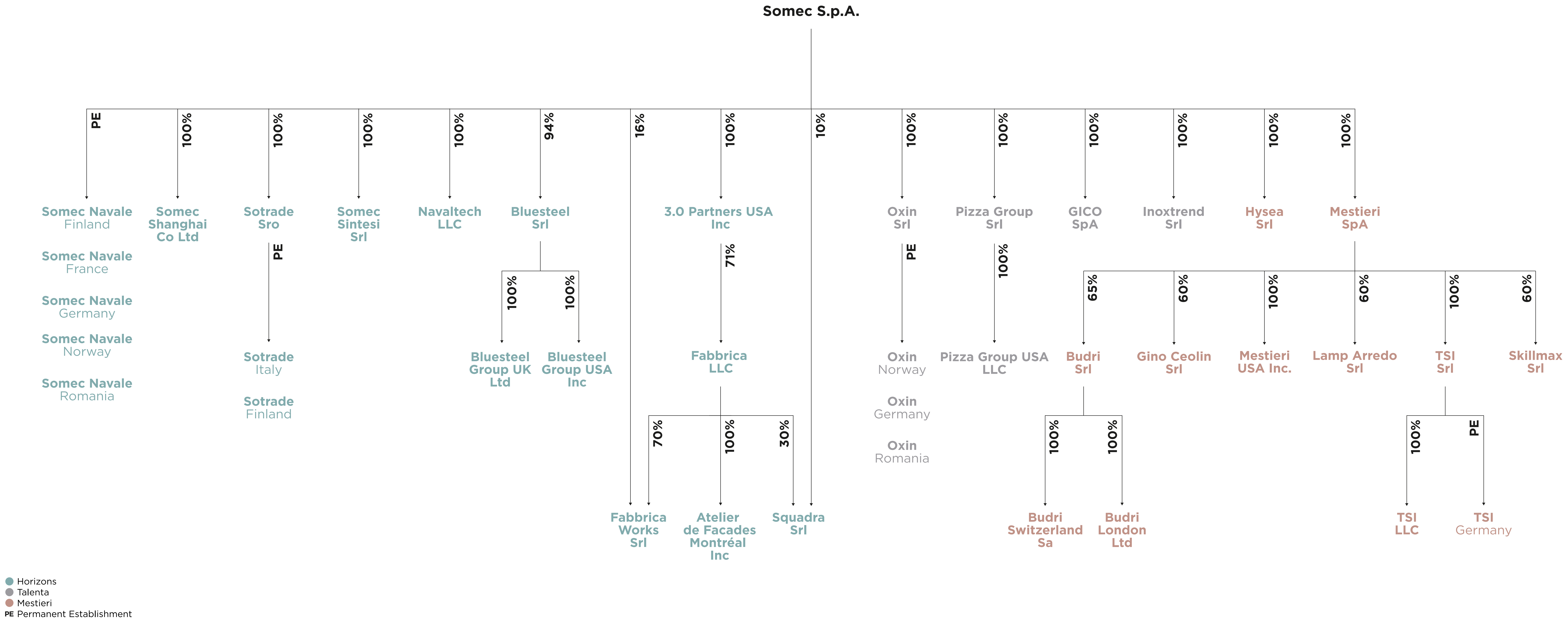
Mestieri

Design and production of bespoke interiors

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 31 December 2024.

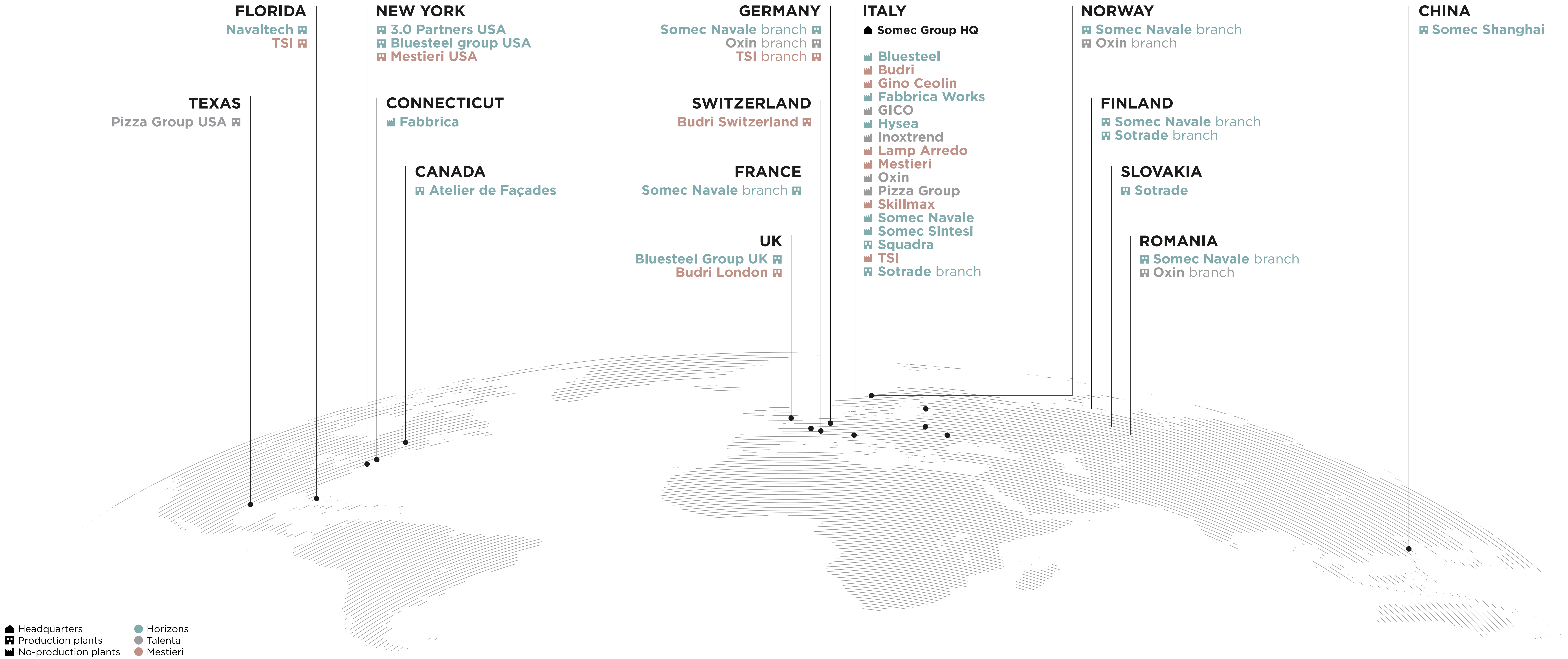


List of Company premises

Pursuant to article 2428 of Italy’s Civil Code, the Company operates in Italy at its registered office in Via Palù 30 in San Vendemiano (TV), its premises in Via Palù 32, 34 and 38, also in San Vendemiano (TV), and a warehouse in Susegana (TV).

The Group also operates through permanent establishments in Saint Nazaire in France, Turku in Finland, Papenburg, Wismar and Rostock in Germany, Tulcea in Romania, Sovik, Ulstein and Langsten in Norway.

The Group is also active in Miami (USA), New York (USA), Houston (USA), Connecticut (USA), Delaware (USA), Montréal (Canada), Piestany (Slovakia), Bucharest (Romania), Londra (UK), 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).



Scope of consolidation

As at 31 December 2024 the scope of consolidation includes the following companies directly or indirectly owned by Somec S.p.A.

Company	Registered office	% ownership	Currency	Share Capital
Directly owned subsidiaries				currency unit
3.0 Partners USA Inc.	New York (USA)	100%	USD	10,000
Bluesteel S.r.l.	Colle Umberto (TV)	94%[(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.p.A.	San Vendemiano (TV)	100%	Euro	3,000,000
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
Somec Sintesi S.r.l.	San Vendemiano (TV)	100%	Euro	100,000
Somec Shanghai Co., Ltd	Shanghai (Cina)	100%	CNY	4,733,773
Sotrade S.r.o.	Piestany (Slovacchia)	100%	Euro	92,380

Company	Registered office	% ownership	Currency	Share Capital
Indirectly owned subsidiaries				currency unit
Atelier de Façades Montréal Inc.	Montréal (Canada)	70.90%	CAD	100
Bluesteel Group UK Ltd	Londra (UK)	94%[(1)]	GBP	100
Bluesteel Group USA Inc.	New York (USA)	94%[(1)]	USD	10,000
Budri S.r.l.	Mirandola (MO)	65%[(2)]	Euro	3,000,000
Budri London Ltd	Londra (UK)	65%[(2)]	GBP	10,000
Budri Switzerland SA	Lugano (CH)	65%[(2)]	CHF	100,000
Fabbrica LLC	Delaware (USA)	70.90%	USD	6,250,000
Fabbrica Works S.r.l.	San Biagio di Callalta (TV)	65.63%[(3)]	Euro	100,000
Gino Ceolin S.r.l.	Mogliano Veneto (TV)	60%[(4)]	Euro	50,000
Lamp Arredo S.r.l.	Quinto di Treviso (TV)	60%[(5)]	Euro	100,000
Mestieri USA Inc.	Delaware (USA)	100%	USD	10,000
Pizza Group USA LLC	Houston (USA)	100%	USD	10,000
Skillmax S.r.l.	San Biagio di Callalta (TV)	60%[(6)]	Euro	500,000
Total Solution Interiors S.r.l.	Cantù (CO)	100%	Euro	100,000
Total Solution Interiors LLC	Miami (USA)	100%	USD	293,034
Associate subsidiaries				
Squadra S.r.l.	Pieve di Soligo (TV)	31.10%	Euro	41,500

Scope of consolidation (continued)

It should be noted that during the first half of 2024, Mestieri S.p.A. became the sole shareholder of Total Solution Interiors S.r.l., following the resolution of the subsidiary's Shareholders' Meeting held on 8 April 2024, whereby it was resolved to cover the losses and replenish the share capital, including the unopted portion of the previous minority shareholder, on 11 June 2024. As a result, Mestieri S.p.A. increased its majority stake in Total Solution Interiors S.r.l. from 80% to 100% of the share capital.

On 2 December 2024, the merger of Skillbuild S.r.l. into Skillmax S.r.l. was finalised. It should be noted that the accounting and tax effects of this transaction are effective from 1 January 2024.

On 30 December 2024, the merger by incorporation of Primax S.r.l. into Pizza Group S.r.l. was completed in order to ensure greater efficiency and operational and management integration. It should be noted that the accounting and tax effects of this transaction are effective from 1 January 2024.

No further events or changes concerning the Somec Group's scope of consolidation are reported.

(1)
The acquisition of Bluesteel S.r.l. includes an option (Put and Call) for the purchase of the remaining 6% 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 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.

(3)
Fabbrica Works S.r.l. is directly owned by Somec S.p.A. (16%) and Fabbrica LLC (70%). A Put and Call option is in place between the parties for the purchase of the remaining 14% minority interest to be exercised within 90 days of the approval of the company's financial statements for the year ending 31 December 2025. Minority interests are not recognised in the consolidated income statement in light of the put and call option in place.

(4)
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%. This option can be exercised within 90 days of the approval of the financial statements as of 31 December 2026. Minority interests are not recognised in the consolidated income statement in light of the Put and Call option in place.

(5)
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.

(6)
The acquisition of Skillmax 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%. The option can be exercised starting from May 2027 and by April 2028. Minority interests are not recognised in the consolidated income statement in light of the Put and Call option in place.

Significant events
during the year end 2024

01

Resolutions of the Shareholders' Meeting

The Shareholders' Meeting of Somec S.p.A. held on 29 April 2024 to:

- Approve the financial statements for the year ended 31 December 2023
- Approve, with a binding vote, the first section of the report on the remuneration policy and emoluments paid and cast a favourable advisory vote on the second section
- Approve the share-based compensation scheme pursuant to Article 114-bis of the Consolidated Finance Act (TUF) concerning the free assignment to top management of a total number of shares equal to 3.5% of the share capital, subject to the achievement of performance targets
- Approve the authorisation to purchase and dispose of treasury shares

02

Appointment of the Managing Director of Mestieri S.p.A.

On 6 May 2024, Stefano Rosa Uliana was appointed Managing Director of Mestieri S.p.A., the parent company of the Mestieri, Design and Production of Bespoke Interiors division.
The purpose underlying this appointment was to add proven management experience to the Group while strengthening the management team, the ultimate goal being to seize all opportunities of the growth process underway.

03

Strengthening of Somec Group's Management

On July 16, 2024, as part of the reorganization and strengthening of the Group's management structure, a new organizational structure for the Administration, Finance, and Control area was adopted. Alessandro Zanchetta was appointed Chief Corporate Officer, and Daniel Bicciato as Group Chief Financial Officer.

04

Resolutions of the Extraordinary Shareholders' Meeting

On 7 November 2024 the Extraordinary Shareholders' Meeting approved changes to Articles 16 (Calling of the Shareholders' Meeting), 17 (Attending the Shareholders' Meeting and identifying Shareholders) and 19 (Shareholders' Meeting Practical Procedures) of Somec's Articles of Association, for the purpose of transposing the regulatory changes introduced by Law no. 21 of 5 March 2024.

Significant events
after year end 2024

01

Agreement amending the loan agreement signed on 30 March 2022 and waiver granted by financial institutions

On 27 March 2025 an agreement was signed (“Amending Agreement”) for the medium- and long-term multi-line cash loan agreement signed on 30 March 2022 (“Loan”) between Somec S.p.A., on the one hand, and BNL BNP Paribas, Intesa Sanpaolo and UniCredit, on the other (collectively, the “Lenders”).

The Amending Agreement represents the outcome of negotiations between the Company and the Lenders for the redefinition of certain Loan terms and conditions, including a one-off exception to the financial parameter relating to the Debt/Equity ratio with reference to the consolidated financial statements at 31 December 2024, based on the assumptions contained in the updated multi-year business plan drawn up by the Board of Directors, the 2024 year-end forecasts and positive growth prospects.

The Amending Agreement includes provisions for restructuring certain Loan repayment terms, modifying the financial parameter relating to the Debt/Equity ratio and some changes designed to allow the Company greater financial flexibility.

Finally, in addition to these commitments, a capital strengthening instrument is envisaged, by 30 June 2025, having an estimated value of 5.9 million Euro, by means of a capital increase in kind reserved for the reference shareholder Venezia S.p.A., to be approved by the Board of Directors further to the powers conferred by the shareholders’ meeting of 29 April 2021, the terms and conditions of which, together with the information required by applicable legislation on transactions with related parties, will be fully communicated.

Possible additional capital strengthening initiatives may be undertaken by the reference shareholder Venezia S.p.A., according to terms and conditions to be drawn up by the Board of Directors, in the event of failure to meet certain financial parameters based on the financial statements for the year ending 31 December 2026.

Corporate governance

Board of Directors

Oscar Marchetto

Chairman of the Board of Directors

Born in Ponte di Piave (TV) on 11 June 1964. Chairman and CEO of the Management of the Company and holder of a participation indirect majority in the Company, was co-founder of the company Fabbrica in 2016. In the early 1990s co-founded and was Head of Research and Development and Director (since 1998) of NiceS.p.A., reference company international in the field of Domotics and automation of buildings.

Alessandro Zanchetta

Director and Executive Officer

Born in Oderzo (TV) on 13 May 1969. Chief Financial Officer and Human Resources Manager of the Company since 2008. He was a member of the Board of Permasteelisa Interiors from 2005 to 2008 and Financial Director in Openlab S.r.l. from 2001 to 2005. Dr. Zanchetta also has 4 years' experience as a financial controller at Sky Company S.p.A., a branch of the Stefanel Group.

Giancarlo Corazza

Director and Executive Officer

Born in San Vito al Tagliamento (PN) on 1 July 1963. Managing Director, Chief Operating Officer of the company since 2008 with over 100 ships delivered in 20 years of activity and founding partner and Chief Executive Officer of the company Navaltech and Tecnomontaggi S.r.l. Corazza has 20 years of experience in the design and construction business of Marine Glazing projects.

Davide Callegari

Director and Executive Officer

Born in Treviso on 28 November 1974. Graduated in Business Administration at the University of Venice Cà Foscari, Dr. Davide Callegari was Director of Operations at Nice SpA until 2018, after having held the role of Managing Director of the group's companies in China, between 2008 and 2014. Previously, he was Supply Chain Manager of OM SpA and before that, in the group IRCA Zoppas Industries, he was responsible for the purchasing area.

Gianna Adami

Lead Independent Director

Born in Cittadella (PD) on 17 June 1957. Graduated with honors in Economics at Ca' Foscari, she is enrolled in the Order of Chartered Accountants of Padua and the Register of Statutory Auditors. Joined Arthur Andersen in 1982, becoming a partner in 1994; continued at Deloitte & Touche S.p.A. until 2019. He has held audit positions in Italian and foreign companies, gaining experience in IAS/ IFRS financial statements, extraordinary finance operations, corporate crises and due diligence. Participated in the Audit Standards Commission.

Elena Nembrini

Independent Director

Born in Bergamo (BG) on 27 March 1963. Since 2008 he has been working with the Cortellazzo & Soatto Studio in Padua, offering business consulting. Assists companies in corporate, budgetary and fiscal matters, as well as in corporate recovery processes, especially in the Extraordinary Administrations of large insolvent companies. He has held senior positions in Italian and foreign companies and is currently an independent board member in listed companies, a full-time mayor and a board member in public and private companies of large industrial and insurance groups.

Giuliana Borello

Independent Director

Born in Vibo Valentia (VV) on 17 October 1982. Currently Head of Training and Research at Franklin Templeton Italy. With over 15 years of academic experience and the National Scientific Qualification to Associate Professor in Economics of Financial Intermediaries, she was Visiting Professor at the in Gothenburg in 2019. He collaborated with Consob and the Federal Reserve of Philadelphia, obtaining funding from the MUR in 2021 for a project on donation crowdfunding. Reviewer for journals such as Journal of Banking and Finance, he chaired the Risk Committee of BancoPosta Fondi SGR.

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

Committees

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

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

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

Other informations

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

Manager Responsible for Preparing Financial Reports

Federico Puppin

Investor Relations Advisor

TWIN
somec@twin.services
investorrelations@somecgroup.com

Registered office and corporate details

Somec S.p.A.
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Italy
Tel: +39 0438 4717
Share Capital EUR 6,900,000,00 fully paid in
VAT no. IT 04245710266
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The term of office of the Board of Statutory Auditors ends with the approval of the financial statements as at 31 December 2025.

Financial Review

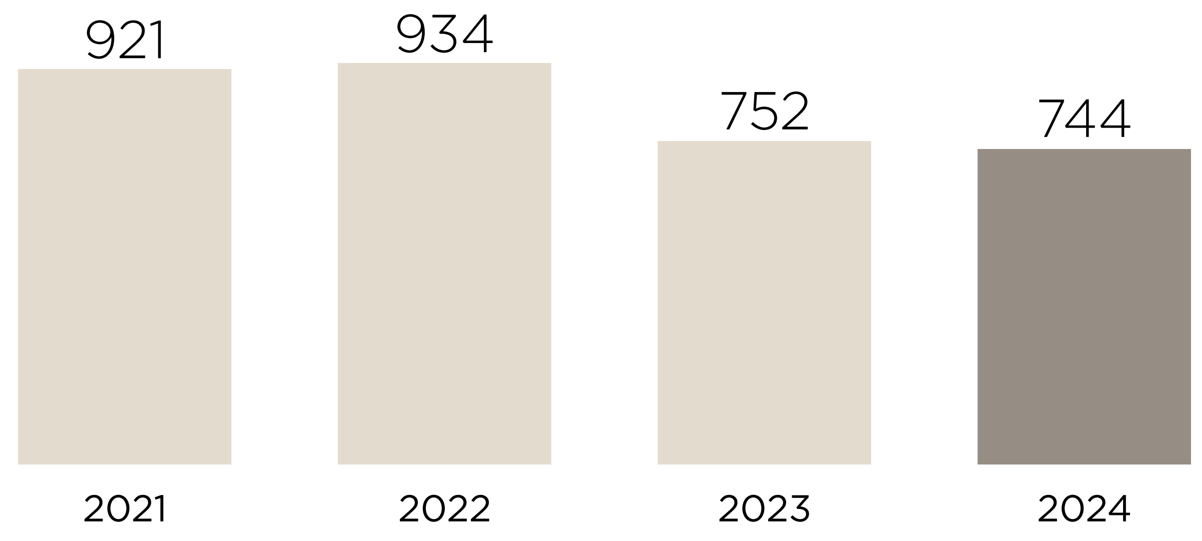
Order Backlog

The Group's total backlog[1] reached a figure of 744 million Euro as at 31 December 2024 (752 million Euro as at 31 December 2023), of which 20.6% under option, covering the 2025-2031 time horizon. This figure, virtually in line with the previous year, is about 1.9 times the revenues posted in 2024..

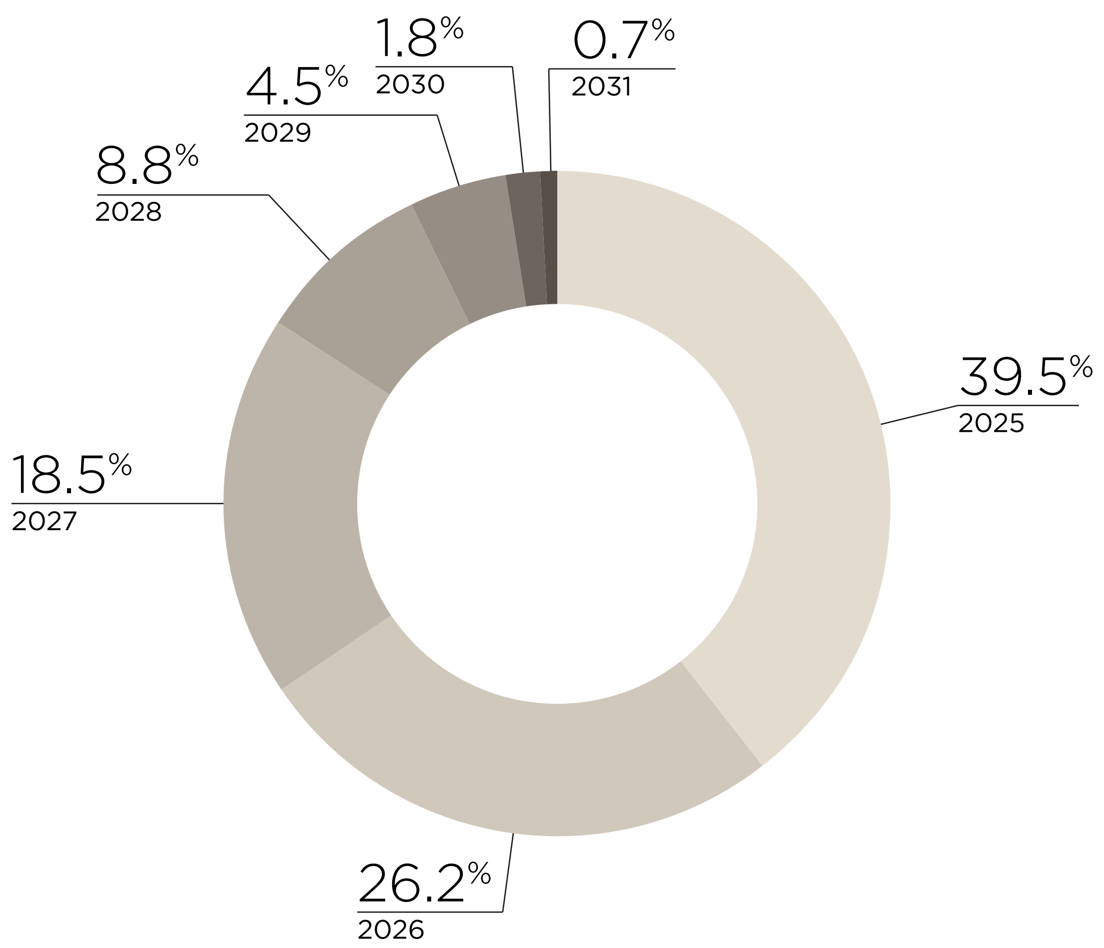
The backlog of Horizons: Engineered Systems for Naval Architecture and Building Façades BU stood at 484 million Euro, stable compared to the figure posted at 31 December 2023. The backlog of Talenta: Professional Kitchen Systems and Products BU stood at 164 million Euro (153 million Euro at 31 December 2023), while the backlog of Mestieri: Design and Creation of Bespoke Interiors BU totalled 96 million Euro (115 million Euro in the previous period). Horizons business unit confirmed its ability to win new contracts, both in the naval and civil sectors, consolidating its role as leader in systems for cruise ships and glass façades for the civil market in North America. Talenta business unit's backlog increased following the award of significant new contracts for professional kitchens in the naval sector through its subsidiary Oxin as well as its entry into new markets.

On the other hand, Mestieri BU order book decreased, mainly due to a reduction in interior projects in the shipbuilding sector. It should be noted that with regard to this business, which has recorded margins not in line with expectations over the past two years, the Group has adopted a focused project selection strategy, preferring participation in high value-added calls for tenders while limiting the award of low-margin contracts.

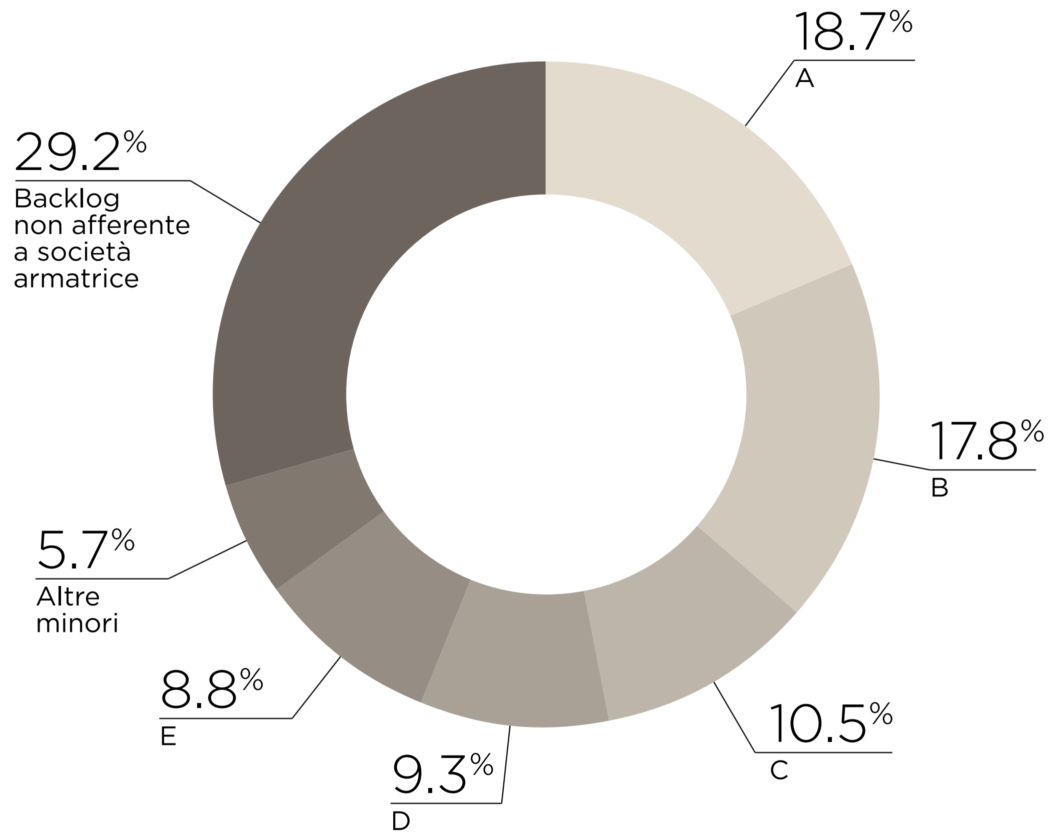
Total Backlog by year-period
million euro



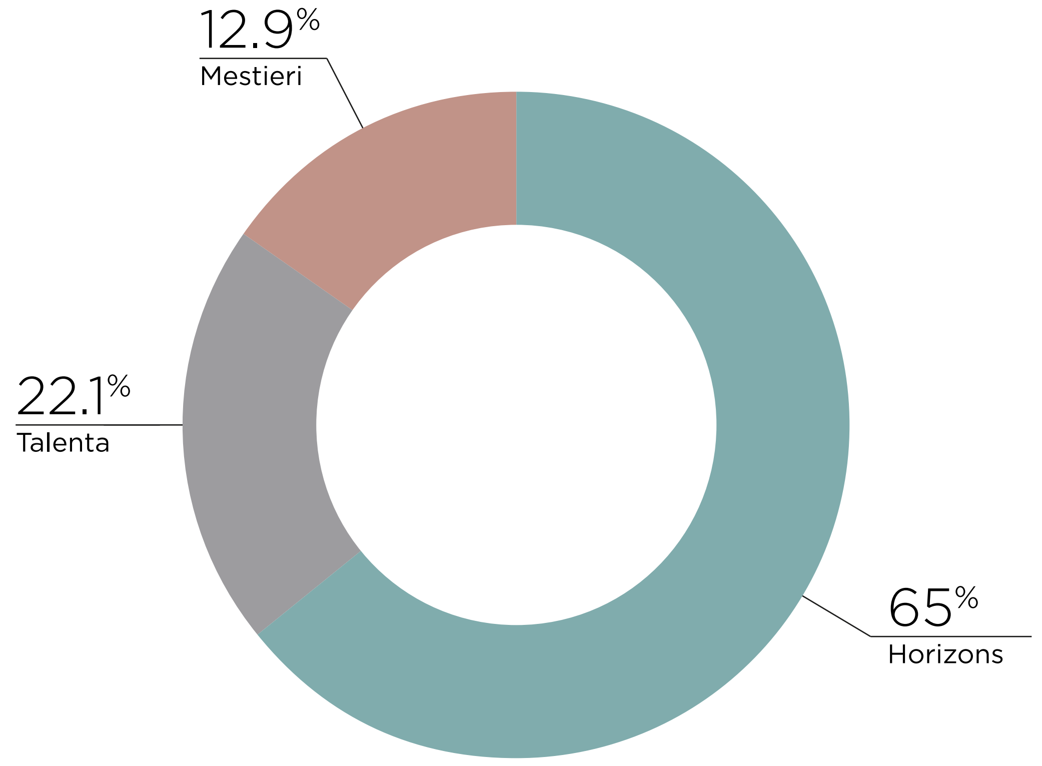
Total Backlog breakdown by scheduled year
% of total



Backlog by cruise operator
%



Total Backlog breakdown by business division



1. Backlog totale inteso come somma di backlog e backlog in opzione, come indicato nelle premesse sugli Indicatori Alternativi di Performance.

Somec Group operating performance

Reclassified consolidated income statement

Below is the reclassified consolidated income statement as at 31 December 2024 and 31 December 2023.

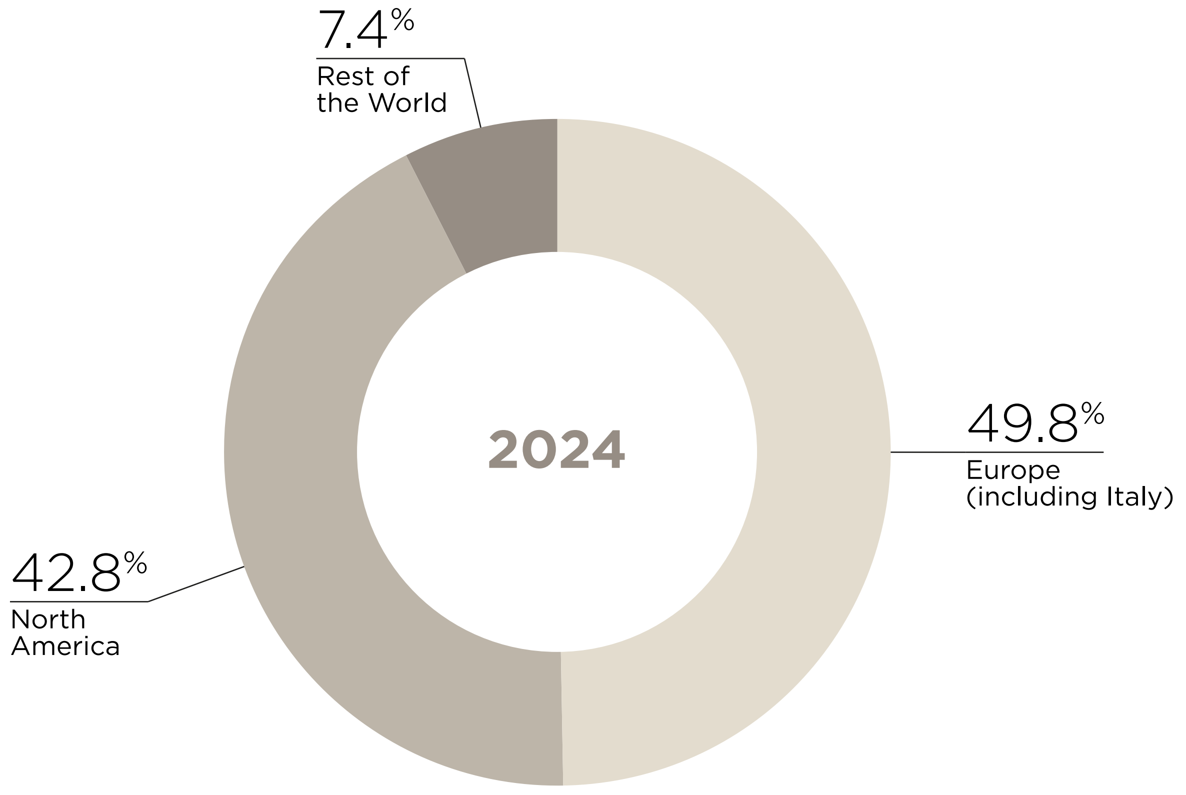
€/000	2024	%	2023	%	Δ%
Revenue from contracts with customers	377,627	98.6%	367,658	99.1%	2.7%
Other revenues and income	5,196	1.4%	3,386	0.9%	53.5%
Total revenues	**382,823**	**100.0%**	**371,044**	**100.0%**	**3.2%**
Materials, services and other costs	(285,631)	-74.6%	(289,827)	-78.1%	-1.4%
Personnel costs	(67,101)	-17.5%	(63,036)	-17.0%	6.4%
Operating costs	**(352,732)**	**-92.1%**	**(352,863)**	**-95.1%**	**0.0%**
EBITDA adjusted	**30,091**	**7.9%**	**18,181**	**4.9%**	**65.5%**
Non-recurring costs(2)	(508)	-0.1%	-	0.0%	-
EBITDA	**29,583**	**7.7%**	**18,181**	**4.9%**	**62.7%**
Depreciation and amortisation	(16,672)	-4.4%	(18,028)	-4.9%	-7.5%
EBIT adjusted	**12,911**	**3.4%**	**153**	**0.0%**	**8,338.6%**
Non-recurring write-downs(3)	(4,749)	-1.2%	-	0.0%	n.d.
EBIT	**8,162**	**2.1%**	**153**	**0.0%**	**5,234.6%**
Net financial income (expenses)	(3,521)	-0.9%	(11,430)	-3.1%	-69.2%
Net results from associate companies	3	0.0%	85	0.0%	-96.5%
EBT	**4,644**	**1.2%**	**(11,192)**	**-3.0%**	**-141.5%**
Income taxes	(5,104)	-1.3%	818	0.2%	-724.0%
Consolidated Net Result adjusted	**4,797**	**1.3%**	**(10,374)**	**-2.8%**	**-146.2%**
Consolidated Net Result	**(460)**	**-0.1%**	**(10,374)**	**-2.8%**	**-95.6%**
Non-controlling interests	2,843	0.7%	1,273	0.3%	123.3%
Group Net Result	**(3,303)**	**-0.9%**	**(11,647)**	**-3.1%**	**-71.6%**

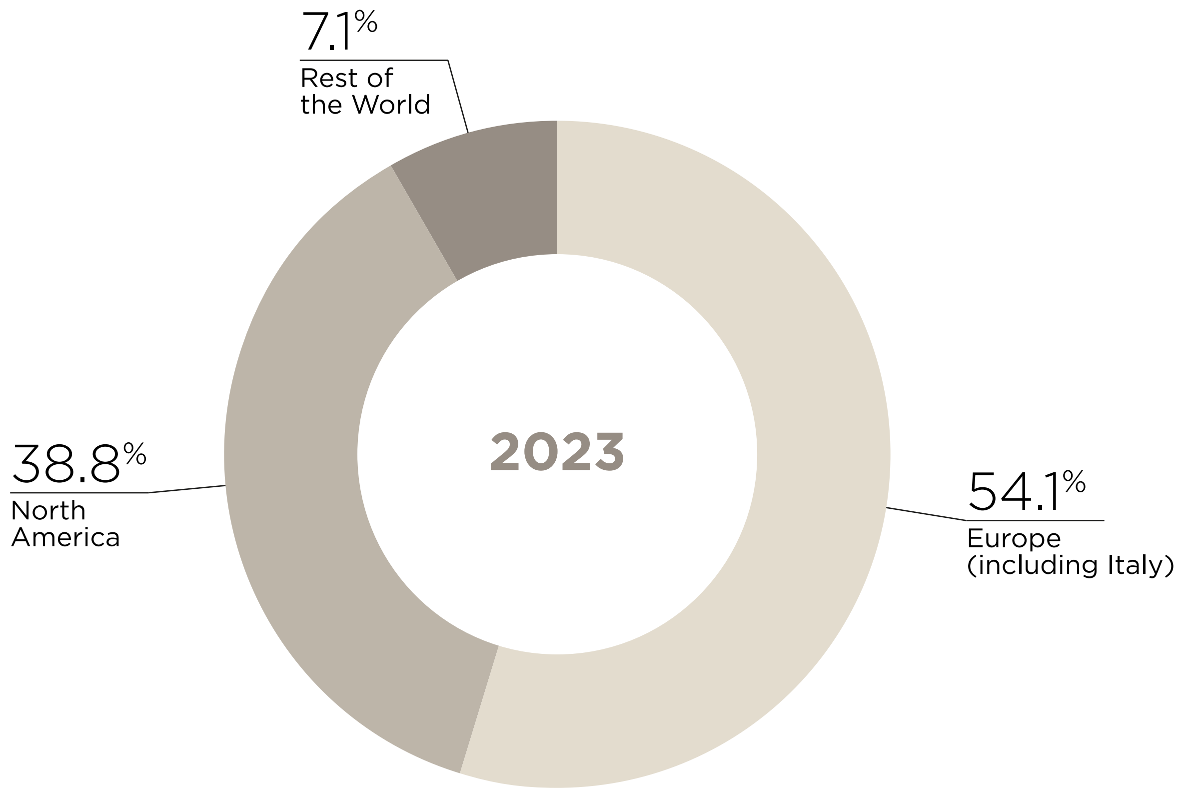
The **Group's consolidated economic situation** as at 31 December 2024 showed revenues to stand at 382.8 million Euro, up 11.8 million Euro compared to 371.0 million Euro as at 31 December 2023 (+3.2% compared to the previous period).

The growth, which was entirely organic, was driven by the strong development of Horizons business unit (+9.6%), which showed a significant increase in revenues from refitting operations, offset however by a slight slowdown in Talenta and Mestieri business units.

2. These are extraordinary and non-recurring costs accounted in the labour costs, related to the reorganisation of the management structure in Mestieri and Horizons business units.
3. This item includes goodwill write-downs for impairment losses realised during the year.

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





Somec Group operating performance (continued)

Consolidated EBITDA adjusted as at 31 December 2024 stood at 30.1 million Euro, up 65.5% from 18.2 million Euro as at 31 December 2023.
Profitability as reflected by EBITDA adjusted margin was 7.9%, showing a significant improvement from 4.9% last year. Profitability for the year benefited from the strong performance of Horizons and Talenta business units.
As regards the first division, the excellent results of the glazing activities in the naval sector should be noted. These results were driven by both new building and refitting operations, confirming the Group's ability to carry out complex projects for shipyards and shipowners in accordance with the highest quality standards and in strict compliance with deadlines. The civil glazing sector, driven by Fabbrica LLC, also performed much better, consolidating its position as a leader in the US market in highly complex glazing-related engineering projects.
Talenta business unit, specialising in systems and products for professional kitchens, also improved its margins following its strong performance in the manufacture of marine kitchens and the improved results of the companies operating in professional products, in respect of which manufacturing efficiencies resulting from the industrial integrations underway are gradually consolidating.
By contrast, Mestieri business unit, engaging in the design and creation of bespoke interiors, underperformed, mainly due to the results of one of the subsidiaries involved in the creation of interiors for the shipbuilding sector.
Aside the naval segment, Mestieri business unit recorded an increase in volumes and margins, proving the soundness of the M&A strategy conducted in recent years, which allowed an internationally competitive hub to be established for the creation of luxury interiors in the retail, hotellerie, private villa and museum segment.

Labour costs totalled 67.6 million Euro at 31 December 2024, compared to 63.0 million Euro at 31 December 2023, impacting revenues to a slight increase (17.6%). This item was affected by certain non-recurring costs related to the reorganisation of Mestieri and Horizons business units.
This rise was due to an increase in the average number of employees, which was related to the increase in volumes in Horizons business unit, as well as to the strengthening of the management structure of Mestieri business unit and, partially, Horizons business unit.

Depreciation, amortisation and write-downs amounted to 21.4 million Euro, compared to 18.0 million Euro as at 31 December 2023, an increase of 3.4 million Euro or 18.8% year-on-year. In 2024, this item was impacted by non-recurring impairment losses totalling 4.7 million Euro, of which 3.5 million Euro was attributable to the Professional Cooking Equipment CGU and 1.2 million Euro to the CGU associated with subsidiary Bluesteel S.r.l., which engages in the glass façade sector in the European market.
It should be noted that at 31 December 2024 this item showed provisions for doubtful receivables to the extent of 1.3 million Euro, compared to 0.9 million Euro in the previous year.
Provisions for risk reserve adjustment totalling 0.6 million Euro were also held under this item.

EBIT adjusted at 31 December 2024 stood at 12.9 million Euro, showing a marked improvement over the 0.2 million Euro figure posted for the year ended 31 December 2023, due to the operating margin achieved.

Consolidated EBIT at 31 December 2024 stood at 8.2 million Euro. Despite significant non-recurring write-downs, this indicator showed a clear improvement over the 0.2 million Euro posted for the year ended 31 December 2023, thanks to the operating margin achieved by core operations.

The item **Financial income (expenses)** was negative to the tune of 3.5 million Euro at 31 December 2024 compared to a negative value of 11.4 million Euro at 31 December 2023.
It is noted that the previous year was impacted by the negative net effect of 5.2 million Euro deriving from the remeasurement of financial liabilities for exercising Put & Call options for the acquisition of minority and earn out in subsidiaries.
This item consisted of net interest expenses totalling 5.9 million Euro, showing a slight increase year-over-year (5.3 million Euro). This item also reflects net financial income for Put and Call remeasurements (1.1 million Euro) as well as other income for financial indemnities (1 million Euro).
The exchange rate effect for the year is positive, standing at 0.2 million Euro, compared to the loss posted in the previous year (-1.3 million Euro).

Taxes for the year amounted to 5.1 million Euro and were affected by extraordinary and non-recurring provisions for taxes from previous years, in the amount of 2.2 million Euro, and arising from the settlement of a dispute pertaining to financial years 2016, 2017 and 2018, in respect of which a court-based settlement is in progress.

The **adjusted consolidated net profit** of 4.8 million Euro corroborated the recovery in the Group's overall margins.

The **consolidated net result**, a slight loss of 0.5 million Euro, was a marked improvement on the loss of 10.4 million Euro in 2023.

The **Group's Net Result** is negative for -3.3 million Euro, showing a significant improvement compared to -11.6 million as at 31 December 2023.

Minority Interest net profit for the period totalled 2.8 million Euro, up from the figure posted in 2023 (1.3 million Euro).

Somec Group operating performance (continued)

Trends of single divisions

Below is a summary of the key income statement figures for the three divisions as at 31 December 2024 and 31 December 2023.

€/000	**Horizons:** engineered systems for naval architecture and building façades	**Talenta:** professional kitchen systems and products	**Mestieri:** design and production of bespoke interiors	**Total**
31.12.2024				
Total revenues	235,290	58,824	88,709	382,823
EBITDA adjusted	22,593	5,185	2,312	30,091
EBITDA adjusted margin	9.6%	8.8%	2.6%	7.9%
EBITDA	22,478	5,128	1,976	29,583
EBITDA margin	9.6%	8.7%	2.2%	7.7%
EBIT	12,546	(1,241)	(3,144)	8,162
EBIT margin	5.3%	-2.1%	-3.5%	2.1%
31.12.2023				
Total revenues	214,587	60,766	95,692	371,044
EBITDA	11,900	3,629	2,652	18,181
EBITDA margin	5.5%	6.0%	2.8%	4.9%
EBIT	2,712	999	(3,559)	153
EBIT margin	1.3%	1.6%	-3.7%	0.0%

Total revenues per business unit showed the following performances:

Horizons: engineered systems for naval architecture and building façades business unit's revenues totalled 235.3 million Euro at 31 December 2024, up 9.6% from 214.6 million Euro in the previous year. The increase was driven by the development of refitting and new building activities in the naval sector, confirming the Group's ability to obtain and roll out complex projects for the world's main shipyards and shipowners to the highest quality and meeting deadlines.

Talenta: professional kitchen systems and products business unit's revenues totalled 58.8 million Euro in the year ended 31 December 2024, down 3.2% compared to 60.8 million Euro in the previous year. The reduction is due to a slight slowdown in the production of kitchen systems for the naval sector.

Mestieri: design and production of bespoke interiors business unit's revenues totalled 88.7 million Euro, showing a decrease of 7.3% compared to 95.7 million Euro in the previous year, mainly due to the reduction in the volume of work in the interior naval sector.

Below is the performance shown by the three business units in terms of **EBITDA**:

Horizons: engineered systems for naval architecture and building façades business unit's adjusted EBITDA totalled 22.6 million as at 31 December 2024, almost doubling the previous year's figure (11.9 million Euro), with an EBITDA margin of 9.6%, showing a clear increase over the previous year's period (5.5%).
The significant recovery in margins was mainly due to the growth in glazing shipbuilding activities and the increased impact of refitting orders, which qualify as high value-added activities.
The civil glazing sector also performed much better, consolidating its position as a leader in the US market in highly complex glazing-related engineering projects.

Talenta: professional kitchen systems and products business unit's EBITDA adjusted for the year ended 31 December 2024 came in at 5.2 million Euro, up 1.6 million Euro compared to an EBITDA of 3.6 million Euro in 2023, with revenue margin standing at 8.8% compared to 6.0% in the previous period. The good result was driven by the strong performance in the manufacture of kitchens in the naval sector. Emphasis is also placed on the improving contribution of businesses operating in the manufacture of professional cooking and refrigeration products, in respect of which manufacturing efficiencies resulting from industrial integration underway are gradually consolidating

Mestieri: design and production of bespoke interiors BU generated EBITDA adjusted of 2.3 million Euro (2.6% of revenues) at 31 December 2024, compared to 2.7 million Euro in the previous period (2.8% of revenues). Within this BU the naval sector continued to suffer from reduced margins on orders for the year, while other sectors posted increases in volumes and margins.

Somec Group operating performance (continued)

Statement of financial position

The following is the reclassified consolidated statement of financial position as at 31 December 2024 and 31 December 2023.

€/000	31.12.2024	31.12.2023 restated*
Intangible assets	46,012	55,143
of which Goodwill	33,063	37,423
Tangible assets	18,012	19,109
Right-of-use assets	21,933	23,936
Investments in associates	289	339
Non-current financial assets	326	257
Other non-current assets and liabilities	(1,630)	(548)
Employee benefits	(5,884)	(5,841)
Net fixed assets	**79,058**	**92,395**
Trade receivables	79,671	73,511
Inventory and payments on account	19,897	23,699
Contract work in progress	24,939	36,200
Liabilities for contract work in progress and customer advances	(45,645)	(49,052)
Trade payables	(79,994)	(74,904)
Provisions for risk and charges	(1,095)	(1,086)
Other current assets and liabilities	(562)	3,202
Net working capital	**(2,789)**	**11,570**
Net Invested capital	**76,269**	**103,965**
Group equity	(13,680)	(16,910)
Non-controlling interest in equity	(4,011)	(2,748)
Net financial position	(58,578)	(84,307)
Sources of funding	**(76,269)**	**(103,965)**

Net non-current assets amounted to 79.1 million Euro at 31 December 2024, down from 92.4 million Euro a year earlier.

Net working capital stood at -2.8 million Euro, compared to 11.6 million Euro at 31 December 2023. The main changes can be attributed to the reduction in inventories and contract work in progress, recorded across all BUs and resulting from increasingly better project management, with an improvement in the speed of progress acknowledgement and prompt invoicing.

Trade receivables and trade payables increased virtually to the same extent, due to a slight lengthening of collection and payment times.

Other current assets and liabilities decreased as a result of an increase in taxes payable at year-end.

Consolidated shareholders' equity totalled 17.7 million Euro at 31 December 2024, compared to 19.7 million Euro at 31 December 2023.

The change is due to:

- The distribution of dividends to minority shareholders by a subsidiary
- A change in cash flow hedge reserves
- The result for the period

* For more details on the restatement of balances for the year ended 31 December 2023, refer to paragraph "Correction of an error (IAS 8)", in the notes to the consolidated financial statements.

Somec Group operating performance (continued)

Net financial position

Consolidated net financial position is composed as follows:

€/000		31.12.2024	31.12.2023
A.	Cash and cash equivalents	65	46
B.	Bank deposits	47,413	46,916
C.	**Total liquidity (A+B)**	**47,478**	**46,962**
D.	**Current financial assets**	**28,149**	**21,888**
E.	Current bank debt	(43,302)	(35,356)
F.	Current portion of long-term debt	(45,567)	(62,432)
G.	Other current financial liabilities	(3,755)	(4,467)
H.	**Current financial position (E+F+G)**	**(92,624)**	**(102,255)**
I.	**Current net financial position (C+D+H)**	**(16,997)**	**(33,405)**
J.	Non-current financial assets	320	631
K.	Non-current bank debt	(7,324)	(12,842)
L.	Other non-current financial liabilities	(12,129)	(14,512)
M.	**Non-current financial position (J+K+L)**	**(19,133)**	**(26,723)**
N.	**Net financial position before IFRS 16 (I+M)**	**(36,130)**	**(60,128)**
O.	**IFRS 16 – Lease impact**	**(22,448)**	**(24,179)**
	Current portion	(4,712)	(5,188)
	Non-current portion	(17,736)	(18,991)
P.	**Net financial position (N+O IFRS 16 impact)**	**(58,578)**	**(84,307)**

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 consolidated financial statements.

The Group's **Net Financial Position** at 31 December 2024, including the effect of IFRS 16, stood at 58.6 million Euro, compared to 84.3 million Euro at 31 December 2023, showing a net decrease of 25.7 million Euro.

The marked improvement in the consolidated net financial position for the period ended 31 December 2024 compared to 31 December 2023 was mainly due to:

- An increase in operating cash flow, resulting from the improvement in margins compared to the previous year and the management of working capital flows
- A reduction in financial liabilities on leases (1.7 million Euro)

It should be noted that during the period 2024 payments were made in respect of the earnout portions due to the minority shareholders of Fabbrica LLC (1.3 million Euro) and Budri S.r.l. (1.6 million Euro), and dividends were paid to minority shareholders of Fabbrica LLC (1.6 million Euro).

The Net Financial Position, excluding the effects of the application of IFRS 16, stood at 36.1 million Euro at 31 December 2024, showing a significant reduction (24 million Euro) compared to 60.1 million Euro posted in 31 December 2023.

Somec Group operating performance (continued)

Consolidated Cash Flow statement

The reclassified consolidated statement of cash flows as at 31 December 2024 and 31 December 2023 is shown below.

€/000	31.12.2024	31.12.2023
Cash flows from operating activities	27,444	125
Cash flows from investing activities	(5,254)	(4,340)
Free Cash Flow	**22,190**	**(4,215)**
Cash flows from financing activities	(22,703)	(2,321)
Effect of exchange rate changes on cash and cash equivalents	1,029	(846)
Net cash flow	**516**	**(7,382)**
Cash and cash equivalents at the beginning of the period	**46,962**	**54,344**
Cash and cash equivalents at the end of the period	**47,478**	**46,962**

Cash flow from **operating activities** came in at 27.4 million Euro, showing a considerable increase over the previous period, mainly as a result of the recovery of margins and flows in working capital management.

Net outflow from **investing activities** amounted to -5.3 million Euro and related to investments in plant and machinery (-2.3 million Euro) and the payment of earnout portions to minority shareholders of Fabbrica LLC and Budri S.r.l. (2.9 million Euro).

Net inflow from **financing activities** was down -22.7 million Euro, mainly due to the repayment of medium- and long-term loans (totalling 22.6 million Euro) and the payment of dividends to minority shareholders of Fabbrica LLC (1.6 million Euro) during the year.

Business performance of Parent Company, Somec S.p.A.

