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Oggetto : THE ITALIAN SEA GROUP: THE BOARD
OF DIRECTORS APPROVES THE FY
2021 CONSOLIDATED FINANCIAL
STATEMENTS AND DRAFT ANNUAL
REPORT AS OF DECEMBER 31, 2021

Testo del comunicato

Vedi allegato.

THE ITALIAN SEA GROUP

PRESS RELEASE

THE ITALIAN SEA GROUP: THE BOARD OF DIRECTORS APPROVES THE FY 2021 CONSOLIDATED FINANCIAL STATEMENTS AND DRAFT ANNUAL REPORT AS OF DECEMBER 31, 2021

2022 Guidance confirmed
Significant growth in Net Sales (+60.3%), EBITDA (+93%)
and Net Income (+163%)
Order book at 827 million Euros (+37%)
Dividend proposed: 0.185 Euro per share

Main results of the FY 2021 as of December 31, 2021 versus December 31, 2020:

- **Net Sales:** 186 million Euros, +60.3% compared to 116 million Euros in 2020;
- **EBITDA:** 28 million Euros, +93% compared to 14.5 million Euros as of December 31st 2020, with an **EBITDA margin** of 15% versus 12.5% in 2020;
- **EBIT:** 21.7 million Euros, +131% compared to 9.4 million Euros in 2020 with a margin of 11.7% on sales;
- **Net Income:** 16.3 million Euros, +163% compared to 6.2 million Euros in 2020;
- **Investments:** 26 million Euros as of December 31, 2021, +92% versus 2020;
- **Net Financial Position** equal to 41 million Euros, compared to a Net Financial Debt of 8.3 million Euros as of December 31, 2020;
- **The Order book of shipbuilding and refit** is equal to 827 million Euros as of December 31, 2021, +37% compared to December 31, 2020;
- The **Net Backlog of shipbuilding and refit** as of December 31, 2021 is equal to **536 million Euros**;
- As of December 31, 2021 there are **27 yachts** under construction.

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Other deliberations from the Board of Directors:

- **Dividend proposed:** 0.185 Euro per share;
- **Guidance 2022 confirmed:** Expected Net Sales between 280 and 295 million Euros, with an increase of c. 55% compared to 2021 Net Sales; EBITDA Margin expected to reach 15.5% thanks to the significant Sales increase;
- Request for authorisation to **purchase and dispose of treasury shares**;
- Renewal of **Supervisory Board Members**;
- **Ordinary Shareholders' Meeting** convened on April 29, 2022.

Marina di Carrara, March 24th 2022. The Board of Directors of The Italian Sea Group S.p.A. (“**TISG**” or the “**Company**”), global operator in the luxury yachting industry, announces the approval of the FY 2021 Consolidated Financial Statements as of December 31, 2021, prepared in accordance with IFRS International Accounting Standard.

*“The year 2021 has been particularly important for The Italian Sea Group, with the further strengthening of our business in the mega yacht segment and in strategic markets like the US” – **Giovanni Costantino, Founder & CEO of The Italian Sea Group** commented. “Soon afterwards the Perini Navi acquisition, finalised at the end of January, the production sites of Viareggio and La Spezia are already operational, the majority of employees have been reinstated and we have launched important projects with great commitment and energy, with the goal of further strengthening such a prestigious brand in the global yachting world. The results announced today confirm the success of our business strategy, that focuses on the continuous research of excellence, innovation and quality.*

Based on these results, that allow us to look at the many future opportunities with great optimism and commitment, we confirm the 2022 Guidance.”

KEY RESULTS

In 2021 The Italian Sea Group recorded remarkable growth compared to 2020.

In details, the Company significantly improved sales and margins, leveraging on a more intense demand for yachts in the higher dimensional range.

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The year 2021 was an outstanding one for The Italian Sea Group, both from a production standpoint as well as in terms of partnerships signed with top luxury brands such as Automobili Lamborghini and Giorgio Armani, which contributed to enhance the high positioning of the Company.

Since June 8, 2021 the Company is listed on Euronext Milan from Borsa Italiana.

The resources collected during the IPO – equal to 44.5 million Euros – proved to be key in finalising the acquisition of Perini Navi, one of the most prestigious brands in the sailing superyacht industry. The acquisition took place on December 22, 2021 through New Sail S.r.l. a subsidiary fully owned by TISG, for a total value of 80 million Euros.

The operation was financed by cash availability and long-term bank credit lines.

NET SALES

During 2021 The Italian Sea Group achieved **Net Sales for 186 million Euros**, an increase of 60.3% versus 116 million Euros recorded in 2020.

- During the year the **Shipbuilding** Division recorded sales for **164 million Euros**, significantly increased from 98 million Euros in 2020. This achievement is mainly due to the increase in contracts for high dimension yachts, the production progress of sailing and motor yachts under construction and the positive trend of *Tecnomar for Lamborghini 63* sales.

At the end of 2021, the Company has **14 superyachts e megayachts** under construction, as well as **13 *Tecnomar for Lamborghini 63* yachts**, for a total of **27 projects**.

- The **Refit** Division recorded sales for **22 million Euros**, up from 14 million Euros in 2020. The Refit performance did not slow down and progressed smoothly, notwithstanding the works planned in “TISG 4.0” and “TISG 4.1” investment plans.

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The total value of the Order Book of Shipbuilding e Refit as of December 31, 2021 is equal to **827 million Euros**, with wide visibility until 2026 of the projects under construction, about 80% of which is presented by yachts in the +50m range.

At the end of 2021, the **Net Backlog** of **Shipbuilding** and **Refit** is equal to **536 million Euros**.

The revenue breakdown by geographical area shows a higher relevance of the American market.

In particular, this increase is driven by the stronger *brand awareness* in the Region, stimulated by the collaboration with renowned US brokers, that allowed to Company to enter the American market for big dimension yachts as confirmed by the sale of an Admiral 82m mega yacht at the end of 2021.

OPERATING REVENUES BY BRAND

<i>In thousand Euros</i>	Revenues by brand 2021	Revenues by brand 2020
ADMIRAL	128,277	78,564
TECNOMAR	29,755	16,935
NCA REFIT	21,912	14,433
OTHERS	6,110	3,019
Operating Revenues	186,054	112,951

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OPERATING REVENUES BY GEOGRAPHICAL AREA

Shipbuilding

<i>In thousand Euros</i>	Revenues 2021	Revenues 2020
AMERICAS	4,164	1,023
APAC	80,849	51,327
EUROPE AND RUSSIA	79,130	46,168
Operating Revenues Shipbuilding	164,143	98,518

Refit

<i>In thousand Euros</i>	Revenues 2021	Revenues 2020
AMERICAS	10,578	4,734
APAC	5,680	5,811
EUROPE AND RUSSIA	5,653	3,888
Operating Revenues Refit	21,912	14,433

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EBITDA is equal to **28 million Euros**, increasing by 93% with respect to 14.5 million Euros at December 31st, 2020, with an **EBITDA Margin of 15%** versus 12.5% in Financial Year 2020.

The constant increase in marginality can be attributed to (i) **an increase in sale prices** determined by a consolidated brand positioning in the higher part of the market, the high quality standard of the yachts and the excellent Made In Italy design, partially reducing the price gap with Northern European competitors; (ii) cost efficiency driven by the expansion of production capacity; (iii) limited impact of the increase in raw material prices, thanks to efficient synergies with suppliers.

EBIT has reached **21.7 million Euros**, more than doubled with respect to the previous year, when it was equal to 9.4 million Euros, **with a margin on sales of 11.7%** versus 8.1% in 2020, due to depreciation, write-downs, provisions and losses amounting to Euro 6.2 million in the year 2021.

Net Result is equal to 16.3 million Euros, a significant increase with respect to 6.2 million Euros in 2020.

Net Financial Position, positive for **41 million Euros** with respect to a net financial debt up to 8.3 million Euros in 2020, reflecting a strong cash generation related to the progress of existing contracts and the capital increase achieved during the listing process.

GUIDANCE 2022

In light of 2021 Financial Year results, the Company confirms the 2022 Guidance, forecasting **an increase in Net Sales up to 280 and 295 million Euros**, a growth of around 55% and an EBITDA Margin of 15.5%.

This Guidance reflects the contribution of the Perini Navi acquisition in terms of increase in Sales; the additional increase in marginality expresses the expectation to achieve healthy returns, due to the speedy start-up of the new production sites with limited Investments.

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In 2022 there are Investments expected for **9 million Euros** dedicated to the completion of the “TISG 4.0” investment plan, and **10 million Euros** for “TISG 4.1”.

Additionally, **1.8 million Euros** will be invested in the 2022-2023 period for the fine-tuning of the two production sites in Viareggio and La Spezia, acquired in the auction and already in operation.

On the basis of the strong conviction to be able to exploit the entire production capacity of the two shipyards, on February 17th 2022 the Board of Directors of “The Italian Sea Group” has approved the merger plan for the subsidiary New Sail S.r.l..

Having clearly defined the integration projects of the acquisition and the set-up of the production sites, the Company’s Management is therefore fully focused on their execution.

COMMENT ON THE CURRENT GEOPOLITICAL CRISIS

For what concerns the current geopolitical crisis and the conflict between Russia and Ukraine, TISG confirms the low exposure of its Net Backlog towards the Russian market, relating to one contract for a single yacht to be delivered in the first months of 2023.