Reclassified income statement

The following table shows the reclassified income statement of Parent Company, Somec S.p.A. as at 31 December 2024 compared to the income statement for 2023.

€/000	2024	%	2023	%	Δ%
Revenues from contracts with customers	93,485	96.7%	88,276	96.1%	5.9%
Other revenues and income	3,162	3.3%	3,609	3.9%	-12.4%
Total Revenues	**96,647**	**100.0%**	**91,885**	**100.0%**	**5.2%**
Materials, services and other costs	(75,042)	-77.6%	(74,337)	-80.9%	0.9%
Personnel costs	(16,691)	-17.3%	(15,915)	-17.3%	4.9%
Operating costs	**(91,733)**	**-94.9%**	**(90,252)**	**-98.2%**	**1.6%**
EBITDA	**4,914**	**5.1%**	**1,633**	**1.8%**	**201.1%**
Depreciation, amortisation and impairment	(2,380)	-2.5%	(2,316)	-2.5%	2.8%
EBIT	**2,534**	**2.6%**	**(683)**	**-0.7%**	**-470.5%**
Net financial income (expenses)	(11,782)	-12.2%	(12,229)	-13.3%	-3.7%
Income from associates	7,116	7.4%	4,173	4.5%	70.5%
EBT	**(2,132)**	**-2.2%**	**(8,739)**	**-9.5%**	**-75.6%**
Income taxes	(465)	-0.5%	454	0.5%	-202.4%
Tax rate	21,8%		5,2%		
Net Result	**(2,597)**	**-2.7%**	**(8,285)**	**-9.0%**	**-68.7%**

Total revenues in 2024 amounted to 96.6 million Euro, 5.2% up on 2023, confirming the growth in new shipbuilding and marked resumption of refitting activity.

EBITDA (or Gross Operating Result) totalled 4.9 million Euro, with an EBITDA margin of 5.1%, up by 3.3% over 2023.
This resulted from the combined effect of a better performance in new building projects and an increase in volumes in the refitting segment, where margins are higher.
The foregoing bears out Somec S.p.A.'s ability to deliver complex projects for shipyards and shipowners according with the highest quality standards and in strict compliance with deadlines.

Depreciation and amortisation totalled 2.4 million Euro, in line with the previous year.

EBIT (or Operating Result) came in at 2.5 million Euro, compared to -0.7 million Euro in the previous period. Such decrease was due to the reasons explained earlier with reference to EBITDA.

The balance of **financial income and expenses** was down -11.8 million Euro in 2024 compared to -12.2 million Euro in 2023, and reflected write-downs resulting from impairment tests on the value of equity investments, totalling 10.5 million Euro (13 million Euro in the previous year), as well as increased interest expenses due to an increase in loan cost. This increase was mitigated however by financial hedges in place on medium/long-term loans amounting to 1.2 million Euro.

The balance of the item related to **income and expenses from equity investments** increased due to higher dividends received from subsidiaries Oxin S.r.l., Somec Sintesi S.r.l. and Navaltech LLC, compared to the financial year 2023.

Coming in at -2.6 million Euro, the net loss for 2024 showed a sharp drop from the previous year's figure (-8.3 million Euro) due to the balance of financial income and expenses.

Business performance of Parent Company, Somec S.p.A. (continued)

Reclassified statement of financial position

The reclassified statement of financial position as at 31 December 2024, compared with the statement of financial position as at 31 December 2023, is as follows:

€/000	31.12.2024	31.12.2023
Intangible assets	33	52
Tangible assets	1,187	1,124
Right-of-use assets	8,606	10,222
Investments in subsidiaries and associates	37,776	41,533
Non-current financial assets	30,179	30,503
Other non-current assets and liabilities	217	360
Employee benefits	(321)	(322)
Net fixed assets	**77,677**	**83,472**
Trade receivables	14,301	18,581
Inventory and payments on account	4,497	6,016
Contract work in progress	13,950	17,543
Liabilities for contract work in progress and customer advances	(6,730)	(6,334)
Trade payables	(27,613)	(25,560)
Provisions for risks and charges	(501)	(351)
Other current assets and liabilities	(1,676)	1,131
Net working capital	**(3,772)**	**11,026**
Net invested capital	**73,905**	**94,498**
Shareholders' equity	(17,539)	(20,547)
Net financial position	(56,366)	(73,951)
Sources of funding	**(73,905)**	**(94,498)**

The fall in **net fixed assets** is mainly due to the effect of the recapitalization of some subsidiaries, waiving loans disbursed during 2024 and previous years.

Net working capital changed by 14.8 million Euro mainly due to:

- A reduction in trade receivables and contract work in progress driven by improved project management, with an increase in the speed of progress acknowledgement and prompt invoicing
- An increase in trade payables, due to a slight lengthening in payment times
- Other current assets and liabilities, showing a decrease due to the recognition of payables from tax consolidation, which, starting from the current financial year, includes almost all of the Group's Italian companies

The decrease in **shareholders' equity** mainly reflects the negative contribution made by the result for the period.

Business performance of Parent Company, Somec S.p.A. (continued)

Net financial position

Net financial position is composed as follows:

€/000		31.12.2024	31.12.2023
A.	Cash	2	2
B.	Bank deposits	9,329	8,771
C.	**Total liquidity (A+B)**	**9,331**	**8,773**
D.	**Current financial assets**	**17,223**	**10,478**
E.	Current bank debt	(29,751)	(20,783)
F.	Current portion of long-term debt	(42,268)	(58,291)
G.	Other current financial liabilities	(89)	-
H.	**Current financial position (E+F+G)**	**(72,108)**	**(79,074)**
I.	**Current net financial position (C+D+H)**	**(45,554)**	**(59,823)**
J.	Non-current financial assets	282	513
K.	Non-current bank debt	(2,624)	(4,715)
L.	Other non-current financial liabilities	(119)	(238)
M.	**Non-current financial position (J+K+L)**	**(2,461)**	**(4,440)**
N.	**Net financial position before IFRS 16 (I+M)**	**(48,015)**	**(64,263)**
O.	**IFRS 16 – Lease impact**	**(8,351)**	**(9,688)**
	Current portion	(1,591)	(1,721)
	Non-current portion	(6,760)	(7,967)
P.	**Net financial position (N+O IFRS 16 effect)**	**(56,366)**	**(73,951)**

The **net financial position** for the year ended 31 December 2024 stood at 56.4 million Euro, showing a significant improvement compared to the previous period (74 million Euro).

Changes to be reported pertain in particular to:

- Current financial receivables, with regard to receivables from factoring companies assigned without recourse, which increased by 7 million Euro
- Financial payables, which decreased by a total of 9.1 million Euro
- Leasing payables, which decreased by 1.3 million Euro

The change in **cash and cash equivalents** between 31 December 2024 and 31 December 2023 is shown in the following table:

€/000	
Cash and cash equivalents at 31/12/2023	**8,773**
Cash flows from operating activities (A)	17,150
Cash flows from investing activities (B)	(5,733)
Cash flows from financing activities (C)	(10,859)
Increase (decrease) in cash and cash equivalents (A+B+C)	**558**
Cash and cash equivalents at 31/12/2024	**9,331**

Relevant informations

Key intangible assets

Intangible assets that are key to the business referred to in Article 15 of Legislative Decree 125 of 2024 are assets without physical form on which the company business model largely depends, and are a source of value creation for the company. For the Somec Group, these assets consist of the wealth of skills, technical knowledge, know-how as well as the established relational capital with customers, suppliers and all stakeholders in the value chain. This intangible heritage is based on craftsmanship, industrial and process skills for the delivery of construction solutions sought by naval and civil architects, for customers of complex turnkey projects around the world.
The key value for Somec Group lies in the freedom enjoyed by every individual—be it an engineer, specialist technician or tradesperson—to continually seek out innovative solutions and processes, which characterise every project in order to facilitate the most successful outcome.

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.

Information on the environment and personnel

Somec is sensitive to environmental issues, aware of the deep interconnection between the environment and other sustainability aspects.
The Group is accordingly aware of the setting in which companies in its perimeter operate and, for aspects related to both Human Resources and the environment, the Somec Group – whose parent company is ISO 14001 certified – is pursuing the goal of transferring and increasing sensitivity to the entire Group.
For more information, reference should be made to the Consolidated Sustainability Report prepared for the year ended 31 December 2024.

Human Resources

As at 31 December 2024, the Group's headcount amounts to 1,042 employees including members of the project management, marketing and sales teams (around 12%), general office staff (roughly 16%), research and development, engineering (approximately 13%) and manufacturing (about 59%) personnel. The number of employees was stable compared to the previous year (1,031 employees at 31 December 2023, i.e. +1.1%).
The average headcount increased slightly compared to the previous year (+2.5%).

Ownership of the Company

As at 31 December 2024, 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 owned a direct shareholding of 0.66% (0.52% as a person and 0.14% through Fondaco S.r.l., where he holds the position of director and sole partner), Giancarlo Corazza - through Gicotech S.r.l., where he holds the position of sole director and partner - owned a direct shareholding of 0.14%, Alessandro Zanchetta - through Ellecigi S.r.l., where he holds the position of sole director and partner - owned a direct shareholding of 0.12%.
It is also noted that, at the end of the reporting period, Parent Company Somec S.p.A. held 968 treasury shares, 0.01% of the share capital, following the treasury share purchase programme launched at the previous years.
The remaining 24.21% is float, accounting for 1,670,473 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 31 December 2024 and income and expenses from related party transactions in the year 2024, please see the relevant section of the notes to the financial statements.

Relevant informations (continued)

Treasury shares

Somec S.p.A. has launched a number of treasury share buyback schemes based on the authorisation resolutions approved in previous years and during this current year. On 29 April 2024, 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 4 May 2023, for the part not yet executed, to purchase and dispose of treasury shares up to a maximum number of shares that will not exceed the limit of 5% of the share capital and for a maximum period of eighteen months, such number including treasury shares already held and/or held by subsidiaries.

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:

- Own a securities portfolio (aka securities warehouse) to be used, consistently with the Company's strategic guidelines, to service any extraordinary transactions, and/or using, if appropriate, shares as consideration in extraordinary transactions, including the exchange of equity investments, with other parties as part of transactions of interest to the Company
- Use treasury shares to service bonds or other debt instruments convertible in Somec S.p.A.'s shares
- 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
- 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)
- 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 31 December 2024 Somec S.p.A. held a total of 968 treasury shares, i.e. 0.01% of its share capital, worth 31 thousand Euro.

Performance of Somec shares listed on the Borsa Italiana S.p.A. electronic stock exchange (Euronext Milan Market - EXM)

Share Capital	Euro 6,900,000,00
Ordinary shares issued	6,900,000
Treasury shares	968
ISIN	IT0005329815
Market	Euronext Milan
Ticker	EXM: SOM
Bloomberg	SOM:IM
Minimum lot	1
Specialist	Intermonte SIM S.p.A.

As at 30 December 2024, the official closing price of Somec shares was 11.30 Euro (-60.35% compared to the closing value as at 29 December 2023, i.e. 28.50 Euro).

The market capitalisation as at 31 December 2024 is 77,970 thousand Euro (compared to 196,650 thousand Euro as at 31 December 2023).

Unusual transactions

Pursuant to Consob Communication No. DEM/6064293 dated 28 July 2006, it should be noted that the Group did not carry out any atypical and/or unusual transactions during FY 2024.

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 war, of which the political and economic consequences are still uncertain and difficult to assess, 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.

Resource availability is at risk, making any planning and optimisation of the production chain extremely difficult. This in turn has 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 an extremely streamlined organizational structure and abundant order backlog, which is an undoubted advantage in terms of potential planning. 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, as well as unforeseen events in orders, due to a change in the purchasing conditions of raw materials (for example prices, availability, timing of order fulfilment).

There are no certainties that the backlog and backlog under option could actually generate the expected revenues, cash flows or margins, or generate them to the extent and within the expected time, as unforeseen events may occur over time which could affect the backlog and backlog under option, such as, for example, failure or delay in fulfilment of contract agreements, change in orders, additional costs or unforeseeable events which may have a significant impact on the contracts included in the backlog and hence on the related activities, as well as on the Group's economic and financial situation.

Disclosure of risks (continued)

Although the Group is exposed to this risk, which is inherent to the naval sector and has been exacerbated by the current macroeconomic backdrop, 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.

With regard to the absence of customer concentration, it is noted that in this sector no operator accounts for more than 18.7% 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 Horizons: 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.

Operational risks related to the integration of newly acquired companies

The external growth of Somec, through acquisitions, exposes the Group to operational risks deriving from the integration of newly acquired companies in terms of adaptation to Group policies, alignment of local organizational setups to the standards of the Parent Company, effectiveness of internal communication and adaptation to operational and management control best practices.

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.

Disclosure of risks (continued)

Financial risks

The Group is exposed to financial risks, where among the main risks, 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 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.

It is noted that some existing medium/long-term loans require compliance with economic/financial parameters, or covenants, to be calculated annually based on the results of the consolidated financial statements (specifically: net financial debt/EBITDA and net financial debt/equity).

Reconciliation of result and shareholders' equity

Reconciliation of result and shareholders' equity of the Group Parent with the consolidated figures

The reconciliation between the shareholders' equity and the result for the year of the Parent Company Somec S.p.A. and the consolidated shareholders' equity and result for the year are shown below:

€/000	Net equity 31.12.2024	Profit/ (loss) for the year 2024	Net equity 31.12.2023 restated*	Profit/ (loss) for the year 2023
Group Parent equity and profit/(loss)	**17,539**	**(2,598)**	**20,368**	**(8,285)**
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	(22,904)	13,977	(29,347)	12,863
Consolidation adjustments for:				
Difference between purchase price and corresponding book equity	18,633	(7,822)	25,565	(11,972)
Dividends from consolidated companies	-	(7,099)	-	(4,230)
Translation differences	247	-	23	-
Other adjustments	165	239	301	(23)
Group net equity and profit/(loss)	**13,680**	**(3,303)**	**16,910**	**(11,647)**
Non-controlling interests	4,011	2,843	2,748	1,273
Total net equity and profit/(loss)	**17,691**	**(460)**	**19,658**	**(10,374)**

* For more details on the restatement of balances for the year ended 31 December 2023, refer to paragraph "Correction of an error (IAS 8)", in the notes to the consolidated financial statements.

Business Outlook

The Group continues to operate in promising markets, as evidenced by recent industry analyses and studies.

The cruise market in particular is expanding rapidly, with growth driven by an increase in demand in the cruiser tourism market.

According to estimates from the Cruise Line International Association (CLIA), the number of passengers on board cruise ships will reach 39.4 million in 2027, 24.3% up on 2023 values (31.7 million).

This macro-trend has resulted in an increase in investments aimed at modernising and expanding fleets.

The bubbly nature of demand can be seen by the increase in orders announced by major shipbuilders.

With regard to professional kitchen systems and products, growth is expected in 2025, driven by the expected increase in tourist flows, the relative number of new facilities, and lifestyle changes.

The global luxury market in which Mestieri business unit operates is expected to reach 1.8 trillion Euro in 2025 and 2.1 trillion Euro in 2028, with a CAGR of 6-8%. The US is expected to lead growth between 2025 and 2027.

With regard to the Group's overall performance, in the face of moderate growth expected for the topline, there will be a strong focus on increasing overall margins and reducing indebtedness.

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SUSTAINABILITY STATEMENT

31 December 2024

General disclosures

General disclosures

Basis for preparation

BP-1
General basis for preparation of the sustainability statement

Somec Group's Sustainability Report was prepared on a consolidated basis and is aligned with the scope of the consolidated financial statements.

It therefore concerns the Parent Company, Somec S.p.A., and its direct and indirect subsidiaries. For a detailed list of the companies included in the scope of consolidation, reference should be made to the *Scope of consolidation* section included in the notes to the financial statements.

Sustainability reporting covers the Group's value chain, including the impacts, risks and opportunities (IROs) identified in the conduct of its own activities as well as upstream and downstream activities. The nature of the topics addressed in the ESRS shows that the scope of the policies, actions, metrics and targets extends beyond Somec's operations.

The Company chose not to take advantage of the opportunity to omit certain information relating to intellectual property, know-how or innovation results, or omit information relating to future developments or innovation issues.

The Group made reliance on the phase-in provisions – i.e. gradual introduction of certain disclosures for undertakings reporting on the ESRS standards for the first year – with respect to the following disclosures:

- ESRS 2, SBM-1 40 b, c
- ESRS 2, SBM-3 48 e
- ESRS E1-9
- ESRS E5-6
- ESRS S1-11
- ESRS S1-14 - information on non-employee workers

BP-2
Disclosures in relation to specific circumstances

The Company adopted time horizons that are consistent with ESRS 1, section 6.4 *Definition of short, medium and long-term for reporting purposes* and are therefore in line with the time horizons of the financial report.

Metrics reported, with the exception of Scope 3 emissions information, do not include the data of the Group's upstream and/or downstream value chain. It should be noted that Scope 3 emissions include data related to the Group's value chain activities and were reported ensuring accuracy to provide a fair view of indirect greenhouse gas emissions from purchased materials through the use of estimates.

In chapters ESRS E1 Climate Change and ESRS E5 Resource use and circular economy, information is provided about reliance made on estimate for the reporting of some metrics in terms of the calculation of Scope 1 and 3 emissions and semi-finished products purchased.

More details are provided in the respective sections: E1-6 and E5-4.

No forward-looking information was included in the disclosure.

Any references to documentation outside the reporting are intended to provide more information than the disclosure requirements, and are therefore not a substitute for what is required by the ESRS.

It is specified that the disclosure related to revenue split between sector-specific ESRS is not applicable in the absence of sector-specific ESRS. It is specified that there are no prohibited products or services in the markets where Somec Group operates.

General disclosures (continued)

Governance

GOV-1
The role of the administrative, management and supervisory bodies

Somec Group works to integrate sustainability within its management structures, based on its compliance frameworks and diversified business activities.

In this connection, the parent company Somec S.p.A. has adopted the "traditional governance model", which requires a board of directors, internal board committees, independent directors and a board of statutory auditors acting as control body, including with regard to sustainability matters.

The Board of Directors is the Company's governing body and has ultimate responsibility for the goals and strategies to be pursued. The responsibility for implementing the initiatives necessary for the pursuit of the goals that have been set lies with the Executive Board.

With specific reference to sustainability matters, during 2025 Somec Group established an ad hoc Function on sustainability matters, with certain duties previously entrusted to different functions now being discharged by the Group ESG Specialist.

This change responds to the need for a dedicated ESG supervisor and clarifies the areas of responsibility for reporting purposes.

The Sustainability Function has taken on the role of a single point of reference for the entire Group, providing guidance to all subsidiaries and standardising both the direction of sustainability policies and the scope of information gathering processes.

Further details on the governance structure can be found in the Report on the Entity's Corporate Governance and Ownership Structure available at www.somecgruppo.com/en/governance-documents.

Board of Directors and Control, Risk and Sustainability Committee

The Board of Directors is the corporate body in charge of the Company's administration. It guides the Company's business activities in the pursuit of its sustainable success, i.e. the creation of long-term value for the benefit of the shareholders, taking into account the interests of the other relevant stakeholders of the Company. The Board of Directors defines strategies and lines of supervision for the Company and the Group companies and monitors their implementation. The Board of Directors consists of seven members (four men and three women), three of whom are independent directors.

Name and Surname	Position
Oscar Marchetto[e]	Chairman and Chief Executive Officer
Alessandro Zanchetta[e]	Managing Director
Gian Carlo Corazza[e]	Managing Director
Davide Callegari[e]	Managing Director
Gianna Adami[a][b][c][d][f]	Director
Elena Nembrini[a][b][c][d]	Director
Giuliana Borello [a][b][c][d]	Director

(a) Director who meets the requirement of independence pursuant to the Corporate Governance Code and the TUF
(b) Member of the Remuneration and Appointment Committee
(c) Member of the Control, Risk Management and Sustainability Committee
(d) Member of the Related Party Committee
(e) Executive Director
(f) Director appointed as Lead Independent Director

General disclosures (continued)

As part of its remit, the Board of Directors is responsible for setting the Group's strategic guidelines in the area of sustainability, identifying the resources to be allocated to pursue the goals identified in the sustainability plan. Executive responsibility for sustainability initiatives and reporting lies with the Managing Director and Chief Corporate Officer who also acts as head of the ESG Function.

Because of their in-depth knowledge of the business and business processes, executive directors are involved in identifying and assessing the impacts of sustainability risks and opportunities. More specifically, the Managing Directors have gained extensive experience in the fields of shipbuilding, glass façades, professional kitchen systems and products, and design and production of bespoke interiors.

The independent directors have proven experience in the administrative-financial and compliance management of listed companies. For more information regarding the Board's professional background, reference should be made to Chapter *Corporate Governance,* section *Board of Directors.*

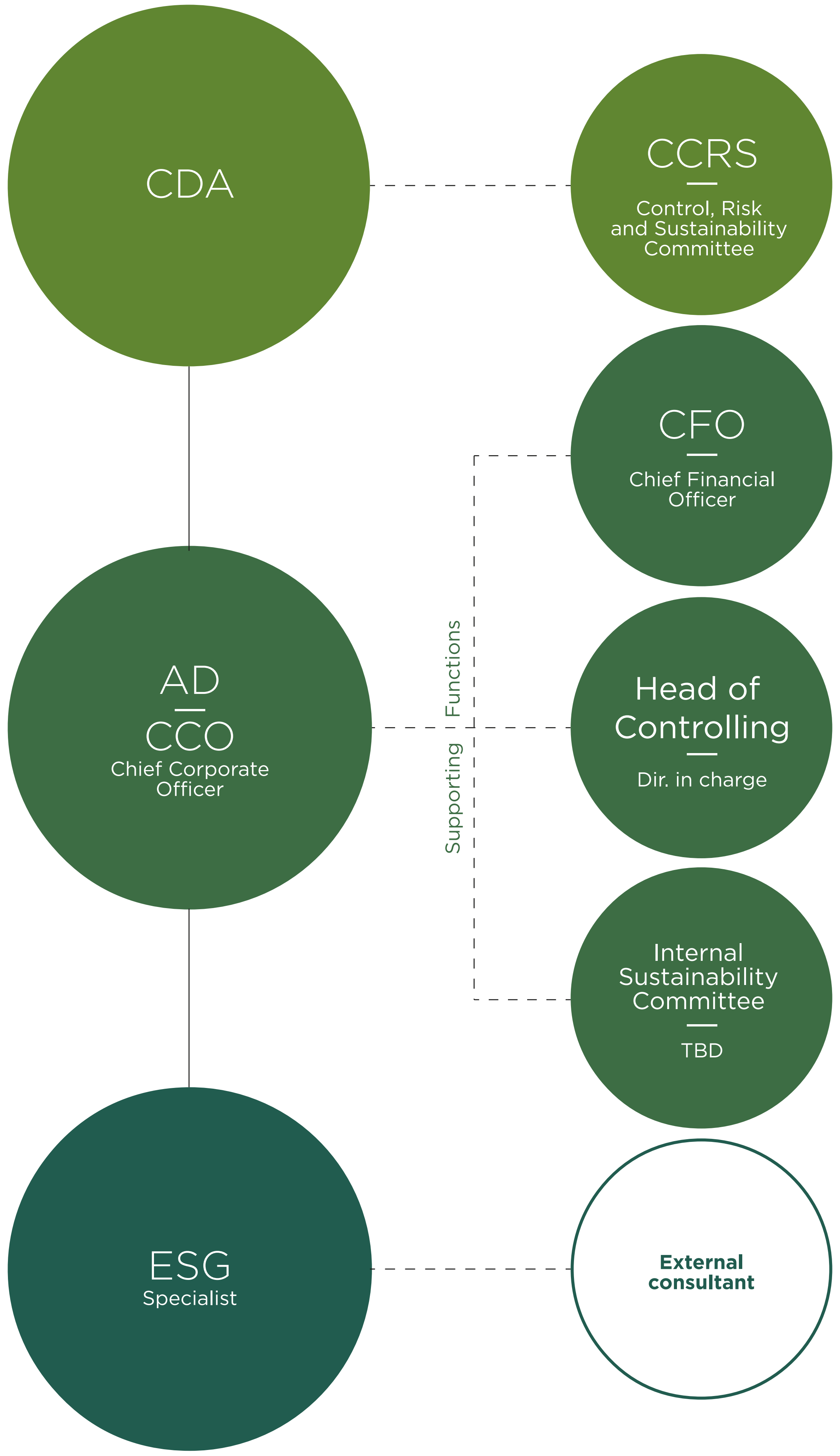
With regard to the assessment of the governing body's duties, reference is made to the self-assessment process conducted pursuant to Recommendation 22 of the Corporate Governance Code.

* This office is held by Managing Director Alessandro Zanchetta

On the occasion of each renewal of or change in the composition of the Board of Directors, with the contribution of the Remuneration Committee, it assesses the effectiveness of the Board's activities, taking into account the professional characteristics, experience, knowledge, skills, gender and seniority of its members, identifying any corrective actions to the extent as necessary and appropriate.
It should be noted that Somec has no workers' representatives sitting on the Board of Directors.

	Nr.	Percentage
Board composition	7	100%
Male	4	57.1%
Female	3	42.9%
Executive Board members	4	57.1%
Independent Board members	3	42.9%

A Control, Risk and Sustainability Committee is established within the Board of Directors.



Control, Risk and Sustainability Committee
The Control, Risk and Sustainability Committee (CRSC) consists of three independent directors (all of whom are women) who will remain in office until the approval of the financial statements for the year ending 31 December 2025.
This Committee is responsible for supporting, subject to adequate preliminary activities, the assessments and decisions of the Board of Directors relating to the internal control and risk management system, including sustainability risks, as well as those relating to the approval of periodic financial reports and the analysis of ESG issues.
In relation to this last issue, the CRSC has been assigned the task of verifying the adequacy of sustainability programmes within the framework of a policy consistent with the values pursued by the Company, periodically meeting with the ESG department and liaising with the Management responsible for the management of the activities in question, in order to outline the intervention programmes and guarantee their execution and reporting. It is also tasked with assessing the consistent execution of the programmes defined for the purpose of preparing the Sustainability Report. For more information on the powers and composition of the individual management, control and governance boards, reference should be made to the Report on the Entity's Corporate Governance and Ownership Structure available in the *Governance > Governance Documents* section at www.somecgruppo.com/en/governance-documents.

General disclosures (continued)

Board of auditors

The Board of Statutory Auditors of Somec S.p.A. consists of 3 (three) standing auditors and 2 (two) alternate auditors. The statutory auditors shall remain in office for three financial years until the date of the Shareholders' Meeting called to approve the financial statements for their third year of office and may be re-elected. Currently sitting on the Board of Statutory Auditors are two men (66.7%) and one woman (33.3%).
The Board of Statutory Auditors' duties include:

- Supervising the process implemented for the preparation of the sustainability report, ensuring that the report contains the information required under Articles 3 and 4 of Legislative Decree 125/2024 (the "New Decree") and that the principle of "double materiality" has been applied
- Controlling the Company's sustainability targets, ensuring that they have been defined and monitoring their achievement
- With regard to risk management, ensuring that the identification and management of sustainability-related risks have been integrated into company processes
- With regard to the monitoring of the internal control and management risk system, controlling the effectiveness of such system, including with respect to sustainability reporting
- Informing the Board of Directors of the results of the monitoring of the sustainability reporting certification activity carried out by the appointed auditor, and – as part of the annual report pursuant to Article 153 of the Consolidated Law on Finance – reporting to the shareholders' meeting on the supervisory activity carried out in this regard
- Providing its statutory opinion on the appointment of the sustainability manager
- Preparing a reasoned proposal for the assignment of the task of certifying the conformity of the Sustainability Report to be submitted to the Shareholders' Meeting

Other corporate functions supporting the sustainability reporting process

The preparation of the sustainability report involves a whole range of corporate functions in different capacities. Special emphasis is placed on the administrative offices coordinated by the Group Chief Financial Officer and the Executive responsible for drafting the company accounts and certification of conformity of sustainability reporting. They act as supervisors, ensuring that financial and non-financial disclosures are accurate and complete.

Technical support is provided by the accounting and management control functions in the preparation of the taxonomy analysis (Regulation EU 2020/852).

The Executive responsible for drafting the company accounts, together with the delegated administrative bodies, certify that the Sustainability Report has been prepared in accordance with the reporting standards applied pursuant to European regulation.

As part of the sustainability plan initiatives, the Group plans to set up an internal Sustainability Committee to be entrusted with the role of monitoring the sustainability plan and ESG projects. In addition, the Committee will provide advice to the Board of Directors for development initiatives on sustainability matters.

The Board of Directors or the Executive Board have access to and are supported in their work by internal and external functions, according to their specific needs, including in relation to impacts, risks and opportunities arising from the double materiality assesment. Internally, the Group has functions dealing with ESG, Management Control, HQSE, HR and Legal matters.

Furthermore, the Group has invested in the professional training of the staff responsible for preparing the sustainability report since the first sustainability report (prior to CSRD) was submitted. At the same time, over the past year the Group has started a process to strengthen its management team by having new profiles join the team. This includes the entry of a new CFO with experience in financial and non-financial reporting, as well as the arrival of a new CEO for Mestieri business unit (BU) with decades of experience in interiors.

The administrative area works closely with the legal & governance area, with a view to the Group's compliance with the relevant regulations, including in the area of sustainability.

The Group also relies on external consultants with extensive experience in ESG matters, the purpose being to support the development of the ESG Function in updating processes, verifying data collection and preparing the sustainability report, dealing in particular with the more methodological and technical aspects.

General disclosures (continued)

GOV-2

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Based on its duties, the Sustainability Function or one of its support departments informs the Control, Risk and Sustainability Committee, the Management and the Board of Statutory Auditors several times during the year about IROs, business progress and sustainability matters. On these occasions, the milestones reached for each project are addressed, including, by way of example:

- Adapting the information system for compliance with Directive 2022/2464/EU (known as CSRD - Corporate Sustainability Reporting Directive
- Expanding the Scope 3 categories calculated in the GHG inventory
- Defining the Sustainability Plan and engaging in exchanges with other companies such as the Sustainability Group of Confindustria Veneto Est and the Digital & Sustainable Observatory of the Milan Polytechnic
- Providing accurate and timely response to sustainability disclosure requests to the Group's key stakeholders (financial institutions, key accounts, investors)
- Outcome of the required sustainability ratings

In 2024, the Board of Directors was informed of and resolved on the most relevant issues, such as annual reporting disclosures, the setting of ESG performance targets within the short-term variable remuneration (MBO) plans, and the approval of Somec Group's first Sustainability Plan.

During the year, the Board of Directors, supported in its efforts by the CRSC, gained further insights into the methodology adopted and reviewed the outcome of the double materiality assesment.
In this connection, it evaluated the identified IROs and took them into account in defining the short- and long-term strategy, which was developed by allocating resources to the Group's 2025 budget and multi-year plan.

Together with the Sustainability Function, specific working sessions were organised with the executive directors, whose in-depth knowledge of the business and organisation enabled them to:
(i) define the double materiality assesment;
(ii) refine the identification of impacts, risks and opportunities (IROs) included in the double materiality assessment
(iii) prepare the multi-year Sustainability Plan

Below are the impacts, risks and opportunities addressed by the administration, management and control boards and their committees during 2024:

Administrative, management and supervisory bodies	Topic	Impact (I) Risk (R) Opportunity (O)
Board of Directors Remuneration and Appointments Committee	Disruption of professional relationships between the Company and key figures/strategic executives could jeopardize the achievement of the Company's strategic and operational objectives with severe financial repercussions. Loyalty variables and levers include in particular the payment of appropriate salaries compared to the market or benefits or adequate welfare tools according to employees' expectations suitable to ensure their retention. Regarding the retention of strategic executives, the Group has a three-year variable incentive plan in place.	R
Board of Auditors Supervisory board	Worksite and factory activities can cause accidents (low/medium/high severity) to workers and diseases/permanent health damages.	I
Board of Directors Control, Risk and Sustainability Committee	Unfair payment practices due to cash shortages could harm its suppliers financially, putting their business continuity at risk.	I
Control, Risk and Sustainability Committee Supervisory board	Protection of whistleblowers by implementing the whistleblowing legislation of Legislative Decree No. 24 of 2023. The legislature requires the implementation of appropriate tools to report possible violations of workers' fundamental rights.	I

General disclosures (continued)

GOV-3
Integration of sustainability-related performance in incentive schemes

The definition of the Company's Remuneration Policy results from a transparent and structured governance process. In line with the regulatory guidance and recommendations of the Corporate Governance Code promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, the above process may be viewed by the public at http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm (the "Corporate Governance Code"), to which Somec adheres.

For the Chairman, the Executive Directors of Somec S.p.A. and the Strategic Executive Officers of the Company and the Group, short-term and long-term variable incentive systems – linked, among other things, to sustainability matters – are in place as part of the Remuneration Policies.

The components of remuneration include: fixed remuneration, short-term variable remuneration, long-term variable remuneration and non-monetary benefits. The aforementioned remuneration variables are subject to certain performance criteria, which, if met, will result in the payment and/or allocation of predeterminated values based on the degree of achievement of the targets, as shown in the table below:

Member	Purpose	Characteristics, criteria and parameters	Recipients
Short-Term Variable Remuneration (MBO)	Aligning beneficiaries' behaviour with the organisation's short-term strategic targets	**Type of plan:** Cash **Performance Targets:** • 70% Financial Targets; • 30% Non-Financial Targets **Entry Gate:** 80% of the 2025 budget EBITDA **Payout:** 0%-120%, depending on the percentage of achievement of the assigned performance targets. No deferred payment systems are in place. **The plan is subject to malus and clawback clauses**	**Executive Directors and key executives:** up to a maximum of 35% of each beneficiary's fixed remuneration

General disclosures (continued)

Member	Purpose	Characteristics, criteria and parameters	Recipients
Long-Term Variable Remuneration (LTI)	Ensuring the greatest alignment with shareholder interests and long-term value creation	**Type of plan:** Performance Shares **Vesting:** Three-year period **Performance Targets:** • 70% 2024-2026 Consolidated Cumulative Adjusted EBITDA • 30% ESG, notably: • 10%: reduction of GHG emissions through the use of energy from renewable sources • 10%: carrying out a plan of green procurement actions on strategic suppliers • 10%: obtaining a sustainability rating **Entry Gate:** 90% of Consolidated Adjusted EBITDA, which, if achieved, will trigger the 2024-2026 Plan **Payout:** • As to the 2024-2026 Consolidated Cumulative Adjusted EBITDA, for a performance of 90% or less, the payout is 0; for a performance between 90% and 100% (target), the payout is linear between 50% and 100%; for a performance from 100% the payout is linear, with a maximum cap of 120% • As to ESG Performance targets, the payout, based on performance achieved, ranges between 0 and 100% **Deferment:** Final balance following the shareholders' meeting approval of the financial statements for the year ending 31 December 2026, and disbursement in two tranches (i) the first tranche, to the extent of 60% of the total amount due to the beneficiary, will be allocated after the aforementioned shareholders' meeting approval; (ii) the second tranche, to the extent of 40%, will be allocated after the approval of the financial statements for the year ending 31 December 2028	**Executive Directors and key executives:** 100% of each beneficiary's fixed remuneration, for each of the three years of the Plan's term

In addition to complying with regulatory requirements, the involvement of multiple individuals in the preparation, approval and, where appropriate, review of the Renumeration Policy ensures that

- The decision-making process concerning the compensation of the individuals involved is as transparent as possible

- Decisions on compensation are made in a transparent, informed and timely manner by the relevant bodies, which avoid conflicts of interest by exercising mutual control

As a final step of the process, the Shareholders' Meeting approves the Remuneration Policy and the Incentive Plan.

Given the complexity of the process of preparing the Remuneration Policy and the Incentive Plan, further information is provided in the *Report on the policy regarding remuneration and fees paid 2024* in the Governance > Remuneration section at www.somecgruppo.com/en/remuneration.

General disclosures (continued)

GOV-4
Statement on due diligence

Due diligence is integrated, though not formalised, into the business model and is described in the processes by which actual and potential negative impacts on the environment and people associated with business activities are identified, prevented, mitigated and reported.

GOV-5
Risk management and internal controls over sustainability reporting

Risk Assessment
The Board of Directors uses Risk Assessment as a holistic and systematic tool for guiding and supervising exposure to risks that may impact the Group's business, organisation, level of compliance and reputation.

From a methodological perspective, Somec manages sustainability risks as operational risks in terms of identification, assessment, management and reporting of identified risks.

Since 2022, the risk assessment analysis has also included the assessment of ESG risks through the allocation of a rating that has been factored in to assess impacts from an outside-in perspective. Subsequently, this analysis was broadened to consider the inside-out perspective, i.e. Somec Group's business impacts on the environment, people and stakeholders in general.

Specifically, based on the 'Corporate Governance Code for Listed Companies', the Company decided to develop an organisation-wide risk management framework, with specific tasks for each "entity" involved:

- Board of Directors: defines the guidelines of the risk management framework to identify, measure, manage and monitor the main risks; evaluates the adequacy of the risk management framework adopted
- Director of Internal Control and Risk Management: is responsible for designing and implementing an appropriate risk management framework and assisting the organisation in identifying and measuring risks
- Management: plays a key role in the operational risk management process, addressing risks on a daily basis and developing appropriate corrective actions in coordination/alignment with the risk management framework to mitigate the negative impacts of risk events

Internal controls on sustainability reporting
Sustainability reporting controls are part of the Group's broader internal control system. The Group relies on a control system in line with the regulatory requirements for listed Companies, which is based on a comprehensive risk assessment and based on which sustainability risks are integrated.

The Control, Risk and Sustainability Committee, the CFO and the Executive responsible for drafting the company accounts monitor the sustainability reporting process.

During the year under review, in order to support the data collection activity and facilitate proper processing, the ESG department held kick-off meetings and follow-up meetings with the various functions responsible for collection, outlining the relevant principles, methods and deadlines.

The ESG department will then perform an initial consistency check (or a second check if approvers have been designated for the data to be submitted) on the quantitative and qualitative data received, requesting supporting documentation or corrections, as appropriate.

In 2025, the implementation of the new procedures will be completed with the aim of formalising the ESG data collection process and its checkpoints. In this connection, it should be noted that the 2025 audit plan prepared by internal audit includes specific checks and tests on the sustainability collection and reporting process.

It should also be noted that the process of validating the contents of the Report on Operations follows, in its final stage, the process established for financial information.

As such, it is subject to the control and authorisation of the Financial Reporting Officer in accordance with Law 262/2005.

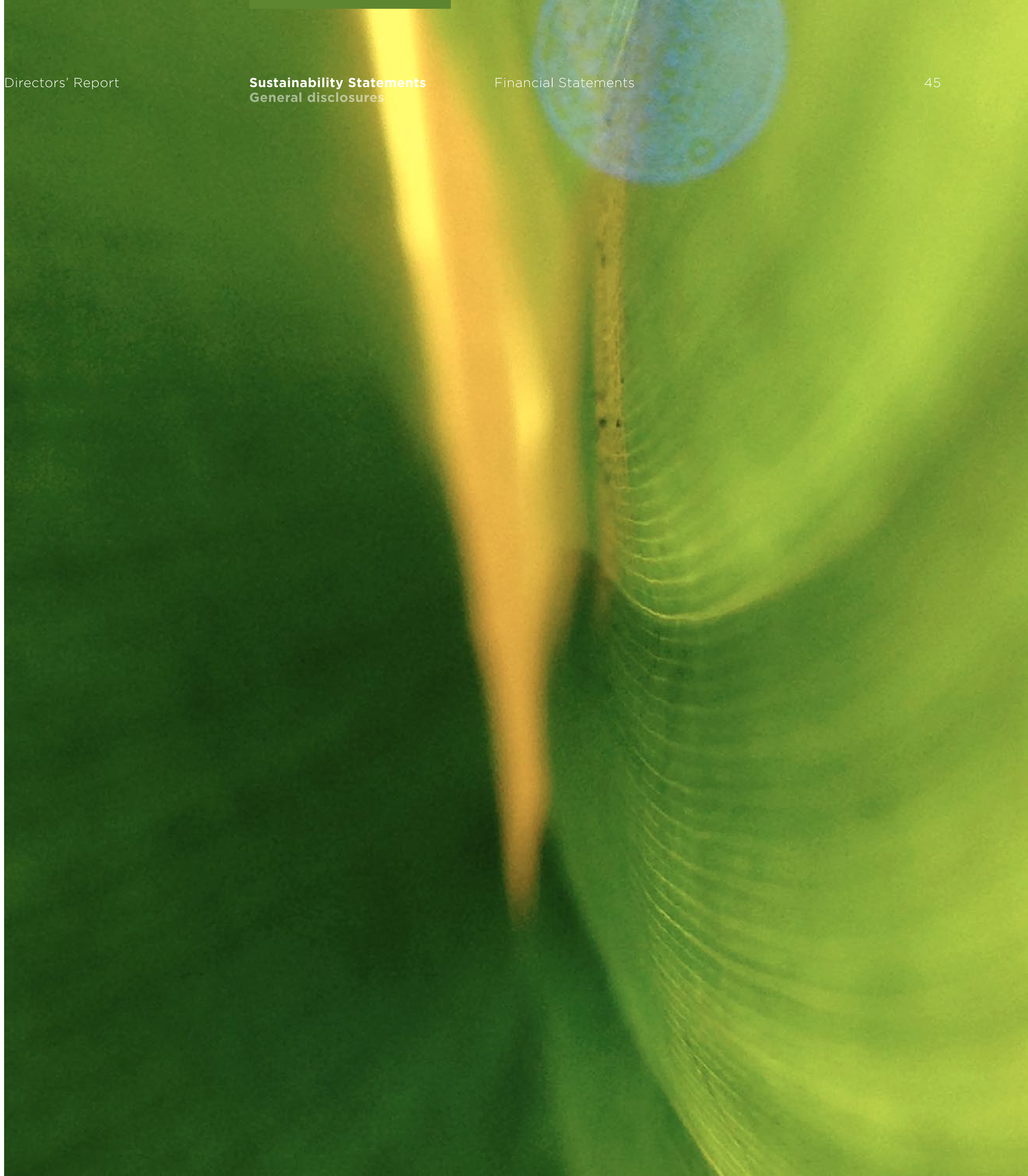
General disclosures (continued)

The most relevant risks related to sustainability reporting include:

- Risk of errors in the reporting of sustainability data or inadequate reporting on relevant subject matters
- Risk of not meeting the requirements of European legislation and other relevant regulatory bodies on sustainability reporting

Finally, Somec's sustainability reporting is independently audited according to the European CSRD regulation.

For the financial year 2024, EY S.p.A. was retained as the firm responsible for the limited audit.



General disclosures (continued)

Strategy

SBM-1
Strategy, business model and value chain

Somec Group mainly carries out contract work, designing and producing unique systems suited to the conditions of use and the safety and quality standards of marine and civil engineering.

Following the design phase, typically conducted side by side with the client and the various project stakeholders (shipyards, architects, etc.), the Group handles the entire production and procurement phase in-house, ensuring that the result perfectly reflects the aesthetic and quality expectations required by the client.

The synergies created between the different know-how of the Group's subsidiaries, combined with the specialization developed through collaboration with the biggest names in civil and naval architecture, and with major shipowners and real estate developers in shipyards all over the world, has made Somec a point of reference in the sectors in which it is present.

The Group operates organizationally through three segments: engineered systems of naval architecture and civil facades (Horizons); professional kitchen systems and products (Talenta); and custom interior design and creation (Mestieri).

→ See the Group's structure
page 09

Group companies employ 1,042 employees in the following geographies:

Geographical area	Employees' Number
Europe	858
UK	4
USA	164
Canada	13
China	3

Horizons

Engineered systems for naval architecture and building façades

Somec Group is one of the largest players in Europe and North America regarding the design, careful selection of materials, production, installation and maintenance of innovative solutions and original construction systems in the naval and civil fields, ensuring the highest certified standards of quality and durability.

Naval is one of the most complex segments given that the products are required to withstand hostile and highly stressful environments during their life cycle: physical and logistical problems related to installation at shipyards, high safety and functionality requirements due to exposure to seawater and adverse weather conditions, function and aesthetic quality requirements requested by customers. In particular, the Group designs, manufactures and installs balconies, and sliding, hinged and automatic doors for balconies, balustrades and partitions, as well as windows for the bridge, glass walls for public spaces, screens, special windows for solariums, skywalks and skylights, and fireproof doors and windows.

General disclosures (continued)

The design stage is the fulcrum of this segment, conducted based on the requirements of shipowners and executed at shipyards: therefore, most of the products are highly custom-made and take into account the specific needs of each customer. These projects are commissioned directly to parent company Somec Navale, outsourcing the installation to its subsidiary Sotrade, as well as to other companies specialised in this sector.

Refitting projects[2] in the US and Europe are entrusted to specialised subsidiaries Navaltech, based in Florida, and Somec Sintesi, based in Italy, respectively.

The **building façade sector**, which was launched in 1978 at the same time as the foundation of Somec itself, has a portfolio of services covering on-land solutions. The construction or renovation of facades and exterior fittings for residential and commercial buildings is a historical field of activity for the Group.

The target real estate market is the United States, especially in the cities of New York, Boston and Washington DC, where glazed and unglazed skyscrapers (ceramics, metals, etc.) are chiefly built.

The design of glass elements, and their assembly and installation, is performed by the US subsidiary Fabbrica LLC, its Canadian subsidiary Atelier de Façades Montréal and the Italian Fabbrica Works, as well as a network of mainly European suppliers.

In addition, the Group has a minority stake in the Italian company Squadra, a glass module engineering firm that mainly takes care of the industrialization phase of products and semi-finished products for Fabbrica and Somec Navale with the aim of identifying and applying cross-sector synergies between the civil and naval sectors.

Talenta

Professional kitchen systems and products

The Talenta division encompasses the Group's companies that design integrated and customizable systems for professional kitchens, both in the marine and civilian sectors, that harmoniously combine aesthetics and high-level performance. Turnkey projects for catering and hospitality, marked by certified standards of high efficiency and durability, for a classy clientele.

In the **naval catering sector**, in the market of new building and refitting orders, decades of experience in stainless steel processing has enabled the Group's activities to be strengthened.

The services offered cover the entire life cycle of the product, customizing it according to the customer's needs and relevant regulations: from design, production, assembly, to installation in catering areas such as kitchens and bars, cruise ship refrigerators.

The products are developed and manufactured entirely at Oxin's Treviso headquarters, which, in specific cases, works in synergy with other Group companies to integrate its solutions into works with high design and quality value, as well as variety of materials provided on the project.

On the other hand, as far as the civilian sector is concerned, the commercial offer is wide and complete, suitable for various areas of application in professional catering such as restaurants, bars, hotels, pizzerias, bakeries, school canteens, hospital canteens, supermarkets, etc.

Production is carried out entirely by the Group and covers ovens, blast chillers, equipment and appliances for pizzerias, and cooktops for professional kitchens.

All the systems and products dedicated to the Group's professional kitchens are marked by high standards of efficiency and durability, and thanks to software with proprietary code, they offer the possibility for the various players along the supply chain to initiate predictive interventions and efficiency actions at the plant level.

2 Refitting activities in shipbuilding consist of refurbishment, modernization and extraordinary maintenance of ships in order to improve their performance, aesthetics, functionality, or to adapt them to current regulations.

General disclosures (continued)

Mestieri

Design and production of bespoke interiors

Mestieri Group's services include design, custom fabrication, conversion, renovation, replacement, and repair of public areas of cruise ships (such as casinos, stores, theaters, restaurants, discos, bars, children's areas, spas, swimming pools, solariums, lounges) both new construction--new building--and refitting. TSI (based in Cantù - Como, Aprilia - Latina, Marghera - Venice and Miami - Florida, USA) and Hysea (based in San Vendemiano - Treviso) work directly with ship owners, architects and interior designers covering the entire process, from initial design to installation.

Manufacturing, on the other hand, is entrusted to a network of suppliers, manufacturers and specialized craftsmen: this feature, peculiar to the strategy followed by the Group on other segments, is due to the high degree of diversification of public area fitting projects on cruise ships, as the same job order involves considerable production complexities (e.g., wood, ceramic, stone, and carpet flooring and panels; wood, metal or plastic ceilings; partitions; glass; standard or custom-made furniture; electrical equipment; plumbing equipment; air conditioning; audio and video systems, etc.).

Furthermore, the Mestieri's companies are active in the design and implementation of turnkey luxury interiors projects for the hotellerie, retail, private residences and museum complexes sectors.

Over the past few years, the Group has been enriched by companies with decades of experience in the production of marble, wood and metal finishes. Since the beginning of 2022, all of the Group's companies active in the design and creation of interiors, both in the naval and civil sectors, have merged within the Mestieri segment with the aim of offering highly customized solutions for the interiors of heterogeneous high-end environments, made with noble materials treated with craftsmanship combined with state-of-the-art techniques.

Since April 2022, Mestieri has also opened an office in the U.S., strengthening the segment's presence overseas, where Italian craftsmanship and "savoir faire" are particularly appreciated.

General disclosures (continued)

The group value chain

Somec group transforms different materials according to the Business Unit: our tailor-made approach to customisation, with execution at the highest level of perfection, is essentially dependant on sourcing, selecting, negotiating, ordering and receiving materials, such as aluminium or glass, steel, wood, marble, etc.

During 2024, the Group continued its efforts to make logistics and transport more efficient across the board and shared among the different group companies. In this connection, attention is drawn to the example set by the various plants of entities that are geographically close to the parent company with which the scheduling of loads and trips is shared in an increasingly efficient manner.

Similarly, the management of material movements to and from subcontracted processing suppliers improved significantly during the year.
An analysis allowed some intermediate steps at the Group's plants to be cut down, ensuring significant reductions in the number of transports.

Somec is aware that a sustainable supply chain embeds the concepts of ecological, transparent and circular supply chains, "ecological" meaning integrating the principles and benchmarks of environmental responsibility into the management of the entire product value chain.

This path, already consolidated for the Group companies holding ISO 14001, is being progressively extended to the other companies.

Complementarily, a "circular" supply chain needs to be developed whereby the product is dismantled, or returned to raw material, and then converted into a new item, benefiting from the environmental advantages of recycling.

This is why the Group leader's R&D team is working based on a Design to Cost approach, with a strong focus on cost-benefit efficiency in the production chain. This has resulted in an analysis of the various product lines in order to define the mapping of the value of the components, which can then be rationalised.

This leads to increased efficiency, as can also be demonstrated by the third supply chain requirement, i.e. "transparency", to use digital security solutions and corroborate compliance with ethical and environmental rules and regulations along the supply chain.

This is the approach the Group intends to continue to follow in 2025: reduce complexity in terms of manufacturing and assembly in favour of plans designed to integrate circularity into the production cycle.

Upstream value chain

Somec Group seeks relationships with its suppliers based on the values of integrity, transparency, legality, impartiality and prudence. Its large and diversified network of suppliers is managed on the basis of these values and relations with them are conducted on good terms to provide customers with high quality tailor-made products.

The Group is also firmly committed to supporting the local industrial sector, and in fact the Group's suppliers are mostly Italian, and mainly located in the regions of Northern Italy.
The preference for local suppliers continued to be a winning factor in increasing efficiency, reducing time and waste. In addition to the intensification of relations with nearby suppliers, which also continued in the reporting year, a process of synergistic standardisation of stainless-steel procurement for all food companies has been in place for some years now. This process achieves both greater bargaining power and higher product quality.
Steel, aluminium and glass are the product sectors in which the Group is creating the greatest synergies by establishing common supply relationships.

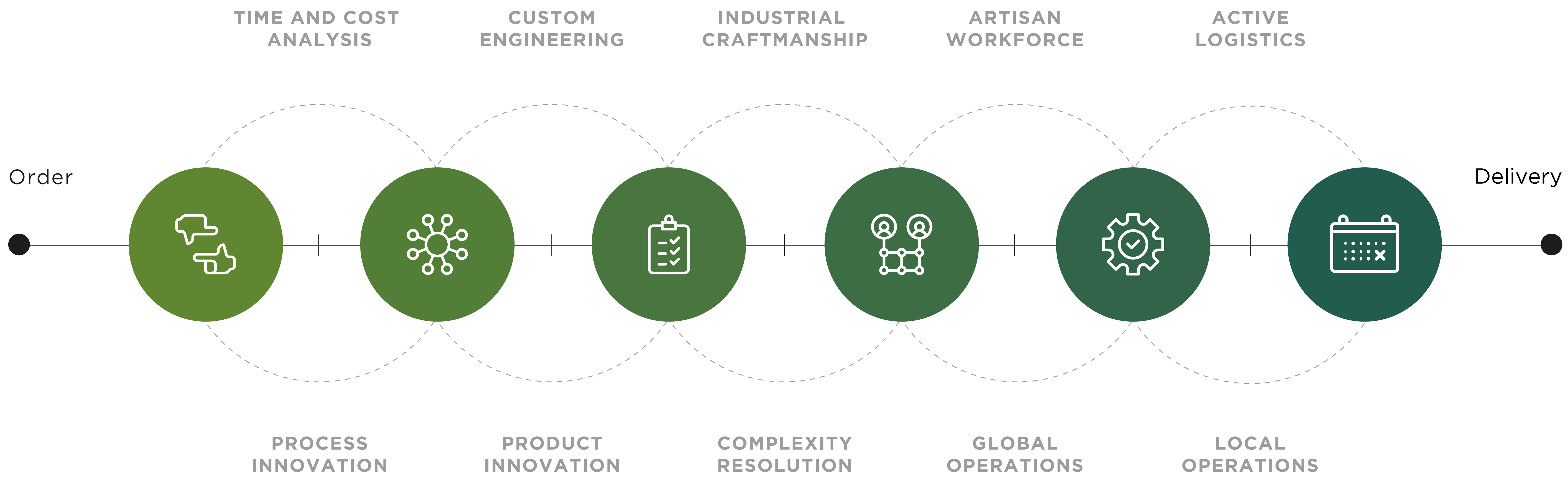
The progressive development of a common management system for most of the Group is generating increasing efficiencies in the supply chain area.