The Management confirms that the advancement of all orders currently in backlog and the refit activities are being carried out without delays, and there have not been any order cancellations or delays in contractual payments.

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BUSINESS OUTLOOK

Increase in dimensions of the vessels

TISG will continue to concentrate its efforts in the construction of mega and giga yachts, leveraging on the consolidated brand reputation and on the renown skills, recognised by the clients and the major brokers in the international yachting industry.

Consolidation in the sailing yacht segment

An additional element which is significant to the Company's strategy is the consolidation in the sailing yacht segment, which is experiencing a strong increase in demand also thanks to the increasing interest from Owners towards sustainability and the environment.

As a confirmation of this, the Company has undertaken the completion of a 60-metre sailing yacht for a US client (order originally acquired from the previous Perini Navi property).

Starting Up Perini Navi

TISG has already integrated the majority of the employees coming from the Perini Navi acquisition and intends to fine-tune the production sites of La Spezia and Viareggio.

New partnerships with luxury brands

Collaborations with brands of the caliber of Giorgio Armani and Automobili Lamborghini have contributed to further strengthen the Company positioning in the luxury segment and, as a confirmation of what was announced during IPO, TISG intends to finalise another important partnership.

ESG Strategy

The Company continues to implement its ESG Strategy: the TISG 4.1 investment plan is far-reaching and includes the ecologic transformation of its facilities through

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the installing of photovoltaic plants on all Sheds inside the Marina di Carrara, Viareggio and La Spezia shipyards.

These implants are another piece of TISG's ESG strategic plan, which already includes a strong commitment in the realisation of "green" yachts through the continuous development in hybrid propulsion systems and the use of paint and raw materials with a low environmental impact, including synthetic teak, valorising sustainability in all supply chain phases.

PROPOSED ALLOCATION OF PROFITS

The Board of Director has deliberated to submit to the Shareholder's Meeting the payment of a dividend, relating to Financial Year 2021, equal to 0.185 Euros per share.

The total dividends, equal to 9.8 million Euros, represents a pay-out of around 60% of the Group's Net Result (+58% versus the dividends distributed in 2020).

If approved by the Shareholders' Meeting, the ex-dividend date will be on **May 9, 2022** with record date on **May 10, 2022** and the dividend will be paid on **May 11, 2022**.

SHARE BUY-BACK PROGRAM

The Board of Directors has deliberated to submit the request of authorisation from its Shareholders, pursuant to the combined provisions of Articles 2357 and 2357-ter of the Civil Code, as well as Article 132 of D. Lgs. No. 58 of 24 February 1998, as amended ("**TUF**"), to carry out purchase and disposal transaction of own shares of the Company.

The authorisation will be requested for the purchase, even in several transactions, of ordinary share up to a maximum amount of 3.710.000 shares, corresponding to 7% of TISG's share capital at December 31, 2021, for a time period of 18 months starting from the date of authorisation from the Ordinary Shareholders' Meeting. The authorisation for the disposal of own shares is requested without time limit.

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RENEWAL OF THE SUPERVISORY BOARD

The Board has provided for the renewal of the Supervisory Board, nominating Ms Annalisa De Vivo, Mr Carlo De Luca and Mr Felice Simbolo as members of the aforementioned board, with a 3-year mandate.

NOTICE OF CALL OF THE ORDINARY SHAREHOLDERS' MEETING

The Board of Directors has conferred to the Chairman the powers to convene the Ordinary Shareholders' Meeting for April 29, 2022, in a single call. The notice of call of the Shareholders' Meeting, as well as the related documents will be made available to the public, in accordance with current provisions, at the Company's headquarters located in Viale Cristoforo Colombo, 4-bis, Marina di Carrara (MS), 54033, in the "Corporate Governance" section of the Company's website (<https://theitalianseagroup.com/>) and on the eMarket SDIR Storage mechanism (<https://www.emarketstorage.com/bims/comunicati/comunicati.html>).

Declaration ex art. 154-bis, second comma, T.U.F.

Pursuant to the Consolidation Act, section 154 clause 2 bis, of the D. Lgs. n. 58/98, as subsequently adjusted, Mr. Marco Carniani, the Manager in charge of preparing the corporate Accounting Books, herewith represents that the financial information contained in this Press Release conforms with corporate accounting documents, records, and books.

The following document contains forward-looking statements related to future events and operational, economic and financial results of The Italian Sea Group S.p.A.. Such forward-looking statements, by their nature, contain an element of risk and uncertainty, as they rely on the realisation of future events and developments.

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The consolidated balance sheet and the draft separate financial statements at December 31, 2021 are currently undergoing audit procedures, activities that are in the course of being completed at today's date.