Relying on accurate information, coupled with alignment in procurement processes, ensures efficiency in ordering and an increasing centralisation of shipping based on a win-win model between the Group and its suppliers.
With regard to the companies operating in "Mestieri", the customised interiors business division – having undergone rapid development through the acquisition of several new companies – the integration and alignment of purchasing processes is still underway.
The distinct characteristics of the companies within the Group result in a customised supply chain management approach for each business segment. The primary objective of this management is to ensure that supply processes are consistently subject to controls and restrictions, thereby requiring suppliers to comply with contractual and legal obligations.

The Group has therefore opted not to adopt a "one-size-fits-all" policy to manage aspects relating to the selection and assessment of suppliers, but each individual Group company is committed to ensuring that each supply process takes into account the quality of the materials and services provided, in line with the cultural values promoted by the Group. Furthermore, all companies, in accordance with the provisions of employment laws in force, undertake to ensure recruitment processes are in compliance with competition laws and based on the principles referred to in the Parent Company's Code of Ethics.

General disclosures (continued)

Downstream value chain



Business units

Horizons

The civil façade division of the Business Unit contributes to the construction or renovation of façades and exterior fittings for residential and commercial buildings on behalf of general contractors, design firms, architects, real estate developers, public and private customers. The target real estate markets are in Europe, the United Kingdom and the United States, primarily in the cities of New York, Boston and Washington DC, where high-rise construction is concentrated. The Group's naval division of the BU contributes to the construction (new building) and conversion, modernisation, replacement and repair of elements (refitting) of cruise ships on behalf of cruise ship owners in the world's leading shipyards.

Talenta

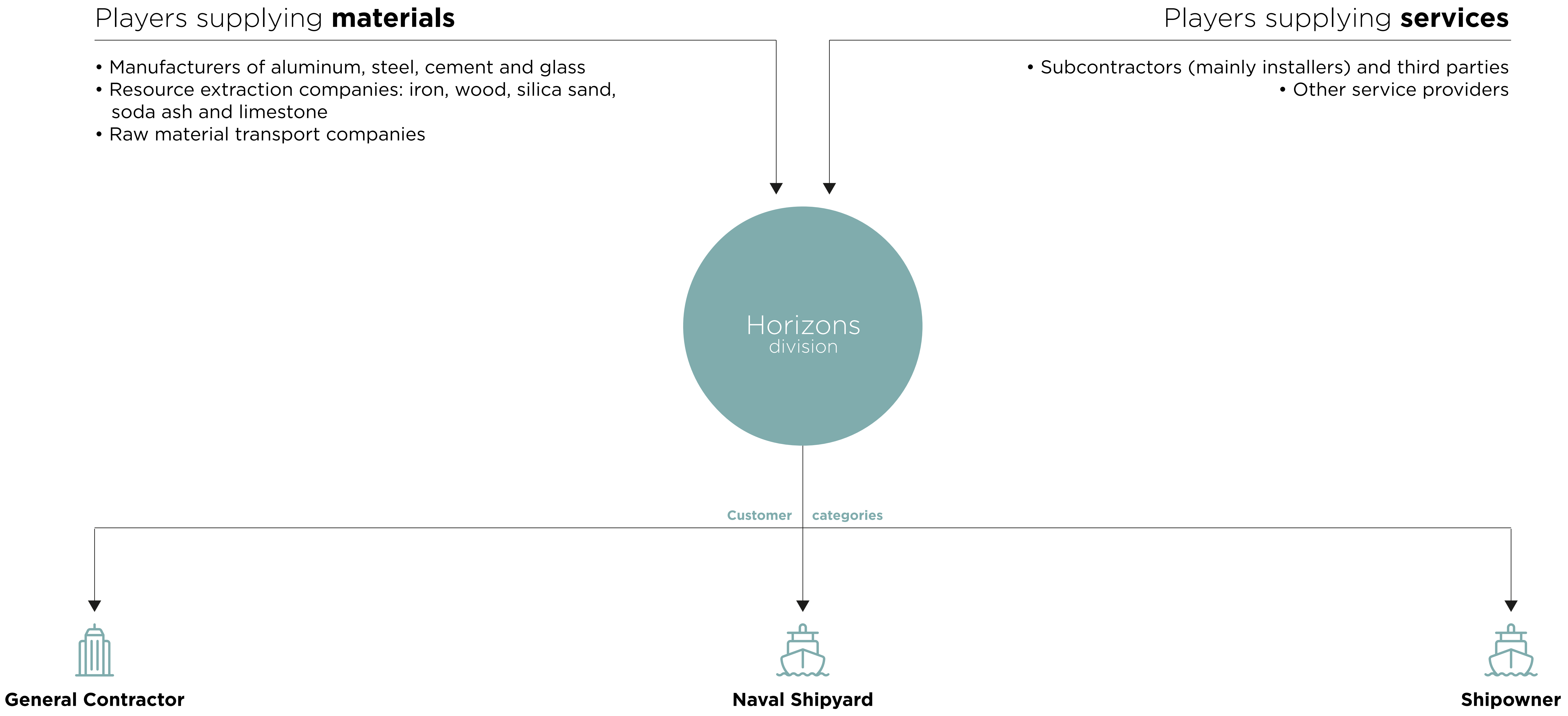
Talenta business unit produces integrated systems for made-to-measure and customised professional kitchens for the catering and hospitality industries, all characterised by high standards of safety, quality and durability. In the civil sector, customers therefore include restaurants and restaurant chains, designers, hotel chains, agents and distribution chains. In the case of Oxin, which belongs to the shipbuilding sector, customers include the main cruise shipyards and shipowners.

Mestieri

Mestieri business unit designs and builds high-end interiors for residential contexts, high-end retail chains, the hotel industry and high-end catering. With regard to the shipbuilding sector, main customers include shipyards producing superyachts and cruise shipowners.

General disclosures (continued)

Value chain
Horizons



General disclosures (continued)

Value chain
Talenta

Players supplying **materials**

- Manufacturers of aluminum, steel and glass
- Resource extraction companies: iron, silica sand, soda ash and limestone
- Raw material transport companies

Players supplying **services**

- Subcontractors (mainly installers) and third parties
- Other service providers

Talenta
division

Customer categories

Professional catering

Naval catering

The value chain of **Oxin**, which is part of Talenta business unit, coincides with that of Horizons' segment in the naval area

General disclosures (continued)

Value chain
Mestieri

Players supplying **materials**

- Manufacturers of aluminum, steel, cement and glass
- Resource extraction companies: iron, wood, silica sand, soda ash and limestone
- Raw material transport companies

Players supplying **services**

- Subcontractors (mainly installers) and third parties
- Other service providers

Mestieri
division

Customer categories

Residential

Retail

Hospitality

Museum

Naval

The value chain of **TSI** Solutions coincides with that of Horizons' BU in the naval segment

General disclosures (continued)

Starting from the current financial year, the Group's strategy also includes specific guidelines on sustainability. In this connection, a sustainability plan approved by the Board of Directors on 17 December 2024 was recently prepared through the involvement of the key executives and key function heads.

The main areas of target development were related to the material issues identified in the double materiality assesment. It should be noted that the targets identified are not related to Group policies.

For most of the targets, a specific action was defined with the following information:

- Implementation timeline
- Person in charge
- Target KPIs for quantifying and measuring action
- Monitoring KPIs for analysis of actual completion status

Actions to be developed under the Sustainability Plan can be grouped in three categories:

- ESG performance improvement projects
- Preliminary studies and analysis to develop data and information on ESG performance
- Awareness-raising, information and training activities

Starting from material matters, feasibility analyses were carried out with the heads of functions to identify targets and corresponding actions to be implemented in order to achieve them.

As part of this activity, the following factors were considered:

- Industry benchmark
- Analysis of the context and the most relevant impacts for the sector along the value chain
- Findings of stakeholder engagement
- EU sustainability guidelines, such as the Green Deal
- Margins of process efficiency and material utilisation from an ESG perspective

A summary of the main macro-targets is provided below:

Climate Change	Reduce energy consumption by supporting efficient solutions and the spread of energy-saving culture in order to enable the reduction of GHG emissions and climate change impacts
Resource use and circular economy	Waste management and circular economy
	Promote efficient waste management and disposal of used materials, maximizing recycling and reuse according to circular economy principles
	Provide transparency in the selection of materials used, ensuring that quality standards are met and environmental impacts are limited
Own workforce	Ensure a safe and healthy workplace by promoting structured health and safety management procedures and programs
	Establish a welcoming , stimulating and positive work environment, ensuring work-life balance and providing welfare programs for employees
	Promote and empower human capital development through skill development and enhancement pathways, appropriate training, and consistent career plans
	Promote programs aimed at providing equal opportunities for all employees to promote diversity and inclusiveness within the Group
Workers in the value chain	Promote sustainable supply chain management by considering social criteria in supplier selection and committing to risk management throughout the supply chain
Consumers and end-users	Ensuring product safety and quality by encouraging innovation and investing in research and development
Business conduct	Promote Sustainability Governance at Top Management level and increase Board involvement in ESG projects

General disclosures (continued)

Within the macro-objectives, business unit-specific targets (product/reference market) were then detailed in the relevant topical ESRS.

It is specified that the disclosure related to revenue split between sector-specific ESRS is not applicable in the absence of sector-specific ESRS. It is specified that there are no prohibited products or services in the markets where Somec Group operates.

Targets were defined by company and/or business unit. Regarding climate change-related environmental targets, the following product categories can be identified:

- Glass façades for civil and naval use (Horizon BU): improving energy efficiency in terms of thermal transmittance and process efficiency
- Hot and cold appliances (Talenta BU): improvement of the energy class of products
- Interior design (Mestieri BU): improvement of process efficiency in terms of machinery utilisation and energy consumption efficiency

With specific reference to the circular economy, the targets relate to all products and mainly entail increased use of environmentally sustainable materials and products in terms of environmental impact and recyclability.

Generally, Social and Governance targets also have an organisation-wide impact, regardless of the geographic areas in which the different companies operate and the types of activities they perform and the types of customers they serve.

SBM-2
Interests and views of stakeholders

Somec Group believes that a responsible company approach to the context in which it operates requires at any rate a constant exchange and dialogue with the key Stakeholders. Somec's key stakeholders include:

- Customers
- Local areas and communities
- Trade unions and associations
- Employees
- Shareholders
- Financial institutions and intermediaries
- Public administrations and certification and control authorities
- Suppliers

For this reason, during the reporting period Somec conducted a Stakeholder engagement activity involving several key Stakeholders on significant issues identified within the impact materiality assessment.

In addition to its desire to survey stakeholder expectations on material matters, Somec has pursued further aims, including the desire to build relationships based on mutual trust, develop meaningful relationships and learn from stakeholders through their sharing of ESG experiences, activities and projects implemented and/or underway.

Specifically, in order to implement this process, Somec followed the methodology of the "AA1000 Stakeholder Engagement Standard", which includes the following steps:

- Mapping stakeholders
- Defining strategic targets of involvement
- Identifying issues
- Identifying stakeholder engagement methods
- Carrying out involvement activities
- Reviewing and feedback

The Stakeholder Engagement process involved the following categories of stakeholders during the reporting year 2024:

- Employees
- Suppliers
- Customers
- Financial institutions

These categories, with the exception of employees, were involved through special meetings (either for the entire category, as in the case of Financial Institutions, or one-to-one meetings, as in the case of customers and suppliers), which focused on exposing Somec's material matters, activities and projects launched and/or to be launched, as well as sharing stakeholders' experiences.

General disclosures (continued)

Following these meetings, a questionnaire was administered whereby the participants were requested to

- Assess material matters having direct impacts on the stakeholders identified by Somec Group
- Pinpoint any matters that were not identified as material in the double materiality assesment

With specific reference to employees, internal questionnaires were sent out for discussion on the sustainability matters identified by the Group and to gain any insights on issues that might not have been considered.

In conclusion, the stakeholder engagement confirmed the material matters that emerged from the double materiality assesment; no further aspects that were not already considered in the Group strategy emerged.

The Control, Risk and Sustainability Committee and the Board of Statutory Auditors were informed about stakeholder engagement activities as part of the illustration of the sustainability path on which the Group has embarked.

SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

Double Materiality Assessment (DMA) provides a comprehensive overview of the impact of the Group's activities and their external influence.

This analysis follows the requirements contained in the Corporate Sustainability Reporting Directive (CSRD), the content of the ESRS (European Sustainability Reporting Standards) and the guidelines set out in Implementation Guidance IG1 Materiality issued by EFRAG in 2024.

The identification of both actual and potential IROs (Impacts, Risks, Opportunities) of Somec Group was conducted from both an inside-out perspective (impacts of the Company on external stakeholders) and an outside-in perspective (risks or opportunities with potential financial effect on the Group).

The analysis included both the Group's direct transactions and activities along its value chain.

The analysis qualified the following issues as material, each related to a specific thematic ESRS:

ESRS E1
Climate change

ESRS E2
Pollution

ESRS E4
Biodiversity and ecosystems

ESRS S1
Own workforce

ESRS S2
Workers in the value chain

ESRS G1
Business conduct

ESRS E5
Resource use and circular economy

ESRS S3
Affected communities

ESRS S4
Consumers and end-users

"Pollution", "Biodiversity and Ecosystems" and "Affected communities" were found to be material matters indirectly as a result of impacts arising from activities carried out along the Group's value chain (upstream and downstream); no material IROs attributable to these matters were identified as a result of direct activities carried out by Group Companies.

The matter related to "Water and Marine Resources" was not found to be material following the double materiality assesment given the intrinsic characteristics of Somec Group's business model: production processes do not require the use of significant amounts of water and the company's consumption is mainly related to hygienic and sanitary use.

Below are the IROs assessed as material following the double materiality assesment:

General disclosures (continued)

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Direct (D) Indirect (I)	Time horizon
Climate change	Energy		Impacts arising from commercial strategies for new product development aimed at improving energy efficiency with consequent reduction of Greenhouse gas emissions also in relation to European and international treaty targets	P	A	D	Medium
			Insufficient and/or limited investment in renewables, reduced purchases from clean energy producers lead to negative impacts in terms of higher GHG emissions and global warming	N	A	D	Medium
	Climate change mitigation		Upstream steel supply Negative impacts on climate change due to GHG emissions generated by activities along its own (upstream) steel supply chain (main raw material used in the Horizons and Talenta divisions)	N	A	I	Short
			Upstream aluminium and glass supply Negative climate impacts in terms of GHG emissions generated by activities along its aluminium (one of the main raw materials used by the Horizons division) and glass supply chains	N	A	I	Short
Climate change	Climate change mitigation		Upstream raw material supply GHG emissions generated by transport necessary for the procurement and distribution of raw materials	N	A	I	Short
			Upstream cement supply GHG emissions generated by transport required for cement procurement and production	N	A	I	Short
Pollution	Pollution of air		Upstream glass supply Negative impacts on the environment due to air pollution generated by activities along its glass supply chain (one of the main raw materials used by the Horizons division - Somec Naval and Fabbrica). Polluting gases such as sulphur dioxide and carbon dioxide are released during the manufacturing process	N	A	I	Medium
			Upstream: steel supply Air pollutants emitted by steel production activities (especially in the case of production facilities located in developing countries) along its supply chain: carbon monoxide, nitrogen oxides (NOx), sulphur and fine particulate matter, which have a considerable environmental impact on the environment	N	A	I	Short

General disclosures (continued)

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Direct (D) Indirect (I)	Time horizon
Pollution	Pollution of water		Upstream aluminium supply	N	A	I	Short
	Pollution of living organisms and food resources		Bauxite transformation processes produce highly polluting and poisonous waste material (red mud) which, if not treated to become aluminium or steel in turn, pollutes watercourses, groundwater and poisons animals				
Biodiversity and ecosystems	Impacts on the extent and condition of ecosystems	Land degradation and desertification	Upstream aluminium supply	N	A	I	Short
			Impacts along the aluminium supply chain: ecosystem damage and reduction of land for local agriculture generated by the creation of bauxite mines (Guinea has the largest bauxite deposits in the world) for aluminium production along its supply chain				
			Upstream glass supply	N	A	I	Medium
			Impacts along the glass supply chain: environmental damage related to the extraction of materials such as silica sand, soda ash for glass production				
			Upstream: wood supply	N	A	I	Short
			Impact along the wood supply chain in terms of natural resource consumption and biodiversity				

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Direct (D) Indirect (I)	Time horizon
Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Sea-use change	Downstream customers	N	A	I	Short
			Downstream value chain impact (Horizon naval division customers): damage to biodiversity generated by shipyards located in marine protected areas and damages to the marine ecosystem combined with the transit of ships (ship owner)				
	Impacts on the extent and condition of ecosystems	Land degradation and desertification	Downstream customers and clients	N	A	I	Short
			Impacts downstream in the value chain (Horizon and Mestieri division customers): transformation of formerly natural and agricultural green areas, land use and concreting for human activities of building and infrastructure construction				
Circular economy	Waste		(Non-hazardous) waste management not oriented towards circularity principles may lead to negative impacts on limited resources and environmental protection	N	P	D	Short
	Resources inflows, including resource use		The Group may orient its procurement strategy towards virgin and/or non-eco-friendly raw materials due to the decrease/ availability/increase in the price of recycled raw materials (e.g. stainless steel or aluminium)	N	P	D	Medium

General disclosures (continued)

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Direct (D) Indirect (I)	Time horizon
Circular economy	Waste		Improper handling of hazardous waste (in particular, organic waste containing hazardous substances, packaging containing residues of hazardous substances, solvents or mixtures, hazardous sandblasting residues, waste paints and varnishes, lead batteries, etc.) could have a negative impact on the environment	N	P	D	Short
			Downstream customers and end users Potential impact on the environment from the disposal of hazardous waste as part of end-of-life ships, such as metals and paints	N	P	I	Medium
			Downstream contractors and builders Improper handling of waste generated by construction sites could generate impacts on the environment	N	P	I	Short
Own workforce	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value Employment and inclusion of persons with disabilities Diversity	The absence of diversity and gender equality criteria (e.g. gender, disability) in the composition of staff and governing bodies could negatively affect the objective of ensuring equal opportunities for all within the organisation	N	P	D	Short

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Direct (D) Indirect (I)	Time horizon
Own workforce	Other work-related right	Privacy	Potential internal breaches (databreach, unauthorised access, disclosure of sensitive information) could undermine the privacy and data protection rights of the workforce itself	N	P	D	Short
	Working conditions	Work-life balance Working time Social dialogue	Welfare and work-life balance policies commensurate with the needs of staff contribute to generating positive effects on the well-being of workers and virtuous effects on their behaviour (e.g. decrease in absenteeism)	P	A	D	Short
	Equal treatment and opportunities for all	Training and skills development	Quality training with a view to career development, generates positive impacts on human capital for all employees	P	A	D	Short
	Working conditions	Health and safety	Site and factory activities can cause serious accidents to workers and permanent illness/ health damage	N	P	D	Short
			Production activities in the Group's factories generate non-recurring accidents of medium/ low severity to the Group's own workforce	N	A	D	Short
		Secure employment Working time	Potential impact related to unfair practices towards its employees in terms of working conditions, in particular excessive working hours, utilitarian use of fixed-term employment contracts	N	A	D	Short

General disclosures (continued)

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Direct (D) Indirect (I)	Time horizon
Workers in the value chain	Working conditions	Secure employment Adequate wages	The high level of use of local suppliers generates positive impacts on the local area and the local production chain, especially in terms of employment and labour supply	P	A	D	Short
		Health and safety Personal safety	Downstream external workforce Accidents occurring to workers employed by subcontractors as part of on-site activities coordinated by the client (Horizons and Mestieri Divisions)	N	A	I	Short
		Working time Adequate wages Collective bargaining Work-life balance Health and safety	Possible demands to supply products or services at the lowest cost or quick delivery could lead to the use of arrangements that put pressure on supply chain workers in terms of excessive working hours and inappropriate working conditions	N	P	D	Short
	Other work-related rights	Child labour Forced labour Adequate housing	Upstream workers in the value chain Cases of forced labour and/or child labour and/or inadequate housing allocation involving workers belonging to its upstream value chain (tier 2-3)	N	P	I	Medium

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Direct (D) Indirect (I)	Time horizon
Consumers and end-users	Personal safety of consumers and/or end-users	Health and safety Personal safety	Violation of product safety regulations would lead to negative impacts on the safety of end consumers, with particular reference to the use of household appliances (blast chillers, ovens, refrigerators, etc.) produced and sold (Talenta division) and to the safety of the usability of spaces (e.g. risk of sharp edges) and materials used (Horizons and Mestieri divisions)	N	P	D	Short
Affected communities	Communities' economic, social and cultural rights	Land-related impacts	Upstream: aluminium supply Impacts along the aluminium supply chain: damage to the ecosystem and reduction of land for agriculture and the economy of local communities generated by the creation of bauxite mines (Guinea has the largest bauxite deposits in the world) for the production of aluminium along its supply chain	N	A	I	Short

General disclosures (continued)

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Direct (D) Indirect (I)	Time horizon
Business conduct	Corporate culture		The lack of a shared corporate culture in Somec could impact people and governance in terms of employee satisfaction, employee productivity, and the disconnection between levels of our organization in different countries/offices	N	P	D	Medium
	Management of relationships with suppliers including payment practices		Unfair payment practices due to cash shortages could harm its suppliers financially, putting their business continuity at risk	N	P	D	Short
	Protection of whistle-blowers		Protection of whistleblowers by implementing the whistleblowing legislation of Legislative Decree No. 24 of 2023. The legislature requires the implementation of appropriate tools to report possible violations of workers' fundamental rights	P	A	D	Short

General disclosures (continued)

Topic	Sub-Topic	Sub-Sub Topic	Risk-Opportunities	Risk (R) Opportunities (O)	Actual (A) Potential (P)	Direct (D) Indirect (I)	Time horizon
Climate change	Energy		Diversification/integration of product portfolio oriented towards energy-saving products with consequent access to new market shares and higher revenues. **Talenta Division** Production of blast chillers and blast chillers/pizza ovens class A and B **Horizons Division** (Factory, Bluesteel and Somec) Production of glass facades for civil use and ship windows with improved thermal transmittance coefficients	O	P	D	Medium
Own workforce	Equal treatment and opportunities for all	Training and skills development	The interruption of professional relations between the Company and key figures/strategic executives could jeopardise the achievement of the company's strategic and operational objectives with serious financial repercussions. Retention variables and levers include, in particular, the payment of salaries adequate with respect to the market or benefits or adequate welfare tools according to the expectations of employees to ensure their retention. As far as DIRS retention is concerned, the Group has a three-year variable incentive plan in place	R	P	D	Long

Topic	Sub-Topic	Sub-Sub Topic	Risk-Opportunities	Risk (R) Opportunities (O)	Actual (A) Potential (P)	Direct (D) Indirect (I)	Time horizon
Own workforce	Working conditions	Health and safety	Risk of increased contract costs due to penalties for breaches of site rules and, ultimately, for delays in the completion of the contract due to accidents at work. These risks also include health and safety risks for persons with regard to the operations carried out by subcontractors as part of site activities coordinated by the client. Following the entry into force of Legislative Decree 494/1996, in the case of subcontracting, the duty of safety, incumbent on the customer	R	P	D	Medium
Consumers and end-users	Social inclusion of consumers and/or end-users	Access to products and services	Opportunity related to the introduction of the Americans with Disabilities Act (ADA) in terms of new marketable products in the US market	O	P	D	Medium
	Personal safety of consumers and/or end-users	Health and safety Security of a person Protection of children	Potential damage to image and potential refunds in accordance with the Consumer Code arising from possible violations of regulations and/or health and safety non-compliance of products that may result in harm to end users/consumers	R	P	D	Short

General disclosures (continued)

Taking into account the IROs that emerged and once the double materiality assesment was completed, Somec Group updated its sustainability strategy by incorporating targets and actions that were consistent with the material issues into its sustainability plan.

For each matter identified as material, the Group also plans to strengthen its policies and procedures in this regard, while integrating the processes for IROs identification and analysis into current business risk. Specifically, by 2026, the Group intends to supplement the current set of group policies on sustainability with additional documents (e.g. development of a climate change mitigation policy) and draft a climate transition plan.

Regarding the value chain, based on the findings of the double materiality assesment, Somec Group obtained further confirmation of the high value of the positive impact of its activities in terms of employment contribution in the local areas; significant negative impact affects the environment in terms of GHG emissions and pollution from the supply chain, steel, aluminium and glass procurement, soil degradation and change due to the creation of mines in the supply chain, with consequences on biodiversity and local communities.

Regarding the processes for Board of Directors engagement and decision-making on sustainability matters, reference should be made to section IRO-1 - 53 d.

Current financial effect arising from risks and opportunities is reported, where significant, in the comments to topical chapters.

In relation to the risks and opportunities identified as material, Somec Group did not experience any significant current financial effect on its net financial position, margins or cash flows during the reporting period, or rather assessed the risks identified as part of the assessment processes leading to the preparation of the financial statements. Furthermore, at the date of publication of this Report, the ESG risks identified did not point to any elements that could suggest the existence of a significant risk of impairments or adjustments, to be made in the following financial year, of the carrying amounts of the assets and liabilities reported in the Group's consolidated financial statements.

Mitigation strategies on the main impacts and risks identified, as well as plans to seize potential opportunities, were described in detail within each topical ESRS.

Since this is the first year of reporting, no changes are shown in respect of impacts, risks and opportunities compared to the previous reporting period.

All IROs identified were attributed to the relevant topical ESRS; therefore, no further entity-specific disclosures needed to be defined.

General disclosures (continued)

Disclosures on the materiality assessment process

IRO-1

Description of the process to identify and assess material impacts, risks and opportunities

Somec Group identified impacts, risks, and opportunities (IRO) by conducting a double materiality assesment. This analysis took into account the Company's actual or potential impact on the environment and on people, both with regard to its own activities and those carried out along the value chain (upstream and downstream). The analysis also considered the potential financial effect on the Group deriving from environmental, social, and governance issues.

Double materiality assessment is conducted following a top-down approach (i.e. assessment at consolidated level with engagement of subsidiaries on specific issues).

Each impact, risk and opportunity (IRO) was identified, addressed and assessed following the methodology proposed by EFRAG in the IG 1 Materiality Assessment guide, the purpose being to:

- Identify positive and negative IROs related to activities, business model and value chain
- Establish the severity/magnitude and probability of occurrence of the IROs identifies
- Assess the materiality of each IRO identified by multiplying its severity and probability
- Relate the IROs identified to the topical ESRS to be applied

Impact identification

The identification of impacts and their attribution to material sustainability matters was carried out by following the steps below:

- Understanding the context for impact analysis, including activities, business relationships and key stakeholders
- Reviewing the list of sustainability matters covered in the topical ESRS (ESRS 1 -RA 16)
- Identifying both positive and negative impacts by establishing a dialogue with stakeholders and experts and, where necessary, by relying on scientific and analytical research on impacts related to sustainability matters
- Conducting interviews with the Group's Executive Management
- Relying on sector benchmarks and reviewing industry sustainability standards
- Conducting a materiality assessment (rating) of its actual and potential impacts and determining material matters (issues/topics).
At this stage, thresholds are adopted to determine which impacts will be material and thus addressed in sustainability reporting as part of the disclosure required by the relevant topical ESRS

General disclosures (continued)

Identifying Risks and Opportunities (ROs) in financial materiality assessment
The financial materiality assessment identified risks and opportunities (ROs) that generate or may generate financial effect on the Group; specifically:

- **Sustainability-related risks** with negative financial effect that arise from environmental, social or governance issues that may adversely affect the company's financial position, results of operations and cash flows, access to financing or cost of capital in the short, medium or long term and that may depend on negative impacts or dependencies, natural or social resources, or actions taken in relation to sustainability matters
- **Opportunities** that, if pursued, could have a material positive economic and financial effect on the company's strategy or business model, or on its ability to achieve its goals and create value.

The IROs reported in the double materiality assesment were identified by analysing the Group's main activities and operations, considering the following aspects:

- Non-financial reporting from previous financial years
- Specificities of the Group's Business Units (Horizon, Talenta, Mestieri)
- Area of application and installation of the Group's products (naval and civil)
- Breakdown of activities by geographical area (Europe and North America);
- Supply chain and customer categories of each business unit

The activity also included consultation with impacted stakeholders through *Stakeholder Engagement,* to understand how they might be affected, as well as with external experts.

For more information, reference should be made to section *SBM-2 Interests and views of stakeholders*.

Finally, industry benchmarks and sustainability standards were also considered.

General disclosures (continued)

Impact assessment

The impacts identified were then assessed according to their nature (actual/potential and positive/negative). Specifically, the rating of an actual impact results solely from its severity, while that of a potential impact results from its severity combined with the probability of occurrence.

The severity of an actual or potential impact was assessed on a scale of 1 (least severe) to 5 (most severe) according to the following criteria:

- **Scale**: how serious is the nature of the impact itself (e.g. the extent of a violation, limitation of access to basic necessities or freedoms such as education, sustenance, etc.) or the extent of the benefits to people or the environment
- **Scope**: how widespread the positive or negative impacts are. In the case of environmental impacts, the scope can be viewed as the extent of environmental damage or a geographical area. In the case of impacts on people, the scope can be viewed as the number of people involved and affected
- **Irremediable character** (assessed only for negative impacts): whether and to what extent the identified impacts can be remedied by restoring the environment or affected people to their original state

Assessment of financial risks and opportunities

Materiality of risks and opportunities depends on their magnitude and probability of occurrence.

The magnitude was assessed on a scale from 1 (least severe) to 5 (most severe), taking into account the possible economic and financial effect in the short, medium and long term.

At the end of the process aimed at identifying, assessing and monitoring the company's actual and potential impacts on people and the environment, and further with a view to prioritising such impacts, the material issues were analysed, discussed and shared by involving an internal working group comprising representatives of the main Italian and foreign subsidiaries.

The Board of Directors of Somec Group validated the final list of material issued through the Sustainability Report approval process.

The Group manages the impacts identified by the double materiality assesment using a system of organisational delegations and functional responsibilities. Some powers are vested directly with the Board of Directors, while others are derived from powers of attorney or operational procedures.

The Board of Directors is regularly informed of ESG impacts through regulatory compliance activities related to each material topic and sub-topic (e.g., worker health and safety) and/or specific requests for updates sent by the Board of Directors itself regarding specific projects (e.g., HR management improvement projects).

The process for identifying, assessing, and managing impacts and risks is integrated into the company's overall risk management process. Material issues were thoroughly analysed with the 2022 Group Risk Assessment in mind, incorporating an ESG risk assessment through a rating allocation method. This rating was then used to assess impacts from an outside-in perspective. Subsequently, this analysis was broadened to take into account the inside-out perspective, i.e. Somec Group's business impacts on the environment, people and stakeholders in general. Somec assessed the materiality of the impacts – broken down into positive, negative and actual impacts – that were identified to prioritise them and identify which related ESG issues were to be considered as material.

In addition, Somec relies on a Control, Risk and Sustainability Committee that carries out adequate preliminary activities to support the assessments and decisions of the Board of Directors relating to the internal control and risk management system, as well as those relating to the approval of periodic financial reports and the analysis of ESG issues.

With respect to the latter, the Control Committee has been assigned the task of helping define adequate sustainability programmes as part of a policy consistent with the values pursued by the Company, interacting with the relevant Department and the Board of Directors regarding the conduct of its own activities in this respect, the purpose being to outline action plans and ensure their optimal implementation and reporting.

The data sources of the general risk analysis and double materiality process are the same, as are the scope of the operations being considered and the details used in the assumptions.

In conducting the materiality assessment, the Company considered the list of sustainability matters covered in the topical ESRS (ESRS 1 -RA 16), the megatrends, the results of the benchmarking activities carried out and the analysis of the upstream and downstream value chain and all the impacts that can be attributed to it.

A description of the policies, targets, actions, and metrics related to each material IRO identified is provided in the topical chapters.

General disclosures (continued)

IRO-2
Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

ESRS	DR	Description	Page	Phase in
2	BP-1	General basis for preparation of sustainability statements	37	
	BP-2	Disclosures in relation to specific circumstances	37	
	GOV-1	The role of the administrative, management and supervisory bodies	38	
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	41	
	GOV-3	Integration of sustainability-related performance in incentive schemes	42	
	GOV-4	Statement on due diligence	44	
	GOV-5	Risk management and internal controls over sustainability reporting	44	
	SMB-1	Strategy, business model and value chain	46	Phase-in
	SBM-2	Interests and views of stakeholders	55	
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	56	
	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	64	
	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	67	
	MDR-P	Policies adopted to manage material sustainability matters	78	
	MDR-A	Actions and resources in relation to material sustainability matters	80	
	MDR-M	Metrics in relation to material sustainability matters	80	
	MDR-T	Tracking effectiveness of policies and actions through targets	80	

ESRS	DR	Description	Page	Phase in
E1	GOV-3	Integration of sustainability-related performance in incentive schemes	92	
	E1-1	Transition plan for climate change mitigation	92	
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	92	
	IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	93	
	E1-2	Policies related to climate change mitigation and adaptation	95	
	E1-3	Actions and resources in relation to climate change policies	95	
	E1-4	Targets related to climate change mitigation and adaptation	96	
	E1-5	Energy consumption and mix	98	
	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	99	
	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities		Phase-in
E2	IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	102	
	E2-1	Policies related to pollution	103	
	E2-2	Actions and resources related to pollution	103	
	E2-3	Targets related to pollution	103	
E4	E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	104	
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	104	
	IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	105	
	E4-2	Policies related to biodiversity and ecosystems	106	
	E4-3	Actions and resources related to biodiversity and ecosystems	106	
	E4-4	Targets related to biodiversity and ecosystems	106	
E5	IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	107	
	E5-1	Policies related to resource use and circular economy	108	
	E5-2	Actions and resources related to resource use and circular economy	108	
	E5-3	Targets related to resource use and circular economy	110	
	E5-4	Resource inflows	111	
	E5-5	Resource outflows	113	
	E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities		Phase-in

General disclosures (continued)

ESRS	DR	Description	Page	Phase in
S1	SBM-2	Interests and views of stakeholders	115	
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	115	
	S1-1	Policies related to own workforce	119	
	S1-2	Processes for engaging with own workers and workers' representatives about impacts	120	
	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	120	
	S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	121	
	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	124	
	S1-6	Characteristics of the undertaking's employees	126	
	S1-7	Characteristics of non-employee workers in the undertaking's own workforce	127	
	S1-8	Collective bargaining coverage and social dialogue	128	
	S1-9	Diversity metrics	128	
	S1-11	Social protection		Phase-in
	S1-12	Persons with disabilities	129	
	S1-13	Training and skills development metrics	129	
	S1-14	Health and safety metrics	130	
	S1-15	Work-life balance metrics	131	
	S1-16	Compensation metrics (pay gap and total compensation)	131	
	S1-17	Incidents, complaints and severe human rights impacts	131	

ESRS	DR	Description	Page	Phase in
S2	SBM-2	Interests and views of stakeholder	132	
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	132	
	S2-1	Policies related to value chain workers	134	
	S2-2	Processes for engaging with value chain workers about impacts	134	
	S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	135	
	S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	135	
	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	137	
S3	SBM-2	Interests and views of stakeholders	138	
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	138	
	S3-1	Policies related to affected communities	140	
	S3-2	Processes for engaging with affected communities about impacts	140	
	S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	140	
	S3-4	Taking action on material impacts, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	140	
	S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	140	

General disclosures (continued)

ESRS	DR	Description	Page	Phase in
S4	SBM-2	Interests and views of stakeholders	141	
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business mode	141	
	S4-1	Policies related to consumers and end-users	143	
	S4-2	Processes for engaging with consumers and end-users about impacts	144	
	S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	144	
	S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	145	
	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	146	
G1	GOV-1	The role of the administrative, supervisory and management bodies	148	
	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	149	
	G1-1	Corporate culture and business conduct policies and corporate culture	150	
	G1-2	Management of relationships with suppliers	151	
	G1-6	Payment practices	152	

General disclosures (continued)

The following table discloses the information included in this Disclosure arising from other pieces of European Union legislation than Delegated Regulation 2023/5303 on European Sustainability Reporting Standards, indicating the pages on which they are located:

Disclosure Requirement and related datapoint	SFDR reference [1]	Pillar 3 reference [2]	Benchmark Regulation reference [3]	Climate Law reference [4]	Page
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 [5], Annex II		39
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		39
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				44
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 [6] Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12 (1) Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818 [7], Article 12 (1) Delegated Regulation (EU) 2020/1816, Annex II		N/A

General disclosures (continued)

Disclosure Requirement and related datapoint	SFDR reference [1]	Pillar 3 reference [2]	Benchmark Regulation reference [3]	Climate Law reference [4]	Page
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	92
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		N/A
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		N/A
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				98
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex				98
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex				99

General disclosures (continued)

Disclosure Requirement and related datapoint	SFDR reference [1]	Pillar 3 reference [2]	Benchmark Regulation reference [3]	Climate Law reference [4]	Page
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		99
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		101
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	N/A
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk			N/A

General disclosures (continued)

Disclosure Requirement and related datapoint	SFDR reference [1]	Pillar 3 reference [2]	Benchmark Regulation reference [3]	Climate Law reference [4]	Page
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			N/A
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		N/A
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1, Indicator number 2 Table #2 of Annex 1, Indicator number 1 Table #2 of Annex 1, Indicator number 3 Table #2 of Annex 1				N/A
SRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				N/A
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 able 2 of Annex 1				N/A
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				N/A
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				N/A
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				N/A
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				N/A

General disclosures (continued)

Disclosure Requirement and related datapoint	SFDR reference [1]	Pillar 3 reference [2]	Benchmark Regulation reference [3]	Climate Law reference [4]	Page
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				N/A
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				N/A
SRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				N/A
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				N/A
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				N/A
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				113
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				113
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				116
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				116
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				N/A
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		N/A

General disclosures (continued)

Disclosure Requirement and related datapoint	SFDR reference [1]	Pillar 3 reference [2]	Benchmark Regulation reference [3]	Climate Law reference [4]	Page
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				N/A
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				N/A
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				120
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		130
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				130
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		131
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				131
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				131
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		131

General disclosures (continued)

Disclosure Requirement and related datapoint	SFDR reference [1]	Pillar 3 reference [2]	Benchmark Regulation reference [3]	Climate Law reference [4]	Page
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				132
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				N/A
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				134
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		N/A
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				136
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				N/A
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		N/A
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				N/A

General disclosures (continued)

Disclosure Requirement and related datapoint	SFDR reference [1]	Pillar 3 reference [2]	Benchmark Regulation reference [3]	Climate Law reference [4]	Page
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				143
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		N/A
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				N/A
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 T able #3 of Annex 1				N/A
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				150
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		N/A
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				N/A

[1] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).
[2] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation 'CRR') (OJ L 176, 27.6.2013, p. 1).
[3] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/ EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).
[4] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).
[5] Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).
[6] Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324,19.12.2022, p.1.).
[7] Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

General disclosures (continued)

MDR-P

Policies adopted to manage material sustainability matters

Policy	Description of key concepts	Scope of policy	Accountable for implementation	Internationally recognised instruments	Availability
Environmental policy	Undertakes to assess the current and potential impact of its activities (prevention principle) Encourages the development of initiatives that progressively decrease the environmental impact of its activities Key environmental objectives: (I) energy efficiency and climate change; (II) waste management; (III) air emissions; (IV) materials consumption; (V) water discharges Commits to making relevant information on environmental aspects and impacts public through sustainability reporting	Somec Group	Board of Directors	UNI EN ISO 14001:2015 standard; Rio Declaration on Environment and Development; 2015 Paris Agreement; Directive 2009/28 of the European Parliament and of the Council of 23/04/2009 on the promotion of energy from renewable sources, as amended by Directive 2015/1513/EC; Regulation (EC) No. 1013/2006 of the European Parliament and of the Council of 14/06/2006 on shipments of waste; Directive (EU) 2015/1513 of 09/09/2015 on the quality of gasoline and diesel fuel amending Directive 2009/28/EC	Company's website www.somecgruppo.com/en/governance-documents
Sustainability policy	Defines a set of operating principles that can be divided among the areas of Environment, Governance and Social Monitoring and control of qualitative and quantitative data as key indicators of sustainability Involvement of stakeholders aimed at defining methodologies, programs and operating instructions	Somec Group	Board of Directors		Company's website www.somecgruppo.com/en/governance-documents
Health & Safety policy	Ensure a safe and healthy work environment for employees, non-employee workers, visitors and the environment Committing to comply with health and safety legislation, regulations and best practices Preventing workplace accidents through risk assessment, training, proper use of PPE, accident reporting and related corrective actions	Somec Group	Board of Directors		Company's website www.somecgruppo.com/en/governance-documents
Human Rights policy	Ensures respect for human rights by ensuring (I) valuing diversity/non-discrimination; (II) adequate working conditions; (III) combating forced labor and human trafficking; (IV) adequate working hours, wages, and benefits; and (V) prohibiting the hiring of underage workers; (VI) health & safety in the workplace; (VII) freedom of association and collective bargaining; (VIII) right to privacy Provides grievance tools	Somec Group	Board of Directors	United Nations Universal Declaration of Human Rights; United Nations Convention on the Rights of the Child; International Labour Organization Declaration on Fundamental Principles and Rights at Work, and subsequent relevant Conventions European Convention on Human Rights	Company's website www.somecgruppo.com/en/governance-documents

General disclosures (continued)

Policy	Description of key concepts	Scope of policy	Accountable for implementation	Internationally recognised instruments	Availability
Workforce Diversity & Inclusion policy	Ensures equal opportunities for all Recognizes and respects individual identities Builds a culture that is inclusive and rewards everyone's merit Ensures a workplace with procedures and practices free of intentional or unintentional barriers	Somec Group	Board of Directors		Company's website www.somecgruppo.com/en/governance-documents
Code of Ethics	It configures the following as the Group's ethical principles: (I) Legality understood as compliance with applicable laws and commonly accepted international ethical principles; (II) transparency, fairness and loyalty; (III) professionalism; (IV) immediate disclosure of any conflicts of interest; (V) environmental protection; (VI) protection of competition; (VII) safety of the working environment; (VIII) protection of individual personality and physical integrity of individuals; (IX) protection of privacy Defines the standards of conduct to be applied in business and in the workplace (e.g., in personnel selection and management or the protection of corporate assets)	Somec Group	Supervisory Board		Company's website www.somecgruppo.com/en/internal-controls
Whistleblowing	Provides a secure and confidential reporting channel for employees and stakeholders to report: (I) suspected misconduct; (II) unethical behavior; (III) violations of law Ensures that all reports are: (I) thoroughly investigated; (II) handled with the utmost confidentiality Prohibits retaliatory or discriminatory acts against whistleblowers	Top management, members of corporate bodies, employees, non-employees working on behalf of Somec and under its control/direction, all third parties	Legal / Supervisory Board	2019/1937 EU Whistleblowing Directive - Legislative Decree 24/2023 in Official Gazette March 15, 2023	Company's website www.somecgruppo.com/en/internal-controls
Anti-bribery Policy	Regulates behaviors to be maintained and avoided within the departments most vulnerable to cases of active and passive corruption	Somec Group	Legal / Supervisory Board		Company's website www.somecgruppo.com/en/governance-documents

General disclosures (continued)

MDR-A

Actions and resources in relation to material sustainability matters

Actions related to relevant sustainability issues that have emerged are detailed within each topical ESRS, also refer to ESRS 2 paragraph *SBM-1 Strategy, business model and value chain* for more information related to Somec Group's Sustainability Plan 2024-2030

Metrics and targets

MDR-M

Metrics in relation to material sustainability matters

The metrics used are those defined by the various topical ESRSs. It is specified that the metrics have not been validated by an external body.

MDR-T

Tracking effectiveness of policies and actions through targets

The monitoring of the effectiveness of policies and actions through targets is entrusted to the relevant function under the supervision and coordination of the Group Sustainability Manager; the establishment of a Sustainability Committee to oversee the process and the stage of achievement of targets is planned for the future. Please also refer to ESRS 2 SBM-1 for more information regarding Somec Group's Sustainability Plan 2024-2030.

Within the individual topical ESRSs are the target and monitoring KPIs established by the Group with reference to each planned sustainability action.

Environment

EU Taxonomy

Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

In line with the strategic objectives of the European Green Deal, the European Union has introduced a specific Taxonomy through Regulation (EU) 2020/852 (hereinafter the "Regulation" or "Taxonomy").

The Taxonomy establishes a European classification system for economic activities considered "environmentally sustainable" in relation to their material contribution to at least one of the six climate and environmental objectives defined in Article 9 of the Regulation:

1.

CCM
Climate Change Mitigation
Objectives: stabilisation of greenhouse gas concentrations in the atmosphere at the level that prevents dangerous anthropogenic interference with the climate system consistent with the long-term temperature goal of the Paris Agreement

2.

CCA
Climate Change Adaptation
Objectives: substantially reduce the risk of adverse impact of the current climate and the expected future climate on that economic activity, people, nature or assets

3.

WTR
Water & Marine Resources
Objectives: achieve the good status of water bodies, including surface water and groundwater or prevent the deterioration of bodies of water that already have good status and/or achieve the good environmental status of marine waters and/or prevent the deterioration of marine waters

4.

CE
Circular Economy
Objectives: use natural resources more efficiently by reducing the use of primary raw materials and increasing the durability, reparability, upgradability or reusability and recyclability of products

5.

PPC
Pollution Prevention and Control
Objectives: reduce pollutant emissions into air, water or land, other than greenhouse gases, while minimising any adverse impact on human health and the environment

6.

BIO
Biodiversity and ecosystems
Objectives: protect, conserve or restore biodiversity and/or achieve the good condition of ecosystems, and/or protect ecosystems that are already in good condition

EU Taxonomy (continued)

According to Article 3 of the Regulation, an economic activity qualifies as environmentally sustainable ("aligned") when:

- Contributes substantially to one or more of the six environmental objectives set out in Article 9
- Does not significantly harm any of the environmental objectives set out in Article 9
- It is carried out in compliance with the minimum safeguards laid down in Article 18, and recognizing the importance of international rights and standards (including OECD, UN, the International Labor Organization and the International Bill of Human Rights)

The practical application of the EU Taxonomy Regulation, as well as the operational details required for its implementation, are set out in the following Delegated Regulations:

- Delegated Regulation (EU) 2021/2139 of 4 June 2021 as amended by Delegated Regulation (EU) 2023/2485 of 27 June 2023 - "Climate Delegated Act": it sets criteria for activities contributing to climate change adaptation and mitigation objectives. These criteria define which economic activities qualify as sustainable for the reduction of greenhouse gas emissions and/or business adaptation to the effects of climate change
- Delegated Regulation (EU) 2021/2178 - "Disclosure Delegated Act", as amended: it regulates disclosure content and presentation and requirement in compliance with the EU Taxonomy Regulation
- Complementary Climate Delegated Act: establishes the economic activities in the Gas and Nuclear sectors that can play a role in the transition towards climate change mitigation and adaptation targets
- Delegated Regulation (EU) 2023/2486 of 2 June 2023 - "Environment Delegated Act": defines the technical criteria for determining the contribution of an activity to the targets of "Sustainable use and protection of water and marine resources", "Transition to circular economy", "Pollution prevention and reduction" and "Protection and restoration of biodiversity and ecosystems"

The EU Taxonomy Regulation stipulates that eligible activities identified against the relevant technical screening criteria must undergo an assessment to determine their alignment with the performance requirements established in the Delegated Acts. The procedure for providing such disclosure as required under Article 8 of the Taxonomy are set out in Delegated Regulation (EU) 2021/2178.

According to the provisions of the CSRD (Corporate Sustainability Reporting Directive) and Article 8 of the Taxonomy, companies listed on regulated markets in the European Union, which are required to draw up Sustainability Reports, are subject to the provisions of transparency regarding environmentally sustainable activities by publishing three key performance indicators (KPIs) in terms of Turnover, Capital Expenditure (CapEx) and Operating Costs (OpEx).

EU Taxonomy (continued)

Evaluation of eligible activities of Somec Group

From a methodology perspective, Somec Group conducted an analysis of the activities carried out by the business units and the individual subsidiaries. This analysis was used to identify which of these activities could fall under one or more activities included in the Delegated Regulations in view of the nature of the business or the applicable NACE code. The activities so identified were then related to their respective taxonomy objectives to proceed with the assessment of possible alignment.

Based on the results of the eligibility analysis conducted, the following activities were found to be eligible for the 'Climate Change Mitigation' objectives with regard to certain Group companies:

3.5
Manufacture of energy efficiency equipment for buildings

7.3
Installation, maintenance and repair of energy efficiency equipment

6.5
Transport by motorbikes, passenger cars and light commercial vehicles

In relation to the activity "3.5 - manufacture of energy efficiency equipment for buildings", the analysis showed that the companies shown below engage in sectors that can be related to the activity description:

- Inoxtrend, through the production of professional ovens
- GICO, as it operates in the professional kitchen sector
- Pizza Group and Pizza Group USA, which manufacture professional appliances for bread and pizza making, including ovens, spiral mixers, dough moulders and dough rollers
- Fabbrica, Fabbrica Works and Bluesteel, in respect of which the production of windows, glazed envelopes and doors was assessed

The analysis also showed that according to NACE (25.12) the business is, in principle, also attributable to Somec Navale. However, as the company engages solely in the boat sector and further in the light of the clarifications set out in point 18 of Commission Communication C/2023/305 ("Second Communication"), its activity was considered as not eligible.

Activity "7.3 - installation, maintenance and repair of energy efficiency equipment" is carried out by the following Group companies:

- Fabbrica, Bluesteel and Bluesteel UK, engaging in the installation of windows, glazed envelopes and doors

In relation to activity "6.5 - transport by motorbikes, passenger cars and light commercial vehicles", investment made by the following Group companies was identified:

- Somec, Oxin, Gico, Mestieri, Pizza Group, Budri, Gino Ceolin, Bluesteel and TSI. During the period under review, they entered into rental and leasing contracts for motor vehicles in categories M1 and N1 for a total amount of 446 thousand Euro

As part of the update of the analyses on the activities reported in the non-financial statement for the year ended 31 December 2023, the Group amended its assessments in relation to activity "6.12 – retrofitting of sea and coastal freight and passenger water transport" and considered that, although the activity falls under NACE code 33.15, which may be connected to Somec companies Sintesi and Navaltech and, as such, potentially qualifying as eligible and aligned, these companies are not directly responsible for carrying out the activity, insofar as they act as suppliers of operators carrying out refitting activities.

Therefore, given the qualitative analysis of the business, there is no basis for determining, in the current wording of the business, the eligibility of their respective turnovers.

EU Taxonomy (continued)

Assessment of aligned activities of Somec Group

To complete the analysis of the activities, the Group carried out an alignment analysis of the activities identified as eligible.

The assessment carried out entailed an in-depth examination of compliance with the technical screening criteria required under the delegated regulations in order to determine the effective contribution (known as substantial contribution) of the activities to one or more of the targets set forth in the EU Taxonomy (Article 9), compliance with the Do No Significant Harm - "DNSH" principle (Article 17) and the minimum safeguard guarantees under Article 18 according to the procedures set out in Article 3 of the Regulation.

Some Companies pointed out elements that could be instrumental in fulfilling the substantial contribution criteria, in particular with regard to the production of windows, glazed envelopes and doors for civil use. However, the information currently available does not make it possible to rely on evidence to support, and consequently prove, compliance with the Do No Significant Harm - "DNSH" - principle pertaining to the climate change adaptation and biodiversity protection and restoration targets, in accordance with the provisions set out in Annexes (A) and (D) to the Regulation, respectively.

Furthermore, although compliance with the Minimum Social Safeguards (MSS) is considered to be included in the provisions set out in the Code of Ethics, the Policies disclosed at the Group level, and through a reporting system based on transparency whereby significant cases of violation are flagged, it was not formally supported by specific Ethics Audits.

The Group is considering the launch of a specific assessment process aimed at supporting compliance with the minimum safeguards.

In the light of the above, Somec Group therefore assessed the activities included in the EU Taxonomy list as eligible only, without identifying any cases of alignment.

EU Taxonomy (continued)

Accounting Policy

In accordance with the directives outlined in Annex I of Delegated Act 2178/2021, the economic and financial data necessary for calculating and reporting Turnover, CapEx, and OpEx KPIs were retrieved from Somec Group's general accounting and analytical accounting systems. This section explains how the indicators were calculated in accordance with the relevant Delegated Act.

In calculating the Turnover share, the ratio of the portion of net revenues obtained from the sale of products or services associated with eligible economic activities and/or aligned with the Taxonomy (numerator) to the Group's net revenues (denominator) was considered. The revenues taken into account in determining the numerator and denominator figures comply with the requirements of IAS 1.82(a). In defining the revenues used to calculate the indicator, intercompany transactions were also written off to prevent them from being considered two or more times.

The calculation of the Capex indicator considered, on the denominator side, the investments made during the financial year and held under intangible assets, tangible assets and right-of-use assets in the consolidated financial statements before the related amortisation, depreciation, write-downs and/or write-ups, including those deriving from restatements and impairments, for the financial year under review, excluding changes in fair value.

On the numerator side, the shares of investments that met the following conditions were included:

- They are related to assets or processes associated with taxonomy eligible and/or aligned economic activities (Type A CapEx)
- They form part of a plan to expand taxonomy eligible and/or aligned economic activities or to enable eligible economic activities to be aligned with the Taxonomy (Type B CapEx)
- They are related to the purchase of products deriving from taxonomy eligible and/or aligned economic activities and to individual measures that enable the target activities to achieve low carbon emissions or greenhouse gas savings, with special reference to the activities listed under 7.3 to 7.6 of the Delegated Act on climate, as well as other economic activities listed in the Delegated Acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852, provided that these measures are implemented and made operational within 18 months (Type C CapEx).

Furthermore, with regard to investments instrumental in the conduct of more than one activity included in the Turnover indicator – notably with reference to the manufacture and installation of windows, glazed envelopes and doors – the Group assessed that its CapEx was entirely instrumental in the conduct of the manufacturing activity. The "Operating expenses (OpEx)" indicator takes into account, on the denominator side, the sum of the operating costs associated with research and development, building renovation and/or refurbishment measures, short-term leases, the daily maintenance of property, plant and equipment, whether carried out by the company or by third parties, necessary to ensure the continuous and effective functioning of these activities. On the numerator side, the operating costs that met one of the following conditions were included:

- They are related to assets or processes associated with taxonomy eligible and/or aligned economic activities, including training and other human resource adaptation needs, as well as direct non-capitalised research and development costs

EU Taxonomy (continued)

- They are related to the purchase of products deriving from taxonomy eligible and/or aligned economic activities and to individual measures that enable the target activities to achieve low carbon emissions or greenhouse gas savings, as well as to individual building renovation measures identified in Delegated Acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of Regulation (EU) 2020/852, provided that these measures are implemented and made operational within 18 months

It is also specified that the following cost items were excluded from the calculation of the OpEx indicator, as set out in the FAQs published by the European Commission (ref. 2022/C 385/01):

- Allocation of indirect costs
- Costs for raw materials
- Labour costs for personnel involved in the operation of any machinery
- R&D project management costs
- Electricity, fluids or reagents required for the operation of property, plant and equipment

To identify the costs falling under OpEx, an analysis of the Group's chart of accounts was performed. This analysis made it possible to identify specific line items that may be associated with the aforementioned cost items. With regard to research and development endeavours, specific cost centres dedicated to these activities were identified through an analytical accounting analysis.

The main cost items in the R&D cost centres relate to employees. Any cost items that were already included in the line items considered at the chart of accounts level were excluded from the analysis. It is also worth noting that the Group did not recognise development costs, as defined in IAS 38, as intangible assets during the financial year.

The analysis of the indicators carried out during 2024 showed the need to perform a restatement in relation to the comparative data in the Taxonomy tables presented in the following paragraphs to ensure indicator comparability.

In particular, the restatement of the 2023 financial year entailed certain activities to be excluded from reporting. Further analyses showed that these activities were not eligible or aligned.

Specifically, this applied to activities marked as "6.12 - Retrofitting of sea and coastal freight and passenger water transport" and "9.3 - Professional services related to energy performance of buildings").

These activities are therefore not shown in the comparative column.

The remaining assets were subject to restatement in the Turnover indicator due to the disregard of intercompany write-offs in the previous financial year.

EU Taxonomy (continued)

Turnover

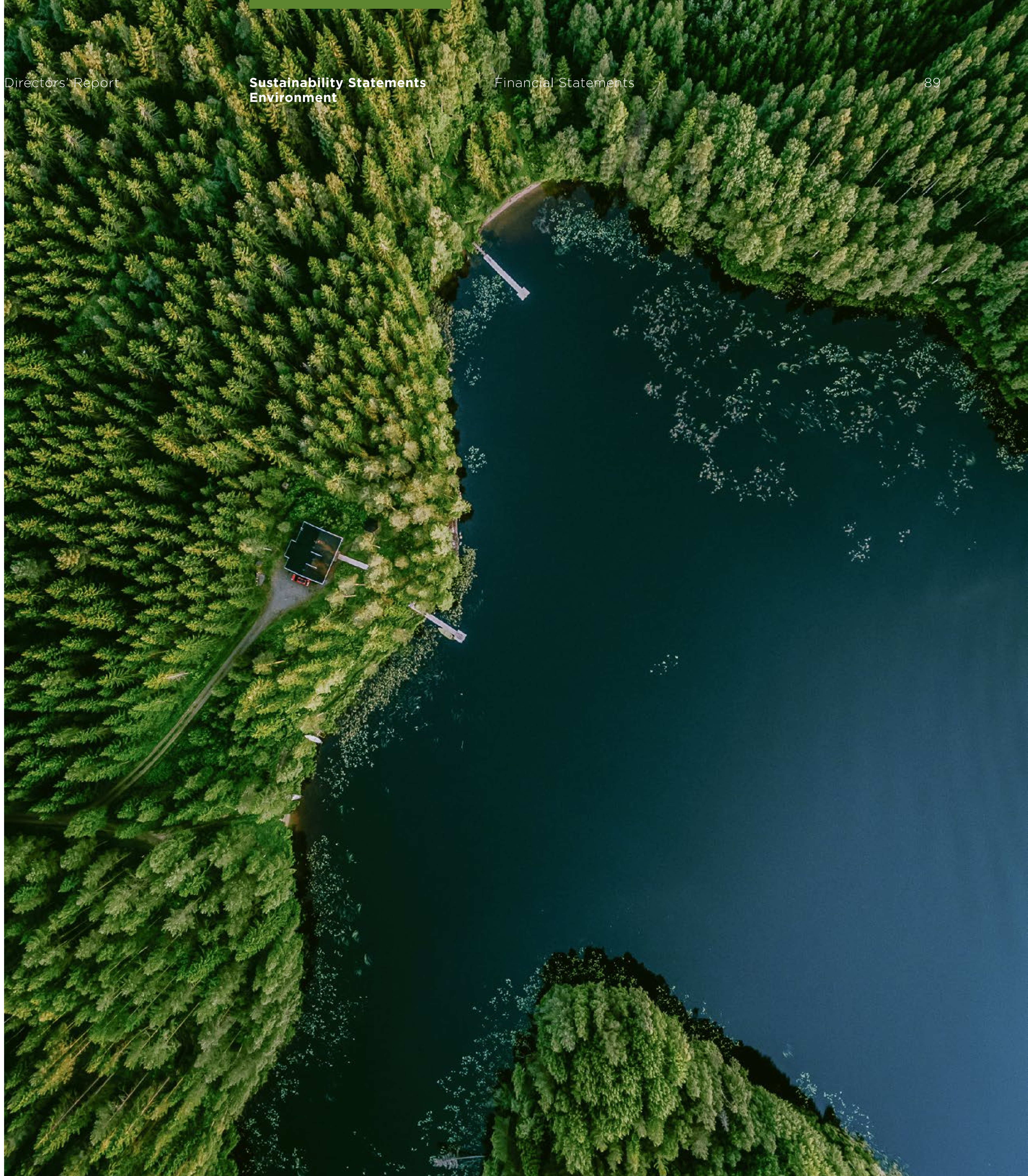
Disclosure for the year 2024 of the share of revenue derived from products or services associated with eligible/taxonomy-aligned economic activities.

	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")								
	Code (2)	Turnover currency (3) (K EUR)	Proportion of turnover 2024 (4) (%)	Mitigazione dei cambiamenti climatici (5) / (Sì, No, N/AM)	Climate change mitigation (5) (Y/N, N/AM)	Water and marine resources (7) (Y/N, N/AM)	Circular Economy (8) (Y/N, N/AM)	Pollution (9) (Y/N, N/AM)	Biodiversity and ecosystems (10) (Y/N, N/AM)	Climate change mitigation (11) (Y/N)	Climate change adaptation (12) (Y/N)	Water and marine resources (13) (Y/N)	Circular Economy (14) (Y/N)	Pollution (15) (Y/N)	Biodiversity and ecosystems (16) (Y/N)	Proportion of Turnover aligned to taxonomy FY 2023 (18) %	Category (enabling activity) (19) A	Category (transitional activity) (20) T
A. Taxonomy-eligible activities (a.1 + A.2)																		
A.1 Environmental sustainable activities (Taxonomy aligned)																		
Turnover of environmentally sustainable activities (Taxonomy aligned) (A.1)			**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**							**0%**		
of which enabling																**0%**	**A**	
of which transitional																**0%**		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Manufacture of energy efficiency equipment for buildings	3.5 (CCM)	132,643	34.60%	AM	N/AM	N/AM	N/AM	N/AM	N/AM							40%		
Installation, maintenance and repair of energy efficiency equipment	7.3 (CCM)	4,878	1.30%	AM	N/AM	N/AM	N/AM	N/AM	N/AM							2%		
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**137,521**	**36%**	**36%**	**0%**	**0%**	**0%**	**0%**	**0%**							**42%**		
Turnover of Taxonomy-eligible activities (A.1+A.2)		**137,521**	**36%**	**36%**	**0%**	**0%**	**0%**	**0%**	**0%**							**42%**		
B. Taxonomy-non-eligible activities																		
Turnover of Taxonomy- non-eligible activities		**245,651**	**64%**															
Total		**383,172**	**100%**															

EU Taxonomy (continued)

Share of Turnover/Total Turnover

	Aligned to taxonomy by objective	Eligible for taxonomy by objective
CCM	0%	36%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%



EU Taxonomy (continued)

Capex

Disclosures for the year 2024 of the share of capitale xpenditures resulting from products or services associated with economic activities aligned with the taxonomy.

	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")								
	Code (2)	CapEx (3) (K EUR)	Proportion of CapEx 2024 (4) (%)	Mitigazione dei cambiamenti climatici (5) / (Sì, No, N/AM)	Climate change mitigation (5) (Y/N, N/AM)	Water and marine resources (7) (Y/N, N/AM)	Circular Economy (8) (Y/N, N/AM)	Pollution (9) (Y/N, N/AM)	Biodiversity and ecosystems (10) (Y/N, N/AM)	Climate change mitigation (11) (Y/N)	Climate change adaptation (12) (Y/N)	Water and marine resources (13) (Y/N)	Circular Economy (14) (Y/N)	Pollution (15) (Y/N)	Biodiversity and ecosystems (16) (Y/N)	Proportion of CapEx aligned to taxonomy FY 2023 (18) %	Category (enabling activity) (19) A	Category (transitional activity) (20) T
A. Taxonomy-eligible activities (a.1 + A.2)																		
A.1 Environmental sustainable activities (Taxonomy aligned)																		
CapEx of environmentally sustainable activities (Taxonomy aligned) (A.1)			**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**							**0%**		
of which enabling																	**A**	
of which transitional																		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Manufacture of energy efficiency equipment for buildings (CAPEX TYPE A)	3.5 (CCM)	4,264	66.80%	AM	N/AM	N/AM	N/AM	N/AM	N/AM							20%		
Transport by motorbikes, passenger cars and light commercial vehicles (CAPEX TYPE C)	6.5 (CCM)	446	7.20%	AM	N/AM	N/AM	N/AM	N/AM	N/AM							0%		
Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**4,710**	**74%**	**68%**	**0%**	**0%**	**0%**	**0%**	**0%**							**20%**		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**4,710**	**74%**	**68%**	**0%**	**0%**	**0%**	**0%**	**0%**							**20%**		
B. Taxonomy-non-eligible activities																		
CapEx of Taxonomy-non- eligible activities		**1,672**	**26%**															
Total		**6,382**	**100%**															

EU Taxonomy (continued)

Share of CapEx/CapEx totals

	Aligned to taxonomy by objective	Eligible for taxonomy by objective
CCM	0%	74%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Opex indicator

When calculating the indicator for operating expenses, the Group recognised a denominator of 5,560 thousand Euro and compared this figure with total operating costs of 374,661 thousand Euro.

In view of the weight of the denominator value (i.e. less than 5%), it was not deemed necessary to proceed with a detailed reporting of Opex for the purposes of the EU Taxonomy.

The assessment was carried out on the basis of the provisions contained in Delegated Act 2021/2178 (paragraphs 1.1.3.1. "Denominator" and 1.1.3.2 "Numerator").

In addition, account was taken of the guidance provided in the European Commission's Communication C/2023/305 - Second Commission Communication - under paragraph 13.

Nuclear and fossil gas related activities

In compliance with the disclosure required by Article 8(6) and (7) of Delegated Regulation 2022/1214, which requires the use of the templates provided in Annex XII, the Template, Template 1 – Nuclear and fossil gas related activities follows.

	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	NO

	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	NO

E1 Climate change

Governance

GOV-3
Integration of sustainability-related performance in incentive schemes

Please refer to chapter ESRS 2, paragraph *GOV-3 Integration of sustainability-related performance in incentive schemes*.

Strategia

E1-1
Transition plan for climate change mitigationi

Somec Group did not prepare a transition plan for climate change mitigation in 2024.

However, targets that relate to ESRS E1 set out in section *E1-4 Targets related to climate change mitigation and adaptation* are applicable.

The Group plans to prepare a Transition Plan by the end of the financial year 2026.

SBM-3
Material impacts, risks and opportunities and their interaction with strategy and business model

Regarding the outside-in analysis, no material risks were identified in the area of climate change; however, an opportunity was identified in terms of new market opportunities through the integration of new energy-saving products.

Somec conducted a qualitative analysis to identify possible climate-related physical and/or transition risks. Following this analysis, no major risks related to climate change were identified.

As a result, no resilience analysis was conducted and no climate scenarios were considered.

E1 Climate change (continued)

Impact, risk and opportunity management

IRO-1
Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Below are the IROs related to climate change that were identified during the double materiality assessment:

Impatti

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Direct (D) Indirect (I)	Time horizon
Climate change	Energy		Impacts arising from commercial strategies for new product development aimed at improving energy efficiency with consequent reduction of Greenhouse gas emissions also in relation to European and international treaty targets	P	A	D	Medium
			Insufficient and/or limited investment in renewables, reduced purchases from clean energy producers lead to negative impacts in terms of higher GHG emissions and global warming	N	A	D	Medium
	Climate change mitigation		Upstream steel supply: Negative impacts on climate change due to GHG emissions generated by activities along its own (upstream) steel supply chain (main raw material used in the Horizons and Talenta division)	N	A	I	Short
			Upstream aluminium and glass supply: Negative climate change impacts in terms of GHG emissions generated by activities along its aluminium (one of the main raw materials used by the Horizons division) and glass supply chain	N	A	I	Short
			Upstream raw material supply: GHG emissions generated by transport necessary for the procurement and distribution of raw materials	N	A	I	Short
			Upstream cement supply: GHG emissions generated by transport required for cement procurement and production	N	A	I	Short

E1 Climate change (continued)

The process used to identify environmental impact, risks and opportunities related to climate change is described in Chapter *ESRS 2*, section *IRO-1 - Description of the processes to identify and assess material impact, risks and opportunities*.
In particular, to detect climate change impact, the Group's GHG emissions and energy consumption were analysed in relation to the type of production processes and the nature of the business, mainly consisting of assembly and installation activities.

In addition, the activities of the Group's main material suppliers were examined with regard to operations along the upstream value chain, with special reference to the procurement of metals and glass, which are the main raw materials used by Horizon, Talenta and Mestieri business units.
With respect to the opportunity identified, it relates to the potential integration of its product line with energy-saving solutions, which could enhance energy efficiency for customers and expand market share for the Group.

Rischi e opportunità

Topic	Sub-Topic	Sub-Sub Topic	Risk Opportunities	Risk (R) Opportunity (O)	Actual (A) Potential (P)	Diretct (D) Indirect (I)	Time horizon
Climate change	Energy		Diversification/integration of product portfolio oriented towards energy-saving products with consequent access to new market shares and higher revenues. Talenta Division Production of blast chillers and blast chillers/pizza ovens class A and B Horizons Division (Factory, Bluesteel and Somec) Production of glass facades for civil use and ship windows with improved thermal transmittance coefficients	O	P	D	Medium

To assess transition risks in the short, medium and long term, Somec used the examples provided by the *Task Force on Climate-related Financial Disclosures* (TCFD) and examined company assets and activities for exposures.

Finally, with regard to the physical risk assessment, Somec considered the following aspects:

- Climate-related hazards, as classified in Commission Delegated Regulation (EU) 2021/2139, in the short, medium and long term, also examining business assets and activities to see if they could be exposed to such hazards

- Short-, medium- and long-term time horizons, as defined in Chapter *ESRS 2*, section *BP-2 - Disclosures in relation to specific circumstances*
- The extent to which company assets and activities could be exposed to the identified climate-related hazards and are sensitive to these hazards, taking into account the probability, magnitude and duration of these hazards, as well as the specific geospatial coordinates of its locations in Europe and the United States; impact along the value chain, i.e. dependencies and/or economic relationships, were also assessed as sources of possible financial effect

It is specified that no climate scenarios were used in the risk assessment.

E1 Climate change (continued)

E1-2
Policies related to climate change mitigation and adaptation

Although there is no specific policy in place for climate change mitigation and adaptation, the Environmental Policy, the Sustainability Policy, and the strategies adopted are designed to ensure continuous improvement of the environmental aspects' management. The primary focus is on compliance with the Laws and Regulations of the countries in which the Group operates and based on the guidelines contained in international standards. For more information, reference should be made to Chapter *ESRS 2*, section *MDR-P Policies adopted to manage material sustainability matters*.

E1-3
Actions and resources in relation to climate change policies

The Group is committed to optimising the company's energy system and related consumption, identifying improvements in terms of energy efficiency.

Although energy consumption has an impact, it is emphasised that the Group's business model is not energy intensive. In general, this approach underpins the search for solutions aimed at containing energy consumption, favouring efficient options through the adoption of Best Available Techniques (BAT) and, in particular, through the implementation of an ISO 14001 environmental management system, which the Parent Company, already certified, is gradually extending to its subsidiaries.

On the energy side, Talenta business unit achieved its target of 100% electricity supply from renewable sources.

With reference to certain companies in Talenta (Inoxtrend) and Mestieri (Gino Ceolin and Budri) business units, it should be noted that part of the shares of electricity used through photovoltaic systems installed at the respective plants was self-generated in 2024.

A further material action was the purchase of renewable electricity certified through RECs (Renewable Energy Certificates), which guarantees the sustainable origin of the supply. In addition, the consumption of renewable fuels for production facilities is mainly attributable to electricity purchased from biomass.

Bearing out the commitment to more efficient engines, the transition of the company's fleet towards sustainable mobility continued in 2024, with the introduction of five full hybrid vehicles, four for Somec and one for Oxin, intended both as replacements for old diesel vehicles and as new cars for mixed use. In connection with this transition, the Group's investment during the financial year totalled 75 thousand Euro. This investment is reflected in the additions shown in Note 4: Right-to-use assets, of the notes to the consolidated financial statements.

With regard to the Capex item in the Taxonomy paragraph/chapter, to which reference should be made for further details, it is specified that this investment is not aligned.

With regard to the characteristics of the products installed, it should be noted that a portion of the turnover of companies Fabbrica and Bluesteel is generated by the assembly and installation of glass curtain walls with low thermal transmission coefficients. These glass curtain walls enable the energy efficiency of the buildings in which they are installed.

In terms of production processes, as part of the organisation's carbon footprint reduction target, Talenta business unit achieved its goal of using exclusively an environmentally friendly, less polluting refrigerant gas.

The effects of these actions were not specifically measured in terms of their quantitative contribution to the reduction of greenhouse gas emissions. This detailed assessment will be carried out during the preparation of the Transition plan.

Finally, to improve the tools for calculating and reporting GHG emissions, starting from the reporting year, the Group completed the fine-tuning of the method for calculating Scope 3 emissions by extending the scope and categories reported.

E1 Climate change (continued)

Metrics and targets

E1-4
Targets related to climate change mitigation and adaptation

Somec is aware of the deep interconnection between the environment and other sustainability aspects. This is why it is sensitive to environmental issues. With this in mind, the Group is aware of the context in which the companies within its perimeter operate, including the management of environmental aspects.

As a result, Somec Group – whose parent company is ISO 14001 certified – is pursuing the objective of transferring and increasing awareness throughout the Group.

Below are the targets identified by the Group with respect to climate change:

Target-related initiative	**Target** (MDR-T 80 b)	**Baseline** (MDR-T, 80d) and monitoring KPI	**Target Year** (MDR-T 80 e)	**Perimeter** (MDR-T 80 c) - Horizons (H) Talenta (T) Mestieri (M)
Initiative 1: Increase in turnover volumes glass facades with thermal transmission coefficient < 1 W/M2k compared to total turnover Horizon division (civil) **Initiative 2:** Increase in turnover volumes referring to products in energy class A and B compared to total turnover Talenta division **Cold (Primax - Inoxtrend)** 100 % New and positive cold range products (refrigerators, NOT freezers) in class A **Warm: (GICO - Pizza Group)** Evaluation of all Class A top sellers products according to test as per regulatory reference	Development of new energy efficiency and emission reduction solutions for products and services	**December 2024** **Initiative 1**: 35% **Initiative 2**: **Cold** Introduced polyol in Primax: based on testing conducted and self-declaration (no energy class validation required), products result in Class A (possibly extendable to cabinets) **Warm** Ongoing study	**2025** Achievement of the target is also related to the specific demands of the market, especially of civil orders	H-T
Preparation of a climate transition plan	Reducing GHG emissions through new levers of decarbonization	**December 2024** Actions being initialized as part of the implementation of the climate transition plan	**By 2026**	H-T-M
Fabbrica, Budri Reduction of 3/5% of KWh of hall/production area through building upgrades (re-lamping) **Talenta, Budri, Fabbrica, Oxin** Purchase of more efficient machinery	Efficiency of production processes and incorporation of more energy-efficient machinery	**December 2024** Action to be initiated	**Target achieved 2024** Action on/off	H-T-M

E1 Climate change (continued)

Target-related initiative	**Target** (MDR-T 80 b)	**Baseline** (MDR-T. 80d) and monitoring KPI	**Target Year** (MDR-T 80 e)	**Perimeter** (MDR-T 80 c) - Horizons (H) Talenta (T) Mestieri (M)
Increasing renewable energy sources	Qualitative objective on/off: feasibility assessment (analysis and study) for installation of new renewable energy production facilities. Under evaluation installation of Somec Naval 2027 photovoltaic system	**December 2024**	2027	H-T
Reducing Scope 2 emissions by purchasing (100%) green energy from certified producers following feasibility study	100% electricity purchased from renewable sources/ total EE purchased	**December 2024** **Group:** 62% electricity with guarantee of origin purchased from renewable sources/total EE purchased **Talenta Division** Target already achieved	By 2030 at the Group	H-T-M
Analysis, efficiency and rationalization of outbound transportation	Qualitative objective on/off: Analysis and study (Somec Naval) quantitative target not yet defined	**December 2024**	2025	H

With reference to the targets identified, although they all aim at reducing emissions by relying on various levers (primarily the shift from materials with a high CO_2 impact, energy efficiency of production processes and the use of renewable energy), no quantitative targets expressed in absolute tonnes of CO_2 eq. or as a percentage of reduced emissions were set.
These targets will be determined in detail when the Transition plan is prepared.

It should be noted that, as the Group Sustainability Plan was adopted at the end of the reporting year, measurable metrics have not yet been associated to all targets. This is justified by the fact that the Company is in the process of completing internal evaluations in order to better quantify its targets. It should be noted that the targets adopted were not selected through external scientific evidence, but through internally considered evaluations.

E1 Climate change (continued)

E1-5
Energy consumption and mix

The table below shows energy consumption and the energy mix:

MWh	2024
Fuel consumption from coal and coal products	0
Fuel consumption from crude oil and petroleum products	2,501.31
Fuel consumption from natural gas	5,391.23
Fuel consumption from other fossil sources	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	2,150.21
Total fossil energy consumption	**10,042.75**
Share of fossil sources in total energy consumption (%)	73.71%
Consumption from nuclear sources	**99.06**
Share of consumption from nuclear sources in total energy consumption (%)	0.73%

MWh	2024
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	3,443.71
The consumption of self-generated non-fuel renewable energy	39.30
Total renewable energy consumption	**3,483.01**
Share of renewable sources in total energy consumption (%)	25.56%
Total energy consumption	**13,624.83**

The Group's energy consumption is monitored and reported in accordance with the ESRS E1-5 standard, ensuring transparency and accuracy in the management of energy resources. The information provided gives a detailed view of the energy consumption mix, highlighting the different sources used and their impact on the company business.

Specifically, total energy consumption, expressed in Megawatt hours (MWh), includes all of the Group's operations related to manufacturing, including the manufacture of metal doors and windows, office and kitchen furniture, and other manufacturing activities. This figure is divided into the following categories:

- Consumption of energy from fossil sources, including fuels from oil and natural gas

- Consumption of energy from nuclear sources, resulting from the purchase of electricity produced with this technology

- Energy consumption from renewable sources, further broken down into:
  - Energy from renewable fuels, such as biomass, biofuels, biogas and hydrogen of renewable origin. This category also includes energy obtained from the combustion of industrial and municipal waste of biological origin
  - Electricity, heat, steam and cooling purchased from renewable sources.
  - Self-generated energy from renewable sources without the use of fuels, such as solar energy generated directly within the operating facilities

The total calculation of the energy consumed includes not only the electrical energy and district heating purchased and used in production operations, offices and distribution centres (Scope 2), but also the fuels used for internal energy generation and to power company vehicles (Scope 1).

As far as fossil fuels are concerned, the Group uses diesel fuel and gasoline to power the company fleet, in addition to LPG used in production activities. Natural gas, on the other hand, is used directly at some operational sites, particularly distribution centres.

E1 Climate change (continued)

Since the Group operates in a sector with a high climate impact, as it falls under NACE code 25.12 - Manufacture of doors and windows of metal, energy intensity was calculated as the ratio of total energy consumption to net revenues:

Energy intensity based on net revenue	UM	2024
Total energy consumption	MWh	13,624.83
Net revenue (reconciliation with the financial statements)	€/000	377.63
Energy intensity based on net revenue	MWh / €/000	36.08

E1-6
Gross Scopes 1, 2, 3 and Total GHG emissions

The table below shows greenhouse gas emissions:

	2024
Scope 1 GHG emissions	
Gross Scope 1 GHG emissions (tCO2eq)	1,860.03
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0
Scope 2 GHG emissions	
Gross location-based Scope 2 GHG emissions (tCO2eq)	1,472.72
Gross market-based Scope 2 GHG emissions (tCO2eq)	981.24

	2024
Significant scope 3 GHG emissions	
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	180,070.84

1 Purchased goods and services	149,691.35
Optional sub-category: Cloud computing and data centre services	0
2 Capital goods	7,308.06
3 Fuel and energy-related activities (not included in Scope1 or Scope 2)	644.39
4 Upstream transportation and distribution	10,842.39
5 Waste generated in operations	304.73
6 Business traveling	413.52
7 Employee commuting	1,744.91
8 Upstream leased assets	0
9 Downstream transportation	2,852.87
10 Trasformazione dei prodotti venduti	0
11 Use of sold products	5,714.98
12 End-of-life treatment of sold products	553.64
13 Downstream leased assets	0
14 Franchises	0
15 Investments	0

The following are the sources of the emission factors used:

- Emissions Scope 1: UK Department for Environment Food & Rural Affairs (DEFRA) 2024
- Emissions Scope 2: Ecoinvent 3.11
- Emissions Scope 3: DEFRA 2024, Ecoinvent 3.11, AIB and EPA 2021

The assumptions made are as follows:

Scope 1:

- For car fleet emissions, using a conservative approach, long term-leased vehicles are considered as property assets as per Scope 1 accounting
- The refrigerant gas amount released in the atmosphere has been supposed to be equal to the total amount of gases added to the air conditioning devices for cooling during the reporting year.
For the plants based in Italy, data source for refrigerant gases refilling is the "FGas Declaration", which is mandatory for the devices with a capacity of more than 3 kg of refrigerant gases (D.P.R. n. 43/2012)

E1 Climate change (continued)

GWPs have been calculated considering the refrigerant gases composition and blends found on the maintenance report

Scope 3:

- **Category 1**
For purchased services, a spend-based methodology was used, starting from the income statement data and multiplying them by an EPA 2021 emission factor, appropriately adjusted for inflation.
For "other purchases," the calculations considered the cradle-to-gate emissions related to each material and product purchased. Furthermore, given the lack of primary data concerning the composition of some semi-finished and finished products, estimations were made on the materials to be considered

- **Category 2**
The input data consisted of the increase in investment value reported by Somec compared to 2023.
This data was then matched with an EPA 2021 emission factor, appropriately adjusted for inflation, selected based on the nature of the expenditure

- **Category 4**
The data provided by Somec allowed for the identification of transport modes associated with each purchase. The EPA 2021 emission factors, appropriately adjusted for inflation, for these transport modes were applied to items in the income statement under "Transport on sales" and "Transport on purchases"

- **Category 6**
Using Somec's business travel records, the distances between departure and arrival points for all trips taken in 2024 were calculated. These distances were then multiplied by DEFRA 2024 emission factors corresponding to the modes of transportation used. Business travel included transport by train, car, plane, and taxi, as well as emissions from overnight stays in accommodations (e.g., hotels). In addition, it was assumed that a taxi with the same destination and departure is equal to 10 km and in the same case of car rental it was assumed a way of 50 km

- **Category 7**
Emissions were calculated based on the residential zip codes of Somec Group employees and their respective office locations. The distance between these points was measured, with distances exceeding 100 km capped at 100 km. In addition, in case of lack of detailed information on vehicle types and fuels used, an average emission factor for a generic car with unspecified fuel was applied. DEFRA 2024 conversion factors were used, incorporating the modes of transportation identified

- **Category 9**
To calculate these emissions, a spend-based methodology was applied. Somec's data identified the percentage of EXW sales and the associated transport modes. Expenses related to downstream transportation were proportioned to the percentage of EXW goods sold. These values were then combined with an EPA 2021 emission factor, appropriately adjusted for inflation, for the relevant transport modes to calculate total emissions

- **Category 11**
The average consumption was estimated by calculating a weighted average of the mapped consumption based on the quantities sold for each type of product, for which an average useful life was estimated by the technical office, with daily use for a certain number of days per year. The emission factors used are based on electricity - market-based, with reference to EE - Average residual mix - IT, expressed in tons CO2/kWh, provided by AIB

- **Category 12**
For some specific companies, tons of products sold, including packaging, were taken into account and multiplied by DEFRA 2024 emission factors, assuming that all machinery components and related packaging are properly disposed of and recycled.
For all companies for which detailed data on the final composition of the manufactured product was not available, this was done by going to the tons of material being purchased multiplied by DEFRA emission factors. It has been assumed that the various materials are disposed of according to the methods defined in the Global Waste Management Outlook 2024 published by UNEP

E1 Climate change (continued)

The boundary of the GHG inventory coincides with the boundary of this report.
The Group continues to distinguish itself for its virtuous practice in procuring electricity from certified renewable sources. In 2024, 62% of the electricity purchased and consumed by the Group's companies was covered by Guarantees of Origin (GO).
In addition to the purchase of certified renewable energy, some Group companies benefit from the independent production of solar energy. More specifically, Inoxtrend (Talenta BU), Gino Ceolin and Budri (Mestieri BU) have photovoltaic systems installed at their respective plants. A notable fact regarding Inoxtrend is that it is able to meet 100% of its needs if the amount of self-produced energy is added to that covered by Guarantees of Origin.

Overall, in 2024, the Group's self-generated energy consumption from photovoltaic systems reached 39,299.00 kWh, further contributing to the Company's energy transition.

Notably, the calculated emissions were classified according to Scope 1 and Scope 2. The former includes direct emissions resulting from the activities of the company, or from machinery, equipment and vehicles owned - or similar; the latter includes indirect emissions resulting from the consumption of energy supplied by the grid.

This second category is further divided into two parts, according to two different calculation methods: the location-based methodology takes into consideration a factor that reflects the energy mix of the country in which the energy consumption takes place; the market-based method reflects choice of energy source, and therefore, for example, takes into consideration the amount of electricity covered by GO.

Since the Market-Based Scope 2 emission calculation is based on the energy actually purchased by the company and does not consider certified renewable energy (which has an emission factor of zero), this transition contributed significantly to the overall reduction of the Group's indirect emissions.

The GHG Scope 3 gross emissions disclosure shows the GHG emissions, expressed in metric tonnes of CO2eq, of each significant category that is a priority for the company.

The sum of Scope 1, 2 and 3 GHG emissions is also reported. Total GHG emissions are notified in a disaggregated manner, distinguishing between location-based and market-based emissions.

The following method was used to retrieve information on total GHG emissions:

Total location-based GHG emissions (tCO2eq) =
Scope 1 gross emissions +
Scope 2 location-based gross emissions +
Scope 3 gross emissions

Total market-based GHG emissions (tCO2eq)
Scope 1 gross emissions +
Scope 2 market-based gross emissions +
Scope 3 gross emissions

The Group's greenhouse gas emission intensity, resulting from the total of Scope 1, Scope 2 and Scope 3, analysed as both location-based and market-based, on total net revenues, corresponds to:

GHG Intensity based on net revenue	UM	2024
Total Scope 1, Scope 2 Location Based, Scope 3	T CO2e	183,403.59
Total Scope 1, Scope 2 Market Based, Scope 3	T CO2e	182,912.11
Net revenue (reconciliation with the financial statements)	€/000	377.63
Intensity of emissions (Scope 1, Scope 2 Location Based, Scope 3) by net revenue	T CO2e / €/000	485.67
Intensity of emissions (Scope 1, Scope 2 Marekt Based, Scope 3) by net revenue	T CO2e / €/000	484.36

During the reporting year, the Group began to take actions to reduce GHG emissions, which are currently not reported in terms of removal and storage of GHG in deriving TCO2e.

For more details regarding the Group's targets, reference should be made to *E1-4 - Targets related to climate change mitigation and adaptation*.

It should also be noted that Somec does not apply internal carbon pricing systems as this matter is not applicable to the Group.

E2 Pollution

Impact, risk and opportunity management

IRO-1

Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

Below are the material impacts identified within the double materiality assesment with respect to Pollution:

Impacts

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Direct (D) Indirect (I)	Time horizon
Pollution	Pollution of air		Upstream glass supply: Negative impacts on the environment due to air pollution generated by activities along its glass supply chain (one of the main raw materials used by the Horizons division - Somec Naval and Fabbrica). Polluting gases such as sulphur dioxide and carbon dioxide are released during the manufacturing process.	N	A	I	Medium
			Upstream: steel supply: Air pollutants emitted by steel production activities (especially in the case of production facilities located in developing countries) along its supply chain: carbon monoxide, nitrogen oxides (NOx), sulphur and fine particulate matter, which have a considerable environmental impact on the environment	N	A	I	Short
	Pollution of water; Pollution of living organisms and food resources		Upstream aluminium supply: Bauxite transformation processes produce highly polluting and poisonous waste material (red mud) which, if not treated to become aluminium or steel in turn, pollutes watercourses, groundwater and poisons animals	N	A	I	Short

E2 Pollution (continued)

Group companies mainly engage in assembly activities that do not cause pollution to the surrounding environment due to the nature of the business and processing.

However, Somec Group, as part of its activities, uses semi-finished raw materials mainly derived from the processing of aluminium, steel and glass. The activities along the value chain required to produce the semi-finished products used generate significant Pollution impacts.

Specifically:

- Pollution of groundwater and surface water as a result of polluting waste material from bauxite processing; these negative impacts occur mainly in the Amazon basin in Brazil and West Africa
- Pollution of the air from iron reduction processes using blast furnaces for steel production; the negative effects of these polluting activities occur mainly in China, the world's largest producer followed by India
- Pollution of the air downstream of glass production processes following the release of polluting gases such as sulphur dioxide and carbon dioxide: these negative impacts occur mainly in China, as the industry leader, Germany and the United States

During the double materiality process, the affected communities in pollution-prone areas were not consulted. However, the Group relied on an in-depth analysis of its value chain.

E2-1
Policies related to pollution

At present, Somec Group has not yet implemented a policy to manage negative pollution impacts along the value chain.

E2-2
Actions and resources related to pollution

The Group has not yet defined the actions to be implemented to manage and mitigate the impacts identified in the pollution value chain, nor has it allocated the resources to be used.

E2-3
Targets related to pollution

The Group has not yet defined the targets to be achieved to mitigate the identified pollution-related impacts in the value chain.

E4 Biodiversity and ecosystems

Strategy

E4-1
Transition plan and consideration of biodiversity and ecosystems in strategy and business model

To date, the Group has not yet conducted an assessment of the resilience of its strategy and business model with respect to biodiversity and ecosystem-related impacts, including transition and systemic impacts, either with respect to its own operations or for its upstream and downstream value chain.

SBM-3
Material impacts, risks and opportunities and their interaction with strategy and business model

While having no direct impacts on biodiversity and ecosystems, Somec Group is aware that its value chain causes negative impacts through the production processes of suppliers of semi-finished products such as aluminium, steel and glass, and the related sourcing of raw materials.

More specifically, the extraction and processing of raw materials can contaminate surface waters with heavy metals, cause soil degradation and erosion, loss of biodiversity and can damage ecosystems.

The downstream value chain also has negative impacts on biodiversity and ecosystems in both shipyards and civil worksites. In shipyards, ship building and maintenance activities may result in the release of pollutants into marine waters, disturb natural habitats and contribute to the loss of aquatic species. In civil worksites, construction operations can lead to deforestation, habitat fragmentation and the destruction of natural areas, endangering local flora and fauna.

Currently, the Group has not yet identified and assessed the sites of the actors in its upstream and downstream value chain located in biodiversity-sensitive areas.

E4 Biodiversity and ecosystems (continued)

Impact, risk and opportunity management

IRO-1

Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities

Below are the material impacts identified within the double materiality assesment with respect to biodiversity and ecosystems:

Impacts

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Direct (D) Indirect (I)	Time horizon
Biodiversity and ecosystems	Impacts on the extent and condition of ecosystems	Land degradation and desertification	Upstream aluminium supply: Impacts along the aluminium supply chain: ecosystem damage and reduction of land for local agriculture generated by the creation of bauxite mines (Guinea has the largest bauxite deposits in the world) for aluminium production along its supply chain	N	A	I	Short
Biodiversity and ecosystems	Impacts on the extent and condition of ecosystems	Land degradation and desertification	Upstream glass supply: Impacts along the glass supply chain: environmental damage related to the extraction of materials such as silica sand, soda ash for glass production	N	A	I	Medium
Biodiversity and ecosystems	Impacts on the extent and condition of ecosystems	Land degradation and desertification	Upstream: wood supply Impact along the wood supply chain i n terms of natural resource consumption and biodiversity	N	A	I	Short
Biodiversity and ecosystems	Impacts on the extent and condition of ecosystems	Land degradation and desertification	Downstream customers and clients: Impacts downstream in the value chain (Horizon and Mestieri division customers): transformation of formerly natural and agricultural green areas, land use and concreting for human activities of building and infrastructure construction	N	A	I	Short
Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Sea-use change	Downstream customers: Downstream value chain impact (Horizon naval division customers): damage to biodiversity generated by shipyards located in marine protected areas and damage to the marine ecosystem combined with the transit of ships (ship owner)	N	A	I	Short

E4 Biodiversity and ecosystems (continued)

In conducting the double materiality assesment, impacts, risks and opportunities arising from activities performed directly by Somec or operations along the value chain were considered. The analysis process primarily considered the Group's operations and the location of its production sites.

Then, the different types of raw materials used by the Group were evaluated, assessing their dependence on natural resources and the negative impacts their extraction and processing may cause on biodiversity and ecosystems. Similarly, an analysis of the customers' operations was conducted to establish how their production activities could potentially impact the natural areas in which they are located.

During the double materiality process, the affected communities were not consulted about the sustainability of shared biological resources and ecosystems.

For more information, reference should be made to Chapter *ESRS 2*, sections *SBM-1 Strategy, business model and value chain* and *SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model*.

All of the Group's production sites are located in industrial areas. With regard to the production sites of upstream and downstream value chain actors, the Group has not yet identified and assessed whether they are located in biodiversity-sensitive areas.

E4-2
Policies related to biodiversity and ecosystems

At this time, Somec Group has not yet implemented a policy to manage negative impacts on biodiversity and ecosystems along the value chain.

E4-3
Actions and resources related to biodiversity and ecosystems

The Group has not defined yet actions to manage and mitigate the impacts identified in the value chain related to biodiversity and ecosystems, consequently neither have the resources to be allocated.

E4-4
Targets related to biodiversity and ecosystems

The Group has not defined targets to be achieved to mitigate identified impacts in the value chain related to biodiversity and ecosystems; however, the company does not rule out adopting them in the future.

E5 Resource use and circular economy

Impact, risk and opportunity management

IRO-1

Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

Below are the impacts identified in terms of resource use and circular economy.

The process for identifying impacts, risks and opportunities related to resource use and circular economy does not differ from that described for double materiality assesment in Chapter *ESRS 2*, section *IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities*, to which reference should be made for more information.

Notably, the Group analysed its business processes and individual companies, fine-tuning the request for data on raw materials used in production processes and the end-of-life of its products.

Impacts

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Direct (D) Indirect (I)	Time horizon
Circular economy	Waste		(Non-hazardous) waste management not oriented towards circularity principles may lead to negative impacts on limited resources and environmental protection	N	P	D	Short
			Improper handling of hazardous waste (in particular, organic waste containing hazardous substances, packaging containing residues of hazardous substances, solvents or mixtures, hazardous sandblasting residues, waste paints and varnishes, lead batteries, etc.) could have a negative impact on the environment	N	P	D	Short
			Downstream customers and end users: Potential impact on the environment from the disposal of hazardous waste as part of end-of-life ships, such as metals and paints	N	P	I	Medium
			Downstream contractors and builders: Improper handling of waste generated by construction sites could generate impacts on the environment	N	P	I	Short
	Resources inflows, including resource use		The Group may orient its procurement strategy towards virgin and/or non-eco-friendly raw materials due to the decrease/availability/increase in the price of recycled raw materials (e.g. stainless steel or aluminium)	N	P	D	Medium

E5 Resource use and circular economy (continued)

The impact assessment process took into consideration the requirements and provisions of the regulations in force in relation to the geographical areas where the Group's companies operate. In addition, a comprehensive analysis of the production processes and operations at the worksites was conducted for each business unit with the support of the Heads of Functions to identify the risks and possible opportunities related to the circularity issue.

The analysis took into account industry Best Available Practices (BAT) and benchmarks.

Finally, waste produced by the Group and the value chain was considered, such waste mainly consisting of metal parts (aluminium, stainless steel and other metals), glass, wood, marble, etc.

Based on Somec's analysis, direct consultation with local communities in the supply areas was not deemed necessary.

E5-1
Policies related to resource use and circular economy

The complete list of the Group's policies can be found in Chapter ESRS 2, section Policies *MDR-P - Policies adopted to manage material sustainability matters*.

The distinct characteristics of the companies within the Group result in a customised supply chain management approach for each business segment. The primary objective of this management is to ensure that supply processes are consistently subject to controls and restrictions, thereby requiring suppliers to comply with contractual and legal obligations.

The Group has therefore opted not to adopt a "one-size-fits-all" policy to manage aspects relating to the selection and assessment of suppliers, but each individual Group company is committed to ensuring that each supply process takes into account the quality of the materials and services provided, in line with the values of the culture promoted by the Group.

The topic of waste management and responsible material consumption is dealt with in the Environmental policy, which applies to all Group companies and business partners.

This policy promotes efficient waste management and the disposal of used materials, maximising recycling and reuse practices as the basis underpinning the principles of circular economy.

In addition, all companies are required to ensure transparency in the selection of the materials used, guaranteeing compliance with quality standards and limiting environmental impact.

However, Somec has not yet formalised a commitment to reducing the use of raw materials or a sustainable procurement procedure.

E5-2
Actions and resources related to resource use and circular economy

Somec is aware of its responsibility in relation to the (i) use of the resources necessary for the proper conduct of the Group's business and (ii) management of the ensuing impacts, including the waste produced. Waste management is carried out in full compliance with the regulations in force in all the countries in which the subsidiaries are located.

Waste production is directly linked to the activities carried out by the Group, and the quantities generated are monitored regularly, as required for annual reporting under European law or other applicable regulations. Waste disposal is handled entirely by specialised third parties, which see to its appropriate management. In particular, some of our aluminium and steel waste is resold and is thus reintroduced directly into the value cycle. In general, the waste generated by Somec and the procedures implemented for its management ensure that it has no significant impact on the environment.

The Group exercises due diligence by assessing changes in the applicable legislation well in advance, ensuring prompt action to maintain compliance with waste management and the circular economy.

E5 Resource use and circular economy (continued)

Actions adopted by the Group, and which the companies, depending on their business model, started to pursue during the reporting year cover a wide range of aspects of the circular economy, including: improving efficiency in the use of materials; schemes to increase the use of recycled materials; reducing the production of scraps/waste and better management thereof.

Below are some concrete examples of the efficiency actions taken by the Group:

- Replacing the polystyrene delivery packaging with a different, more environmentally friendly type of material in Talenta BU (civil area)
- Launching an inventory for purchases of single-use items and planning further replacement strategies leading to their reduction and/or reduced environmental impact and/or increased biodegradability
- Phasing out of disposable cups/glasses for the subsidiary Fabbrica
- Reducing and/or replacing environmentally harmful substances used in production processes with comparable, more environmentally sustainable materials
- Improving packaging management at worksites through efficient turnover and re-use of iron baskets, at the expense of wooden crates (non-reusable disposable material)
- Analysing packaging/pallet handling at worksites, increasing turnover and re-use
- Using plastic bags rather than hard plastic refills for silicone, thereby doubling the amount of product while significantly reducing the creation of hazardous waste
- Improving the system for recording quantities of waste produced per unit of measurement (KG/TON) through specific reports based on waste forms
- Reviewing the materials used with respect to production requirements and quality standards in order to increase the use of recyclable materials
- Defining rules and making arrangements for the separate management of waste produced in the office: wet, dry non-recyclable, plastic cans and glass
- Providing offices with separate waste collection bins with appropriate signs for the correct transfer of waste
- Building a database with the material components used within raw materials, semi-finished, finished products and/or products purchased for loosing supplies, making units of measurement uniform and providing conversion indices
- Building a database with the material components used in raw materials, semi-finished, finished and/or purchased products (glues, resins, silicones and substrates) with a view to assessing possible replacements/integrations with more eco-friendly materials
- Ensuring group-wide compliance with national and international environmental regulations to minimise and limit, to the extent as possible, the negative impacts of the materials used
- Rationalising the purchase of aluminium profiles that cannot be reused in other processes

Being aware that the most sustainable solution is to avoid the creation of waste altogether with a view to a circular economy geared towards reuse, the parent company endeavours to develop innovative solutions from a logistical point of view, embracing the growing sensitivity in terms of packaging, not only of its own end products, but also of incoming materials and semi-finished products.

A synergy between the logistics, purchasing and R&D departments, with the positive collaboration of our suppliers, has allowed several feasibility studies to be carried out.

These have been applied since 2023 and typically consist of "non-returnable" systems.

E5 Resource use and circular economy (continued)

Metrics and targets

E5-3
Targets related to resource use and circular econom

The goal for 2024 remains to increase synergies both within and between the three business units of the Group as well as across all companies, starting with common product groups, promoting data exchange and implementing, where possible, joint negotiations on strategic, current or prospective material suppliers.

Efforts will also be made to (i) increase the use of recycled materials in production, thereby resulting in a reduction in raw materials, subject however to assessing their suitability for different projects; (ii) reuse packaging; (iii) reduce waste; and (iv) improve waste management.

All Somec products are characterised by the high quality of the materials used and the workmanship, making them very resistant and durable. Somec continues to strive to deliver products that meet these characteristics as a blueprint for its business. Finally, it should be noted that the targets were set on a voluntary basis and were not selected based on external scientific evidence, but rather on the basis of in-house assessments.

Below are the targets identified by the Group with respect to resource use and circular economy.

Target-related initiative	**Target** (MDR-T 80 b)	**Baseline** (MDR-T, 80d) and monitoring KPI	**Target Year** (MDR-T 80 e)	**Perimeter** (MDR-T 80 c) - Horizons (H) Talenta (T) Mestieri (M)
Somec Navale 30% increase in reusable packaging **Bluesteel** 20% increase in reusable packaging **Lamp Arredo** Quantitative target being defined **Fabbrica** study-analysis on the feasibility of pallet re-use (qualitative target)	Increase the re-use rate of construction site packaging by reducing the use of non-reusable disposable materials	**December 2024** Actions to be launched	**2025**	H-M
Somec Navale Production yield target on di.ba components - quantitative target being defined **Bluesteel** Production yield target on di.ba components - quantitative target being defined **Oxin** Production yield target on di.ba components - quantitative target being defined **Lamp Arredo** Production yield target on di.ba components - quantitative target being defined **GICO** Production yield target on di.ba components - quantitative target being defined	Reduce the amount of waste through the efficient use of resources and improved production yields	**December 2024** Actions to be launched	**2025**	H-T-M
Somec Navale 5% reduction in purchase of single-use items **Bluesteel** 20% reduction in purchase of single-use items **Oxin** Reduction in purchase of single-use items (quantity target to be defined by purchasing department) **Lamp Arredo** Reduction in purchase of single-use items (quantitative target being defined) **Skillmax** Reduction in purchase of single-use items (quantitative target being defined)	Increase the use of raw materials that contain a percentage of recycled material and reduce reliance on single-use items	**December 2024** Actions to be launched	**2025**	H-M

E5 Resource use and circular economy (continued)

Target-related initiative	**Target** (MDR-T 80 b)	**Baseline** (MDR-T, 80d) and monitoring KPI	**Target Year** (MDR-T 80 e)	**Perimeter** (MDR-T 80 c) - Horizons (H) Talenta (T) Mestieri (M)
Somec, Bluesteel, Lamp Arredo, Skillmax, Fabbrica Quantification of all waste in Kg/Ton	Qualitative target on/off --> Improve waste recognition and classification system	**December 2024** Target essentially already reached in 2024	**2025**	H-M
Bluesteel, Oxin, Lamp Arredo Analysis of materials used and improvement of the waste management process	Increase the amount of waste sent for recycling and re-use	**December 2024** Actions to be launched	**2025**	H-M
Somec Navale Recovery of approximately 1.5% of aluminium profiles annually **Bluesteel** Reduction =<5% of aluminium profiles scrapped	Improve efficiency in material consumption, notably by rationalising the purchase of aluminium profiles that cannot be reused in other processes	**December 2024** Actions to be launched	**2025**	H

It should be noted that, as the Group Sustainability Plan was adopted at the end of the reporting year, measurable metrics have not yet been associated to all targets. This is justified by the fact that the Company is in the process of completing internal evaluations in order to better quantify its targets.

E5-4 Resource inflows

The table below provides information on materials used in the production of goods and the provision of services, shown in tonnes.

Resource inflows	**UM**	**Value**
overall total weight of products and technical and biological materials used during the reporting period	ton	19,032.59
Absolute weight of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the undertaking's products and services (including packaging)	ton	0
Percentage weight of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the undertaking's products and services (including packaging).	%	0
Percentage of biological materials that is sustainably sourced	%	0

It should be noted that no biological or recycled materials were used in 2024.

Data was collected and reported through technical documentation, bills of materials, invoices and by reaching out directly to suppliers where further specifications were required.

In 2024, the main raw materials purchased by the Group companies were glass (36.7%), aluminium (25.3%), steel (22.3%) and finally marble, which accounted for 11.0% of total purchases.

It should be noted that for a small part of the semi-finished products purchased, estimates had to be used where only the number of pieces was available.

These estimates were made using historical data, supplier involvement, the weight of parts in stock or an average of the weights of parts falling under the same type, such as screws.

Specifically with regard to food equipment (Gico, Inoxtrend, Pizza Group and Primax), the part weights shown were provided by the purchasing manager after weighing the parts and/or following exchanges with suppliers.

E5 Resource use and circular economy (continued)

Another case concerns Lamp Arredo, where the following estimates were used:

- For screws, the average weight of the main types of screws purchased (steel screws for mechanical fasteners and metal components) was taken into account, checking the suppliers' bills of lading to make sure that such average was plausible
- The average weight of silicone gaskets (for windows and doors) and sound-absorbing gaskets (for furniture) was calculated and applied to the various types purchased during the year
- For electrical and plastic material, first the weights stated in the bills of lading of the various suppliers were checked, then, since the volumes were low, each bill was checked and the weight of each supply was calculated by way of approximation based on historical data

The overall procurement of raw materials was distributed among the different business units of the Group: Companies belonging to Horizons business unit purchased 71% of raw materials, with Somec and Fabbrica among the main purchasers of aluminium and glass.

Talenta business unit purchased 16% of raw materials, with Oxin and Pizza Group as the main purchasers of ferritic sheet metal and steel. Finally, 13% of the raw materials were purchased by the companies of Mestieri business unit, in particular Budri with the purchase of marble.

Within Horizons business unit, aluminium and glass were the most prominent materials purchased. Somec S.p.A. purchased 79.4% of the total aluminium at the group level in 2024, while Somec S.p.A. and Fabbrica accounted for 66.7% and 24.8% of total glass purchases, respectively.

As to Talenta business unit, purchases focused on ferritic sheet metal and steel, including stainless, AISI 304, AISI 430 and carbon steel. Pizza Group covered all of the Group's ferritic sheet requirements, while steel purchases were mainly distributed among Oxin (24.0%), Pizza Group (12.0%), Inoxtrend (7.4%), Gico (4.2%) and Primax (2.5%). The remaining steel was purchased by Horizons business unit (42.8%), mainly by Somec and Bluesteel, and Mestieri business unit (7.2%), notably by Lamp Arredo and Gino Ceolin.

The companies belonging to the Mestieri segment stand out for using high-quality materials, which are processed by relying on high-level craftsmanship techniques to create bespoke solutions that combine ingenuity and perfection.

Marble is one of the main raw materials used, with Budri purchasing 98.6% of it. In addition to marble, glass and steel are used. Conversely, Skillmax and Lamp Arredo are increasingly using aluminium honeycomb panels, a material characterised by a hexagonal, beehive-like structure covered with a very thin wood veneer. This product is extremely light and durable, making it an ideal alternative t o heavier materials such as wood. In addition to being completely recyclable and immune to corrosion, aluminium provides greater resistance to fire, compression, cutting and wear.

With regard to the purchase of semi-finished products and components, aluminium bars and profiles accounted for 50.5% of total purchases in this category. Electrical equipment accounted for 7.5% of the total, with purchases made chiefly by Pizza Group. Adhesives (silicone and MS polymer) accounted for 7.3%, while wood contributed 6.5%. Screws accounted for 4.2% of purchases, stainless steel for 2.5%, while stone wool, plastics and resins accounted for 2.4%, 2.4% and 2.1% respectively. Finally, with regard to packaging materials, the Group mainly used wood, which accounted for 65.7% of total procurement in this area, while plastic accounted for 25.0%. This figure bears out the Group's commitment to promoting more sustainable solutions and encouraging the use of recyclable materials.

Starting from the choice of materials and suppliers, Somec Group's business model is therefore focused on handling all phases of the project cycle, whether they are carried out in-house or externally, the purpose being to have control over the job order and ensure that a safe and high quality product is delivered to the customer.

The pre-sales and design phases are therefore fundamental for (i) development of the specific project design, (ii) the choice of elements composing each job order, (iii) planning and (iv) executive customisation.

This is where Somec's extensive experience plays a key role in establishing the meeting point among all the project stakeholders, including architects, customers and general contractors.

E5 Resource use and circular economy (continued)

E5-5
Resource outflows

The following tables show data (given in tonnes) on the amount of waste generated by the Group's own operations in the reporting period, broken down into hazardous waste and non-hazardous waste.

t	2024		
	Hazardous waste	**Non-hazardous waste**	**Total**
Total amount by weight diverted from disposal			
Preparation for reuse	1.5	-	**1.5**
Recycling	0.8	102.9	**103.7**
Other recovery operations	8.8	2,300.3	**2,309.1**
Total	11.1	2,403.2	**2,414.3**
Total amount by weight directed to disposal			
Incineration	3.4	9.4	**12.8**
Landfill	2.8	-	**2.8**
Other disposal operations	4.3	547.2	**551.5**
Total	10.5	556.6	**567.1**
Total amount of non-recycled waste (t)			**567.1**
% of non-recycled waste (%)			**19.0%**
Total amount of waste generated			**2,981.4**

Waste data is collected throughout the year in special registers reflecting the waste loads produced per EWC code, and recorded in the waste register as required by law. Loading data relates to estimates and is later checked against unloading data and weights verified at destination using appropriate forms.

To establish whether waste is destined for disposal or recycling, the same data is requested from the waste management firm and is reflected in the form in a summarised fashion.

Waste management is carried out in full compliance with the regulations in force in all the countries in which the subsidiaries are located. Waste production is directly linked to the activities performed by the Group, and the quantities generated are monitored regularly, as required for annual reporting under European law or other applicable regulations. Waste disposal is performed entirely by specialist third parties which contribute to the correct management of the materials.

In particular, some of our aluminium and steel waste is resold and is thus reintroduced directly into the value cycle.

It is worth noting the different types of waste produced by the various subsidiaries according to their activities. In principle, due to their being geared more towards production, the companies that are part of the Horizons and Talenta BUs generate waste such as aluminium, iron, steel and metals in general, in addition to glass used for production and wood for packaging.

The Bespoke Interiors business unit, Mestieri, on the other hand, engaging more in assembly, transit and storage tasks, has a higher generation of material for packaging (such as paper and cardboard, plastic, mixed packaging and wood) as a percentage of total waste generated.

Sludge and marble management at Budri is likewise worth noting. With regard to sludge, the "coarse" part of sludge is channelled to tanks to collect waterjet cutting trimmings; subsequently, water recovery channelling systems lead the effluent to settling tanks where sludge settles to the bottom. Periodically, special disposers empty and clean the tanks using trucks with suction pumps. The remaining sludge is then transported to specific receiving mediums for sludge recovery by regeneration.

With regard to marble and stone material, it is collected in special tanks where only the stone aggregate is disposed of. Then, an appropriate disposer recovers the aggregate to grind it and reuse it in the construction industry, usually for roadbeds.

In principle, the waste generated by Somec and our waste management procedures ensure that the company does not have a significant impact on the environment. Indeed, the amount of hazardous waste as a percentage of the total waste (0.7% in 2024) means that Somec does not need to adopt special measures for waste management and disposal, while being fully compliant with the applicable laws. Waste not recycled accounts for 19.0%. In addition, no radioactive waste was produced.

Social

S1 Own workforce

Strategy

SBM-2
Interests and views of stakeholders

When defining its strategy and business model, Somec Group considers the interests, opinions and rights of its own workforce, including respect for human rights, by collecting them through the employee desk for Italian companies and an email address for other companies.

SBM-3
Material impacts, risks and opportunities and their interaction with strategy and business model

Below are the material IROs identified as part of the double materiality assesment with respect to Own workforce

Impacts

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Diretct (D) Indirect (I)	Time horizon
Own workforce	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value Employment and inclusion of persons with disabilities Diversity	The absence of diversity and gender equality criteria (e.g. gender, disability) in the composition of staff and governing bodies could negatively affect the objective of ensuring equal opportunities for all within the organisation	N	P	D	Short
	Other work-related right	Privacy	Potential internal breaches (databreach, unauthorised access, disclosure of sensitive information) could undermine the privacy and data protection rights of the workforce itself	N	P	D	Short
	Working conditions	Work-life balance Working time Social dialogue	Welfare and work-life balance policies commensurate with the needs of staff contribute to generating positive effects on the well-being of workers and virtuous effects on their behaviour (e.g. decrease in absenteeism)	P	A	D	Short
	Equal treatment and opportunities for all	Training and skills development	Quality training with a view to career development, generates positive impacts on human capital for all employees	P	A	D	Short

S1 Own workforce (continued)

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Diretct (D) Indirect (I)	Time horizon
Own workforce	Working conditions	Health and safety	Site and factory activities can cause serious accidents to workers and permanent illness/health damage	N	P	D	Short
			Production activities in the Group's factories generate non-recurring accidents of medium/low severity to the Group's own workforce	N	A	D	Short
		Secure employment Working time	Potential impact related to unfair practices towards its employees in terms of working conditions, in particular excessive working hours, utilitarian use of fixed-term employment contracts	N	P	D	Short
		Health and safety	Site activities occasionally generate accidents to workers of low/limited severity with consequences on their physical integrity	N	A	D	Short
			Impacts on the health and safety of their workforce related to potential outbreaks of new pandemics not managed according to best practices indicated by health authorities	N	P	D	Medium

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Diretct (D) Indirect (I)	Time horizon
Own workforce	Working conditions	Adequate wages Freedom of association, the existence of works councils and the information, consultation and participation rights of workers Collective bargaining, including rate of workers covered by collective agreements	Practices aimed at restricting freedom of association and collective bargaining, as well as the payment of inadequate wages, can generate negative impacts on workers' rights, social cohesion and the welfare of their families	N	P	D	Short
	Other work-related rights	Child labour Forced labour Adequate housing	Possible violations of fundamental labour-related rights in the areas of forced labour, child exploitation and adequate housing provided for its employees may negatively affect the physical balance of its workforce	N	P	D	Short
	Equal treatment and opportunities for all	Measures against violence and harassment in the workplace	Possible incidents of violence and harassment in the workplace for the workforce	N	P	D	Short

S1 Own workforce (continued)

Risks and opportunities

Topic	Sub-Topic	Sub-Sub Topic	Risk Opportunities	Risk (R) Opportunity (O)	Actual (A) Potential (P)	Diretct (D) Indirect (I)	Time horizon
Own workforce	Equal treatment and opportunities for all	Training and skills development	The interruption of professional relations between the Company and key figures/strategic executives could jeopardise the achievement of the company's strategic and operational objectives with serious financial repercussions. Retention variables and levers include, in particular, the payment of salaries adequate with respect to the market or benefits or adequate welfare tools according to the expectations of employees to ensure their retention. As far as DIRS retention is concerned, the Group has a three-year variable incentive plan in place.	R	P	D	Long
	Working conditions	Health and safety	Risk of increased contract costs due to penalties for breaches of site rules and, ultimately, for delays in the completion of the contract due to accidents at work. These risks also include health and safety risks to persons with regard to the operations carried out by subcontractors as part of site activities coordinated by the client. Following the entry into force of Legislative Decree 494/1996, in the case of subcontracting, the duty of safety, incumbent on the customer	R	P	D	Medium

The aforementioned IROs form part of the Group's corporate strategy and business model. For more information, reference should be made to Chapter *ESRS 2*, section *SBM-1 Strategy, business model and value chain*.

Below is a list of the types of workers included in the Group's workforce that are or may be subject to the impacts identified during the double materiality assesment:

Employees:

- Blue collars in production activities
- Blue collars in worksite installation activities
- Administrative and technical staff within the individual company offices (VDT operators, etc.)

Non-employees:

- Leased staff
- Interns
- VAT-registered self-employed individuals
- Employer-coordinated freelance work
- Workers for staff recruiting, selection and supply activities

S1 Own workforce (continued)

Any types of workers belonging to the Group's workforce having special characteristics or working in specific contexts, and consequently subject to a greater risk of harm, are shown in the description of impacts.

The same applies to any material risks or opportunities related to specific groups of people.

It should be noted that impacts on sub-contractors carrying out work on-site are reported in Chapter *ESRS S2 Value chain workers*.

With regard to health and safety, since the Group operates in European Union member countries (in Italy in particular) and in the USA, where legislation on occupational health and safety is very comprehensive, differentiation on a geographical basis is not deemed necessary.

In terms of IRO specificity, differences should be highlighted due to the different nature of the companies that make up the Group's portfolio.

In particular, Horizons and Talenta BUs engage in purely production activities.

Since they entail processing (cutting, bending, welding) steel and metals in general, or glass, they involve – together with on-site installation activities – different risks than those identified for the design and production of bespoke Interiors segment, which focuses on production activities that entail cutting and processing marble, wood and metals, as well as on-site installation.

Exceptions are Skillmax, which carries out production activities that may present similar risks to the first group, but also Budri, which may present risks of a similar nature, carrying out production activities of marble cutting and processing as well as site installation operations.

It should be noted that the negative impacts identified are of a general nature. Furthermore, due to the type of business and the geographical areas in which the Group operates, no significant risk of forced labour and child labour was identified.

In addition, the Human Rights Policy stipulates that hiring people who do not meet the age requirements of the specific regulations is not allowed.

The double materiality assesment finally identified positive impacts resulting from Somec's activities: on the one hand, the Company provides quality training aimed at career development and, on the other hand, it implements welfare initiatives based on the needs of its employees.

To date, the Group does not have a transition plan to reduce its environmental impacts. As a result, the double materiality assesment did not identify any impacts on the workforce from actions defined in this respect.

S1 Own workforce (continued)

Impacts, risks and opportunities management

S1-1 Policies related to own workforce

The Policies related to own workforce developed over the years and applicable to the entire corporate population, lay a solid foundation for the Group's growth and successful performance.

The Human Rights Policy strongly states the commitment of the parent company and all subsidiaries to:

- Respect human rights, as well as prevent and mitigate negative impacts on those rights resulting from the company's business
- Value the diversity of all employees, opposing any form of discrimination, whether direct or indirect, on the basis of gender, marital status, sexual orientation, religious or political beliefs, trade union membership, ethnicity, nationality, social background, physical or mental disability

It should also be noted that the Human Rights Policy combats forced labour, human trafficking and child labour within the Group.

In relation to the protection of diversity, the Group adopted its own Code of Ethics and approved a Workforce Diversity and Inclusion Policy where:

- The three founding elements of the policy are set out, namely diversity and equal opportunities, non-discrimination and meritocracy
- Differences in gender, age, race, disability, ethnicity, marital or family status, language, national origin, physical ability, political affiliation, religion, sexual orientation, socio-economic status are encouraged, making efforts to eliminate organisational actions and structures designed to oppress, exclude, limit or discriminate
- Respectful conduct among its employees is promoted, with a focus on the values of inclusion, encouraging the submission of reports to flag any discrimination observed within the company or in the performance of one's duties
- Diversity is valued in all of its forms, assessing any risks related to incidents of discrimination within the company

The Group is committed to implementing the aforementioned Policies and relies on a whistleblowing system and related procedure in the event that any incidents of discrimination are reported.

It should be noted that Somec did not identify any particularly vulnerable groups within its workforce. In terms of the health and safety of its employees, Somec is committed to promoting and supporting all necessary measures to ensure full compliance with applicable regulations.

A group-wide health and safety policy has been in place since 2021. It requires individual companies to comply with its principles while maintaining, for the time being, their own procedures and practices, which are partly determined by the different regulations in force in the countries in which they operate.

Finally, for companies subject to Italian legislation, the Group has begun a gradual process of consolidating and standardising health and safety practices with the aim of centralising the management of all aspects that at present are largely the responsibility of individual companies.

For more details on the aforementioned policies, reference should be made to Chapter *ESRS 2*, section *MDR-P Policies adopted to manage material sustainability matters*.

S1 Own workforce (continued)

S1-2
Processes for engaging with own workforce and workers' representatives about impacts

Somec is aware of the importance of involving its own employees. Therefore, at the beginning of 2024, it involved its own employees in the materiality impact analysis. Through ad-hoc questionnaires, participants were asked to rate the issues that the Group considered material and to report any additional issues that were not considered.

Other employee engagement processes consist of an ongoing dialogue with trade union associations, which over the years has led to the signing of agreements, including second-level agreements, aimed at improving the working conditions of employees.

For companies based in Italy, all employees are involved in the safety risk assessment process through the Head of Prevention and Protection Function that represents them.

For further details on the processes for engagement of the Group's own workforce, reference should be made to Chapter *ESRS 2*, section *SBM-2 Interests and views of stakeholders*.

S1-3
Processes to remediate negative impacts and channels for own workforce to raise concerns

In each company of the Group operating in Italy, an "Employee Desk" is available.

Once a month, a person from the HR Function (i.e. the people in charge of payroll or human resources management), is available to deal with any work-related queries, clarifications and concerns submitted by employees.

Employees can also voice needs or issues of general interest, such as the company canteen, benefits or workplace conditions. Employees will receive a prompt response to requests for clarification regarding employment contracts, pay slips or company policies.

If, on the other hand, their request calls for the involvement of their immediate supervisor or other internal or external parties, it will be addressed and resolved as quickly as possible, with an indication of the expected turnaround time.

The process is supervised by the HR Manager.

The whistleblowing system allows a report to be submitted regarding any non-compliance or unethical or illegal behaviour. The report will be handled directly by the Supervisory Body, being an internal body of the Group.

Violations that can be reported through the Company's internal channels also include those related to the health and safety of personnel.

The protection and confidentiality of individuals using this reporting tool is governed by the Privacy Policies contained in Somec's Code of Ethics. In addition, with regard to companies that fall within the scope of Directive 2019/1937, the whistleblowing system also ensures confidentiality of both the reports and the whistleblower by establishing a channel with the Supervisory Body.

If a report meets the requirements, the Supervisory Body will start a preliminary investigation and notify the whistleblower of its receipt.
Within seven days of receipt of the report, the Supervisory Body informs the Board of Directors thereof. Following the outcome of the checks, the Supervisory Body will inform the whistleblower of the investigation findings and, subsequently, of the closing of the investigation.

During the course of the investigation, supporting evidence will be requested and, if necessary, proof will be requested in order to consider any adverse impact found as resolved.

Reports are tracked by the Supervisory Body on a six-monthly basis through a Log listing the reports:

- Received during the reporting period
- Received in previous months, but not yet filed in the reporting period
- Filed away in the reporting period

The Log shows the "status" of each report (e.g. received, open, proposed for filing away, filed away, under investigation/audit, etc.) and any actions taken.

For more information, reference should be made to Chapter *ESRS G1*, section *G1-1 Business conduct policies and corporate culture*.

The Company delivered specific training on whistleblowing. It allowed employees to (i) become familiar with the reporting channel, (ii) learn how to use it and (iii) ask the trainer specific questions about the related procedure.

With regard to foreign offices, employees are encouraged to use the generic email of the relevant HR offices to submit any reports.

S1 Own workforce (continued)

S1-4
Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Somec Group's personnel management is based on respect, equality, inclusiveness, merit empowerment and gender equality values.
The Group strives to combat all forms of discrimination in the workplace by providing equal opportunities to all employees.
This commitment was further strengthened through the adoption of the Group Code of Ethics and the Group Policy on diversity and inclusion of its own workforce. More details can be found in Chapter Social Information, section ESRS S1-1 Policies related to own workforce and MDR-P Policies - Policies adopted to manage material sustainability matters.

The company monitors the effectiveness of the aforementioned policies by reviewing the reports received through the dedicated communication channel managed by the Supervisory Body.

As the Group is aware of how important it is to ensure adequate safeguards for all the data subjects involved in personal data processing operations, it respects the right to privacy of its own workforce. In addition, a Privacy Protection Model adopted by the parent company is in place.

Over the course of 2024, employees of Italian companies monitored by Corporate HR and tasked with processing personal data were involved in privacy training. Employees were delivered training pills on "GDPR: GDPR European Regulation" and "GDPR: Legislative Decree 101". Furthermore, in order to promote a virtuous circle of awareness and understanding of cyber risks when using devices and to promote the adoption of appropriate behaviour, the employees were made aware of cyber risks and were trained to recognise them. To this end, they attended the "Digital Culture - Defending Against Cyber Risks" course.
The Company monitors the effectiveness of the courses delivered by administering questionnaires during the training sessions.

In full compliance with the Code of Ethics and the Recruiting and Selection Procedure, the Group adopts a multidisciplinary approach to employer branding, with the aim of improving candidate and employee attraction and experience.
With regard to attraction, activities are based on a close relationship and collaboration between the Group and local institutions (middle schools, high schools, technical institutes, universities), with the aim of guiding and engaging the best talents of tomorrow right from the school curriculum.
In practice, this is achieved through company and school visits, soft skills development and career counselling programmes, university and postgraduate internships, and participation in university career days and job fairs.

The interdepartmental synergy between Human Resources and Marketing has led to the adoption of social recruitment strategies that favour the development and use of the Group's social profiles to create a strong and distinctive employer brand.
With regard to candidate experience, the process has been digitised with the introduction of dedicated software that clearly and immediately directs the candidate to the Group website. The selection process underlying the above procedure is structured and transparent, with a focus on the principles of equality and inclusiveness, and aims to ensure equal opportunities for all individuals regardless of age, ethnicity, nationality, religion, gender, disability, sexual orientation, political affiliation, marital and socio-economic status. Candidates are assessed in depth and with attention to each candidate's unique characteristics, evaluating soft skills and technical competencies with an eye to professional experience and aspirations. Candidates are assessed through one-to-one interviews as well as structured assessments.
In order to improve the employee experience and increase talent retention, the employee journey is monitored in the first months after joining the company. To this end, specific meetings are held between managers and new recruits.

Somec Group believes in the importance of strengthening the know-how of its resources, for the improvement and acquisition of new skills. This is a key driver for the success and sustainability of the organisation, as it improves performance and encourages innovation, while guaranteeing the well-being of its employees over time. The Group relies on a variety of initiatives to attract people with strong professional skills with a view to (i) improving their skills and providing them with upskill pathways on an ongoing basis, including through training and knowledge sharing, (ii) retaining them within the Group, and (iii), consequently, reducing the turnover rate as much as possible, as explained in ESRS S1-1 Policies related to own workforce too.
Specifically, the main subjects of training delivered in 2024 included:

- Compliance
- Digital skills
- Hard skills
- Language skills
- Safety
- Soft skills

By way of example, but not limitation, training was provided on the following subjects

- Privacy and cybersecurity
- Software
- Continuous technical and professional development through refresher courses, seminars and conferences

S1 Own workforce (continued)

- Actions to increase the use of the English language as part of the "SOMEC Group Language Programme"
- Compulsory and non-compulsory, on health and safety in the workplace
- Soft skills, focusing in particular on "must haves" required in project management and employee management at the factory

One of the internal initiatives pursued by the Group is the execution of supplementary contracts within the framework of second-level collective bargaining (supplementing the relevant collective labour agreement) with the aim of recognising benefits and/or production bonuses – involving tax and contributory advantages – to improve people's work-life balance and increase their sense of belonging to the Company.

With reference to policies on welfare and work-life balance, Corporate HR recognises – within the framework of second-level bargaining, where applied – benefits and/or production bonuses for the areas lying within its province, involving tax and contributory benefits, to improve people's work-life balance and increase their sense of belonging to the Company. Indeed, in this respect the parties (i.e., workers' trade unions and the company) have supplemented the applicable collective labour agreement with a number of measures, such as:

- Granting financially favourable conditions to employees suffering from serious illnesses and on leave
- Establishing a Company Observatory, with the involvement of Work Councils, within which issues related to health and safety in the workplace are dealt with
- Incentives for equal parenting
- Childcare aids
- Establishing a solidarity time bank
- Extending subsidies to reward increased schooling and outstanding achievements of employees' children
- Adopting improved measures with regard to advance payment of severance pay
- Providing complementary social security
- Granting a performance bonus, based on income, productivity and quality targets with the right of option in "Credito Welfare"

In addition to the foregoing, and for eligible companies, corporate welfare can be accessed through a portal whereby beneficiary employees can access a range of items, goods and services, such as:

- Shopping vouchers
- Sports and wellness vouchers
- Healthcare vouchers
- Education and training vouchers
- Family care vouchers
- Culture and leisure vouchers
- Travel vouchers
- Public transport refunds
- Education and training reimbursements
- Family care refunds
- Pension payments to closed-end funds

The Group allows Italian companies, managed by the Corporate Human Resources Department, to access a range of special agreements under which discounts are extended on products and services in various categories.

Still on the subject of welfare and work-life balance, it should be noted that in 2024 the Corporate HR Department:

- Continued the process of introducing inbound flexibility in working hours, with the main objective of balancing work and personal needs, increasing company productivity and improving employee welfare
- Joined the Metasalute & LILT Fund's project known as "Regala un'ora di Prevenzione" (Donate an hour of prevention), which aims to raise awareness and inform workers about cancer prevention practices by delivering informative webinars on the main topics related to cancer prevention
- For companies equipped with an in-house canteen, administered a survey on catering service satisfaction
- Participated in the "Free Mammography and Ultrasound" event with Pizza Group S.r.l. and Primax S.r.l.

S1 Own workforce (continued)

With reference to our remuneration policies and incentive systems, they are a key drivers for attracting, retaining and motivating qualified people capable of building, in the short and long term, the Group's success and competitive edge, thus enhancing the value of human capital and promoting a culture of performance consistent with corporate values.

Our total reward systems aim to ensure consistency with respect to the position and responsibilities held.

Our approach to total remuneration involves a mix of components: fixed, short-term variable, long-term variable, benefits and intangible rewards, each specifically impacting on staff motivation and retention.

With special reference to the retention of key executives, the 2024 Remuneration Policy included a fixed component, a short-term variable component, a long-term variable component and non-monetary benefits.

The Group complies with regulations for the management of health and safety in the workplace (notably, the Company and its Italian subsidiaries comply with Legislative Decree 81/2008, as amended), while companies operating abroad are in compliance with local regulations.

As proof of their commitment, Fabbrica Works, Bluesteel and Somec are ISO 45001 certified, having completed the process of integrating and implementing their occupational safety management system according to the standard, while Oxin is currently undergoing certification, which is expected to be obtained by May 2025.

The standard allows the health and well-being of workers to be improved and hazards at the workplace to be reduced, thereby more effectively preventing occupational injuries and illnesses while increasing health and safety performance.

In accordance with legal requirements, the Group implements all measures necessary to mitigate and prevent the risks identified in the risk assessment documents (or documents of a similar nature and purpose) of its subsidiaries. For the companies based in Italy, safety risk assessment is managed through the involvement of the Head of Prevention and Protection Function (HPPF) as required by law. In particular, mandatory occupational health and safety awareness training is key in this respect.

In addition, we provide all the necessary PPE (gloves, protective goggles, safety shoes, hearing protection and specific PPE used on construction sites, such as safety harnesses for working at height) and signs are posted indicating the dangers and reminding workers of appropriate conduct when using certain machinery that can easily cause injury.

In 2024, great efforts were made to develop the "Work smart. Work safe" campaign, slated for launch in early 2025.

The project was born out of the awareness that shipyards present high occupational safety risks, which is why the project is aimed specifically at companies operating in the shipbuilding sector: Somec, Navaltech, Sintesi, TSI and Oxin.

The main goal is to spread and promote safety-conscious and prevention-oriented behaviour, seeking to engage all workers, including both the Group's own workforce as well as non-employee workers. The campaign will consist of on-site training activities conducted in shipyards by holding ad-hoc meetings, specific insight gaining sessions and by sharing clear goals. In addition, exchanges will be planned to gather possible feedback from workers, so as to improve safety practices by focusing on greater awareness of possible risks and solutions.

Reference should be made to *S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities.*

No significant financial resources were allocated for the management of the actions mentioned above.

S1 Own workforce (continued)

Metrics and targets

S1-5

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The targets identified by the Group for management of the workforce are shown below:

Target-related initiative	**Target** (MDR-T 80 b)	**Baseline** (MDR-T 80d) and monitoring KPI	**Target Year** (MDR-T 80 e)	**Perimeter** (MDR-T 80 c) - Horizons (H) Talenta (T) Mestieri (M)
Group HR target Launch of a programme on a new company every year	To promote programmes to provide equal opportunities for all employees and foster diversity and inclusiveness within the Group	12/2024 Programme to be launched	**2025**	H-T-M
	To strengthen the Group's Diversity & Inclusion culture by ascribing value to what makes people different: age, gender, ethnic roots, religion, disability, sexual orientation, education or national origin	12/2024 Programme to be launched	**2025**	H-T-M
Fabbrica Increase in number of persons hired from poor and run-down urban areas	Development of educational and social inclusion projects, especially for disadvantaged groups and those at risk of exclusion	12/2024 Programme to be launched	**2025**	H
Group HR target At least one initiative per year	Cooperation with schools, technical institutes and universities to foster the exchange and sharing of knowledge, create long-term partnerships and opportunities, encourage the acquisition of suitable skills and knowledge required to enter the labour market	12/2024 Programme to be launched	**2025**	H-T-M

S1 Own workforce (continued)

Target-related initiative	Target (MDR-T 80 b)	Baseline (MDR-T, 80d) and monitoring KPI	Target Year (MDR-T 80 e)	Perimeter (MDR-T 80 c) - Horizons (H) Talenta (T) Mestieri (M)
Group HR target At least one initiative per year to raise awareness of occupational safety and reduce number of accidents "Work smartWork safe" progamme in the shipping sector	To improve occupational health and safety performance with a view to achieving "ZERO" accidents	12/2024 Programme to be launched	**2025**	H-T-M
Group HR target Introduction and harmonisation of "near miss" reporting procedure throughout the Group, and subsequent % reduction in reports through training and risk assessmentt	To improve and reduce number of "near miss" reports	12/2024 Somec Worksite Monitoring ->Somec Navale SAFETY PERFORMANCE INDICATORS (SPI)	**2025-2027**	H-T-M
Food Equipment, Oxin, Bluesteel, Lamp Arredo Higher budget to invest in safety measures related to goods handling (forklifts/transpallets)	To improve safety when using forklifts	12/2024 Programme to be launched	**2025-2030**	H-T-M
Group HR target To increase budget to invest in safety measures related to replacement of obsolete machinery	To raise the level of safety through investments to replace obsolete machinery	12/2024 Programme to be launched	**2025-2030**	H-T-M

It is noted that since the Group Sustainability Plan was adopted at the end of the reporting year, not all targets have associated measurable metrics.

The Company is in the process of completing internal assessments to better quantify its targets.

For more information and details on the targets, please refer to chapter *ESRS 2*, paragraph *SBM-1 - Strategy, business model and value chain*; it is stressed that company workers were involved in target-setting processes.

S1 Own workforce (continued)

S1-6
Characteristics of the undertaking's employees

The table below shows the total number of employees at the end of the reporting period, broken down by gender:

2024		
Gender	**UM**	**Employees**
Female	nr	236
Male	nr	806
Other	nr	0
Not reported	nr	0
Total	nr	**1,042**

As at 31 December 2024, the Group had a total of 1,042 employees, 236 women and 806 men. This difference is mainly attributable to the nature of Somec's core activities, entailing a considerable amount of manual labour, the technical and physical requirements of which are traditionally more suited to male labour.

The Group's workforce is distributed as follows: 55% in companies in the Horizons BU, 23% in companies in the Talenta BU, 20% in the Mestieri BU and 2% in permanent establishments (Somec, Oxin and TSI).

The highest number of workers are to be found in the companies Somec S.p.A. (257 employees, rising to 270 if the employees of permanent establishments are included), Fabbrica LLC (152 employees) and Oxin S.r.l. (83 employees, rising to 84 including the employees of permanent establishments). The parent company alone employs 24.6% of the workforce, followed by 14.6% for US subsidiary Fabbrica LLC and 8% for Oxin.

The numbers are lower for other Group companies.

2024		
Country	**UM**	**Employees**
Italy	nr	807
USA	nr	164
Total	nr	**971**

The table shows the breakdown of employees by region, for countries in which the company has 50 or more employees making up at least 10% of the total number of employees. In terms of geographic distribution, 82.7% of the workforce is concentrated in Europe (Italy, France, Germany, Finland, Norway, Romania, Slovakia), 17.0% in North America (USA and Canada) and the remaining 0.3% in Asia (China).

The table below shows the total number of employees as at 31 December 2024 by type of contract and gender.

2024			
nr.	**Female**	**Male**	**Total**
Number of employees	**236**	**806**	**1,042**
Number of permanent employees	225	759	**984**
Number of temporary employees	10	46	**56**
Number of non-guaranteed hours employees	1	1	**2**
Number of full-time employees	206	798	**1,004**
Number of part-time employees	30	8	**38**

The table below shows the total number of employees by type of contract and country.

2024						
nr.	**EU**	**USA**	**UK**	**Canada**	**Cina**	**Totale**
Number of employees	**858**	**164**	**4**	**13**	**3**	**1,042**
Number of permanent employees	804	163	4	13	0	**984**
Number of temporary employees	53	0	0	0	3	**56**
Number of non-guaranteed hours employees	1	1	0	0	0	**2**
Number of full-time employees	821	163	4	13	3	**1,004**
Number of part-time employees	37	1	0	0	0	**38**

An analysis of the data shows a clear predominance of open-ended contracts (94.5 %) over fixed-term (5.4%) and variable-hour (0.1%) contracts.

S1 Own workforce (continued)

The table below shows the number of employees that left the company in 2024 and the turnover rate:

2024		
Termination		
Number of employees who have left the undertaking during the reporting period	nr	193
Rate of employee turnover in the reporting period	%	6.2

To calculate the employee turnover rate, the company considers the total number of employees who have left the company, including voluntary terminations, dismissals, retirements and deaths in service.

This value is used as the numerator for the turnover rate. The company also defines the denominator used for the calculation, specifying the method used, to ensure consistency and representativeness.

The main reasons for terminations are as follows: 60% voluntary terminations, 28% other unspecified reasons (e.g. termination of fixed-term contract), 7% dismissals and 5% retirements.

S1-7 Characteristics of non-employees in the undertaking's own workforce

In addition to employees, the Group continued to make use of a limited number of non-employee workers in 2024.

The table below shows the total number of non-employee workers

2024		
Number of non-employees		
Leased staff	nr	73
Interns	nr	2
Employer-coordinated freelance work	nr	1
VAT-registered self-employed individuals	nr	3
Workers for staff recruiting, selection and supply activities	nr	220
Total	**nr**	**299**

The data in the table above were compiled without the use of estimations.

VAT-registered workers (freelance non-employee workers) who are part of the company's workforce include:

- Contractors hired to perform work that would otherwise be performed by employees
- Contractors entrusted with work carried out in public spaces (e.g. on streets or roads)
- Contractors hired to provide services directly at the workplace of a client of the organisation

Workers hired by third parties to carry out "personnel recruitment, selection and supply" activities, whose work is under the company's control, mainly include subcontractors and installers, including numerous specialist technicians.

In the case of Navaltech LLC (220 workers in 2024), for instance, there are experienced technicians who train new staff and teams specialising in activities such as glass replacement, frame and door installation, sealing and maintenance of automated frames.

S1 Own workforce (continued)

S1-8
Collective bargaining coverage and social dialogue

The table below provides information on the coverage rate for collective bargaining and social dialogue for each country where the company has a significant level of employment, defined as at least 50 employees (number of persons) making up at least 10% of all Group employees in 2024.

2024

	Collective bargaining coverage		Social dialogue
Coverage Rate	**Employees – EEA (for countries with >50 empl. representing >10% total empl.)**	**Employees – Non-EEA (estimate for regions with >50 empl. representing >10% total empl)**	**Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl)**
0-19%		USA	
20-39%			
40-59%			Italy
60-79%			
80-100%	Italy		

With reference to collective bargaining, in 2024 the coverage of collective bargaining agreements was 82%. In particular, the National Collective Labour Agreement (CCNL) "for workers employed in the private metalworking and plant installation industry" was the reference contract for the majority of employees employed in Italy (84%).

CCNLs were applied "for employees in the service and distribution sector" (6%) and "for employees in the wood, cork, furniture and furnishings industries and the forestry industry" (4%). The CCNL "for managers in industrial companies" was applied to company managers (1%).

For permanent establishments and companies operating abroad, reference is made to the national collective agreement or legislation in force in the relevant country (e.g. TIOF technological industries of Finland, for Finland; Slovak national agreement, for Slovakia, etc.).

With reference to second-level collective bargaining, in 2024 a supplementary agreement was also entered into for Pizza Group.

The previously signed agreements for Somec and Oxin employees remained in force.

These contracts are designed to recognise production benefits and/or bonuses, including tax and contribution benefits, to improve people's living and working conditions and increase their sense of belonging to the Company.

For an illustrative list of measures taken, please refer to *S1-4 - Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions*.

S1-9
Diversity metrics

The table below shows the distribution by gender at senior management level:

2024

Gender distribution at top management level	Female	Male	Total
Number	4	22	26
Percentage	15.4%	84.6%	100.0%

The profiles considered in the definition of senior management are members of Board of Directors, Sole Directors and legal representatives of subsidiaries. The criteria used for the nomination and selection of Board of Directors members include the following:

- The views of stakeholders (including shareholders)
- Diversity
- Independence
- Relevant expertise in respect of the organisation's impacts

S1 Own workforce (continued)

The number, competencies and authority of the non-executive directors are such as to ensure that their judgement carries significant weight in the decision-making process of the Board while guaranteeing the effective monitoring of operations.

Non-executive directors bring their specific expertise to bear on board discussions, including sustainability matters, helping to reach decisions in line with the corporate interest while taking into account the interests of other stakeholders.

The composition of the Board of Directors meets gender requirements set forth in the applicable laws and regulations, the Articles of Association and the Corporate Governance Code.

The chairperson of the Board of Directors is not an executive of the organisation.

The table below shows the distribution of employees by age group:

2024				
Distribution of employees by age group	**Under 30 years old**	**30-50 years old**	**Over 50 years old**	**Total**
Employees	148	586	308	**1,042**

The 30-50 age group has the largest share of the company population, with 56% of employees, thus confirming its central role within the organisation. This is followed by workers over 50, who make up 30% of the total, while the under-30 age group remains the least represented, with only 14% of the workforce.

S1-12
Persons with disabilities

The table below shows the percentage of employees with disabilities:

2024			
Persons with disabilities	**Female**	**Male**	**Total**
Percentage of persons with disabilities	3.8%	2.0%	**2.4%**

S1-13
Training and skills development metrics

The table below provides information on the percentage of employees involved in regular performance and career development reviews:

2024		
Percentage of employees that participated in regular performance and career development reviews		
Male	%	18.0
Female	%	11.0
Other	%	-
Not disclosed	%	-
Total	%	**16.4**

The company constantly monitors the development and professional growth of its employees through regular performance and career path reviews.

This table shows the number of employees involved in these processes, with an analysis broken down by gender. This approach makes it possible to assess the effectiveness of development initiatives and ensure equal opportunities for growth within the organisation.

The table below shows the average number of training hours by gender:

2024		
Average number of training hours per employee and by gender		
Male	nr.	7.6
Female	nr	9.7
Other	nr	-
Not disclosed	nr	-
Total	nr	**8.1**

With reference to training and development, Somec Group believes it is important to strengthen the know-how of resources to improve and learn new skills, a key driver for the success and sustainability of the organisation, improving performance and fostering innovation.

Overall, 8,434 hours of training were provided in 2024, mainly to white collars (65%), followed by blue collars (30%), managers (4%) and executives (1%), with an average of 8.1 hours per employee.

S1 Own workforce (continued)

S1-14 Health and safety metrics

The table below shows the number of deaths due to work-related injuries and illnesses:

2024		
Number of fatalities as a result of work-related injuries and work-related ill		
Employees	%	**0**

The table below illustrates the number and rate of accidents at work recorded during 2024:

2024		
Recordable work-related accidents	**Number**	**Rate**
Employees	**23**	**12,0**

The table below shows the number of cases of work-related illnesses recorded during 2024:

2024		
Number of cases of recordable work-related ill health, subject to legal restrictions on the collection of data		
Employees	nr	**1**

The table below shows the number of days lost due to accidents at work, occupational diseases and deaths resulting from occupational diseases:

2024		
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health		
Employees	nr	**773**

Based on the disclosure requirement as per paragraph 86 of this reporting standard, the company provides the following information:

- In 2024 100% of the company's workforce was covered by the health and safety management system
- There were no deaths resulting from work-related accidents in 2024
- In 2024 there was only one case of work-related ill health, within Somec S.p.A., relating to a musculoskeletal disorder
- The occupational accident rate, calculated as the ratio of the number of accidents to hours worked, multiplied by 1,000,000, was 12.0 in 2024
- In 2024 the total number of days lost due to work-related accidents, ill health and health-related deaths was 773

In 2024, the total number of accidents recorded among employees was 23.

The distribution of accidents among Group BUs was as follows: Horizons BU 6 accidents (26%), Talenta 10 accidents (43%) and Mestieri 7 accidents (30%).

By contrast, there were no accidents in permanent establishments during the reporting year under review.

Analysing accidents by type, there were no fatal or serious events, and reports mainly related to minor accidents that occurred, for example, during the handling of loads and internal movements; there was one case of a commuting accident.

The main types of injury incurred relate to sprains, contusions and grazes resulting from accidental impacts with company structures or equipment.

The overall analysis suggests that safety at work remains a material issue. However, the non-serious nature of most incidents suggests that prevention and awareness-raising measures undertaken continue to have a positive effect, although constant attention to operational safety and the risks associated with daily work activities remains necessary.

S1 Own workforce (continued)

S1-15
Work-life balance metrics

Group employees are entitled to maternity and paternity leave to the extent recognised by the laws in force in the State where they work.

The Group discloses the extent to which employees are entitled to (and take) family leave.

2024		
Percentage of employees entitled to take family-related leave	%	**99.6**
Percentage of entitled employees that took family-related leave		
Male	%	10.7
Female	%	14.5
Other	%	-
Not disclosed	%	-
Total	%	**11.6**

Employees eligible for family leave are those employees covered by regulatory provisions, organisational policies, agreements, contracts or collective agreements that provide for family leave entitlement and who have declared this right to the company. The company is, however, duly aware of this right.

Family leave includes maternity leave, paternity leave, parental leave and caregiver leave provided for by national legislation or collective agreements.

For the purposes of this principle, these concepts are defined as follows:

● Maternity leave (also called pregnancy leave): a period of absence, before and after childbirth (or adoption in some countries), during which the job of the woman is protected

● Paternity leave: leave from work for the father or, where and to the extent recognised by national law, for an equivalent second parent, to be taken on the occasion of the birth of a child for the purpose of providing care

● Parental leave: leave from work for parents following the birth or adoption of a child to care for that child, as defined by each Member State

● Carer's leave: leave for workers to provide personal care or support to a family member or person living in the same household and in need of significant care or support due to a serious medical condition, as defined by each Member State

In accordance with the disclosure requirement as per paragraph S1-15, datapoint 93, of this reporting standard, the company reports the following data:

● The percentage of employees entitled to family leave was 99.6%

● The percentage of employees who actually took such leave was 11.6% of the total number of employees (14.5% women, 10.7% men)

S1-16
Remuneration metrics (pay gap and total remuneration)

In order to calculate remuneration metrics, the ESRS[3] methodology was followed, taking into account fixed and variable remuneration (including bonuses and MBO bonuses) for the entire Group population.

These values have not been adjusted for the different levels of purchasing power in the various countries in which the Group employs its workforce.
In 2024, the gender pay gap for employees was 18.3% in favour of men.
With regard to the ratio of the annual total remuneration of the highest-paid person to the median employee annual total remuneration (excluding the highest-paid person), the indicator for 2024 was 14.8. All the monetary and non-monetary elements required by the standard were taken into account when compiling the information required for this indicator.

S1-17
Incidents, complaints and severe human rights impacts

There were no incidents, complaints or serious impacts pertaining to human rights during the reporting year. There were also no complaints or incidents of discrimination, including harassment.

Consequently, no fines or penalties were imposed and no compensation for damages were paid out as a result of such complaints or incidents.

3. In collecting the information required under paragraph 97(a), for the pay gap between female and male employees (also known as "gender pay gap"), the enterprise shall use the following methodology: (a) include the gross hourly earnings of all employees; and (b) apply the following formula to calculate the gender pay gap: [(Average gross hourly earnings of male employees - average gross hourly earnings of female employees)/(Average gross hourly earnings of male employees)] x 100

S2 Workers in the value chain

Strategy

SMB-2
Interests and views of stakeholders

Although the Group's activities may influence the interests, opinions and rights of workers in the value chain, there is no formal mechanism for gathering and incorporating such considerations in corporate strategy.

SBM-3
Material impacts, risks and opportunities and their interaction with strategy and business model

Below are the material impacts identified in the double materiality assesment in respect of workers in the value chain:

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Diretct (D) Indirect (I)	Time horizon
Workers in the value chain	Working conditions	Secure employment Adequate wages	The high level of use of local suppliers generates positive impacts on the local area and the local production chain, especially in terms of employment and labour supply	P	A	D	Short
		Health and safety Personal safety	Downstream external workforce: Accidents occurring to workers employed by subcontractors as part of on-site activities coordinated by the client (Horizons and Mestieri Divisions)	N	A	I	Short
		Working time Adequate wages Collective bargaining Work-life balance Health and safety	Possible demands to supply products or services at the lowest cost or quick delivery could lead to the use of arrangements that put pressure on supply chain workers in terms of excessive working hours and inappropriate working conditions	N	P	D	Short
	Other work-related rights	Child labour Forced labour Adequate housing	Upstream workers in the value chain: Cases of forced labour and/or child labour and/or inadequate housing allocation involving workers belonging to its upstream value chain (tier 2-3)	N	P	I	Medium

S2 Workers in the value chain (continued)

The aforementioned impacts are integrated within the Group's corporate strategy and business model, for more information please refer to the chapter *ESRS 2* paragraph *SBM-1 Strategy, business model and value chain*.

Listed below are the types of workers in Somec value chain that are or may be subject to the impacts identified during the double materiality assesment, identified on the basis of the activities carried out by the Group's three BUs (Horizons, Talenta and Mestieri) and through interviews with General Managers:

- Sub-contractors employed for installations at worksites
- Workers (particularly blue-collars) employed by outsourcers performing work on behalf of the Group
- Workers (particularly blue-collars) employed by the Group's raw material suppliers
- Workers employed at shipyards and civil shipyards by the Group's clients

Somec primarily turns to suppliers operating in heavily regulated countries and markets, notably Italy, Germany, France and the United States, thereby mitigating the impact of inadequate working conditions and/or instances of forced labour and/or child labour along its upstream value chain.

However, given the nature of the Group's business activities, certain areas of the supply chain, such as the extraction of raw materials, may be more sensitive to the aforementioned conditions.

The types of activities carried out by all BUs expose sub-contractors entrusted with installation activities at worksites to possible risks of incidents during material handling and the use of scaffolding and work equipment.

The possible demand for a rapid supply of products or services might trigger cases of work-related stress on supply chain workers in terms of excessive working hours and inappropriate working conditions.

It is stressed that the negative impacts identified are of a general nature.

The Group uses mainly local suppliers, generating positive impacts on the local area and production chain, especially in terms of employment and labour supply.

This aspect mainly benefits artisan workers, as well as workers employed in small and medium-sized enterprises that process the main materials (glass, steel, aluminium) used by the Group in its production processes.

Worker types in the value chain having special characteristics or working in specific contexts, and consequently exposed to a higher risk of harm, have been set forth in the description of impacts.

S2 Workers in the value chain (continued)

Impact, risk and opportunity management

S2-1
Policies related to value chain workers

Although there is no specific policy for workers in the value chain, the Group has a number of related policies. In its Environmental Policy, Somec promotes responsible management of the entire value chain, involving business partners, suppliers and contractors.

The Human Rights Policy is aimed at the Group's suppliers, encouraging them to implement a management model geared towards respect for human rights and, as observed primarily by Somec itself (as explained in paragraph 3 of the aforementioned policy), inspired by the most prominent International Standards, including:

- The United Nations Universal Declaration of Human Rightse
- The UN Convention on the Rights of the Child
- The International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, and subsequent relevant Conventions
- The European Convention on Human Rights

No cases of non-compliance with the principles of the above declarations and agreements have been reported

In particular, the Group declares its opposition to any form of labour exploitation, including child labour, forced or compulsory labour and any other form of abuse, including against workers employed along the supply chain, and strongly condemns all forms of human trafficking and exploitation.

Suppliers, like the other recipients of Somec's Code of Ethics, are called upon to combat child labour and exploitation, including a refusal to enter into working relations with third parties who use such forms of labour.

Please refer to chapter *ESRS 2*, paragraph *MDR-P Policies adopted to manage material sustainability matters* for more details on the above policies.

S2-2
Processes for engaging with value chain workers about impacts

With Somec aware of the importance of employee involvement in the value chain, at the beginning of 2024 it brought in a sample of suppliers from the Group's three BUs (Horizons, Talenta and Mestieri) to help with the materiality impact analysis.
Ad hoc interviews and questionnaires were prepared for participants to rate the topics considered material by the Group and to report any additional topics not considered.

Different senior figures representing each supplier responded to questions on their organisational structure and sustainability management model.

The activity was conducted under the direction of Somec's Sustainability Manager.

Other processes involving suppliers include the supplier selection process, which is divided into two parts: the first is screening, in which information is collected for making an initial assessment in terms of economic soundness and production capacity, while the second is supplier management, from selection to final delivery of the products.

Where ISO 45001 certifications are implemented, questionnaires were supplemented with questions on health and safety.

For further details on the processes of worker involvement in the value chain, please refer to chapter *ESRS 2*, paragraph *SBM-2 - Interests and views of stakeholders*.

S2 Workers in the value chain (continued)

S2-3
Processes to remediate negative impacts and channels for value chain workers to raise concerns

Somec Group is committed to mitigating the impacts on workers along its value chain, which is why it provides training on health and safety aspects at installation companies.
Although the Employer is responsible in the event of an accident, the Group is involved in the evaluation of the related causes, in order to provide any useful tools to prevent similar incidents from occurring in the future.

Somec has not yet made specific and structured communication channels available for employees in the value chain, although it is considering setting them up.

Recipients of the whistleblowing procedure, which is in place for most Companies, also include:

- Those who, while not being employees, work on behalf of Somec
- Partners, customers, suppliers, consultants under freelance contracts, collaborators, shareholders and, more generally, anyone who holds a stake with the Company

To date, there have been no cases of reports from workers in the value chain.

For more information on the whistleblowing channel and the protection and confidentiality of persons who use this reporting tool, please refer to Chapter *ESRS S1 Own workforce*, paragraph *S1-3 - Processes to remediate negative impacts and channels for own workforce to raise concerns*.

Please refer also to ESRS Chapter S1 *Own workforce*, paragraph *S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions*, where the project "Work safe. Work smart." is described, aimed not only at the Group's in-house units but also at companies in the value chain employed on worksites, in order to foster a shared approach to health and safety in the workplace, strengthening the culture of safety throughout the value chain.

S2-4
Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

In selecting its suppliers, the Group considers the adoption of systems such as MOG 231 (Organisational and management model) and the possession of environmental, social and safety certifications to be a preferential requirement.
Somec S.p.A. also requires its suppliers to observe the principles established in the Code of Ethics, including compliance with health and safety regulations, as an essential condition for the establishment of a professional relationship.

The selection of labour providers, drawing from a large number of suppliers, is dependent on them being compliant with regulations in terms of pension and social security contributions, contracts and insurance, as well as occupational health and safety procedures. Compliance with the above requirements is mandatory and required by Italian and foreign clients placing orders.

As of 2023, the parent company has committed itself to the so-called "Green Procurement" project, with the aim of surveying its suppliers' commitment to certain ESG topics, such as occupational health and safety, supply chain management and industrial relations, by asking specific questions.

With subsidiaries having a range of specific traits and expertise, supply chain management varies for each business segment, with the ultimate aim of having supply processes that are always subject to controls and constraints, getting suppliers to fulfil legal obligations in terms of safety and working conditions. In view of the aforementioned diversity of business segments, it was decided not to draw up a 'one-size-fits-all' Group policy for the management of supplier selection, qualification and evaluation aspects for the time being.

These actions are designed to reduce the risk of work-related incidents along the value chain and ensure respect for working conditions and workers' rights.

The Group is firmly committed to supporting the local industrial sector: the Group's suppliers are mostly Italian, and mainly located in northern Italy. The search for local suppliers is a concrete measure, shared not only by Italian subsidiaries but also by the Group’s permanent establishments.

The subsidiary Fabbrica, based in the State of Connecticut (USA), employs many workers who live in deprived areas and in challenging socio-cultural contexts too, bringing significant job generation benefits to the local community.

S2 Workers in the value chain (continued)

The Group closely monitors the level of concentration of its supplier base belonging to the local and/or district industrial fabric in which it operates through internal statistics prepared by its Purchasing Departments.

After having identified the main impacts along the value chain, the Group consequently drew up a series of actions to mitigate and reduce the potential negative effects arising from the nature of its activities.

Actions such as verifying the regularity of contributions, compliance with legal requirements in terms of health and safety, the inclusion of ESG parameters within the supplier selection process, and so on, are effective ways of reducing the likelihood of identified negative impacts actually occurring.

As reported above, no material risks were identified relating to the company's dependency on workers in the value chain. In order to reduce exposure to the risk of supplier concentration and possible dependencies, actions were taken to diversify supply sources, using new partners while seeking to favour district proximity.

The use of local suppliers enables the Group to pursue an ongoing commitment to streamlining logistics and transport, particularly in the management of material movements to and from third-party processing suppliers.

Making full use of the local industrial fabric and local labour and supplies is one key reason for the success of the Mestieri BU, which makes tailor-made products in various product categories through the use of expert local craftsmanship.

By ensuring compliance with its Code of Ethics and the legal provisions in force in the countries in which it operates, the Group does not cause adverse impacts along its value chain through its procurement, sales and data use activities.

It is emphasised that the Group does not use suppliers based in developing countries in order to obtain procurement price advantages or faster delivery times by disregarding rules on the conditions of workers (adequate working hours, minimum wages, trade union protection, etc.) employed in those undertakings.

During 2024, there were no reported incidents of non-compliance with human rights within the Group's value chain.

No significant financial resources were allocated for the management of the actions set forth above.

The Group has not identified any negative material impacts along its value chain that need to be actively countered by leveraging established business relationships, or its bargaining powers.

No specific training courses were provided to persons in the Group's value chain, with the sole exception of training sessions offered by quality departments to subcontractors working in shipyards.

The Group did not participate in sectoral or 'multi-stakeholder' initiatives to mitigate negative impacts along its value chain.

In 2024 Somec received no reports of serious human rights issues or incidents along the value chain.

S2 Workers in the value chain (continued)

Metrics and targets

S2-5

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Below are the targets identified by the Group for sustainable supply chain management:

Target-related initiative	**Target** (MDR-T 80 b)	**Baseline** (MDR-T, 80d) and monitoring KPI	**Target Year** (MDR-T 80 e)	**Perimeter** (MDR-T 80 c) - Horizons (H) Talenta (T) Mestieri (M)
Somec Navale ESG questionnaires for all Italian strategic suppliers **Fabbrica** Supplier assessment based on quality, price and ESG criteria	Launch of a programme to evaluate strategic suppliers based on ESG (Green Procurement) parameters	**December 2024** Actions to be launched	**Somec Navale: 2025** **Fabbrica: TBD**	H
Somec Navale 50% of Italian strategic sub-contractors audited **Bluesteel** 10% of Italian strategic sub-contractors audited **Skillmax** xx% of sub-contractors audited - quantitative target being defined	Promotion of subcontractor involvement initiatives on "Health and Safety" topics	**December 2024** Actions to be launched	**Somec Navale: 2030** **Bluesteel: 2025-2026** **Skillmax: TBD**	H-M
Oxin, Somec, Skillmax Increase in no. of audits performed **Bluesteel, Budri** Launch of supplier auditing programme **Obiettivo di Gruppo** Reducing no. of criticalities/non-conformities	Start-up/Extension of the monitoring of risks and critical issues arising from suppliers' activities, partly through audits	**December 2024** Oxin, Somec and Skillmax have already conducted supplier audits	**2025**	H-T-M

It is noted that since the Group Sustainability Plan was adopted at the end of the reporting year, not all targets have associated measurable metrics. This is because the Company is in the process of completing internal evaluations in order to better quantify its targets.

For more information and details on targets, please refer to chapter *ESRS 2*, paragraph *SBM-1 - Strategy, business model and value chain;* it is noted that workers in the value chain were not involved in target-setting processes.

S3 Affected communities

Strategy

SBM-2
Interests and views of stakeholders

Although the activities of the Group, and of its suppliers, may influence the interests, opinions and rights of affected communities, there is no formal mechanism for gathering and incorporating these considerations in corporate strategy

SBM-3
Material impacts, risks and opportunities and their interaction with strategy and business model

Below is the material impact identified within the Double materiality assesment with respect to affected communities:

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Diretct (D) Indirect (I)	Time horizon
Affected communities	Communities' economic, social and cultural rights	Land-related impacts	Upstream: aluminium supply: Impacts along the aluminium supply chain: damage to the ecosystem and reduction of land for agriculture and the economy of local communities generated by the creation of bauxite mines (Guinea has the largest bauxite deposits in the world) for the production of aluminium along its supply chain	N	A	I	Short

S3 Affected communities (continued)

For more information, please refer to chapter ESRS 2, paragraph SBM-1 Strategy, business model and value chain.

The Group's direct impacts on local communities were viewed as non-material. Group companies mainly carry out assembly activities that do not pollute the surrounding environment, given the nature of the business and related processes, and consequently do not cause damage to local affected communities in this respect.

No particular criticalities were identified also in terms of noise pollution and the passage of heavy vehicles in urban-residential areas.

The only identified material impact on affected communities was indirect, relating to operations performed along the Group's value chain.

Somec analysed the steps and operations involved in the production of purchased raw materials along its value chain (upstream), looking into the most significant impacts generated by the various production processes. Specialised industry reports, white papers and articles by non-profit organisations were also examined and perused.

The raw material required for the production of aluminium comes mainly from Australia and West Africa, with important mining districts in Guinea.

Bauxite mining by the Group's Tier 3[4] suppliers reduces the level of important water reservoirs, that can no longer be used to provide drinking water. This has a serious impact on local agriculture. Land degradation forces many families to relocate.

The Group does not currently have a specific strategy aimed at mitigating the negative impacts of bauxite mining upstream in its value chain, such as assessing the origin of the raw material or choosing suppliers who are particularly alert to the need to protect local communities.

On the other hand, no impacts were identified along the value chain with regard to Tier 1 and Tier 2 suppliers[5].

Any affected communities with particular traits or located in particular settings, and consequently exposed to a greater risk of harm, have been set forth in the impact description.

Finally, no risks and opportunities were identified in respect of the communities concerned.

4. Tier 3 suppliers or partners are a step further away from the final product, and generally work with raw materials.
5. Tier 1 refers to suppliers with whom Somec has direct business relationships, including production facilities or contract-based manufacturing partners. Tier 2 suppliers, on the other hand, are the operators from which Tier 1 suppliers obtain their materials.

S3 Affected communities (continued)

Impact, risk and opportunity management

S3-1
Policies related to affected communities

The Group has not yet implemented a policy to manage the negative impact on affected communities along the value chain.
The Human Rights Policy affirms Somec's willingness to disseminate and promote its corporate values while respecting local cultures, protecting cultural and natural heritage, traditions and customs.

The Group's approach to Human Rights Policy is inspired by the main International Standards; please refer to Chapter *S2 Workers in the value chain*, paragraph *S2-1 - Policies related to value chain workers* for more details.

In general, Somec Group is committed to collaborating with and encouraging its business partners to support the principles adopted by the Group to avoid any possible impact on affected communities.

The Group is also committed to implementing the aforementioned policy and uses the whistleblowing system and related procedure if any human rights breaches are uncovered

S3-2
Processes for engaging with affected communities about impacts

Although Somec is evaluating the possibility of implementing them, there is currently nothing in place to engage affected communities along the value chain about material impacts pertaining to them.

For further details on the Group's stakeholder engagement processes, please refer to *ESRS 2*, section *SBM-2 Interests and views of stakeholders*.

S3-3
Processes to remediate negative impacts and channels for affected communities to raise concerns

No steps were taken to remediate the identified impact, also in view of the fact that this is a very complex issue in terms of social-economic balances on a global scale.

The Group does not have the size to influence the investment strategies of large economic players or the economic policy choices and agreements of single States. The Group has a physiological dependency for its business activity on the purchase of aluminium, and consequently is unable to make alternative sourcing choices.

Somec has not yet made specific communication channels available in a structured manner to affected communities, although it is considering setting them up.

For more information on the whistleblowing channel and the protection and confidentiality of persons who use this reporting tool, please refer to Chapter *ESRS S1 Own workforce*, paragraph *S1-3 - Processes to remediate negative impacts and channels for own workforce to raise concerns*.

S3-4
Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

The Group did not draw up actions to be implemented to manage and mitigate the impact identified in the value chain relating to affected communities, and consequently did not set aside resources for such actions.

S3-5
Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Group did not set targets to be achieved to mitigate the impact identified in the value chain related to affected communities, but does not rule out their possible adoption in the future.

S4 Consumers and end-users

Strategy

SBM-2
Interests and views of stakeholders

Although the Group's activities may influence the interests, views and rights of consumers and end-users, there is no formal mechanism for gathering and incorporating these considerations in corporate strategy.

SBM-3
Material impacts, risks and opportunities and their interaction with strategy and business model

Below are the material IROs identified within the double materiality assesment in respect of consumers and end-users:

Impacts

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Diretct (D) Indirect (I)	Time horizon
Consumers and end-users	Personal safety of consumers and/or end-users	Health and safety Security of a person	Violation of product safety regulations would lead to negative impacts on the safety of end consumers, with particular reference to the use of household appliances (blast chillers, ovens, refrigerators, etc.) produced and sold (Talenta division) and to the safety of the usability of spaces (e.g. risk of sharp edges) and materials used (Horizons and Mestieri divisions)	N	P	D	Short

S4 Consumers and end-users (continued)

Risks and opportunities

Topic	Sub-Topic	Sub-Sub Topic	Risk Opportunities	Positive (P) Negative (N)	Actual (A) Potential (P)	Diretct (D) Indirect (I)	Time horizon
Consumers and end-users	Social inclusion of consumers and/or end-users	Access to products and services	Opportunity related to the introduction of the Americans with Disabilities Act (ADA) in terms of new marketable products in the US market	O	P	D	Medium
	Personal safety of consumers and/or end-users	Health and safety Security of a person Protection of children	Potential damage to image and potential refunds in accordance with the Consumer Code arising from possible violations of regulations and/or health and safety non-compliance of products that may result in harm to end users/consumers	R	P	D	Short

The aforementioned IROs are integrated within the Group's corporate strategy and business model, for more information please refer to chapter *ESRS 2*, paragraph *SBM-1 Strategy, business model and value chain*.

Listed below, with respect to the three BUs, are the types of consumers and end-users that are or may be subject to the impacts identified in the double materiality assesment:

- Horizons: passengers and crew members of cruise ships and housing tenants
- Talenta: all workers employed in the catering sector who use electrical appliances or industrial kitchens
- Mestieri: end-users of private villas, museums, shops, hotels and ships

In order to identify the main impacts to which consumers and end-users might be exposed, the sustainability reports of companies that interact directly with them in the use of services and spaces were analysed. Impacts were derived from reference sectoral regulations and aspects considered within the scope of product certifications too.

No products having a particularly high degree of inherent risk in the use phase were identified.

The possible breach of product safety regulations might have a negative impact (of a general nature) on the safety of end-users in the Talenta BU, in terms of the use of household appliances, and in the Horizons and Mestieri BUs, in terms of the usability of spaces and safety of materials used.

Any damage to consumers and end-users due to the aforementioned breaches might generate a material risk for Somec in terms of potential image damage and provision of refunds. This risk does not refer to a specific category of persons.

Despite Somec's efforts to comply with safety regulations and the rights of consumers and end-users, no positive material impacts were identified. Consumers and end-users include disabled persons, who are more vulnerable and for whom specific regulations are required in terms of both use (of products and spaces) and accessibility of information.

In this regard, a material opportunity was identified, relating to the category of people with disabilities who use cruise ship spaces, arising from the possibility of introducing new products to the market that comply with the principles enshrined in the Americans with Disabilities Act, which defines the civil rights of citizens with disabilities and prohibits discrimination against them in various environments, including accommodation and other public areas.

S4 Consumers and end-users (continued)

Impact, risk and opportunity management

S4-1 Policies related to consumers and end-users

As a general principle, Somec aims to meet the expectations of consumers and end-users in terms of product safety and quality.

The company monitors any non-conformities related to the health and safety of the products it supplies to its customers through its Quality & Safety Unit, monitoring national and international regulations to ensure high quality and safety standards at all times.

Despite this commitment, the Group does not currently have specific policies in place for managing impacts, risks and opportunities in respect of consumers and end-users.

There are currently no consumer or end-user engagement processes in place.

Somec considers human rights to be fundamental for the company, and is therefore committed to ensuring that all Group stakeholders, including consumers and end-users, are treated with respect and dignity. The Human Rights Policy is applied by all Group Companies in order to prevent and mitigate any negative impacts caused by or resulting from their various activities.

In the event of human rights breaches to the detriment of consumers and end-users, the Group would take immediate action through reporting and cooperation with the relevant Authorities in order to mitigate such impacts and prevent their being repeated in the future.

The Group's approach to Human Rights Policy is inspired by the main International Standards; please refer to Chapter S2 Workers in the value chain, paragraph S2-1 - Policies related to value chain workers for more details.

Finally, please refer to chapter *ESRS 2*, paragraph *MDR-P Policies adopted to manage material sustainability matters* for more details on the above-mentioned policies.

S4 Consumers and end-users (continued)

S4-2
Processes for engaging with consumers and end-users about impacts

Although Somec is considering their implementation, there are currently no procedures in place to engage consumers or end-users regarding the material impact on them.

For further details on the Group's stakeholder engagement processes, please refer to *ESRS 2*, section *SBM-2 Interests and views of stakeholders*.

S4-3
Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The Group's companies operate within three different divisions, with different modes of interaction depending on the nature of their respective operations.

In some cases, the relationship with consumers and end-users is mediated by dealers or the ordering party, who then interface with Group companies for any repair or warranty work.
In other businesses, possible negative impacts for the consumer and end-user may be handled by ad hoc figures: project managers or sales department personnel, who provide immediate and efficient support.

The quality management system implemented in several Group companies, compliant with ISO 9001:2015, offers an additional mechanism for the continuous monitoring of client satisfaction, which in turn derives from the satisfaction of consumers and end-users, and for the mitigation of any risks.

End-user satisfaction and ensuing identification of specific concerns and/or needs are evaluated and managed in different ways. In certain situations, there are no specific reporting channels, since the relationship with the consumer is directly managed by technical or sales figures, who have the duty to receive and sort out any reported issues.

Other companies have after-sales channels in place whose task is to measure client satisfaction, as well as the satisfaction of consumers and end-users, and to identify any criticalities. These channels are managed directly by the companies in question or are made available by third parties (cruise lines or dealers), who collect feedback from end-users and communicate it for possible evaluation and remediation actions.

With regard to these channels, the Group has no structured processes in place to support the presence of specific channels for consumers and end-users to express concerns and receive assistance. The various companies of Somec Group seek the most appropriate solution in relation to the nature of their business activity, responding in a timely and effective manner to client and user complaints. Information of this type is considered of fundamental importance in order to constantly raise the quality and reliability of products and services.

Client complaints and the various issues that may arise are monitored, leading to the activation of the relevant procedures and corrective actions, depending on the type of complaint (there is no single way to deal with complaints, it depends on the type and seriousness).
The effectiveness of these channels is not verified, as in some cases they are portals set up by the client, in other cases communication is via e-mail from the client.

Finally, an assessment of consumer and/or end-user knowledge of these channels is not carried out on the basis of direct reporting. It is noted that the Whistleblowing Procedure, made available to internal and external stakeholders, helps to protect against the possible retaliation of persons that use the relative channel.

For more information on the whistleblowing channel and the protection and confidentiality of persons who use this reporting tool, please refer to Chapter *ESRS S1 Own workforce*, paragraph *S1-3 - Processes to remediate negative impacts and channels for own workers to raise concerns*.

S4 Consumers and end-users (continued)

S4-4

Taking action on material impacts on consumers and end- users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

Once the impacts, risks and opportunities (IRO) have been identified, they are managed by the Group through a system of delegated organisational powers and specific duties.

Some of these duties (e.g. human resources, environment, health and safety) are delegated directly by the Board of Directors, while others are the subject of delegated powers and procedures of each company function.

The process of periodically reporting IROs to the Board of Directors was set up on the basis of regulatory requirements for each material topic related to laws and regulations (e.g. IMO/MED certification for compliance of ship equipment to protect passengers, Declaration of Conformity for MOCAs - Materials and Objects in Contact with Food - food hygiene to protect end-users) and on the basis of Board of Directors requests for updates on projects.

This management process allows the Group to identify which actions can help mitigate impacts and risks and make the most of opportunities.

In order to remediate the material impact identified with respect to consumers and end-users, Somec is committed to ensuring product safety and quality by stimulating innovation and investing in research and development. The Group also complies with national and international regulations to consistently guarantee high quality and safety standards (e.g. IMO/ MED; USPHS; MOCA; etc.).

The company monitors any non-conformities related to the health and safety of the products it supplies to its clients through reports and feedback from its clients or general contractors.

The Group ensures compliance with national and international environmental regulations to minimise the negative impacts of the materials used as much as possible.

Somec's three BUs operate in different ways, depending on the nature of their respective activities.

The automated windows and doors of the Horizons BU undergo special laboratory testing. During production, each individual window undergoes a FAT (Factory Acceptance Test).

For the Talenta BU all gas-fired products (hot and cold lines) are certified internally through testing in terms of combustion quality, power output and potential loss of flammable gas to prevent any remote risk of explosion.

Machinery is certified by an external laboratory that annually inspects the production lines to certify the process.

The most frequently manufactured electrical machinery is certified externally, while for non-repetitive production, self-certification (declaration of conformity) is carried out on the basis of tests carried out internally.
All equipment is tested at the end of the production line by means of testing machines, primarily to verify earth leakage and immunity from interference suffered and induced by and towards other electronic equipment.

Finally, the Mestieri BU considers the safety of installations at the design stage using structural calculations. It also performs testing during installation at the worksite.

During 2024, no incidents were reported concerning a failure to respect human rights in relations with consumers and end-users.

No significant financial resources were allocated for the management of the actions set forth above.

S4 Consumers and end-users (continued)

Metrics and targets

S4-5
Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Below are the targets identified by the Group with regard to consumers and end-users:

Target-related initiative	**Target** (MDR-T 80 b)	**Baseline** (MDR-T, 80d) and monitoring KPI	**Target Year** (MDR-T 80 e)	**Perimeter** (MDR-T 80 c) - Horizons (H) Talenta (T) Mestieri (M)
Pizza Group (Talenta) To extend ISO 9001 certification	To ensure high product quality and safety standards through the extension of ISO 9001 quality certification	12/2024 Initiative to be launched	**2026**	T
Bluesteel (Horizons) At least 10% of non-conformities investigated and tracked	To ensure high product quality and safety standards through constant monitoring of any non-conformities related to product health and safety	12/2024 Initiative to be launched	**2025**	H
Oxin (Talenta) More stringent final checks for finish and sharp edges (quality target)			**2026**	T
Talenta (excluding Oin) 100% non-conformities investigated and tracked			**2026**	T

It is noted that since the Group Sustainability Plan was adopted at the end of the reporting year, not all targets have associated measurable metrics.

This is because the Company is in the process of completing internal evaluations to better quantify its targets.

For more information and details on the targets, please refer to chapter *ESRS 2*, paragraph *SBM-1 - Strategy, business model and value chain*; it is emphasised that consumers and end-users were not involved in target-setting processes.

Governance

G1 Business conduct

Governance

GOV-1
The role of the administrative, supervisory and management bodies

The Board of Directors of Somec S.p.A. is the body charged with leading and overseeing the Group's ethical conduct, setting the strategic direction by ensuring legality, transparency and accountability in its actions, and considering social and environmental matters when taking business decisions to create long-term sustainable value.

It is up to the Board of Directors and internal board committees to oversee the implementation of codes of conduct, the functioning of risk management and control systems, and the proper implementation of ESG policies.

The governing body is also responsible for verifying the adequacy of the organisational, administrative and accounting set-up and the controls needed to monitor the Group's performance.

The promotion of a corporate culture focused on integrity and respect for ethical and sustainability principles is dependent on the continuous exchange of information between the Board of Directors - through its executive directors - and the entire general management.

The Board of Directors is supported by the control, risk and sustainability committee (CRSC), which is entrusted with the task of assisting the Board of Directors in evaluations and decisions relating to the internal control and risk management system, and to the approval of periodic financial reports and analysis of ESG topics.

On this last issue, the CRSC has been assigned the task of verifying the adequacy of sustainability programmes further to a policy consistent with the values pursued by the Company, meeting on a regular basis with the ESG department and liaising with the department responsible for managing the activities in question, in order to outline planned interventions and ensure their optimal execution and reporting.

It has the task of assessing the consistent execution of set programmes for the purpose of drafting the Sustainability Report too.

Completing the governance structure is the role of the supervisory body of the parent company and of the main subsidiaries that have adopted the organisational model pursuant to Legislative Decree No. 231/2001.

The supervisory board, composed of internal and external members, has the role of verifying and monitoring the effectiveness of and compliance with Organisational Model 231, reporting any breaches, anomalies and shortcomings, and, where appropriate, updating said Model.

For additional information about the functioning of the corporate bodies and their composition, see ESRS 2 GOV-1. For further information about the policies adopted, please also refer to the Report on the Entity's Corporate Governance and Ownership Structure 2024 contained in the section *Governance* > *Governance Documents* at www.somecgruppo.com/en/governance-documents.

G1 Business conduct (continued)

Impact, risk and opportunity management

IRO-1
Description of the processes to identify and assess material impacts, risks and opportunities

The double materiality assesment led to the identification of the following IROs related to business culture and conduct.

Topic	Sub-Topic	Sub-Sub Topic	Impact	Positive (P) Negative (N)	Actual (A) Potential (P)	Direct (D) Indirect (I)	Time horizon
Business conduct	Corporate culture		The lack of a shared corporate culture in Somec could impact people and governance in terms of employee satisfaction, employee productivity, and the disconnection between levels of our organization in different countries/offices	N	P	D	Medium
	Management of relationships with suppliers including payment practices		Unfair payment practices due to cash shortages could harm its suppliers financially, putting their business continuity at risk	N	P	D	Short
	Protection of whistle-blowers		Protection of whistleblowers by implementing the whistleblowing legislation of Legislative Decree No. 24 of 2023. The legislature requires the implementation of appropriate tools to report possible violations of workers' fundamental rights	P	A	D	Short

Regarding the methodologies, assumptions and tools used in identifying and assessing material impacts, risks and opportunities along the value chain, please refer to *ESRS 2 IRO-1* section of this document.

G1 Business conduct (continued)

G1-1
Business conduct policies and corporate culture

Somec Group is aware that responsible and compliant business conduct is critical to the achievement of strategic targets and to preserving the Group's credibility in the long run.
In this respect, compliance with international legislation and guidelines on business conduct, as well as an ethical approach to workforce management and to workers in the value chain, are key to the success of the business model.

To this end, all Group companies promote a corporate culture that aims to protect employees and other stakeholders from potential human rights impacts, prevent corruption, protect whistleblowers and ensure responsible and transparent payment practices.

Over the past few years, Somec Group has developed, adopted and disseminated a series of policies aimed at promoting a corporate culture of responsible and ethical conduct throughout its organisation. Chief among these is the Code of Ethics, which prescribes compliance with applicable legislation and describes the ethical standards and values that Somec upholds and encourages. Its consolidated nature reflects its approach and purpose, namely to consider the sharing of values as a founding element for the smooth functioning, reliability and reputation of the Group itself.

For an overview of policies implemented by the Group, please refer to chapter ESRS 2 paragraph MDR-P - Policies adopted to manage material sustainability matters.

Group-wide policies are applied across all entities to ensure the highest possible level of alignment and to maximise adaptability to changing internal or external circumstances.

The parent company Somec and its main Italian subsidiaries have adopted an Organisation, Management and Control Model in accordance with the provisions of Legislative Decree No. 231 of 8 June 2001.

A Whistleblowing Procedure has also been adopted, as an integral part of the Model, designed to regulate the process for reporting any unlawful conduct or irregularities within the company.

Information channels are available whereby reports are received, analysed and acted upon, together with systems to protect whistleblowers against discriminatory or at any rate detrimental actions regarding the employment relationship.

Reporting breaches and whistleblowing

Somec has activated for whistleblowing a suitable cross-cutting channel for receiving allegations of potential or actual breaches of the Human Rights Policy, Anti-Corruption Policy, Code of Ethics and the Whistleblowing procedure itself. This channel can therefore be used within the scope of Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law, as well as to report serious offences, in areas such as corruption and bribery, fraud, sexual harassment, public procurement, environmental protection, etc.

In accordance with the legal requirements to which the Company is subject, whistleblower protection is guaranteed by the independent and autonomous nature of the whistleblower system, which is available to our employees and to major external stakeholders.

This channel offers the possibility of reporting by e-mail or by ordinary mail to Somec's Supervisory Board, which is composed of two external members, lawyers Gabriele Ambrogetti and Valentina Baldo, and one internal member, Marco Pierobon, Somec S.p.A.'s HQSE Manager, making it possible to pinpoint and investigate unlawful conduct, guaranteeing full anonymity and objective investigation.

Training and information on the Whistleblower System and on anti-corruption is provided to all employees through MOG 231 training, in addition to the availability of documents on the Group's website. To complement this, the legal department is responsible for sending periodic information on how to access and use the whistleblowing channel.

For additional information, a detailed description of the whistleblowing system, the prohibition of retaliation, and the protection of the Whistleblower can be found in the Whistleblowing Procedure available in the section *Governance > Internal Controls* at www.somecgruppo.com/en/internal-controls.

G1 Business conduct (continued)

G1-2
Management of relationships with suppliers

A preference for local suppliers continues to be considered an important factor in increasing efficiency, reducing time and waste, in part due to the possibility of implementing 'returnable'-style systems more easily. This approach makes a contribution in terms of related activities in affected communities as well as reducing or eliminating some packaging, and reducing CO_2 emissions through shorter transport routes.

The search for local suppliers is a concrete measure shared not only by Italian subsidiaries but also by the Group's foreign branches.

In addition to the intensification of relations with nearby suppliers, which continued in the reporting year, a process of synergistic standardisation of stainless-steel, glass and aluminium procurement has been in place for some years. This process achieves the aims of greater bargaining power and higher product quality. For the purpose of reducing exposure to supplier concentration risk, further efforts were made in 2024 to diversify supply sources, turning to new partners and, in any case, attempting to favour district proximity.

Starting with the parent company, HQSE offices supplemented supplier assessment during 2023 and 2024 with ESG-related parameters in several Group companies, with a view to fostering green procurement. Furthermore, with a view to compliance with the Corporate Sustainability Due Diligence Directive (so-called CS3D), Somec planned for 2025 a mapping of risks for the Group's entire supply chain (tier 1) in order to monitor risk factors pertaining to sustainability.

All information on social and environmental criteria, collected from potential suppliers, now goes to complete the information pack available to buyers for their choice of supply, although it does not constitute a key factor in their selection.

It is also noted that the Parent Company has a procedure in place whereby it requires each new supplier to undersign, by way of acceptance and knowledge of its contents, the organisational model adopted by the Group as well as its code of ethics.

G1 Business conduct (continued)

Metrics and targets

G1-6
Payment practices

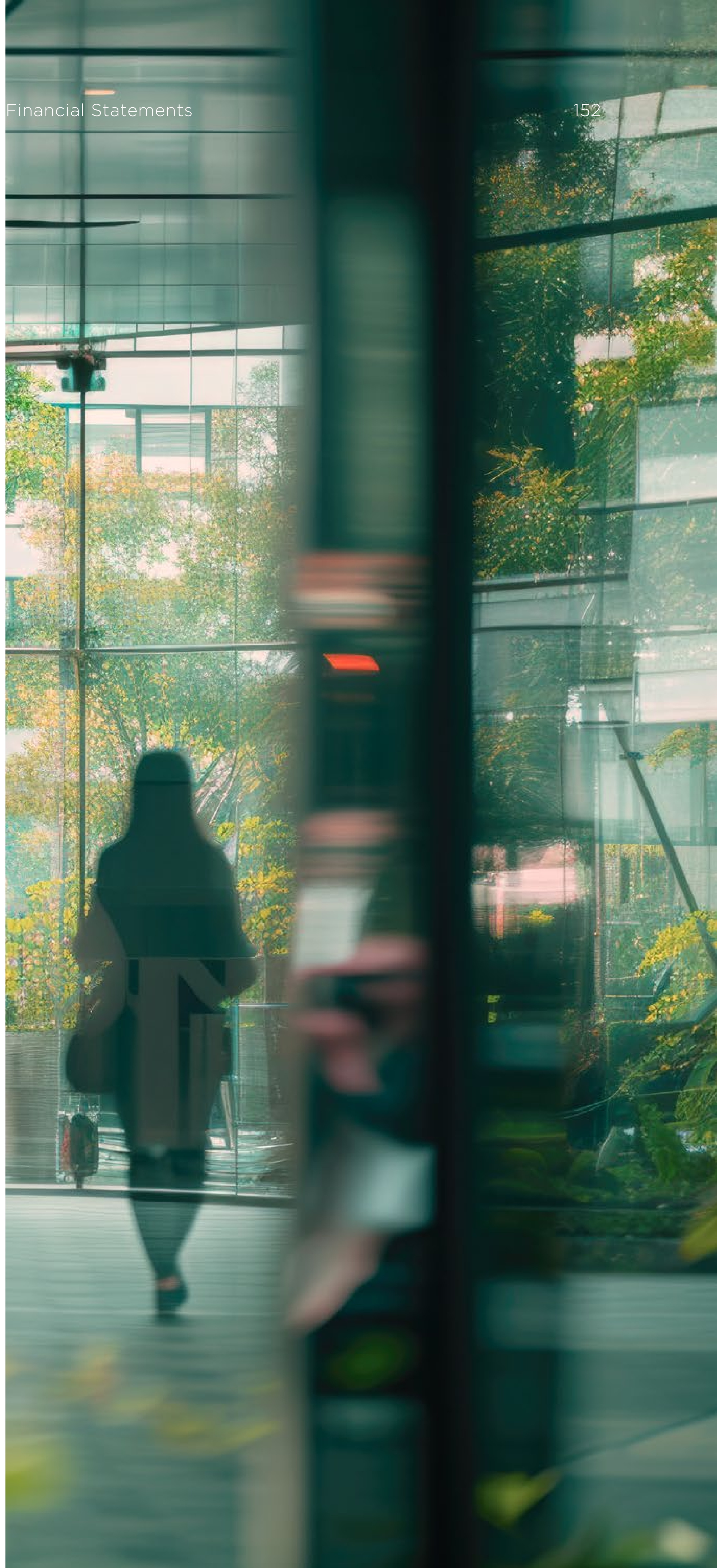
As already mentioned, the Group operates in a variety of sectors that have very different payment practices and terms. For this reason, no single standard payment policy has been defined, nor is there a specific policy in place to prevent delays in payments. Contractual payment terms may thus vary from company to company, according to their business sector. Depending on the sector and the strategic relationship with the supplier, payment terms of between 30 and 120 days from invoice date may be set. Longer payment terms are usually adopted in the shipping sector.

The DPO (Days Payable Outstanding) index calculated as trade payables at the reference date on the cost of goods sold, multiplied by 365, was 102 days as at 31 December 2024, compared with 94 days for the same index as at 31 December 2023. No legal proceedings are pending pertaining to late payments.

The prevailing payment system is by bank transfer, only in some limited cases is the RiBa (commercial papers) payment system used.

It should be emphasised that a system of segregation of duties is in place within the Group to avoid fraud-related risk. As far as the purchasing and treasury cycles are concerned, the responsibility for compiling the supplier's master data lies with the purchasing department.

Payments are prepared by the treasury department, which cannot alter the supplier's master data. In the parent company Somec S.p.A., and in some Group companies, an ad hoc treasury programme has been implemented, acting as an interface between the management system and the banking system, making it possible to avoid access to home banking and to send payments directly for approval to persons with appropriate powers, namely the Chief Financial Officer or the Chief Corporate Officer.



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FINANCIAL STATEMENTS

31 December 2024

The following Consolidated financial statements constitute a non-official version which is not compliant with the provision of the Commission Delegated Regulation (EU 2019/815).

For the official version please refer to the original Italian text.

Consolidated Financial Statements
31 December 2024

Consolidated statement of financial position

Assets

€/000	Note	31.12.2024	31.12.2023 restated*	01.01.2023 restated*
Non-current assets				
Property, plant and equipment	1	18,012	19,109	20,893
Intangible assets	2	46,012	55,143	59,517
Right-of-use assets	4	21,933	23,936	27,387
Investments in associates	5	289	339	351
Non-current financial assets	6	646	888	2,616
Deferred tax assets	7	5,666	7,773	4,268
Total non-current assets		**92,558**	**107,188**	**115,032**
Current assets				
Inventory and contract assets	8	44,836	59,899	53,498
Trade receivables	9	79,671	73,511	84,152
Other receivables	10	17,284	15,283	18,417
Tax receivables	11	5,537	4,358	4,166
Other current financial assets	12	28,149	21,888	4,608
Cash and cash equivalents	13	47,478	46,962	54,344
Total current assets		**222,955**	**221,901**	**219,185**
Total Assets		**315,513**	**329,089**	**334,217**

* For more details on the restatement of balances for the year ended 31 December 2023, refer to paragraph "Correction of an error (IAS 8)", in the notes to the consolidated financial statements.

Liabilities and Shareholders' Equity

€/000	Note	31.12.2024	31.12.2023 restated*	01.01.2023 restated*
Group net equity				
Share capital	14	6,900	6,900	6,900
Share premium reserve	14	18,173	18,173	18,173
Legal reserve	14	1,380	1,380	1,380
Other reserves and retained earnings	14	(12,773)	(9,543)	4,237
Total Group net equity	**14**	**13,680**	**16,910**	**30,690**
Non-controlling interests	14	4,011	2,748	4,817
Total net equity	**14**	**17,691**	**19,658**	**35,507**
Non-current liabilities				
Loans and financing	15	7,324	12,842	61,094
Other non-current financial liabilities	16	29,865	33,503	34,026
Other non-current liabilities		292	759	669
Provisions for liabilities and charges	17	1,095	1,086	1,322
Net defined-benefit obligations	18	5,884	5,841	5,130
Non-current tax liabilities	22	961	-	-
Deferred tax liabilities	7	6,043	7,562	8,493
Total non-current liabilities		**51,464**	**61,593**	**110,734**
Current liabilities				
Trade payables	19	79,994	74,904	80,871
Other current liabilities	20	17,428	14,647	13,084
Contract work in progress and customer advances	21	45,645	49,052	43,215
Loans and financing	15	88,869	97,788	42,638
Other current financial liabilities	16	8,467	9,655	5,497
Current tax liabilities	22	5,955	1,792	2,671
Total current liabilities		**246,358**	**247,838**	**187,976**
Total liabilities		**297,822**	**309,431**	**298,710**
Total Liabilities and Shareholders' Equity		**315,513**	**329,089**	**334,217**

Consolidated statement of comprehensive income

€/000	Note	31.12.2024	31.12.2023
Revenues from contracts with customers	23	377,627	367,658
Other revenues and income	24	5,196	3,386
Revenues		**382,823**	**371,044**
Raw materials and consumables		(161,348)	(167,046)
Employee benefit expenses	25	(67,609)	(63,036)
Depreciation, amortisation and other write-downs	26	(21,421)	(18,028)
Other operating costs	27	(124,283)	(122,781)
Operating profit (EBIT)		**8,162**	**153**
Financial expenses	28	(8,263)	(14,997)
Financial income	28	4,505	4,902
Other income (and expenses)	29	237	(1,335)
Income from associates	30	3	85
Profit/(loss) before tax (EBT)		**4,644**	**(11,192)**
Income taxes	31	(5,104)	818
Profit/(loss) for the period	**14**	**(460)**	**(10,374)**
Non-controlling interests	14	2,843	1,273
Group net result	**14**	**(3,303)**	**(11,647)**
Earnings per share (in Euro)	32	(0.48)	(1.69)
Diluted earnings per share (in Euro)	32	(0.48)	(1.69)

€/000	Note	31.12.2024	31.12.2023
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	14	619	(118)
Net gains/(losses) on cash flow hedges	14	(807)	(1,727)
Total other comprehensive income/(losses) that may be subsequently reclassified within profit/(loss), net of tax	**14**	**(188)**	**(1,845)**
Other comprehensive income/(losses) that will not be subsequently reclassified within profit/(loss) for the period			
Gains/(losses) from remeasurement of defined benefit plans	14	8	(145)
Total other consolidated comprehensive income that will not be reclassified to net income/(losses), net of tax	**14**	**8**	**(145)**
Total other comprehensive income/(losses), net of tax	**14**	**(180)**	**(1,990)**
Total income/(loss) net of tax		**(640)**	**(12,364)**
Attributable to			
Equity holders of the Parent		**(3,854)**	**(13,491)**
Non-controlling interests		**3,215**	**1,127**

Consolidated statement of cash flows

€/000	Note	31.12.2024	31.12.2023 restated*
Result for the period		(460)	(10,374)
Reconciliation of net income to operating cash flow			
Income taxes	31	5,104	(818)
Depreciation and amortisation	26	14,821	16,355
Change in defined benefit obligations	14-18	51	137
Change in Put and Call option liabilities	16-28	(1,066)	5,217
Write-downs for impairment	2-3-26	4,749	424
Bad debt provision	9-26	1,251	865
Finance costs	28	6,405	6,241
Finance income	28	(1,581)	(1,362)
Net exchange rate changes		(632)	1,912
Income/(loss) for the period from associates	5-30	(3)	(85)
(Capital gains)/Capital losses on sale of assets		(11)	33
Net change in provisions for risks and charges	17	605	(29)
Costs for share-based payments	14-25	218	(558)
Change in operating assets and liabilities			
Decrease/(Increase) in inventory and contract assets	8	15,063	(5,730)
Increase/(Decrease) in liabilities for contract work in progress and customer advances	21	(3,407)	5,666
Decrease/(Increase) in trade receivables	9	(14,321)	(8,367)
Decrease/(Increase) in other receivables	10	(2,001)	3,136
Increase/(Decrease) in trade payables	19	5,090	(7,011)
Decrease/(Increase) in other current assets and liabilities		5,732	2,725
Income tax payments		(2,972)	(3,917)
(Use of provisions)	17	(608)	(207)
Interest received/(paid)		(4,583)	(4,128)
Cash flows from operating activities (A)		**27,444**	**125**

* For more details on the restatement of balances for the year ended 31 December 2023, refer to paragraph "Correction of an error (IAS 8)", in the notes to the consolidated financial statements.

€/000	Note	31.12.2024	31.12.2023 restated*
Investing activities			
Investments in property, plant and equipment	1	(2,255)	(2,249)
Investments in intangible assets	2	(168)	(586)
Investments in associates	5	-	97
Realisable price of property, plant and equipment		32	18
Settlement of price adjustment on business combination	16	(2,863)	(743)
Acquisition of subsidiaries net of cash acquired		-	(877)
Cash flows from investing activities (B)		**(5,254)**	**(4,340)**
Financing activity			
Loans and financing granted	15	-	15,900
(Repayments)	15	(22,588)	(16,540)
Lease liability payments	4-16	(6,492)	(6,352)
Increase/(Decrease) in short term bank loans	15	7,946	7,600
Treasury share purchase reserve	14	-	330
Dividends paid to minority shareholders	14	(1,569)	(3,119)
Acquisition of minority shareholdings	14	-	(140)
Cash flows from financing activities (C)		**(22,703)**	**(2,321)**
Increase (decrease) in cash and cash equivalents (A+B+C)		**(513)**	**(6,536)**
Cash and cash equivalents at the beginning of the period	13	**46,962**	**54,344**
Net effect of exchange differences		1,029	(846)
Cash and cash equivalents at the end of the period	13	**47,478**	**46,962**

Consolidated statement of changes in equity

as at 31.12.2024

€/000	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
01.01.2024 restated*		**6,900**	**18,173**	**1,380**	**2,105**	**(11,648)**	**16,910**	**1,475**	**1,273**	**2,748**	**19,658**
2023 result allocation											
Other reserves					(11,648)	11,648	-	1,273	(1,273)	-	-
Dividends							-	(1,569)		(1,569)	(1,569)
Treasury share purchase reserve	14				324		324				324
Reserve for share-based payments	14				(106)		(106)				(106)
Change in consolidation scope					383		383	(383)		(383)	-
Other changes					23		23			-	23
Other comprehensive income (OCI)	**14**										
Defined benefit plans					8		8			-	8
Change in currency translation reserve					247		247	372		372	619
Change in cash flow hedge reserve					(807)		(807)			-	(807)
Net income/(loss) for the period						(3,303)	(3,303)		2,843	2,843	(460)
31.12.2024		**6,900**	**18,173**	**1,380**	**(9,470)**	**(3,303)**	**13,680**	**1,168**	**2,843**	**4,011**	**17,691**

* For more details on the restatement of balances for the year ended 31 December 2023, refer to paragraph "Correction of an error (IAS 8)", in the notes to the consolidated financial statements.

as at 31.12.2023

€/000	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**
Adjustment for correction of an error					(1,303)		(1,303)			-	(1,303)
01.01.2023 restated*		**6,900**	**18,173**	**1,380**	**5,989**	**(1,752)**	**30,690**	**3,522**	**1,295**	**4,817**	**35,507**
2022 result allocation											
Other reserves					(1,752)	1,752	-	1,295	(1,295)	-	-
Dividends							-	(3,119)		(3,119)	(3,119)
Treasury share purchase reserve	14				330		330				330
Reserve for share-based payments	14				(558)		(558)				(558)
Acquisition of minority interests					(62)		(62)	(77)		(77)	(139)
Other changes					2		2				2
Other comprehensive income (OCI)	**14**										
Defined benefit plans					(141)		(141)	(5)		(5)	(145)
Change in currency translation reserve					23		23	(141)		(141)	(118)
Change in cash flow hedge reserve					(1,727)		(1,727)				(1,727)
Net income/(loss) for the period						(11,648)	(11,648)		1,273	1,273	(10,374)
31.12.2023		**6,900**	**18,173**	**1,380**	**2,105**	**(11,648)**	**16,910**	**1,475**	**1,273**	**2,748**	**19,658**

Explanatory notes

to the Consolidated Financial Statements as at 31 December 2024

General information

Publication of the Consolidated Financial Report of Somec S.p.A. and its subsidiaries ("Somec Group") for the period ended 31 December 2024, prepared using the ESEF (European Single Electronic Format), has been authorised by the Board of Directors, which approved the financial statements on 27 March 2025.

The Somec Group specialises in the engineering, design and deployment of complex turnkey projects in civil and naval engineering.
As explained in greater detail in the Directors' Report, the Group operates through three business units (BUs)

Horizons: engineered systems for naval architecture and building façades

Talenta: professional kitchen systems and products

Mestieri: 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. Stock Exchange (Euronext Milan Market - EXM) on 4 August 2020.

Basis of preparation

The consolidated financial statements as at 31 December 2024 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), endorsed by the European Commission and applicable at the reporting date.

The consolidated financial statements 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.

For further details, please refer to the paragraph relating to significant events after 31 December 2024.

For the purpose of comparison, the consolidated financial statements also include the statement of financial position as at 31 December 2023 and consolidated income statement figures for 2023. As explained in the section on Correction of an error (IAS 8), the comparative balance sheet was restated to correct an accounting error.

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 International Financial Reporting Standards, which is appropriately presented and refers to the accounting schedules

The reporting currency of the Consolidated Financial Report 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 Consolidated Financial Statements have been audited by the independent auditing firm, EY S.p.A., external auditing firm 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 2024 and the business outlook are provided.

Explanatory notes (continued)

The consolidated financial statements include the financial statements of the Parent Company, Somec S.p.A. as at 31 December 2024, and those of the following directly or indirectly controlled subsidiaries on the same reporting date:

Scope of consolidation

Company	Registered office	% ownership	Currency	Share Capital
Direttamente controllate				currency unit
3.0 Partners USA Inc.	New York (USA)	100%	USD	10,000
Bluesteel S.r.l.	Colle Umberto (TV)	94%[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.p.A.	San Vendemiano (TV)	100%	Euro	3,000,000
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
Somec Sintesi S.r.l.	San Vendemiano (TV)	100%	Euro	100,000
Somec Shanghai Co., Ltd	Shanghai (Cina)	100%	CNY	4,733,773
Sotrade S.r.o.	Piestany (Slovacchia)	100%	Euro	92,380

Company	Registered office	% ownership	Currency	Share Capital
Indirettamente controllate				currency unit
Atelier de Façades Montréal Inc.	Montréal (Canada)	70.90%	CAD	100
Bluesteel Group UK Ltd	Londra (UK)	94%[1]	GBP	100
Bluesteel Group USA Inc.	New York (USA)	94%[1]	USD	10,000
Budri S.r.l.	Mirandola (MO)	65%[2]	Euro	3,000,000
Budri London Ltd	Londra (UK)	65%[2]	GBP	10,000
Budri Switzerland SA	Lugano (CH)	65%[2]	CHF	100,000
Fabbrica LLC	Delaware (USA)	70.90%	USD	6,250,000
Fabbrica Works S.r.l.	San Biagio di Callalta (TV)	65.63%[3]	Euro	100,000
Gino Ceolin S.r.l.	Mogliano Veneto (TV)	60%[4]	Euro	50,000
Lamp Arredo S.r.l.	Quinto di Treviso (TV)	60%[5]	Euro	100,000
Mestieri USA Inc.	Delaware (USA)	100%	USD	10,000
Pizza Group USA LLC	Houston (USA)	100%	USD	10,000
Skillmax S.r.l.	San Biagio di Callalta (TV)	60%[6]	Euro	500,000
Total Solution Interiors S.r.l.	Cantù (CO)	100%	Euro	100,000
Total Solution Interiors LLC	Miami (USA)	100%	USD	293,034
Collegate				
Squadra S.r.l.	Pieve di Soligo (TV)	31.10%	Euro	41,500

Explanatory notes (continued)

It should be noted that during the first half of 2024, Mestieri S.p.A. became the sole shareholder of Total Solution Interiors S.r.l., following the resolution of the subsidiary's Shareholders' Meeting held on 8 April 2024, whereby it was resolved to cover the losses and replenish the share capital, including the unopted portion of the previous minority shareholder, on 11 June 2024. As a result, Mestieri S.p.A. increased its majority stake in Total Solution Interiors S.r.l. from 80% to 100% of the share capital.

On 2 December 2024, the merger of Skillbuild S.r.l. into Skillmax S.r.l. was finalised. It should be noted that the accounting and tax effects of this transaction are effective from 1 January 2024.

On 30 December 2024, the merger by incorporation of Primax S.r.l. into Pizza Group S.r.l. was completed in order to ensure greater efficiency and operational and management integration.
It should be noted that the accounting and tax effects of this transaction are effective from 1 January 2024.

No further events or changes concerning the Somec Group's scope of consolidation are reported.

(1)
The acquisition of Bluesteel S.r.l. includes an option (Put and Call) for the purchase of the remaining 6% 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 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.

(3)
Fabbrica Works S.r.l. is directly owned by Somec S.p.A. (16%) and Fabbrica LLC (70%). A Put and Call option is in place between the parties for the purchase of the remaining 14% minority interest to be exercised within 90 days of the approval of the company's financial statements for the year ending 31 December 2025. Minority interests are not recognised in the consolidated income statement in light of the put and call option in place.

(4)
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%. This option can be exercised within 90 days of the approval of the financial statements as of 31 December 2026. Minority interests are not recognised in the consolidated income statement in light of the Put and Call option in place.

(5)
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.

(6)
The acquisition of Skillmax 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%. The option can be exercised starting from May 2027 and by April 2028. Minority interests are not recognised in the consolidated income statement in light of the Put and Call option in place.

Explanatory notes (continued)

Basis of consolidation

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

● The financial statements of subsidiaries have been appropriately aligned and reclassified to bring them into line with the Group's accounting standards and valuation criteria, as per the provisions of the international IFRS accounting standards currently in force

● 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 to 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

	31.12.2024		31.12.2023	
	Average	Final	Average	Final
Canadian Dollar	1.4821	1.4948	1.4595	1.4642
US Dollar	1.0824	1.0389	1.0813	1.1050
Swiss Franc	0.9526	0.9412	0.9718	0.9260
Chinese Renminbi	7.7875	7.5833	7.6600	7.8509
Pound Sterling	0.8466	0.8292	0.8698	0.8691

Explanatory notes (continued)

Summary of main accounting standards

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments and contingent liabilities which are recognised at fair value.

→ Current/non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when:

- It is realised, or is held for sale or consumption, in the Group's normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realised within twelve months of the reporting date
- It consists of cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the Group's operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months of the reporting date

The terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification as current or non-current.

The Group classifies all other liabilities as non-current.

Tax assets and liabilities are classified as non-current assets and liabilities.

→ Statement of cash flows

According to the provisions of IAS 7, the Group has prepared the statement of cash flows as follows:

- The cash flow statement has been prepared on the basis of the indirect method
- Net profit/(loss) for the year has been reconciled with the net cash flows from operating activities
- The Group has opted to treat interest received and paid as cash flows from operating activities

→ Property, plant and equipment

and are shown in the financial statements excluding the relative depreciation and any accumulated impairment losses. In particular, the cost of a property plant or equipment whether purchased or self-constructed, includes directly attributable charges and all costs necessary to bring the asset to the condition necessary for it to be capable of operating in the intended manner.

This cost includes the replacement costs for some equipment or plants when they are incurred, if they comply with the recognition criteria.

Each part of an item of PP&E with a cost that is significant in relation to the total cost of the item should be depreciated separately based on the specific useful life.

Similarly, where major repairs and maintenance are required, the cost is included in the book value of the plant or equipment as in the case of replacement, when recognition criteria can be met.

Maintenance and repair costs, other than incremental expenditures, are recognised in the net result for the period.

Tangible assets with a finite useful life are depreciated each financial year over their potential residual life. Depreciation commences when the asset is available and ready for use.

Assets are depreciated on a straight-line basis at a uniform rate until the end of their useful life. When the asset being depreciated is made up of distinctly identifiable parts, whose useful life differs significantly from that of the other parts, each part is depreciated separately, based on the component approach.

Explanatory notes (continued)

The depreciation rates are as follows:

Category	Rate
Lightweight constructions	10.00%
Plant and equipment	5.00% - 10.00%
Large plant and machinery	15.50%
Small tools and equipment	25.00% - 35.00%
Furniture and ordinary office equipment	12.00%
Electronic office equipment	15.00% - 20.00% - 33.33%
Transport vehicles	20.00%
Cars	25.00%

Land is not depreciated. The useful life of tangible assets and their salvage value are reviewed and updated where necessary, at least at the end of each financial year.

The book value of property, plant and equipment items and any significant component initially recognised is eliminated once the asset is sold (i.e. the date on which the buyer gains control of the asset) or when no future economic benefit is expected from its use or disposal. The gain/loss generated when the asset is derecognised (calculated as the difference between the net book value of the asset and the consideration received) is charged to the income statement when the item is eliminated.

For further information on the criteria adopted to identify and determine any impairment of property, plant and equipment, please see the paragraph on "Impairment of non-financial assets".

→ Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is determined as the sum of the consideration, measured at fair value on the date of acquisition, and the amount of the minority interest in the acquired asset. For each business combination, the Group establishes whether to measure the non-controlling interest in the newly acquired asset at fair value or in proportion to the share of the minority stake in the net identifiable assets of the acquired company. Acquisition costs are expensed during the year and classified under administrative expenses.

When the Group acquires a business, it classifies or designates the financial assets acquired or the liabilities assumed in accordance with the contractual terms, economic conditions and other relevant conditions in place on the acquisition date. This includes establishing whether an embedded derivative should be separated from the host contract.

Any contingent consideration to be paid is recognised by the buyer at fair value on the acquisition date. A contingent consideration classified as equity is not subject to remeasurement and its subsequent payment is accounted for with a contra-entry in shareholders' equity. Changes in the fair value of the contingent consideration classified as an asset or liability, as a financial instrument that is subject of IFRS 9 - Financial Instruments, must be recognised in the income statement in accordance with IFRS 9.

A contingent consideration that does not fall within the scope of IFRS 9 is measured at fair value on the reporting date and changes in fair value are recognised in the income statement.

Goodwill is initially recognised at cost, represented by the difference between the total consideration paid and the amount recorded for minority interests compared to the identifiable net assets acquired and the liabilities assumed by the Group.

If the fair value of the net assets acquired exceeds the total consideration paid, the Group again establishes whether it has correctly identified all assets acquired and liabilities assumed and reviews the procedures applied to determine the amounts to be recognised at the acquisition date.
If the new valuation still shows that the fair value of the net assets acquired is higher than the consideration paid, the difference (gain) is recognised in the income statement.

Following initial recognition, goodwill is designated at cost excluding accumulated impairment losses. In order to conduct an impairment test, the goodwill acquired in a business combination is allocated from the acquisition date to each cash generating unit of the Group (Cash Generating Unit or CGU) or to the CGU that is expected to benefit from the synergies from the business combination, regardless of whether other assets or liabilities of the acquired entity are allocated to these units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of part of the assets of the said unit, the goodwill associated with the divested business is included in the carrying amount of the asset when calculating the profit or the loss on the sale.

The goodwill associated with the divested business is determined on the basis of the relative values of the divested business and the retained assets of the cash-generating unit.

Explanatory notes (continued)

→ Intangible assets

Intangible assets are non-monetary assets that cannot be physically measured, are under the Group's control and are able to generate future economic benefits.

Intangible assets acquired separately are recognised at cost, while those acquired in business combinations are designated at fair value at the acquisition date. Following initial recognition, intangible assets are entered at cost less the related amortisation and any accumulated impairment losses. Internally-generated intangible assets, with the exception of development costs, are not capitalised and are recognised in the net income for the year at the time they are incurred. Development costs are incurred as part of a plan or project for the production of new or substantially improved products or processes.

These expenses are capitalised only if the cost can be reliably measured, the technical and commercial feasibility of the product or process can be established, the asset is likely to generate future economic benefits, and the Group intends and is able to complete the development and use or sell the intangible asset. The useful life of intangible assets is classified as finite or indefinite. Intangible assets with a finite life are amortised on a straight-line basis over their useful life and are subject to an assessment of the recoverable amount whenever there are signs of possible impairment.

The amortisation period and method applied are reviewed at the end of each financial year or more frequently where necessary.
Changes in the expected useful life or in the way in which any future economic benefits arising from the intangible asset are rendered by the Group are recognised by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The gain or loss from the retirement or disposal of an intangible asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in net income for the year upon disposal.

The Group does not record intangible assets with an indefinite useful life in the financial statements, with the exception of goodwill.
In addition to goodwill, intangible assets include concessions, licences, trademarks and similar rights, non-patented technology (know how), order backlog and customer relationships acquired in business combinations (please refer to the relevant paragraph for more details).

Concessions, licences, trademarks and similar rights and customer relationships are amortised over the expected useful life of such relationships (respectively 5-15 years and 5-10 years).

The order backlog represents the expected residual value of existing orders on the acquisition date and is amortised on a straight-line basis based on the expected useful life of the orders.

Their useful life is reassessed at the end of each year based on recorded and forecast customer turnover (churn rate).

The amortisation rates that reflect the useful life attributed to intangible assets with a finite life are determined as follows:

Category	Useful life
Development costs	5 years
Licensed software	3 years
Concessions, licences, trademarks and similar rights	5 - 15 years
Non-patented technology (know how)	5 - 10 years
Order backlog	contract duration (less than 3 years)
Customer relationships	5 - 10 years

→ Right-of-use assets

When signing a contract, the Group assesses whether it is, or contains, a lease. In other words, whether or not the contract grants the right to use an identified asset for a period of time in exchange for a fee.

The Group adopts a single recognition and measurement model for all leases, with some exceptions relating to short-term leases and leases of low-value assets. The Group recognises lease liabilities and the right-of-use asset that represents the right to use the asset underlying the contract.

Right-of-use assets
The Group recognises right-of-use assets on the commencement date (i.e. the date on which the underlying asset is available for use).
Right-of-use assets are measured at cost, less accumulated amortisation and impairment, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of recognised lease liabilities, the initial direct costs incurred and the lease payments made at or before the commencement date, less any incentives received. Right-of-use assets are amortised on a straight-line basis from the commencement date to the end of the useful life of the underlying asset.

Explanatory notes (continued)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, the lessee must amortise the right-of-use asset from the commencement date until the end of the useful life of the underlying asset. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date, the Group measures the lease liability at the present value of lease payments that have not been paid at that date. Payments comprise fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be payable by the lessee under residual value guarantees. Lease payments also include the exercise price of a purchase option that the Group is reasonably certain to exercise, and payments of penalties for terminating the lease early, if the lease term reflects the Group exercising the option to terminate the lease itself.

Variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of the lease liabilities, the Group uses the incremental borrowing rate at the commencement date.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. Furthermore, the carrying amount of the lease liabilities is remeasured if there is a modification or a change in the lease term for a change in the lease payments. It is also remeasured if there is a change in the assessment of the option to purchase the underlying asset or changes to future payments resulting from a change in an index or rate used to determine such payments.

Lease liabilities are presented as Other financial liabilities, distinguishing between current and non-current liabilities.

Short-term leases and leases of low-value assets
The Group applies the exemption provided for by IFRS 16 for recognition of short-term leases and leases of low-value assets.

For these contracts, lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term.

→ Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is such an indication or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

The recoverable amount is the greater of an asset or CGU's fair value less costs to sell, or its value-in-use. The recoverable amount is determined for individual assets, unless an asset does not generate cash flows that are largely independent of those from other assets or groups of assets. If the carrying amount exceeds the recoverable amount, the asset is described as impaired.

The carrying amount of the asset must be reduced to its recoverable amount.
In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples and other available fair value indicators.

The Group bases its value-in-use calculation on the latest budgets and forecast calculations, which are prepared separately for each of the Group's CGU to which the individual assets are allocated. Budgets and forecasts generally cover a three or five year period. A long-term growth rate is calculated to forecast future cash flows beyond the third or fifth year.

Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets other than goodwill, the Group assesses at the end of each reporting period whether there is any indication that a previously recognised impairment loss has reversed.
If this is the case, the carrying amount of the asset or CGU is increased to its recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years.

Explanatory notes (continued)

A reversal of an impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, when it is treated as a revaluation increase. Goodwill is subject to an annual impairment review or more frequently when there is an indication that the carrying amount exceeds the recoverable amount.

Goodwill impairment is determined by assessing the recoverable amount of the CGU or relevant group of CGUs that gave rise to the goodwill.

An impairment loss is recorded when the recoverable amount of the CGU is less than the carrying amount of the CGU to which goodwill has been allocated.

Goodwill impairments cannot be reversed in future years.

→ Investments in associates

An associate is an entity over which the Group has significant influence over the strategic decisions of the enterprise, or the power to participate in the financial and operating policy decisions of the investee, but does not have not control or joint control.

Where an entity holds 20% to 50% of the voting power at the shareholders' meeting (directly or through subsidiaries) on an investee, it is presumed that the investor has significant influence, also considering the potential voting rights that are exercisable or convertible on the reporting date.

Investments in associates are required to be accounted for using the equity method. Initially recognised at cost, the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Goodwill from the associate is included in the carrying amount of the investment and is not subject to a separate impairment test.

→ Financial instruments

Financial instruments held by the Group are recognised in the following line items:

- Investments in associates:
accounted for using the equity method

- Non-current financial assets:
include non-current loans and receivables and non-current derivative assets

- Current financial assets:
include accounts receivable, short term loans, marketable securities, and other current financial assets (including the positive fair value of derivative financial instruments)

- Cash and cash equivalents:
include bank accounts and short-term, highly liquid investments that can be readily converted into cash and present minimal risk of changes in value

- Financial liabilities:
include loans, other financial liabilities, negative fair value of derivative financial instruments, accounts payable and other liabilities

Non-current financial liabilities, other than equity investments, are accounted for in accordance with IFRS 9, as in the case of current financial assets and liabilities.
All financial assets that fall within the scope of IFRS 9 are initially recognised at fair value and must subsequently be recognised at amortised cost or at fair value based on the Group's business model for financial assets and the asset's contractual cash flow characteristics.
More specifically:

- Assets held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost

- Assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value.
Any changes are recognised in other comprehensive income (FVOCI – Fair Value Through Other Comprehensive Income)

Explanatory notes (continued)

- All other financial assets and investments in equity instruments are measured at fair value and changes are recognised at fair value through profit and loss (FVTPL – Fair Value Through Profit and Loss)

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Loans and receivables, which include trade receivables and other receivables, are measured at amortised cost.

Having said that, the Group can make the following irrevocable election at initial recognition:

- At initial recognition, the Group has the irrevocable option to present the subsequent changes in the fair value of investments in equity instruments, which are neither held for trading, nor a contingent consideration gained by a buyer in a business combination, in other comprehensive income

- the Group has the irrevocable option to designate an investment in debt instruments that meets the amortised cost or FVTOCI criteria at fair value, with subsequent changes in profit (loss) for the year (FVTPL) if doing so eliminates or significantly reduces an accounting mismatch

Financial assets with no set ending or expiration date are measured at cost. Interest-free loans or loans below-market interest rates are discounted using the prevailing market rate.

Regular assessments are made in order to establish whether there is an indication that an asset, or group of assets, may be impaired. If any indication exists, the impairment loss must be recognised as an expense in the income statement for the period. Trade receivables are initially recognised at their fair value and are subsequently presented net of bad debt provisions required to adjust the assets according to impairment criteria introduced by IFRS 9 (expected losses model).

Bad debt provisions are recorded in the income statement. Impaired accounts receivable are written-off when they are deemed to be uncollectible.

Receivables sold to a factor on a without recourse basis are eliminated when the contract provides for the transfer of ownership of the receivables, as well as ownership of the cash flows, risks and benefits generated by the asset itself.

Financial liabilities are initially recognised at fair value plus or minus directly attributable transaction costs, in the case of mortgages, loans and payables.

With the exception of derivative financial instruments, financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

→ Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to the interest rate risk on some existing loans.
All derivative financial instruments are measured at fair value, in accordance with IFRS 9.
In compliance with IFRS 9, derivative financial instruments are recognised using the hedge accounting method when at inception of the hedging relationship there is formal designation and documentation of the hedging relationship and it meets all of the hedge effectiveness requirements based on an assessment of the "economic relationship" between the hedged item and the hedging instrument.

When financial instruments qualify for hedge accounting, the following accounting treatments apply:

- Fair value hedge: when a derivative financial instrument is designated as a hedge against exposure to fluctuations in the fair value of an asset or a liability in the financial statements attributable to a particular risk that can impact the income statement, the gain or loss arising from subsequent fair value measurement of the hedging instrument is recognised in the income statement.
The gain or loss on the hedged item, attributable to the hedged risk, changes the carrying amount of the item and is recognised in the income statement

- if a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, that could impact the income statement, the effective part of any gain or loss on the derivative financial instrument is recognised as in equity. The accumulated profit or loss is reversed from equity and recognised in the income statement during the same period in which the economic effect of the hedged transaction is recognised. The profit or loss associated with a hedge (or part of a hedge) that has become ineffective, is recognised in the income statement.

Explanatory notes (continued)

If a hedging instrument or a hedging relationship has expired but the hedged transaction has not yet occurred, any accumulated gains or losses, recognised in shareholders' equity until then, are recorded in the income statement when the transaction takes place. If the hedge transaction is no longer expected to take place, any related cumulative gain or loss outstanding in equity will be recognised in the income statement

If hedge accounting cannot be applied, the gains or losses deriving from the fair value measurement of the derivative financial instrument are immediately recognised in the income statement.

→ Put and Call options over non-controlling interests

In the case of put options granted to minority shareholders, the Group records a financial liability at the present value of the strike price of the option. Upon initial recognition of the liability, this value is reclassified from shareholders equity, reducing the minority interest if the terms and conditions of the put option already grant the Group access to the economic benefits arising from the shareholding. The Group then books this interest as if it had already been acquired. The liability is subsequently remeasured at each reporting date, in accordance with IFRS 9.

The Group determined the value of these liabilities by discounting the estimated purchase price for the minority interests based on (i) the expected performance as reflected in the companies' approved plans and (ii) the variables set forth in the individual acquisition agreements.

→ Earnout

Earnout related to business combinations is recognised at the acquisition date as part of the consideration transferred at the estimated fair value. Following initial recognition, if the earnout is a financial liability, it will be measured at fair value at each reporting date through profit or loss. Estimated changes in fair value reflect changing expectations of contract terms and conditions.

The Group determines the value of these liabilities by discounting the estimated outlay related to:

- The expected performance as reflected in the companies' approved plans
- The variables set forth in the individual acquisition agreements.

→ Inventory

Inventory is measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price less the estimated costs of completion and disposal.

The cost of inventory of raw materials and consumables, and finished goods and goods for resale is determined using the average weighted cost.

Production costs include raw materials, direct labour costs and other production expenses (based on ordinary operating capacity). Financial charges are not included in inventory valuation.

Slow-moving materials or those that are no longer reusable in the ordinary production cycle are written down accordingly to align the value with the net realisable value.

→ Net defined benefit obligations

Defined benefit plans are based on the working life and salary received by the employee over a defined period of service.

Severance indemnity ("trattamento di fine rapporto" – "TFR") is included under defined benefit plans. The amount recorded in the financial statements is subject to an actuarial assessment using the projected unit credit method.

The discount rate reflects the market return on securities that vest at the same time as the obligation. The calculation includes severance indemnity pay already accrued for years of service already rendered without taking account of estimated future salary increases. Following amendments to "TFR" regulations introduced by Law 296 of 27/12/06, the conditions required to consider future salary increases in actuarial assumptions no longer exist.

Any actuarial gains or losses are recorded directly under "Other reserves" in shareholders' equity and recognised in the comprehensive income statement.

Explanatory notes (continued)

→ Share-based payments

The Group offers additional benefits to some Group executives through stock option plans in the form of share-based payments. These plans are accounted for in accordance with IFRS2 – Share-Based Payments.

According to the provisions of IFRS 2, these plans are a pay component of the beneficiaries.

Therefore, the cost is represented by the fair value of these instruments on the date they are assigned, and is recognised in the income statement among "Costs for employee benefits" in the period between the date of assignment and that of accrual (so-called vesting period), with an equal amount being recognised in a shareholders' equity reserve called "Share-based payments reserve".

Changes to the fair value occurring after the assignment date shall have no effect on the initial valuation. At the end of each year, the estimate of the number of options accrued up to maturity is updated. The change in the estimate is recorded as an adjustment to the item "Share-based payment reserve", and an equal amount is recorded in "Employee benefit costs".

→ Provisions for liabilities and charges

Provisions for liabilities and charges are intended to cover losses or debts, the nature of which is clearly defined and which at the reporting date are either likely to be incurred, or certain to be incurred but uncertain as to the amount or as to the date on which they will arise.

Provisions are recognised when:

- The entity has a present legal or constructive obligation as a result of a past event
- It is probable that an outflow or economic benefits will be required to settle the obligation
- Reliable estimate can be made of the amount of the obligation

If the Group has an onerous contract in place, the current obligation under the contract is recognised as a provision. Nonetheless, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to the contract.

A contract in which the unavoidable costs (i.e. the costs the company cannot avoid because of the contract's existence) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The unavoidable costs under a contract reflect the lowest net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The Group, aided by its consultants and experts in legal and tax matters, recognises provisions for risks when it believes that a financial outlay is likely to occur and when the amount of the resulting liability can be reasonably estimated.

The amount of provisions recognised in the financial statements for these risks represents the best estimate made by management at the reporting date. This estimate takes into account the information available and is based on assumptions that are linked to factors that may change over time.

Where a financial outlay is deemed possible but cannot be determined, it shall be disclosed in the notes to the financial statements.

If the effect of the time value of money is material, the provision for an onerous contract is discounted at a pre-tax rate that reflects the specific risks of the asset, where appropriate.

When a liability is discounted, the increase in the provision due to the passage of time is recognised as a financial expense.

→ Revenue from contracts with customers - Contract assets - Contract liabilities for work in progress and customer advances

Revenue from contracts with customers is stated in the accounts based on the following five steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the individual performance obligations in the contract
- Recognise revenue when the Group satisfies a performance obligation

Revenue from contracts with customers is recognised on the basis of the temporary transfer of control of goods and/or services to the customer. Revenues are recognised "over time" when control is transferred as the work is performed or services are provided, i.e. as the Group performs its obligations. Revenues are recognised "at a point in time" when control is not transferred as the work is performed or services are provided, i.e. upon final delivery of the goods or services.

Explanatory notes (continued)

The Group's main revenue streams are as follows:

- Revenues from contract work, with reference to the companies operating in the Group's three business units ("Horizons: Engineered systems for naval architecture and building façades", "Talenta: Professional kitchen systems and products" and "Mestieri: design and production of bespoke interiors division")
- Revenues from the production and sale of products, i.e. revenues of some companies operating in the "Talenta: Professional kitchen systems and products" segment

Contracted project work represents an obligation to perform work over time. During performance of contracted project work according to specific customer requirements, the Group applies the cost-to-cost input method, whereby revenues are accounted for on the basis of the input (costs) required to meet the performance obligations in proportion to the total expected input to complete the job (contract budget).

The valuation is a best estimate of the cost of the project on the reporting date. The Directors base their estimates on information deriving from the Group's internal reporting and forecasting system. Estimated costs and revenues are measured and, when necessary, revised at various stages of completion. Any economic effects are reported in the year in which adjustments are made.

When it is probable that the total cost exceeds the total contract revenue, the expected loss is recognised immediately in the income statement. Revenue from production and sale of "Talenta: Professional kitchen systems and products" goods represents performance obligations at a point in time. Revenue from the sale of products is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Transfer of control coincides with the transfer of ownership or possession of the asset to the buyer and therefore generally upon the delivery or completion of the service.

For contracts with costs expressed in a currency other than the functional currency, revenue generated by the reporting date is converted into the functional currency, in the absence of hedging transactions, at the actual exchange rate (for invoiced work) and at the exchange rate at the end of the period (for work that has yet to be invoiced). Holdbacks retained by the customer but subject to release are not acquired outright per the terms of the contract given that they are contingent on performance of obligations after delivery.
The Group generally receives short-term advances from its customers. If the interval between transfer of the promised goods or services and payment by the customer is expected to be less than twelve months, a significant financing arrangement does not affect the transaction price and so no adjustment for the time value of money is made.

The items are reported as follows:

- Contract assets: the right to consideration in exchange for goods or services that the Group has transferred to a customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Group presents the contract as a contract asset, excluding any amounts presented as a receivable. Contract assets are tested for impairment at the reporting date in compliance with IFRS 9
- Receivables: are recognised when the Group's right to consideration is unconditional. The right to consideration is unconditional when only the passage of time is required before payment of the consideration is due. Impairment is measured in accordance with IFRS 9 at the end of the reporting period
- Contract liabilities for work in progress and advance payments: the obligation to transfer goods or services to a customer for which the Group has received consideration. If a customer pays consideration before the Group transfers a good or service to the customer, the Group presents the contract as a contract liability when payment has been made

Contract assets and liabilities are presented net at the individual contract level in the consolidated statement of financial position:

- Amounts due from customers for contract work in progress are shown as contract assets, when they exceed the sum of advances received
- Advance payments received for contract work are shown as liabilities for contract work in progress and advances, when they exceed the amount due from customers

This analysis is performed on a project-by-project basis

→ Costs of obtaining a contract

Costs incurred to fulfil a contract are recognised as an asset if all of the following criteria are met:

- The costs relate directly to a contract or a specific identified contract
- The costs generate or enhance resources that will be used in satisfying performance obligations in the future
- The costs are expected to be recovered

Capitalised costs incurred to fulfil a contract are amortised on a systematic basis consistently with the transfer of the goods or services to which the asset relates.

Explanatory notes (continued)

→ Dividends

Dividends from subsidiaries are recognised in the income statement when:

- The Group's right to receive payment is established
- It is probable that the economic benefits associated with the dividend will flow to the Company
- The amount of the dividend can be measured reliably

Distribution of dividends to shareholders of the Parent Company is recognised as a liability in the consolidated financial statements once authorised by the Shareholders.

→ Financial income and expenses

Financial income includes interest on investments, gains on changes in the fair value of derivatives and gains on hedging instruments recognised in profit and loss. Interest income is recognised through profit or loss on an accruals basis using the effective interest rate method.

Financial expenses include interest on liabilities measured at amortised cost, losses on changes in the fair value of derivatives, losses on hedging instruments recognised in profit and loss, cash discounts, as well as factoring expenses.

Costs arising from liabilities measured at amortised cost are recognised in profit and loss using the effective interest rate method.

The Group did not report any capitalised financial charges among the asset items.

→ Costs

Costs are recognised on an accruals basis.

→ Grants

Government grants are recognised only when there is reasonable assurance that the Group will comply with any conditions attached to the grant and the grant will be received.

Government grants for property, plant and equipment are recognised as unearned income under "Other non-current liabilities".

Unearned income is recognised in the income statement on a straight-line basis determined based on the useful life of the asset to which the grant is directly attributable.

Grants other than those related to assets are recognised in the income statement under the item "Other revenues and income".

→ Income tax

Income tax for the year is the sum of current and deferred tax items. Income tax is reported in the income statement, except for that arising from transactions recognised immediately as equity. Current tax is an estimate of the amount of income taxes due on taxable income for the year, determined by applying the tax rates in force in the relevant country or essentially in force on the reporting date and any adjustments to the amount due from previous years.

Deferred tax assets are calculated on the temporary differences between the book value and tax value of assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the assets can be utilised.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the tax benefit will be realisable.

Explanatory notes (continued)

Taxes payable include an estimate of the risks associated with uncertainties in the tax treatments relied upon to determine income taxes in accordance with IFRIC 23.

Such uncertainties may arise from:

- Unclear or complex tax rules
- Changes in tax rules or clarifications by tax authorities
- Ongoing tax audits and/or litigation
- Public information on ongoing tax audits and/or litigation involving other entities

→ Earnings per share

Basic earnings per share is calculated by dividing the result attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the result attributable to equity holders of the Parent by the weighted average number of shares outstanding during the period plus the effects of all potential dilutive ordinary shares.

→ Treasury shares

Treasury shares that are repurchased are deducted from shareholders' equity on the basis of the relative purchase cost. The cost of treasury shares held is presented under the item "Reserve for purchase of treasury shares".

Voting rights related to treasury shares and the right to receive dividends are cancelled. The difference between the purchase value and the sale price, in the event of reissue, is recognised in the share premium reserve.

New accounting standards, interpretations and amendments adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated).

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 16

Lease Liability in a Sale and Leaseback

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's financial statements.

IAS 1

Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The changes caused additional disclosures to be provided in Note 15 and in the section on Significant Events after 31 December 2024, although they had no impact on the classification of the Group's liabilities.

IAS 7 - IFRS 7

Supplier Finance Arrangements

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements.

The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

It should be noted that the Group does not make use of any form of Supply finance arrangements, therefore the changes had no impact on the Group's consolidated financial statements.

Principles issued but not yet in force

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below.

The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18

Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals.

Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19

Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards.

To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

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

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 7 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 and note 3 Impairment test.

Discretionary measurements and significant accounting estimates (continued)

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 16 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 4 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 18 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.

Correction of an error (IAS 8)

As noted in the Consolidated Financial Report for the period ended 30 June 2024, following a review of contractual relationships with one of Somec Group's major customers, conducted in the first half of 2024, it emerged that a specific contractual provision had not been applied and accounted for, which would have resulted in the recognition of certain rebates for the 2019-2022 financial years.

This error, considered material as a whole under IAS 8, resulted in the retroactive restatement of the financial position opening balances of the comparative year.

As a result of such change in the opening balances, the statement of financial position for the year ended 31 December 2023 showed an increase in trade payables (+1.5 million Euro), a rise in deferred tax assets (+0.2 million Euro), and a corresponding decrease in retained earnings and losses carried forward (-1.3 million Euro).

It should be further noted that the comparative income statement for financial year 2023 was not restated, as the aforementioned costs relate to financial years 2019-2022 and therefore the impacts were recognised as a reduction of retained earnings.

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:

Horizons

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

Talenta

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/(loss) 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 31 December 2024 and 31 December 2023.

Operating segment reporting (continued)

Results by operating segment as at 31.12.2024

€/000	**Horizons:** engineered systems for naval architecture and building façades	**Talenta:** professional kitchen systems and products	**Mestieri:** design and production of bespoke interiors division	**Total segments**	**Adjustments and eliminations**	**Consolidated**
Revenues from contracts with customers	235,414	58,315	86,587	380,316	(2,689)	377,627
Other revenues and income	3,660	659	3,041	7,360	(2,164)	5,196
Intra-segment revenues	22,918	3,736	14,687	41,341	(41,341)	-
Revenues	**261,992**	**62,710**	**104,315**	**429,017**	**(46,194)**	**382,823**
Raw materials and consumables	(98,658)	(30,710)	(32,803)	(162,171)	823	(161,348)
Employee benefit expense	(41,350)	(12,272)	(14,054)	(67,676)	67	(67,609)
Depreciation, amortisation and other write-downs	(9,932)	(6,369)	(5,120)	(21,421)	-	(21,421)
Other operating costs	(73,658)	(11,821)	(42,759)	(128,238)	3,955	(124,283)
Income from associates	3	-	-	3	-	3
Adjustments and eliminations	(22,918)	(3,736)	(14,687)	(41,341)	-	-
Segment net result	**15,479**	**(2,198)**	**(5,108)**	**8,173**	**(3,529)**	**4,644**

Results by operating segment as at 31.12.2023

€/000	**Horizons:** engineered systems for naval architecture and building façades	**Talenta:** professional kitchen systems and products	**Mestieri:** design and production of bespoke interiors division	**Total segments**	**Adjustments and eliminations**	**Consolidated**
Revenues from contracts with customers	214,086	60,068	94,585	368,739	(1,081)	367,658
Other revenues and income	3,297	804	1,446	5,547	(2,161)	3,386
Intra-segment revenues	15,813	4,415	7,937	28,165	(28,165)	-
Revenues	**233,196**	**65,287**	**103,968**	**402,451**	**(31,407)**	**371,044**
Raw materials and consumables	(98,352)	(30,510)	(38,778)	(167,640)	594	(167,046)
Employee benefit expense	(38,688)	(12,205)	(12,169)	(63,062)	26	(63,036)
Depreciation, amortisation and other write-downs	(9,188)	(2,629)	(6,211)	(18,028)	-	(18,028)
Other operating costs	(65,860)	(15,582)	(43,955)	(125,397)	2,616	(122,781)
Income from associates	85	-	-	85	-	85
Adjustments and eliminations	(15,813)	(4,415)	(7,937)	(28,165)	-	-
Segment net result	**5,380**	**(54)**	**(5,082)**	**244**	**(11,436)**	**(11,192)**

It should be noted that as at 31 December 2024, the item Depreciation and Amortisation includes the impairment of goodwill: i) of the CGU Bluesteel (operating sector Horizons: engineered systems for naval architectures and civil facades), for Euro 1,266 thousand; ii) of the CGU Professional Cooking Equipment (operating sector Talenta: systems and products of professional kitchens), for Euro 3.482 thousand.

Operating segment reporting (continued)

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

€/000	2024	2023
Segment net income	**8,173**	**244**
Financial expenses	(8,263)	(14,997)
Financial income	4,505	4,902
Other income (and expenses)	237	(1,335)
Net effect of eliminations between segments	(8)	(6)
Profit/(loss) before tax	**4,644**	**(11,192)**

Assets and liabilities by operating segment

The following table shows the Group's assets and liabilities by operating segment as at 31 December 2024 and 31 December 2023:

€/000	**Horizons:** engineered systems for naval architecture and building façades	**Talenta:** professional kitchen systems and products	**Mestieri:** design and production of bespoke interiors division	**Segments total**	**Adjustments and eliminations**	**Consolidated**
Segment assets						
as at 31/12/2024	**162,613**	**50,204**	**91,492**	**304,309**	**11,204**	**315,513**
as at 31/12/2023	167,826	56,088	93,289	317,203	11,886	329,089
Segment liabilities						
as at 31/12/2024	**(184,140)**	**(29,934)**	**(72,872)**	**(286,946)**	**(10,876)**	**(297,822)**
as at 31/12/2023	(196,067)	(30,866)	(73,144)	(300,077)	(9,354)	(309,431)

Revenues by geographical area

The following table shows revenues by geographical area as at 31 December 2024 and 31 December 2023:

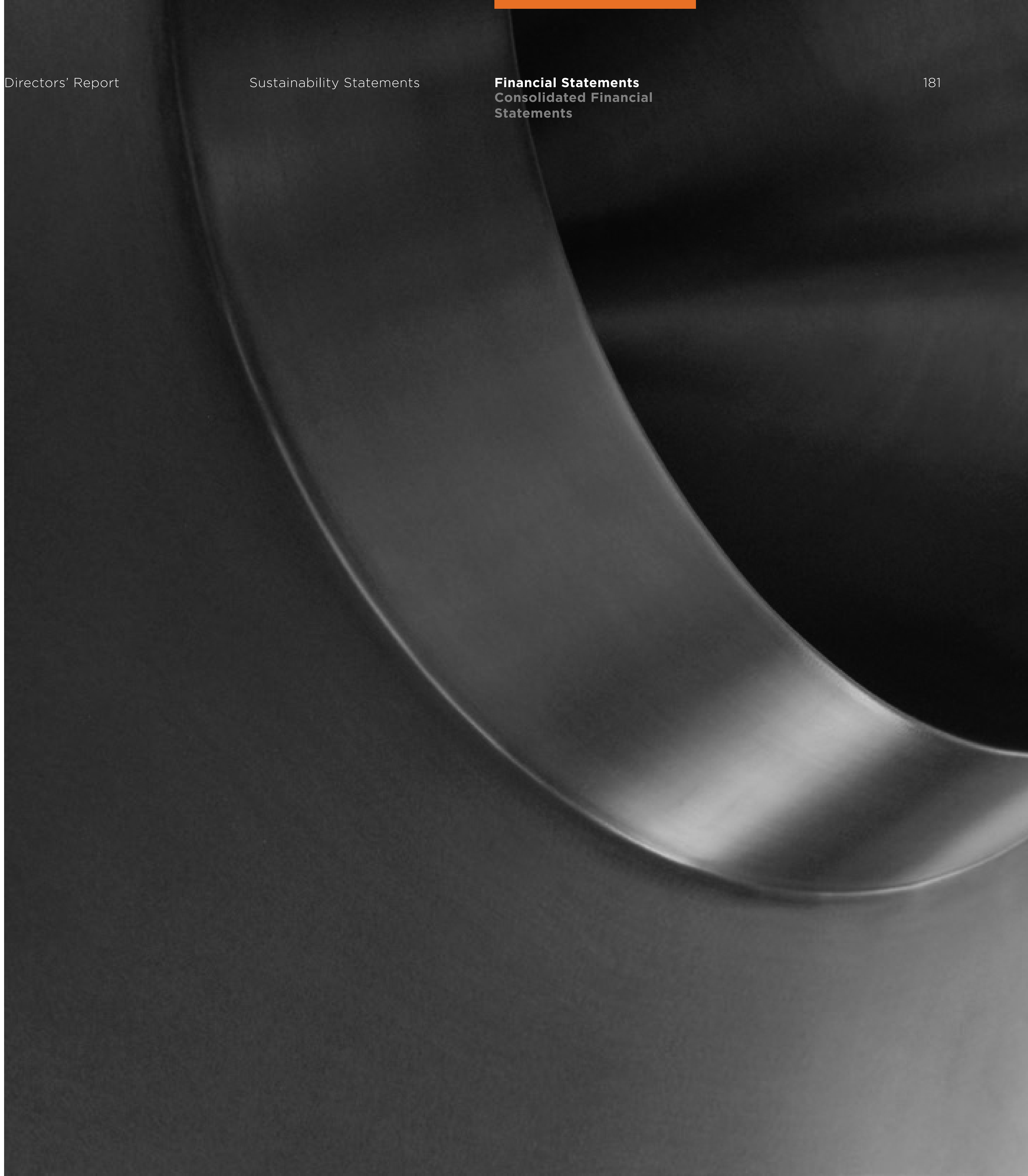
€/000	2024	2023
Italy	103,477	108,659
UE	87,270	92,126
Non-UE	192,076	170,259
Total	**382,823**	**371,044**

Operating segment reporting (continued)

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

2024			
€/000	**Operating segment**	**Revenues**	**Incidence on revenue (%)**
Total Revenues		**382,823**	**100.0%**
Client 1	**Horizons:** engineered systems for naval architecture and building façades **Talenta:** professional kitchen systems and products **Mestieri:** design and production of bespoke interiors division	75,282	19.7%
Client 2	**Horizons:** engineered systems for naval architecture and building façades	65,984	17.2%

2023			
€/000	**Operating segment**	**Revenues**	**Incidence on revenue (%)**
Total Revenues		**371,044**	**100.0%**
Client 1	**Horizons:** engineered systems for naval architecture and building façades **Talenta:** professional kitchen systems and products **Mestieri:** design and production of bespoke interiors division	80,385	21.7%



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

€/000	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	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 01/01/2023	**10,278**	**6,175**	**851**	**1,751**	**1,831**	**7**	**20,893**
Changes in 2023							
Business combinations	-	130	19	26	-	-	175
Investments	71	934	373	658	186	27	2,249
Net disposals	(7)	(1)	(1)	(42)	-	-	(51)
Other changes / reclassifications	-	73	-	(1)	(39)	26	59
Amortisation	(445)	(1,886)	(436)	(622)	(708)	-	(4,097)
Exchange differences	(5)	(62)	-	(11)	(41)	-	(119)
Closing Net Book Value	**9,892**	**5,363**	**806**	**1,759**	**1,229**	**60**	**19,109**
Historical cost	13,181	21,821	6,429	7,666	5,139	60	54,296
Accumulated depreciation	(3,289)	(16,458)	(5,623)	(5,907)	(3,910)	-	(35,187)
Net Book Value as at 31/12/2023	**9,892**	**5,363**	**806**	**1,759**	**1,229**	**60**	**19,109**

The investments made in financial year 2024 are geared towards maintaining the efficiency and production capacity of the Group's plants. It should be noted that at 31 December 2024, there were no impairment indicators for Property, Plant and Equipment.

€/000	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Unscheduled maintenance of leased assets	Assets under construction and advances	Total
Changes in 2024							
Investments	92	466	186	319	53	1,139	2,255
Net disposals	-	(15)	(5)	(1)	-	-	(21)
Other changes / reclassifications	-	286	109	26	-	(35)	386
Amortisation	(444)	(1,739)	(375)	(552)	(738)	-	(3,848)
Exchange differences	7	75	-	18	31	-	131
Closing Net Book Value	**9,547**	**4,436**	**721**	**1,569**	**575**	**1,164**	**18,012**
Historical cost	13,283	22,680	6,522	7,810	5,476	1,164	56,935
Accumulated depreciation	(3,736)	(18,244)	(5,801)	(6,241)	(4,901)	-	(38,923)
Net Book Value as at 31/12/2024	**9,547**	**4,436**	**721**	**1,569**	**575**	**1,164**	**18,012**

Moreover, the increase in assets under construction and advances to suppliers mainly refer to investments required for:
- The building in which a group company operates (0.9 million Euro)
- New production machinery (0.2 million Euro)

Financial highlights (continued)

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.

€/000	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	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 01/01/2023	**36,699**	**621**	**10,700**	**1,550**	**8,961**	**986**	**59,517**
Changes in 2023							
Business combinations	1,368	-	1,829	-	-	-	3,197
Investments	-	84	138	21	288	55	586
Depreciation	(424)	-	-	-	-	-	(424)
Other changes / reclassifications	-	(9)	-	-	-	(616)	(625)
Amortisation	-	(291)	(4,270)	(224)	(1,909)	-	(6,694)
Exchange differences	(220)	-	(23)	-	(172)	-	(415)
Closing Net Book Value	**37,423**	**405**	**8,374**	**1,347**	**7,168**	**425**	**55,143**
Historical cost	37,423	1,455	29,800	2,169	22,823	425	94,096
Accumulated depreciation	-	(1,050)	(21,426)	(822)	(15,655)	-	(38,953)
Net Book Value as at 31/12/2023	**37,423**	**405**	**8,374**	**1,347**	**7,168**	**425**	**55,143**

€/000	Goodwill	Development costs	Patents and know how	Concessions, licences, trademarks and similar rights	Other intangible assets	Intangible assets in progress and advances	Total
Changes in 2024							
Investments	-	-	131	22	-	15	168
Depreciation	(4,749)	-	-	-	-	-	(4,749)
Other changes / reclassifications	-	1	(1)	(2)	(1)	-	(3)
Amortisation		(174)	(2,983)	(223)	(1,814)	-	(5,194)
Exchange differences	389	-	18	-	240	-	647
Closing Net Book Value	**33,063**	**232**	**5,539**	**1,144**	**5,593**	**440**	**46,012**
Historical cost	33,063	868	29,937	2,190	22,985	440	89,483
Accumulated depreciation	-	(636)	(24,398)	(1,045)	(17,392)	-	(43,471)
Net Book Value as at 31/12/2024	**33,063**	**232**	**5,539**	**1,144**	**5,593**	**440**	**46,012**

Financial highlights (continued)

Goodwill

Goodwill acquired through business combinations carried out by Somec Group in previous years amounted to a total of 33,063 thousand Euro as at 31 December 2024 (37,423 thousand Euro as at 31 December 2023).

In order to determine the recoverable value, said goodwill has been allocated to the related cash generating units (CGUs) of individual Group companies, with the exception of goodwill for the Professional Cooking Equipment CGUs (GICO S.p.A., Inoxtrend S.r.l., Pizza Group S.r.l., Pizza Group USA LLC) and Mestieri (CGU Budri S.r.l., CGU Gino Ceolin S.r.l., CGU Lamp Arredo S.r.l., CGU Mestieri S.p.A., CGU Skillmax S.r.l. e CGU Total Solution Interiors S.r.l.), for which the Directors decided that their performance benefits from group synergies, and consequently tested goodwill effects on the Group CGU's.

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

CGU		
€/000	**31.12.2024**	**31.12.2023**
Mestieri CGU Group	18,149	18,149
CGU Fabbrica	6,489	6,100
CGU Professional Cooking Equipment	2,658	6,141
CGU Oxin	5,685	5,685
CGU Bluesteel	82	1,348
Total Goodwill	**33,063**	**37,423**

For comparison purposes, the details of CGU goodwill in the Mestieri CGU Group at 31 December 2024 and 31 December 2023 are shown below.

Mestieri CGU Group		
€/000	**31.12.2024**	**31.12.2023**
CGU TSI	6,379	6,379
CGU Budri	5,603	5,603
CGU Skillmax	2,837	2,837
CGU Lamp Arredo	1,962	1,962
CGU Gino Ceolin	1,368	1,368
Total Goodwill	**18,149**	**18,149**

The change during the period is mainly due to:

- The write-down of the goodwill of the Bluesteel CGU following impairment test
- The write-down of the goodwill of the Professional Cooking Equipment CGU following impairment test
- 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	
€/000	
Net Book Value as at 31/12/2023	**37,423**
Goodwill write-down of the Bluesteel CGU	(1,266)
Goodwill write-down of the Professional Cooking Equipment CGU	(3,482)
Exchange differences	388
Net Book Value as at 31/12/2024	**33,063**

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.

For applicability of impairment indicators and to gain an insight into the results of the tests carried out, reference should be made to note 3 below.

Development costs

Development costs amounted to 232 thousand Euro at 31 December 2024 (405 thousand Euro at 31 December 2023), referring to projects for the development of new products in the sector "Talenta: Professional Kitchen Systems and Products".

Capitalization was based on a careful reporting and analysis of expenses incurred, taking into account estimated future usefulness.

Financial highlights (continued)

Patents and know-how

"Patents and know-how", totalling 5,539 thousand Euro at 31 December 2024 (8,374 thousand Euro at 31 December 2023) include know-how under intangible assets, i.e. the ability to perform in the sector in which they operate, recognised at the time of allocation of the price paid for the acquisition of:

- Fabbrica LLC and Primax S.r.l. (company merged by incorporation into Pizza Group S.r.l. during the current financial year) which took place in 2018
- Total Solution Interiors S.r.l. in 2019
- Skillmax S.r.l., which took place in 2020
- Bluesteel S.r.l., Budri S.r.l. and Lamp Arredo S.r.l. which took place during 2022
- Gino Ceolin S.r.l. which took place in 2023

The net book value of the know-how at 31 December 2024 amounted to a total of 5,055 thousand Euro (7,771 thousand Euro at 31 December 2023).

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

Know how	
€/000	
Net Book Value as at 31/12/2023	**7,771**
Amortisation	(2,716)
Net Book Value as at 31/12/2024	**5,055**

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, Pizza Group S.r.l. (ex Primax S.r.l.) Skillmax S.r.l. and Total Solution Interiors 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 Pizza Group S.r.l.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 1,144 thousand Euro as at 31 December 2024 (1,347 thousand Euro as at 31 December 2023) 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	
€/000	
Net Book Value as at 31/12/2023	**1,347**
Investments	22
Amortisation	(223)
Other changes	(2)
Net Book Value as at 31/12/2024	**1,144**

Financial highlights (continued)

Other intangible assets

The item "Other intangible assets", amounting to 5,593 thousand Euro as at 31 December 2024 (7,168 thousand Euro as at 31 December 2023), 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.

On overview of changes in Customer Relationships is shown in the table below:

Customer relationships	
€/000	
Net Book Value as at 31/12/2023	**6,952**
Amortisation	(1,650)
Exchange differences	235
Net Book Value as at 31/12/2024	**5,537**

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 45 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 (440 thousand Euro) mainly related to research and development projects underway in some companies of the Talenta: Professional Kitchens Systems and Products BU.

Financial highlights (continued)

NOTE 3 - Impairment test

On 18 March 2025, the Directors of the Parent Company approved the impairment tests on the goodwill recognised in the consolidated financial statements of Somec Group at 31 December 2024 and on the investments stated in the separate financial statements of the Parent Company on the same date.

To represent the impairment test results in the consolidated financial statements, the Enterprise Values of the various CGUs were applied, compared with the corresponding amounts of Net Invested Capital, including goodwill and other assets arising from business combinations.

As regards prospective economic data, the Directors applied the numbers from the Group Company 2025-2027 plan. To discount the cash flows from the plans, the Directors identified a discounted WACC for each CGU, based on their specific characteristics. Normalised cash flow in the last year of the plan period was considered to estimate the terminal value, for which Directors considered a "g" rate of 1%, deemed to represent the expected average growth for the Group in the CGU/sectors of business.

The assumptions used for the impairment tests carried out at 31 December 2024 and the conclusions reached by the Directors are summarised below for each CGU.

Impairment test – Fabbrica CGU
The Fabbrica CGU includes Fabbrica LLC (controlled by the sub-holding, 3.0 Partners USA Inc.) its Canadian subsidiary, Atelier de Façades Montréal Inc. and its Italian subsidiary Fabbrica Works S.r.l. which operate in the market of custom design, production and installation of façades and external fittings.

To measure the return on the capital invested in the CGU, the expected future cash flows in the 2025-2027 plan drawn up by management were discounted using a weighted average cost of capital (WACC) of 10.43% (10.28% in the previous year).

In addition to the explicit cash flows included in the plan, a terminal value (perpetual income) was also considered, taking NOPAT (Net Operating Profit Less Adjusted Taxes) in the last year of the plan as the reference cash flow and using a growth rate (g) of 1%, in line with the previous year.

The analyses performed showed that the recoverable amount was well above the carrying amount of the Fabbrica CGU, including the allocated goodwill.

A sensitivity analysis was carried out by establishing the increase in the discount rate (WACC) and the percentage reduction in EBITDA (over the entire course of the plan, including the terminal value) beyond which an impairment loss arises. The WACC, or the discount rate at which headroom is reduced to zero is 19.03%. Headroom is reduced to zero with a 36.52% reduction in EBITDA compared to forecasts.

Impairment test – Bluesteel CGU
The Bluesteel CGU is linked to Bluesteel S.r.l., a European player in engineered façade and window systems.

To measure the return on the capital invested in the CGU, the expected future cash flows in the 2025-2027 plan drawn up by management were discounted using a weighted average cost of capital (WACC) of 11.30% (11.40% in the previous year) considering an additional risk premium for calculating the cost of equity, to the extent of 3%.

Cash flows beyond the plan period were determined using NOPAT (Net Operating Profit Less Adjusted Taxes) in the last year of the plan as the reference cash flow and applying a growth rate (g) of 1%, in line with the previous year.

The tests carried out showed a permanent impairment loss of capital invested in the Bluesteel CGU to the extent of 1,266 thousand Euro, which was entirely allocated to goodwill and recognised in the income statement under Depreciation, Amortisation and Write-downs.

The total value of goodwill referring to the CGU in question at 31 December 2024 therefore amounted to 82 thousand Euro (1,348 thousand Euro at 31 December 2023).
Considering that the impairment test had shown an impairment loss, for the purpose of sensitivity analysis we only assumed a zero growth rate (g), which would have led to further impairment losses of 276 thousand Euro.

Financial highlights (continued)

Impairment test – Oxin CGU
Oxin CGU includes Oxin S.r.l., which provides turnkey solutions for the marine catering business. To measure the return on the capital invested in the CGU, the expected future cash flows in the 2025-2027 plan drawn up by management were discounted using a weighted average cost of capital (WACC) of 9.13% (9.81% in the previous year).

Cash flows beyond the plan period were determined using NOPAT (Net Operating Profit Less Adjusted Taxes) in the last year of the plan as the reference cash flow and applying a growth rate (g) of 1%, in line with the previous year.
The analyses showed that the recoverable amount was well above the carrying amount of the Oxin CGU, including the allocated goodwill.

A sensitivity analysis was carried out by establishing the increase in the discount rate (WACC) and the percentage reduction in EBITDA (over the entire course of the plan, including the terminal value) beyond which an impairment loss arises. The WACC, or the discount rate at which the headroom is reduced to zero, is 69.57%. Headroom is reduced to zero with a 91.60% reduction in EBITDA compared to forecasts.

Impairment test – Professional Cooking Equipment CGU
The Professional Cooking Equipment CGU includes the companies GICO S.p.A., Inoxtrend S.r.l., Pizza Group S.r.l. and Pizza Group USA LLC, which operate in the professional cooking equipment sector. It should be recalled that the merger of Primax S.r.l. into Pizza Group S.r.l. took place in financial year 2024.

To measure the return on the capital invested in the CGU, the expected future cash flows in the 2025-2027 plan drawn up by management, determined by aggregating the 3-year plans of the five companies in the CGU, were discounted using a weighted average cost of capital (WACC) of 10.85% (11.57% in the previous year) considering an additional risk premium for calculating the cost of equity, to the extent of 4%.

Cash flows beyond the plan period were determined using NOPAT (Net Operating Profit Less Adjusted Taxes) in the last year of the plan as the reference cash flow and applying a growth rate (g) of 1%, in line with the previous year.

The tests carried out showed a permanent impairment loss of capital invested in the Professional Cooking Equipment CGU to the extent of 1,483 thousand Euro, which was entirely allocated to goodwill and recognised in the income statement under Depreciation, Amortisation and Write-downs. As at 30 June 2024, the impairment test showed an additional 2,000 thousand Euro impairment loss in the same CGU.
The total impairment loss therefore stood at 3,483 thousand Euro. The total value of goodwill referring to the CGU in question at 31 December 2024 therefore amounted to 2,658 thousand Euro (6,141 thousand Euro at 31 December 2023).

Considering that the impairment test had shown an impairment loss, for the purpose of sensitivity we only assumed a zero growth rate (g), which would have led to further impairment losses of 1,611 thousand Euro.

Impairment test – Mestieri CGU Group
The Mestieri CGU group is made up of the companies Budri S.r.l., Gino Ceolin S.r.l., Lamp Arredo S.r.l., Mestieri S.p.A., Skillmax S.r.l. and Total Solution Interiors S.r.l., which implement complex interior design projects and iconic architecture in the residential, retail, hospitality and naval sectors.

To measure the return on the capital invested in the CGU, the expected future cash flows in the 2025-2027 plan drawn up by management were discounted using a weighted average cost of capital (WACC) of 9.95% (10.45% in the previous year).

Cash flows beyond the plan period were determined using NOPAT (Net Operating Profit Less Adjusted Taxes) in the last year of the plan as the reference cash flow and applying a growth rate (g) of 1%, in line with the previous year.
The analyses showed that the recoverable amount was well above the carrying amount of the Mestieri CGU, including the allocated goodwill.

A sensitivity analysis was carried out by establishing the increase in the discount rate (WACC) and the percentage reduction in EBITDA (over the entire course of the plan, including the terminal value) beyond which an impairment loss arises. The WACC, or the discount rate at which the headroom is reduced to zero, is 16.40%. Headroom is reduced to zero with a 36.58% reduction in EBITDA compared to forecasts.

Financial highlights (continued)

NOTE 4
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Right-of-use assets

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

€/000	Land and buildings	Plant and machinery	Company cars	Other assets	Total
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 01/01/2023	**23,452**	**2,303**	**1,425**	**207**	**27,387**
Changes in 2023					
Business combinations	685	-	-	-	685
Increase	2,386	867	986	89	4,328
Other changes / reclassifications	(2,638)	(75)	(26)	-	(2,739)
Amortisation	(4,033)	(717)	(696)	(118)	(5,564)
Exchange differences	(159)	-	-	(2)	(161)
Closing Net Book Value	**19,693**	**2,378**	**1,689**	**176**	**23,936**
Historical cost	30,694	4,042	3,161	431	38,328
Accumulated depreciation	(11,001)	(1,664)	(1,472)	(255)	(14,392)
Net Book Value as at 31/12/2023	**19,693**	**2,378**	**1,689**	**176**	**23,936**

€/000	Land and buildings	Plant and machinery	Company cars	Other assets	Total
Changes in 2024					
Increase	2,667	331	766	108	3,872
Other changes / reclassifications	52	(291)	(58)	(1)	(298)
Amortisation	(4,229)	(690)	(759)	(100)	(5,778)
Exchange differences	198	-	1	2	201
Closing Net Book Value	**18,381**	**1,728**	**1,639**	**185**	**21,933**
Historical cost	33,081	3,310	3,306	503	40,200
Accumulated depreciation	(14,700)	(1,581)	(1,667)	(319)	(18,267)
Net Book Value as at 31/12/2024	**18,381**	**1,728**	**1,639**	**185**	**21,933**

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:

€/000	2024	2023
Depreciation of right-of-use assets	5,778	5,563
Interest payable on leases	701	807
Expenses - short term leases	2,513	3,098
Total recognised in the income statement	**8,992**	**9,468**

Total cash flows used for leases recognised in compliance with IFRS 16 amounted to 6,492 thousand Euro as at 31 December 2024 (6,352 thousand Euro as at 31 December 2023).

Financial highlights (continued)

NOTE 5

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Investments in associates

The following table shows the changes in the year 2024 of the item Investments in associates, referring to the company Squadra S.r.l.

Associates

€/000	
Net book value as at 31/12/2023	**339**
Write-ups/(write downs)	3
Dividends from equity method investments	(53)
Net book value as at 31/12/2024	**289**

NOTE 6

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Non-current financial assets

The item is composed as follows:

€/000	31.12.2024	31.12.2023
Securities and investment funds	323	253
Derivative instrument assets	320	631
Other financial assets	3	4
Total non-current financial assets	**646**	**888**

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 7

-

Deferred tax assets and liabilities

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

€/000	31.12.2024		31.12.2023	
	Timing differences	Tax effect	Timing differences	Tax effect
Bad debt provision	3,199	766	2,968	711
Maintenance	90	22	35	8
Unpaid Directors' compensation	171	41	30	7
Inventory write-offs	1,434	374	1,804	445
Warranty provisions	955	230	355	86
Trademark amortisation	834	233	726	203
Provisions for contract risks	712	171	-	-
Derivative financial instruments	254	61	264	63
Tax losses	6,416	1,540	18,273	4,385
Provisions for liabilities and charges	20	5	20	5
Adjustment of unrealised intragroup margins	595	166	-	-
Ancillary cost adjustments for equity investments	486	135	486	135
Start-up and expansion costs	51	14	44	12
Adjustment of software costs	876	244	988	276
Right-of-use assets	1,323	321	1,124	272
Employee benefits	2,510	602	1,614	387
Exchange losses	547	131	207	50
Interest payable	505	121	505	121
Other	2,000	489	2,524	607
Total Deferred tax assets		**5,666**		**7,773**

Financial highlights (continued)

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 3,866 thousand Euro at 31 December 2024, refer mainly to tax losses generated in 2024 and in previous years by some subsidiaries. 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 recognises deferred tax assets up to the amount for which it considers it likely that they will be recovered in future periods and over a time horizon consistent with the time horizon outlined in the estimates of management.

As at 31 December 2024 the Group has additional tax loss carry-forwards amounting to 14,278 thousand Euro, equal to the amount of the previous year, 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 112 thousand Euro.

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

€/000	31.12.2024		31.12.2023	
	Timing differences	Tax effect	Timing differences	Tax effect
Depreciation and amortisation	6	1	6	1
Derivative financial instruments	719	173	1,732	416
USA retained earnings	2,232	580	2,856	698
Right-of-use assets	525	139	321	87
Employee benefits	2,706	649	1,803	433
Increase in value allocated to contract assets (interim)	238	57	1,395	379
Increase in value allocated to land and buildings	4,149	1,157	4,333	1,209
Increase in value allocated to plant and machinery	259	72	311	87
Increase in value allocated to know-how	5,055	1,410	7,711	2,168
Increase in value allocated to customer relationships	5,538	1,513	6,953	1,900
Increase in value allocated to trademarks	59	17	178	50
Adjustment of unrealised intragroup margins	777	217	-	-
Other	231	58	551	134
Total Deferred tax liabilities		**6,043**		**7,562**

Financial highlights (continued)

NOTE 8
-
Inventory and contract assets

The item is composed as follows:

€/000	31.12.2024	31.12.2023
Raw materials and consumables	13,174	14,683
Work in process and semi-finished goods	2,162	2,441
Contract work in progress	24,940	36,200
Finished goods and goods for resale	2,244	4,807
Advances and payments on account to suppliers	2,316	1,768
Total Inventory and contract assets	**44,836**	**59,899**

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 included as at 31 December 2023 the 1,047 thousand Euro net book value of an industrial building located in Moriago della Battaglia (TV) belonging to the subsidiary Hysea S.r.l.. It should be noted that in July 2024, following the exercise of the purchase option, the property complex was sold.

The item Advances and payments on account to suppliers amounting to 2,316 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 1,961 thousand Euro.

NOTE 9
-
Trade receivables

Trade receivables amounting to 79,671 thousand Euro as at 31 December 2024 (73,511 thousand Euro as at 31 December 2023) 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 31 December 2024 is as follows:

€/000	Not yet expired	Expired 0 - 90 days	Expired by 90 - 180 days	Expired by more than 180 days	Total
Gross book value of trade receivables as at 31/12/2024	67,109	11,505	479	4,490	**83,583**
Gross book value of trade receivables as at 31/12/2023	57,689	11,955	988	5,928	**76,560**

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.

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.

The amount of the allowance and the changes in 2024 are shown below:

€/000	
Balance as at 01/01/2023	**3,892**
Business combinations	16
Provisions	865
Allocations	(929)
Releases	(795)
Balance as at 31/12/2023	**3,049**
Business combinations	1,251
Provisions	(370)
Allocations	(34)
Releases	16
Balance as at 31/12/2024	**3,912**

Financial highlights (continued)

NOTE 10
-
Other receivables

Other receivables include the following:

€/000	31.12.2024	31.12.2023
Indirect tax receivables	8,503	9,083
Other receivables	2,438	1,258
Advance payments to suppliers	1,674	2,062
Prepaid expenses	1,108	1,044
Down-payments	483	469
Employee advances	19	23
Labour insurance and social security receivables	215	76
Other tax receivables	2,844	1,268
Total Other receivables	**17,284**	**15,283**

The item Indirect tax receivables amounting to 8,502 thousand Euro (9,083 thousand Euro as at 31 December 2023) 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 11
-
Tax receivables

The item includes the following:

€/000	31.12.2024	31.12.2023
Corporation tax receivable (IRES)	1,468	943
Regional business tax receivable (IRAP)	162	188
Foreign tax credit	3,281	2,649
Other income tax receivables	626	578
Total Tax receivables	**5,537**	**4,358**

The item Foreign tax credit refers mainly to credit on taxes paid abroad, referring in particular to foreign branches through which Somec operates at international shipyards.

NOTE 12
-
Other current financial assets

The following table shows the breakdown of the item:

€/000	31.12.2024	31.12.2023
Current financial assets	27,197	20,287
Derivative instrument assets	493	1,173
Securities	219	190
Prepaid interest and other financial items	240	238
Total Other current financial assets	**28,149**	**21,888**

Current financial receivables include amounts due from factoring companies for claims assigned without recourse and not yet collected at year-end. 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 13
-
Cash and cash equivalents

Cash and cash equivalents are broken down as follows:

€/000	31.12.2024	31.12.2023
Current bank accounts and post office deposits	47,413	46,916
Cash-in-hand	65	46
Total Cash and cash equivalents	**47,478**	**46,962**

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.

Financial highlights (continued)

NOTE 14 - Net equity

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

€/000	31.12.2024	31.12.2023
Share capital	6,900	6,900
Share premium reserve	18,173	18,173
Legal reserve	1,380	1,380
Other reserves and retained earnings	(12,773)	(9,543)
Group net equity	**13,680**	**16,910**
Minority interest capital and reserves	1,168	1,475
Income from minorities	2,843	1,273
Minority interest	**4,011**	**2,748**
Total net equity	**17,691**	**19,658**

The share capital (fully paid-in) amounts to 6,900 thousand Euro as at 31 December 2024, and is composed of 6,900,000 shares of no par value, inclusive of 968 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.

The legal reserve includes the amount of the provisions made by the Parent Company, totalling 1,380 thousand Euro, according to the Italian Civil Code.

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 31 December 2024 had a balance of 377 thousand Euro (1,184 thousand Euro at 31 December 2023)

- 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, deriving from the accounting treatment of the Incentive Plan. During the year, the reserve changed due to its utilisation for the allocation of the last tranche of Restricted shares related to the 2021-2025 incentive plan (324 thousand Euro) and for the recognition of an imputed cost for the period (218 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 2023 financial statements. It amounted to 968 treasury shares, accounting for 0,01% of the share capital, totalling 31 thousand Euro

- Conversion reserve of 1,536 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 31 December 2024 amounted to a negative result of 3,303 thousand Euro, compared to a negative result of 11,647 thousand Euro at 31 December 2023

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 (563 thousand Euro)

- The distribution of dividends to minority shareholders of Fabbrica LLC (1,569 thousand Euro)

- The attribution of the result for the period (2,843 thousand Euro)

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

€/000	Other comprehensive income components in 2024	Other comprehensive income components in 2023
Exchange differences on translation of foreign operations	619	(118)
Effective portion of gains/(losses) on cash flow hedge instruments	(807)	(1,727)
Gains/(losses) on remeasurement of defined benefit plans	8	(145)
Total Other components of net comprehensive income	**(180)**	**(1,990)**

Financial highlights (continued)

NOTE 15
-
Loans and financing

The item is composed as follows:

€/000	31.12.2024	31.12.2023
Non-current repayments on medium/long-term loans	7,324	12,842
Total Non-current loans and financing	**7,324**	**12,842**
Instalments of medium/long term loans falling due within one year	45,567	62,432
Advance payments on invoices and contracts	28,239	27,529
Other loans payable	13,959	6,714
Overdrafts	743	622
Interest and charges on bank loans and overdrafts	361	491
Total Current loans and financing	**88,869**	**97,788**
Total Loans and financing	**96,193**	**110,630**

During the 2022 fiscal year the Parent Company signed a medium to long-term syndicated loan agreement with three leading banking institutions. This loan requires compliance with economic/financial parameters, or covenants, to be calculated annually based on the results of the consolidated financial statements (specifically: net financial debt/EBITDA and net financial debt/equity).

As at 31 December 2024, the debt-to-equity ratio requirement was not met, while that related to the debt-to-EBITDA ratio requirement was met.

The Company, as part of an agreement signed in March 2025 with the lenders, obtained a one-time waiver in respect of the financial requirement not met.

Even though this debt is not due within twelve months of 31 December 2024, since the formal waiver of the exercising of contractual rights in the event of a breach of covenants was received from the credit institutions by the Parent Company in March 2025, therefore after the close date of the year to which these consolidated financial statements refer, as per reference accounting standards (IAS 1), the remaining debt relating to this loan (39,493 thousand Euro) has been fully reclassified in the Current Loans and financing item.

It should also be noted that as part of the negotiations between Somec and the aforementioned lenders, an agreement was signed to amend the original loan agreement.

In addition to the release of the aforementioned waiver, the agreement includes the rescheduling of certain loan repayment terms, a change in the financial requirement in relation to the debt-to-equity ratio for the next financial years, as well as certain amendments aimed at providing the Company with greater financial flexibility.

Finally, in support of these commitments is a capital base strengthening operation to be implemented by 30 June 2025 – for an amount preliminarily estimated at 5.9 million Euro – through a capital increase in kind reserved for the leading shareholder. For further details, reference should be made to the section on significant events after 31 December 2024.

It should be noted that during FY 2024, loans in the amount of 22.6 million Euro were paid, of which 10.4 million Euro related to the pool loan.

Other loans payable refer to non-recourse factoring agreements with the factoring company Ifitalia.

Financial highlights (continued)

NOTE 16
-
Other financial liabilities

The item includes the following:

€/000	31.12.2024	31.12.2023
Non-current lease liabilities	17,736	18,991
Strike price of options on purchase of non-controlling interest	11,964	14,112
Earn out payment for non-controlling interest	-	186
Derivative liabilities	165	214
Total Other non-current financial liabilities	**29,865**	**33,503**
Current lease liabilities	4,712	5,188
Earn out payment for non-controlling interest	3,565	4,355
Derivative liabilities	89	54
Strike price of options on purchase of non-controlling interest	101	-
Other financial liabilities	-	58
Total Other current financial liabilities	**8,467**	**9,655**
Total Other financial liabilities	**38,332**	**43,158**

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:

- Skillmax S.r.l. (1,989 thousand Euro), to be exercised as from 1 May 2027 until 30 April 2028, as per the agreement amending the shareholders' agreement, signed with minority shareholders in January 2024 (originally options could be exercised from May 2024 to April 2025);

- Budri S.r.l. (8,243 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. (685 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. (1,055 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

- Fabbrica Works S.r.l. (94 thousand Euro), becoming exercisable – in relation to 14% of the share capital – from the approval of the financial statements for the year ending 31 December 2025

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 31 December 2024 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.

Re-measurement of the fair value of options for minority shareholders led to the recognition as of 31 December 2024 of a financial income totalling 1,066 thousand Euro (net expenses of Euro 5,216 thousand at 31 December 2023) more details regarding impact on the income statement, please refer to Note 28 - Financial income and expenses.

Earn out on the purchase of minority interests
This item reflects the discounted liability for the payment of earn out amounts due to the minority shareholders of Fabbrica LLC, amounting to 737 thousand Euro as at 31 December 2024.
This liability was linked to: i) EBIT figures forecast in the company's business plan for each financial year between 2024 and 2025; ii) the over performance of cumulative EBIT for the years 2024-2025, compared to the company's business plan.
This item also includes the discounted liability for the payment of earn out amounts due to the minority shareholders of Budri S.r.l. (2,633 thousand Euro). This liability was linked to EBITDA and net financial position figures relating to each individual financial year between 2024 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. (195 thousand Euro). This liability was linked to EBITDA and net financial position figures relating to financial year 2024.

Derivative liabilities
Derivative financial liabilities to the amount of 268 thousand Euro as at 31 December 2024 reflect the fair value measurement of derivative instruments outstanding on the reporting date.

The Group has entered into Interest Rate Swap and Interest Rate Cap contracts aimed at hedging against interest rate risk stemming from some of its medium/long-term loans.

Financial highlights (continued)

NOTE 17

Provisions for liabilities and charges

Provisions for risks and charges, amounting to 1,095 thousand Euro at 31 December 2024 (1,086 thousand Euro at 31 December 2023). Changes in the item during the year were as follows:

€/000	31.12.2024	31.12.2023
Provision for cost-operating contract costs	501	947
Product warranty provision	119	25
Other provisions for liabilities and charges	475	114
Total provisions for liabilities and charges	**1,095**	**1,086**

The movements of the year were as follows:

€/000	Provision for cost-operating contract costs	Product warranty provision	Other provisions for liabilities and charges	Total provisions for liabilities and charges
Balance as at 01/01/2023	**1,187**	**25**	**110**	**1,322**
Provisions	-	-	4	4
Allocations	(207)	-	-	(207)
Exchange differences	(24)	-	-	(24)
Others	(9)	-	-	(9)
Balance as at 31/12/2023	**947**	**25**	**114**	**1,086**
Provisions	150	450	5	605
Allocations	(608)	-	-	(608)
Exchange differences	12	-	-	12
Balance as at 31/12/2024	**501**	**475**	**119**	**1,095**

NOTE 18

Net defined-benefit obligations

The item refers to severance indemnity reserve (TFR) changes in which during 2024 were as follows:

€/000	31.12.2024	31.12.2023
Balance at the beginning of the year	**5,841**	**5,130**
Business combinations	-	429
Provisions	2,459	2,328
Interest	153	111
Other changes	(216)	(264)
Actuarial (gains)/losses	(6)	160
Uses for indemnities settled and advance payments made	(2,347)	(2,053)
Balance at the end of the year	**5,884**	**5,841**

As at 31 December 2024, 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:

	31.12.2024	31.12.2023
Economic assumptions		
Increase in living costs	2.00%	2.00%
Discount rate	3.38%	3.17%
Severance indemnity growth rate	3.00%	3.00%
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%

Financial highlights (continued)

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.

€/000	31.12.2024	31.12.2023
Turnover rate +1%	4,908	4,733
Turnover rate -1%	4,878	4,709
Inflation rate +0.25%	4,974	4,802
Inflation rate -0.25%	4,815	4,644
Discount rate +0.25%	4,794	4,623
Discount rate -0.25%	4,997	4,825

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

€/000	Expected payments
Within 1 year	439
Between 1 and 2 years	455
Between 2 and 3 years	471
Between 3 and 4 years	585
Between 4 and 5 years	626
Total	**2,576**

NOTE 19
-
Trade payables

Trade payables totalled 79,994 thousand Euro at 31 December 2024, compared to 74,904 thousand Euro at 31 December 2023.

Trade payables are due within 12 months, do not bear interest and are normally settled within between 30 and 120 days.

At 31 December 2024, the Group reflected trade payables to factoring companies related to obligations pertaining to the supply of goods and services used in the normal operating cycle.

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 31 December 2024 these payables met the criteria whereby they could be held as trade payables.

NOTE 20
-
Other current liabilities

The item is composed as follows:

€/000	31.12.2024	31.12.2023
Social security and pension fund liabilities	3,530	3,048
Deferred employee compensation liabilities	6,041	5,210
Payables to directors and statutory auditors	341	271
Indirect tax and withholding tax liabilities	5,071	3,626
Other liabilities	1,671	1,761
Accrued expenses and deferred income	774	731
Total Other current liabilities	**17,428**	**14,647**

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 December 2024 and contributions based on assessments at the end of the period.

The item Deferred employee compensation liabilities reflects the effects of provisions for unused holiday leave, deferred compensation, Performance bonuses and Management By Objectives (MBO) as at 31 December 2024.

Financial highlights (continued)

NOTE 21

-

Liabilities for contract work in progress and customer advances

This item, amounting to 45,645 thousand Euro as at 31 December 2024 (49,052 thousand Euro as at 31 December 2023) includes work in progress of a lower value than the amount billed to the client.

Work in progress is determined by the costs incurred plus recognised margins, net of any expected losses.

The item Customer advances refers to orders not in progress on the reporting date.

NOTE 22

-

Current tax liabilities

The item is composed as follows:

€/000	31.12.2024	31.12.2023
Corporation tax payable (IRES)	2,395	838
Regional business tax payable (IRAP)	299	209
Foreign taxes payable	2,021	745
Other income tax payable	1,240	-
Total current tax liabilities	**5,955**	**1,792**

Taxation consists of current tax liabilities, net of advance tax payments and residual tax liabilities from the previous year and include estimates of the risks associated with uncertainties in the tax treatments relied upon to determine income taxes in accordance with IFRIC 23.

It should be noted that non-current tax liabilities (961 thousand Euro) fully include taxes from the previous year that will be paid after the period under review. More details are provided in Note 31.

Key income statement items

NOTE 23
-
Revenues from contracts with customers

Revenues from contracts with customers amount to 377,627 thousand Euro as at 31 December 2024 (367,658 thousand Euro as at 31 December 2023), broken down as follows by operating segment:

€/000	2024		2023	
	Revenues from contracts with customers	Change in contract work in progress	Revenues from contracts with customers	Change in contract work in progress
Horizons: engineered systems for naval architecture and building façades	230,022	3,717	235,657	(22,279)
Talenta: professional kitchen systems and products	54,111	4,070	60,985	(998)
Mestieri: design and production of bespoke interiors	103,217	(17,510)	78,259	16,034
Total Revenues from contracts with customers	**387,350**	**(9,723)**	**374,901**	**(7,243)**

Typically, "variable considerations" do not have a significant impact on the Group, except for contract additions agreed with customers. The breakdown of revenues by geographical area is as follows:

€/000	Italy	UE	Non-UE	Total
Revenues from contracts with customers 2024	99,181	87,820	191,175	**377,627**
Revenues from contracts with customers 2023	105,715	92,125	169,818	**367,658**

Below is a breakdown of 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" upon final delivery of the goods or upon completion of the supply of the service.

€/000	Revenues over time	Revenues at a point in time	Total revenues from contracts with customers
Revenues from contracts with customers 2024	351,535	26,092	**377,627**
Revenues from contracts with customers 2023	341,028	26,630	**367,658**

NOTE 24
-
Other revenues and income

Other revenues and income are broken down as follows:

€/000	2024	2023
Grants	148	132
Insurance claim settlements	220	118
Other income	3,579	2,509
Contingent assets	1,249	627
Total Other revenues and income	**5,196**	**3,386**

NOTE 25
-
Employee benefit expenses

Employee benefit expense is broken down as follows:

€/000	2024	2023
Wages and salaries	53,049	49,586
Social security costs	11,665	11,108
Defined benefit obligations	2,309	2,214
Other personnel expenses	586	128
Total Employee benefit expenses	**67,609**	**63,036**

Key income statement items (continued)

Personnel expenses represent total costs incurred for employees, including wages and salaries, social security and pension contributions and severance indemnity reserve.
Finally, it is noted that the item also includes share-based payments, which express the notional cost of the medium-long-term Incentive Plan, object of a specific appraisal. More details are provided in the relevant sections (Long-Term Variable Incentive Plan 2021-2025 and 2024-2026 Performance Share Plan).

The average number of employees per category as at 31 December 2024 and 31 December 2023 is shown in the following table:

	2024	2023
Directors	22	20
Managers	39	43
Office staff	481	450
Operational workers	500	502
Total	**1,042**	**1,015**

NOTE 26
-
Depreciation, amortisation and other write-downs

Depreciation, amortisation and write-downs are as follows:

€/000	2024	2023
Depreciation of property, plant and equipment	3,848	4,097
Amortisation of intangible assets	5,194	6,694
Depreciation of right-of-use assets	5,779	5,563
Write-down of goodwill	4,749	424
Provision for bad debt	1,251	866
Other provisions for liabilities and charges	600	384
Total Depreciation, amortisation and other write-downs	**21,421**	**18,028**

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

NOTE 27
-
Other operating costs

Other operating costs are composed as follows:

€/000	2024	2023
Outsourced manufacturing	32,976	35,753
Installation	32,366	30,720
Transport	8,929	7,631
Director and auditor remuneration	2,924	2,705
Audit fees	704	515
Other general expenses	14,521	14,730
Rental and lease costs relating to short-term	2,513	3,097
Other costs	29,350	27,630
Total Other operating costs	**124,283**	**122,781**

It should be noted that Other Costs refer mainly to expenses for services, utilities, commercial expenses and miscellaneous operating expenses.

It should be noted that, at the end of an outstanding dispute for work to be carried out under a civil contract, a settlement agreement was reached for a payment in full and final settlement in the amount of 675 thousand Euro, which was held under Other costs in the financial statements for the year ended 31 December 2024.

Pursuant to Article 149-duodecies(2) of the Consob Issuers' Regulations, it is noted that the consideration for the 2024 fiscal year for audit services performed by EY S.p.A. amounted to 548 thousand Euro, plus 61 thousand Euro for related services and mandatory auditing activities, entered in the item "Other costs".

For further details, please refer to Note 33, "Remuneration paid to the independent auditors".

Key income statement items (continued)

NOTE 28

Financial income and expenses

The item includes the following:

€/000	2024	2023
Interest payable on bank loans and borrowings	(3,911)	(3,683)
Interest payable on lease liabilities	(701)	(807)
Interest payable on defined benefit plans	(153)	(123)
Interest payable to third parties	(876)	(437)
Interest paid for factoring services	(435)	(437)
Other financial charges	(300)	(731)
Remeasurement of financial liabilities (put option)	(1,858)	(8,756)
Write-down of financial assets	(29)	(23)
Total Financial expenses	**(8,263)**	**(14,997)**
Other financial income	1,097	957
Other interest	391	362
Revaluation of financial assets	93	43
Remeasurement of financial liabilities (put option)	2,924	3,540
Total Financial income	**4,505**	**4,902**
Total Financial income and expenses	**(3,758)**	**(10,095)**

The item Financial income and expenses as at 31 December 2024 had a negative balance of 3,758 thousand Euro (-10,095 thousand Euro at 31 December 2023).
The item includes the remeasurement of the fair value of options to minority shareholders, amounting to a net income 1,066 thousand Euro at the closing date of the financial year (net expenses of 5,216 thousand Euro at 31 December 2023).

NOTE 29

Other income (and expenses)

The item Other income and expenses is composed of the balance of positive and negative exchange rate differences, amounting to a positive 237 thousand Euro as at 31 December 2024 (negative balance of 1,335 thousand Euro as at 31 December 2023).

NOTE 30

Income from associates

The item, amounting to 3 thousand Euro as at 31 December 2023, includes the effect of using the equity method of accounting for the associated company Squadra S.r.l.

NOTE 31

Income taxes

Income taxes recognised in the income statement are as follows:

€/000	2024	2023
Current tax:		
IRES	(1,756)	(2,068)
IRAP	(677)	(528)
Other current tax for foreign subsidiaries	(2,376)	(949)
Income tax prior years	(2,297)	27
Deferred tax liabilities	1,219	1,004
Deferred tax assets	783	3,332
Total Income taxes	**(5,104)**	**818**

Key income statement items (continued)

Below is the reconciliation of the theoretical and the actual tax burden for both periods.

€/000	2024	2023
IRES theoretical rate	24%	24%
Pre-tax result	4,644	(11,192)
Theoretical taxes (*)	1,115	(2,686)
Actual taxes	5,104	(818)
Difference explained by:		
1) Different rates in other countries	832	(720)
2) Permanent differences	(1,118)	-
IRAP and other local taxes	(772)	(569)
non-deductible items	(533)	(834)
taxes in previous years	(2,297)	27
other	(101)	228
Total difference	**(3,990)**	**(1,868)**

* Theorical taxes calculated by applying the Parent Company's IRES rate

Taxes from prior years include the amount of 2.2 million Euro for the settlement of the tax liability related to outstanding disputes concerning an Italian company of the Group for the years 2016, 2017 and 2018 relating to VAT, IRES and withholding taxes on profits.

NOTE 32
-
Earnings per share

The item earnings per share is calculated by dividing the net profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding. Diluted earnings per share are calculated by dividing the net profit or loss for the period attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period, adjusted by the effect of dilutive shares.

The net income and number of ordinary shares used to calculate the basic and diluted earnings per share, determined according to the methodology required by IAS 33, are shown below:

	2024	2023
Earnings/(Loss) per share (Euro)	(0.48)	(1.69)
Diluted earnings/(Loss) per share (Euro)	(0.48)	(1.69)
Weighted average number of outstanding shares:		
basic	6,895,156	6,883,698
diluted	6,895,156	6,883,698

NOTE 33
-
Fees paid to the auditing firm

The following table shows the fees relating as at 31 December 2024 for audit, certification and other services provided by EY S.p.A. and other auditors to the Parent Company and its subsidiaries.

2024			amount in Euro
Type of services	**Service provider**	**Recipient**	**Fees 2024**
Auditing	EY S.p.A.	Parent Company Somec S.p.A.	270,307
	EY S.p.A.	Subsidiaries	278,185
	Other auditors	Subsidiaries	149,803
Services related to auditing activities	EY S.p.A.	Parent Company Somec S.p.A.	60,560
Other services	Other auditors	Subsidiaries	254,785

Information pursuant to Article 149-duodecies of CONSOB Issuers' Regulations

Financial risk management: objectives and criteria

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

Credit risk

Credit risk is the possibility of a financial loss resulting from the failure of a customer or one of the financial instrument counterparties to repay a loan or meet contractual obligations, and derives mainly from trade receivables.

The Group is not particularly exposed to the risk that its customers may delay or default on their payment obligations according to the agreed terms and methods, partly thanks to the fact that it operates with shipbuilders and shipowners of the highest standing and unquestionable solvency.

Furthermore, for business purposes, the Group has adopted policies and procedures to guarantee the creditworthiness and solvency of its customers and limit exposure to credit risk by assessing and monitoring its clients.
Finally, all receivables are regularly analysed for each customer. Receivables are written down/off when a potential impairment is detected.

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

€/000	31.12.2024	31.12.2023
Non-current financial assets	646	888
Trade receivables	79,671	73,511
Other receivables	17,284	15,283
Current financial assets	28,149	21,888
Cash and cash equivalents	47,478	46,962
Total	**173,228**	**158,532**

Please see Note 9 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, Mestieri USA Inc. and Navaltech LLC, with all other variables kept constant, showing the overall effect on the operating result as at 31 December 2024.

Changes in the USD exchange rate		Effect on operating result as at 31 December 2024	
(+)	(-)	(+)	(-)
+5%	-5%	(1,617)	1,788
+10%	-10%	(3,088)	3,774

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.

Financial risk management: objectives and criteria (continued)

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 31 December 2024 in comparison with same items as at 31 December 2023.

2024

€/000	31/12/2024	On demand	Within 1 year	Between 1 and 5 years	Over 5 years
Loans and financing	7,324	-	-	7,112	213
Other non-current financial liabilities	29,865	-	-	24,894	4,971
Other non-current liabilities	1,253	-	-	1,253	-
Non-current tax liabilities	961	-	-	961	-
Total non-current liabilities	**39,404**			**34,220**	**5,184**
Trade payables	79,994	-	79,994	-	-
Other current liabilities	17,428	-	17,428	-	-
Loans and financing	88,869	43,302	45,567	-	-
Other current financial liabilities	8,467	-	8,467	-	-
Current tax liabilities	5,955	-	5,955	-	-
Total current liabilities	**200,713**	**43,302**	**157,411**	**-**	**-**

2023

€/000	31/12/2023	On demand	Within 1 year	Between 1 and 5 years	Over 5 years
Loans and financing	12,842	-	-	12,515	327
Other non-current financial liabilities	33,503	-	-	27,018	6,485
Other non-current liabilities	759	-	-	759	-
Total non-current liabilities	**47,104**	-	-	**40,292**	**6,812**
Trade payables	74,904	-	74,904	-	-
Other current liabilities	14,647	-	14,647	-	-
Loans and financing	97,788	35,356	62,432	-	-
Other current financial liabilities	9,655	-	9,655	-	-
Income tax liabilities	1,792	-	1,792	-	-
Total current liabilities	**198,786**	**35,356**	**163,430**	**-**	**-**

Finally, some active medium to long-term loan agreements require compliance with economic/financial parameters (covenants) to be calculated annually based on the results reported in the consolidated financial statements (i.e. net debt/EBITDA and net debt/equity).

For more details on compliance with these parameters, please refer to Note 15, "Loans and financing".

Risks relating to the worldwide geopolitical situation

Over the past few years, the macroeconomic backdrop has been filled with uncertainty.

Geopolitical instability, with special reference to the conflict in the Middle East and the continuation of hostilities between Russia and Ukraine, of which the political and economic impacts are still uncertain and difficult to assess, has led to an extremely complex and unpredictable outlook, characterised by inflationary phenomena, highly speculative patterns and effects on international logistics and demand.

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.

Financial risk management: objectives and criteria (continued)

Resource availability is at risk, making any planning and optimisation of the production chain extremely difficult. This in turn has 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 an extremely streamlined organizational structure and abundant order backlog, which is an undoubted advantage in terms of potential planning.

In any case, the Group constantly monitors the evolution of the macroeconomic environment and its impact on business.

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.

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:

€/000	31.12.2024		31.12.2023	
	Book value	**Fair value**	**Book value**	**Fair value**
Interest Rate Swaps				
Assets	813	813	1,804	1,804
Liabilities	(254)	(254)	(268)	(268)
Call options on acquisition of non-controlling interest	(12,065)	(12,065)	(14,112)	(14,112)
Earn out payment for non-controlling interest	(3,565)	(3,565)	(4,541)	(4,541)
Total	**(15,071)**	**(15,071)**	**(17,117)**	**(17,117)**

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 31 December 2024 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 2024 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. It should be noted that all transactions with related parties are concluded in the interests of the Company and the Group.

Financial and economic relations with related parties during the year 2024 are summarized in the balance sheet and income statement below.

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 year 2024 amount to 1,163 thousand Euro (1,167 thousand Euro as at 31 december 2023).

Other financial liabilities to GMB S.r.l. refer to the liability for options and earnout for the purchase of minority interests. Lastly, other financial liabilities to 2.0 Partners LLC mainly refer to an amount due for the payment of the earnout due to the minority shareholders of Fabbrica LLC.

Statement of financial position

31.12.2024						
€/000	**Trade receivables**	**Account payables**	**Other non-current liabilities**	**Other current liabilities**	**Other non-current financial liabilities**	**Other current financial liabilities**
2.0 Partners LLC	-	-	-	-	-	(745)
Fondaco S.r.l.	127	-	-	-	-	-
GMB S.r.l.	-	-	-	(300)	(8,243)	(2,633)
Marmo Elite S.r.l.	27	(177)	-	-	-	-
Squadra S.r.l.	-	(345)	-	-	-	-
Venezia S.p.A.	5	(19)	-	-	-	-
Vis S.r.l.	6	(573)	-	-	(6,139)	(886)
Total	**165**	**(1,114)**	**-**	**(300)**	**(14,382)**	**(4,264)**

31.12.2023						
€/000	**Trade receivables**	**Account payables**	**Other non-current liabilities**	**Other current liabilities**	**Other non-current financial liabilities**	**Other current financial liabilities**
2.0 Partners LLC	-	-	-	-	-	(8)
Fondaco S.r.l.	285	-	-	(5)	-	-
GMB S.r.l.	-	-	(300)	-	(8,329)	(3,199)
Made by TSI	-	(22)	-	-	-	-
Marmo Elite S.r.l.	54	(151)	-	-	-	-
Squadra S.r.l.	7	(488)	-	-	-	-
Venezia S.p.A.	3	(19)	-	-	-	-
Vis S.r.l.	3	(401)	-	-	(6,806)	(950)
Total	**352**	**(1,081)**	**(300)**	**(5)**	**(15,135)**	**(4,157)**

Related-party transactions (continued)

Income statement

31.12.2024					
€/000	Revenues	Other revenues	Raw materials and consumables	Other operating costs	Financial expenses
2.0 Partners LLC	-	-	-	-	(32)
Fondaco S.r.l.	1,033	-	-	-	-
GMB S.r.l.	21	-	-	(6)	-
Marmo Elite S.r.l.	49	-	(350)	-	-
Squadra S.r.l.	-	-	(2,063)	(65)	-
Venezia S.p.A.	-	2	-	-	-
Vis S.r.l.	-	3	-	(7)	-
Totale	**1,103**	**5**	**(2,413)**	**(78)**	**(32)**

31.12.2023					
€/000	Revenues	Other revenues	Raw materials and consumables	Other operating costs	Financial expenses
2.0 Partners LLC	-	-	-	-	(31)
Fondaco S.r.l.	582	-	-	-	-
GMB S.r.l.	8	-	-	(9)	-
Made by TSI	-	-	(25)	(82)	-
Marmo Elite S.r.l.	212	-	(484)	(3)	-
Squadra S.r.l.	78	-	(2,379)	(249)	-
Venezia S.p.A.	-	2	-	-	-
Vis S.r.l.	-	3	-	(16)	-
Total	**880**	**5**	**(2,888)**	**(359)**	**(31)**

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.

Related-party transactions (continued)

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 during 2024.

€/000	Compensation	Non-cash compensation	Bonus and other incentives	Other compensation
Board of Directors	1,562	21	188	24
Board of Statutory Auditors	87	-	-	-
Key management personnel	484	18	97	265
Total	**2,133**	**39**	**285**	**289**

Incentive plan

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

Incentive plan (continua)

The assumptions and methodology used in Plan assessments, the effects of which (on the balance sheet and income statement) are reported in notes 14 and 25 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

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.

During the FY 2024, restricted shares were paid out following the approval of the 2023 financial statements. Finally, it should be noted that at 31 December 2023, based on the achievement of performance targets, the portion relating to Performance shares was written off.

	Assigned options			Accrued options			Fair value
	Restricted share	Performance share	Total	Restricted share	Performance share	Total	
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	-	10,966	324,029
Approval of 2025 financial statements	-	51,777	51,777	-	-	-	-
Total	**32,899**	**72,925**	**105,824**	**32,899**	**-**	**32,899**	**987,297**

Incentive plan (continua)

Share-based payments
-
2024-2026 Performance Share Plan

The share-based incentive plan of Somec S.p.A., known as the "2024-2026 Performance Share Plan", approved by the Shareholders' Meeting held on 29 April 2024, consists of a plan based on financial instruments and includes the assignment of an individual bonus to Somec's Executive Directors and key Executives of Somec and Group companies.

The object of this plan is the assignment, and ensuing delivery to the beneficiaries, of a number of shares up to 3.5% of Somec S.p.A.'s share capital, based on the achievement of preset performance objectives and following the vesting periods specified.

This plan sets out to incentivise and retain individuals in key roles, the goal being to keep performance strong while contributing to the sustainable growth and success of Somec and the Somec Group. Moreover, the plan is one of the tools relied upon by the Group to supplement the fixed component of the remuneration package of key profiles, through variable components based on the financial and non-financial results achieved by the Company over a long-term horizon, in accordance with best market practices and the Code of Corporate Governance.

Each of the beneficiaries is allocated a total number of rights equal to 100% of their respective fixed emoluments. The allocation of the shares subject to the rights assigned to each beneficiary will be divided into two tranches subject to a different vesting period, as set forth below:

- The first tranche, involving the allocation of 60% of the shares subject to the assigned rights, is subject to a vesting period that will end with the approval of the consolidated financial statements for the year ending 31 December 2026
- The second tranche, involving the allocation of the remaining 40% of the shares subject to the assigned rights, is subject to a vesting period that will end with the approval of the consolidated financial statements for the year ending 31 December 2028

The performance targets identified are calculated, for both tranches, for the financial year ending 31 December 2026, with reference being made to financial and non-financial performance indicators.

The plan also includes an entry gate that, in the event of non-achievement or achievement of less than or equal to 90% of the target, will prevent the plan from being activated altogether.

The entry gate is determined by reference to the 2024-2026 cumulative consolidated EBITDA as set out in the 2024-2026 Business Plan.

The allocation of the shares due in respect of each tranche and the delivery thereof is therefore conditional on:

- The achievement of performance targets for the year ending 31 December 2026
- Each tranche having reached maturity
- The relationship with the beneficiary existing at the respective vesting date of each tranche

The cost for the year amounted to 176 thousand Euro.

Financial debt

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

€/000		31.12.2024	31.12.2023
A.	Cash	47,478	46,962
B.	Cash equivalents	-	-
C.	Other current financial assets	27,656	20,715
D.	**Total liquidity (A+B+C)**	**75,134**	**67,677**
E.	Current financial liabilities (including debt instruments, excluding the current portion of non-current financial liabilities)	(51,769)	(45,011)
F.	Current portion of long-term debt	(45,567)	(62,432)
G.	**Current financial debt (E+F)**	**(97,336)**	**(107,443)**
H.	**Current net financial debt (G+D)**	**(22,202)**	**(39,766)**
I.	Non-current financial liabilities (excluding current portion and debt instruments)	(37,189)	(46,345)
J.	Debt instruments	-	-
K.	Trade payables and other non-current liabilities	-	-
L.	**Non-current financial debt (I+J+K)**	**(37,189)**	**(46,345)**
M.	**Total financial debt (H+L)**	**(59,391)**	**(86,111)**

Current debt and non-current financial position 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 813 thousand Euro, to the financial debt shown above, the net financial position at 31 December 2024 amounts to 58,578 thousand Euro.

Commitments and risks

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

€/000	31.12.2024	31.12.2023
Contract sureties	214,711	241,428
Other guarantees	1,574	1,599
Total	**216,286**	**243,028**

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 Horizons: 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.

Significant events after year end 2024

Agreement amending the syndicated loan agreement signed on 30 March 2022 and waiver granted by financial institutions

On 27 March 2025 an agreement was signed ("Amending Agreement") for the medium- and long-term multi-line cash loan agreement signed on 30 March 2022 ("Loan") between Somec, on the one hand, and BNL BNP Paribas, Intesa Sanpaolo and UniCredit, on the other (collectively, the "Lenders").

The Amending Agreement represents the outcome of negotiations between the Company and the Lenders for the redefinition of certain Loan terms and conditions, including a one-off exception to the financial parameter relating to the Debt/Equity ratio with reference to the consolidated financial statements at 31 December 2024, based on the assumptions contained in the updated multi-year business plan drawn up by the Board of Directors, the 2024 year-end forecasts and positive growth prospects.

The Amending Agreement includes provisions for restructuring certain Loan repayment terms, modifying the financial parameter relating to the Debt/Equity ratio and some changes designed to allow the Company greater financial flexibility.

Finally, in addition to these commitments, a capital strengthening instrument is envisaged, by 30 June 2025, having an estimated value of 5.9 million Euro, by means of a capital increase in kind reserved for the reference shareholder Venezia S.p.A., to be approved by the Board of Directors further to the powers conferred by the shareholders' meeting of 29 April 2021, the terms and conditions of which, together with the information required by applicable legislation on transactions with related parties, will be fully communicated.

Possible additional capital strengthening initiatives may be undertaken by the reference shareholder Venezia S.p.A., according to terms and conditions to be drawn up by the Board of Directors, in the event of failure to meet certain financial parameters based on the financial statements for the year ending 31 December 2026.

San Vendemiano – Italy, 27 March 2025

The Chairman of the Board of Directors
Oscar Marchetto

Management representation of the consolidated financial statements

Management representation on the Consolidated 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 Consolidated Financial Statements during the year 2024.

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

3. The undersigned also represent that:

3.1 the Consolidated Financial Statements at 31 December 2024:

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 the 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 Directors' Report on Operations includes a reliable analysis of the performance and results of operations, as well as the situation of the issuer and of all the companies included within the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

27 March 2025

Oscar Marchetto
Executive Officer

Federico Puppin
Manager Responsible for Preparing Financial Reports

Management representation of the consolidated sustainability report

Statement on the Consolidated Sustainability Statements pursuant to art. 154-Bis comma 5-ter of Legislative decree 58/98 as amended and supplemented

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'), certify, in accordance with Article 154-bis of Legislative Decree 58 of 24 February 1998, paragraph 5-ter, that the Sustainability Statement included in the Consolidated Report has been drawn up:

a) in accordance with the reporting standards applied pursuant to directive 2013/34/EU of the European Parliament and the Council of 26 June 2013 and Legislative Decree of 6 September 2024, No. 125;

b) with the specifications adopted pursuant to Article 8, paragraph 4 of regulation (EU) 2020/852 of the European Parliament and the Council of 18 June 2020.

27 March 2025

Oscar Marchetto
Executive Officer

Federico Puppin
Manager Responsible for Preparing Financial Reports

Independent auditor's report of the consolidated financial statements

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Somec S.p.A.

Consolidated financial statements as at December 31, 2024

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Somec S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Somec Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the explanatory notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Somec S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

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Key Audit Matter	Audit Response
Valuation of goodwill	
The consolidated financial statements include, within intangible assets, goodwill for Euro 33.1 million, allocated to the cash generating units of the Group (CGU) or to groups of CGUs. Processes and methods for evaluating and determining the recoverable amount of each CGU or groups of CGUs, including the related goodwill, in terms of value in use, sometimes are based on complex assumptions which, by their nature, imply the use of the judgment of the Directors, in particular with reference to future cash flows included in the 2025-2027 plans prepared for each of the CGU or groups of CGUs and approved by the Board of Directors on March 18, 2025, the determination of the normalized cash flows at the basis of terminal value's estimation, the determination of the long-term growth rates and the discount rates applied to future cash flows. Considering the required judgment and the complexity of the assumptions used in estimating the recoverable amount of goodwill, we considered that this issue represents a key audit matter. Disclosures in the consolidated financial statements relating to the valuation of goodwill are reported in Note 2 "Intangible assets", in Note 3 "Impairment test" which describes the process of determining the recoverable amount of each CGU or group of CGUs, as well as the assumptions used and the sensitivity analysis on the main assumptions adopted, as well as in the paragraph "Summary of main accounting standards" and in the paragraph "Discretionary measurements and significant accounting estimates".	Our audit procedures related to the key audit matter included, among others: • the analysis of the process and key controls implemented by the company in connection to the valuation of the recoverable amount of goodwill; • the assessment of the adequacy of the CGU identification, the allocation of the carrying amount of the assets and liabilities to the individual CGU or groups of CGUs and the comparison with the value in use arising from the impairment test; • the analysis of the reasonableness of the main assumptions adopted for the future cash flows forecasts, by obtaining information from the Management and by comparing the historical forecasts with the actual data; • verification of the mathematical accuracy of the model adopted to determine the value in use of the CGU or groups of CGUs, including the methodology used to estimate the terminal value; • the assessment of the determination of long-term growth rates and discount rates. Our procedures were performed with the support of our experts in valuation techniques, who performed an independent recalculation and performed a sensitivity analysis on the key assumptions, in order to determine the changes in the assumptions that could significantly impact the valuation of the recoverable amount. Lastly, we assessed the adequacy of the disclosure provided in the explanatory notes to the consolidated financial statements with reference to the intangible assets.

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Key Audit Matter	Audit Response
Recognition of revenues from contracts with customers, of the related contract assets and contract liabilities for work in progress	
The consolidated financial statements include, within revenues from contracts with customers, revenues recorded over time for Euro 351.5 million. Within inventory and contract assets, contract work in progress for Euro 24.9 million, and within contract work in progress and customer advances, advances received from customers when they exceed the associated amount owed by clients for Euro 45.6 million. Revenues from contracts with customers are recorded within profit and loss according to the percentage of completions of the work in progress, based on the proportion between actual costs and the estimated total costs to complete each project (cost to cost input method), the application of the cost-to-cost method requires estimate of the total cost to complete each project and the related recurring updating, through the use of estimates by the Directors. The Directors base their estimates on the information deriving from the internal reporting system, forecasting and reporting of the order, furthermore they examine and, where necessary, revise the estimates of revenues and costs at the various stages of completion of the projects. When it is probable that total contract costs exceed the total of the corresponding total revenues, the potential loss is promptly recognized in the profit and loss. Considering the economic and financial impact of the contract work in progress, the complexity of the assumptions used in forecasting the costs to complete the projects and the potential magnitude of the changes in estimates on the result of the year, we considered that this issue represents a key audit matter. The consolidated financial statements disclosure relating to contract assets for contract work in progress, contract work in progress and customer advances and revenues from contracts with customers is included respectively in Notes	Our audit procedures related to the key audit matter included, among others: • the analysis of the process and key controls put in place by the Group in the planning and control of projects, including the verification of the criteria for the revenues recognition; For a sample of contracts, we performed the following procedures: (i) Analysis of the main contractual terms and conditions to verify that they were appropriately considered in the valuations performed by Management; (ii) Assessment of the key assumptions used in forecasting the costs to complete the contract and to determine total revenues, through sample-based verification of project reporting, and interviews with management control personnel and project managers; (iii) Comparative analysis of the main changes in contract results compared to the initial estimates, including a look-back analysis aimed at retrospectively assessing the reasonableness of the estimates made by Management; (iv) Verification of the costs incurred during the year and their allocation to contracts in progress. Lastly, we assessed the adequacy of the disclosure provided in the explanatory notes to the consolidated financial statements with reference to the evaluation of the work in progress.

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Independent auditor's report of the consolidated financial statements (continued)

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Key Audit Matter	Audit Response
8, 21 and 23, as well as in the paragraph "Summary of main accounting standards" and "Discretionary measurements and significant accounting estimates".	
Valuation of the Strike price of options on purchase of non-controlling interest and of the Earn-out payment for non-controlling interest The consolidated financial statements include, under Other Financial Liabilities, the liabilities related to Strike price of options on purchase of non-controlling interest amounting to Euro 12.1 thousand, referring to put and call options granted to minority shareholders as part of business combinations carried out by the Group. The item Other Financial Liabilities also includes Earn out payment for non-controlling interest amounting to Euro 3.6 thousand, relating to price adjustments recognized to minority shareholders. These financial liabilities are recognized in accordance with IFRS 9 at each reporting date. The Parent Company's Directors determined the value of these liabilities by discounting the estimated price for the acquisition of minority interests based on the expected performance reflected in the approved business plans of the companies and the variables defined in the individual acquisition agreements. This methodology is characterized by a high degree of complexity and the use of estimates that are inherently uncertain and subjective, particularly with reference to the following elements: • The expected cash flows from the plans, determined taking into account general economic conditions and the relevant industry, the actual cash flows recorded in recent years, and projected growth rates; • The financial parameters used to determine the discount rate. For these reasons, we considered the valuation of financial liabilities related to options granted to minority shareholders to be a key audit matter.	Our audit procedures in response to this key audit matter included, among others: • Analysis of acquisition agreements, which detail the regulation mechanisms, determination of put and call options, and the definition of price adjustments (earn-outs); • Assessment of the understanding of the process adopted by Management for estimating the value of the options granted to minority shareholders of the subsidiaries; • Reasonableness analysis of the main assumptions used to forecast future cash flows, through industry analysis, obtaining information from Management, and comparing historical forecasts with actual results; • Examination of variances between expected cash flows of the acquired businesses from previous periods and the actual results, in order to assess the accuracy of the estimation process adopted; • Verification of the determination of the discount rates applied. As part of our procedures, we also involved our valuation specialists, who performed an independent recalculation and sensitivity analysis on the assumptions that could significantly impact the valuation. Finally, we reviewed the disclosures provided in the notes to the consolidated financial statements relating to the valuation of the exercise price of options for the purchase of minority interests and the earn-out recognized for the acquisition of minority interests

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Key Audit Matter	Audit Response
Note 16 "Other current and non-current financial liabilities" of the consolidated financial statements as of December 31, 2024, discloses the methods used to determine the financial liabilities related to options granted to minority shareholders and the related impacts on the consolidated financial statements.	

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Somec S.p.A. or to cease operations, or have no realistic alternative but to do so.

The Board of Statutory Auditors ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

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intentional omissions, misrepresentations, or the override of internal control;

- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Somec S.p.A., in the general meeting held on April 29, 2020, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2020 to December 31, 2028.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

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We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the Control, Risk and Sustainability Committee ("Comitato Controllo, Rischi e Sostenibilità") in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Somec S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (the "Delegated Regulation") to the consolidated financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements as at December 31, 2024 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2024 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-*bis*) and e-*ter*) of Legislative Decree n. 39 dated 27 January 2010 and pursuant to article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Somec S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Somec Group as at December 31, 2024, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

- We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements
- express an opinion of the compliance with the laws and regulations of the Report on Operations, excluding the section related to the consolidated sustainability information, and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998;
- issue a statement on any material misstatement in the Report on Operations and in certain specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998.

Independent auditor's report of the consolidated financial statements (continued)

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In our opinion, the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, are consistent with the consolidated financial statements of Somec Group as at December 31, 2024.

Furthermore, in our opinion, the Report on Operations, excluding the section related to the consolidated sustainability information, and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-*ter*), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Our opinion on compliance with applicable laws and regulations does not extend to the section of the Report on Operations related to consolidated sustainability information. The conclusion on the compliance of this section with the applicable standards governing its preparation criteria and the compliance with the disclosure requirements pursuant to article 8 of (EU) Regulation 2020/852 are formulated by us in the attestation report pursuant to article 14-bis of Legislative Decree No. 39 dated 27 January 2010.

Treviso, April 8, 2025

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

As disclosed by the Directors on page 33 the accompanying consolidated financial statements of Somec S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Independent auditor's report of the consolidated sustainability report

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Independent auditor's report on the Limited Assurance of the consolidated sustainability report in accordance with Article 14-bis of Legislative Decree No. 39 of January 27, 2010

(*Translation from the original Italian text*)

To the Shareholders of
Somec S.p.A.

Conclusions

We have been appointed to perform a limited assurance engagement pursuant to Articles 8 and 18, paragraph 1, of Legislative Decree No. 125 of September 6, 2024 (hereinafter also referred to as the "Decree") on the consolidated sustainability report of Somec S.p.A. and its subsidiaries (hereinafter "Group" or "Somec Group") for the year ended on December 31, 2024, prepared in accordance with Article 4 of the Decree, included in the specific section of the Directors' Report.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability report for the year ended on December 31, 2024, has not been prepared, in all material aspects, in accordance with the reporting principles adopted by the European Commission pursuant to European Directive 2013/34/EU (European Sustainability Reporting Standards, hereinafter also referred to as "ESRS").
- the information included in the paragraph "*EU Taxonomy*" of the consolidated sustainability report has not been prepared, in all material aspects, in accordance with Article 8 of European Regulation No. 852 of June 18, 2020 (hereinafter also referred to as "Taxonomy Regulation").

Elements Underlying the Conclusions

We have performed a limited assurance engagement in accordance with the Sustainability Reporting Assurance Standard ("Principio di Attestazione della Rendicontazione di Sostenibilità") - SSAE (Italy). The procedures performed in this type of engagement vary in nature and timing compared to those necessary for conducting an engagement aimed at obtaining a reasonable level of assurance and are also less extensive. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained if the engagement aimed to acquire a reasonable level of assurance. Our responsibilities under this Standard are further described in the section "Auditors' responsibility for the Assurance on the consolidated sustainability report" of this report.

We are independent in accordance with the standards and principles regarding ethics and independence applicable to the assurance engagement of the consolidated sustainability report according to Italian law.

Our audit firm applies the International Standard on Quality Control (ISQM Italy) 1, under which it is required to establish, implement, and operate a quality management system that includes instructions and procedures on compliance with ethical principles, professional principles, and applicable legal and regulatory provisions.

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We believe we have obtained sufficient and appropriate evidence on which to base our conclusions.

Other Aspects

The comparative information included in the consolidated sustainability report referring to the year ended December 31, 2023, has not been subjected to verification.

Responsibility of the Directors and the Board of Statutory Auditors of Somec S.p.A. for the consolidated sustainability report

The Directors are responsible for the development and implementation of procedures used to identify the information included in the consolidated sustainability report in accordance with the requirements of the ESRS (hereinafter referred to as the "Relevance assessment process") and for the description of such procedures in the paragraph *"IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities"* of the consolidated sustainability report.

The Directors are also responsible for the preparation of the consolidated sustainability report, which contains the information identified through the Relevance assessment process, in accordance with the requirements of Article 4 of the Decree, including:

- compliance with the ESRS;
- compliance with Article 8 of the EU Taxonomy Regulation regarding the information contained in the paragraph "*EU Taxonomy*".

This responsibility entails the establishment, implementation, and maintenance, as required by law, for that part of internal control that they consider necessary in order to allow the preparation of the consolidated sustainability report in accordance with the requirements of Article 4 of the Decree, free from material misstatements caused by fraud or not intentional behaviors or events. This responsibility also includes the selection and application of appropriate methods for processing the information as well as the development of assumptions and estimates regarding specific sustainability information that are reasonable under the circumstances.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Intrinsic Limitations in the Preparation of the consolidated sustainability report

As indicated in the paragraph *"E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions"* of the consolidated sustainability report, the information related to Scope 3 greenhouse gas emissions is subject to greater intrinsic limitations compared to Scope 1 and 2, due to the limited availability and accuracy of the information used to define such information, both quantitative and qualitative, as well as due to reliance on data, information, and evidence provided by third parties.

Auditors' responsibility for the Assurance of the consolidated sustainability report

Our objectives are to plan and perform procedures to obtain a limited level of assurance that the consolidated sustainability report is free from material misstatements, due to fraud or not intentional behaviors or events, and to issue a report containing our conclusions. Errors may arise from fraud or not intentional behaviors or events and are considered significant if it can be reasonably expected that they, individually or in the aggregate, could influence the decisions made by users based on the consolidated sustainability report.

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In the context of the engagement aimed at obtaining a limited level of assurance in accordance with the sustainability reporting Assurance Standard ("Principio di Attestazione della Rendicontazione di Sostenibilità") - SSAE (Italy), we exercised professional judgment and maintained professional skepticism throughout the duration of the engagement.

Our responsibilities include:

- considering the risks to identify the information in which a significant error is likely to occur, whether due to fraud or not intentional behaviors or events;
- defining and performing procedures to verify the information in which a significant error is likely to occur. The risk of not detecting a significant error due to fraud is higher than the risk of not detecting a significant error arising from not intentional behaviors or events, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or manipulation of internal controls;
- directing, supervising, and conducting the limited assurance of the consolidated sustainability report and assuming full responsibility for the conclusions regarding the consolidated sustainability report.

Summary of the Work Performed

An engagement aimed at obtaining a limited level of assurance involves performing procedures to obtain evidence as a basis for formulating our conclusions.

The procedures performed on the consolidated sustainability report were based on our professional judgment and included interviews, primarily with the Somec S.p.A. personnel responsible for preparing the information included in the consolidated sustainability report, as well as documents analysis, recalculations and other procedures aimed to obtain evidence considered appropriate.

In particular, we performed the following procedures, partly in a preliminary phase before the end of the year and subsequently in a final phase up to the date of issuance of this report:

- understanding the business model, the Group's strategies, and the context in which it operates concerning sustainability issues;
- understanding the processes underlying the generation, detection, and management of the qualitative and quantitative information included in the consolidated sustainability report, including the analysis of the reporting perimeter;
- understanding the process implemented by the Group for identifying and assessing relevant impacts, risks, and opportunities based on the principle of Double Materiality concerning sustainability issues and verifying the related information included in the consolidated sustainability report;
- identifying the information for which there is a likelihood of a significant error risk;
- defining and performing analytical and substantive procedures, based on our professional judgment, to address the identified significant error risks, including:
    - ➢ for the information collected at the Group level:
        - carrying out inquiries and document analysis regarding qualitative information, particularly policies, actions, and targets on sustainability issues, to verify consistency with the evidence collected;

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        - performing analytical procedures and limited assurance procedures on a sample basis regarding quantitative information;
    - ➢ for the information collected at the site level, conducting site visits for the following companies: Somec S.p.A. and Lamp Arredo S.r.l., which were selected on the basis of their activity and contribution to the metrics of the consolidated sustainability report. We conducted in-person interviews with the management responsible and acquired documentary feedback regarding the determination of metrics;
- regarding the requirements of Article 8 of the EU Taxonomy Regulation, understanding the process implemented by the Group to identify eligible economic activities and determine their aligned nature based on the provisions of the EU Taxonomy Regulation, and verifying the related information included in the consolidated sustainability report;
- cross-checking the information reported in the consolidated sustainability report with the information contained in the consolidated financial statements in accordance with the applicable financial reporting framework or with the accounting data used for the preparation of the consolidated financial statements or with the management data of an accounting nature;
- verifying the structure and presentation of the information included in the consolidated sustainability report in accordance with the ESRS;
- obtaining the representation letter.

Treviso, April 8, 2025

EY S.p.A.
Signed by:
Stefano Marchesin
(Statutory Auditor)

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

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

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