The reclassified statement of profit or loss, statement of financial position and statement of cash flows in this document have not been audited by the independent auditors.

The press release is available in the Investor section of the Company's Website at <https://investor.theitalianseagroup.com/en/press-releases>.

This document is an English translation from Italian. The Italian original shall prevail in case of difference in interpretation and/or factual errors.

Webcast Conference Call

The Financial Results related to the 2021 Financial Statements will be presented on today's date, **Thursday March 24, 2022 at 4.30pm CET** during a Conference Call held by the Company's Top Management.

The Conference can be followed through the following link: <https://b1c-co-uk.zoom.us/meeting/register/tZIkf-2rrjItGtYA6QAjODvGZMb3Dr4TEKGO>.

The presentation will be available at the start of the call on the website <https://investor.theitalianseagroup.com/> in the sections **“Financial Documents/Presentations”**.

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The Italian Sea Group

The Italian Sea Group is a global operator in the luxury yachting industry, listed on Euronext Milan (“EXM”) and active in the construction and refit of motoryachts and sailing yachts up to 140 metres. The Company, led by Italian entrepreneur Giovanni Costantino, operates on the market with the brands Admiral, renown for elegant and prestigious yachts, Tecnomar, known for its sporty features, cutting-edge design and high performance of its yachts, Perini Navi, excellence in the design and construction of large sailing yachts, and Picchiotti, historical brand in the Italian yachting industry; the Company has a business unit, NCA Refit, that manages the maintenance and refit services for yachts and mega yachts with a length over 60 metres. The Italian Sea Group is the first Italian superyacht maker for vessels over 50 metres.

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RECLASSIFIED INCOME STATEMENT

<i>In thousand Euros</i>	December 31, 2021 (Consolidated)	December 31, 2020
Operating revenues	186,054	112,951
Other revenues and income	4,226	5,343
Sales commissions	-4,724	-1,853
Total revenues	185,556	116,441
Raw material costs	-46,684	-26,423
Outsourcing costs	-71,278	-44,703
Services and technical consultancies	-4,323	-5,370
Other service costs	-10,695	-7,037
Staff costs	-22,117	-16,881
Other operating costs	-2,505	-1,507
EBITDA	27,954	14,520
<i>Margin on total revenues</i>	<i>15.10%</i>	<i>12.50%</i>
Amortization, depreciation and capital losses	-6,233	-5,090
EBIT	21,721	9,430
<i>Margin on total revenues</i>	<i>11.70%</i>	<i>8.10%</i>
Net financial expenses	-3,087	-1,963
Extraordinary gains and losses	-481	343
EBT	18,153	7,810
Operating taxes	-1,831	-1,575
NET INCOME	16,322	6,235
<i>Percentage on total revenues</i>	<i>8.80%</i>	<i>5.40%</i>

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CONSOLIDATED BALANCE SHEET

<i>In thousand Euros</i>	December 31, 2021 (Consolidated)	December 31, 2020
ASSETS		
LONG TERM ASSETS		
Brands	3,554	3,554
Other intangible assets	863	823
Land and buildings	35,994	19,942
Plants, machinery, equipment and other investments in progress	28,708	22,847
Other tangible assets	1,642	1,648
Right of Use	8,889	9,106
Participations	43	43
Other non current assets	4,222	2,504
Other long term assets	83,915	60,467
CURRENT ASSETS		
Cash and cash equivalents	85,615	17,943
Trade receivables	10,236	14,616
Other receivables	10,339	1,297
Contract work in progress assets	41,336	22,549
Inventory	1,250	2,759
Other current assets	2,384	3,321
Total current assets	151,159	62,485
TOTALE ASSETS	235,075	122,952
LIABILITY AND NET EQUITY		
NET EQUITY		
Share capital	26,500	21,750
Share premium accounts	45,431	12,000
Other retained earnings and carried-forwards	4,635	235
Profit (Loss)	16,322	6,235
Total Net Equity	92,888	40,220
LONG TERM LIABILITIES		
Provisions for risks and carges	3,066	2,639
Deferred tax liabilities	1,178	1,840
Provisions for employee benefits	760	817
Long term financial liabilities	31,378	18,415
Other long term liabilities	486	1,404
Total long term liabilities	36,868	25,115
CURRENT LIABILITIES		
Trade debts	57,146	34,240
Other debts	5,623	4,710
Short term financial liabilities	11,479	3,370
Contract work in progress liabilities	16,345	8,845
Other long term liabilities	14,725	6,452
Total current liabilities	105,318	57,617
TOTAL LIABILITIES AND NET EQUITY	235,075	122,952

THE ITALIAN SEA GROUP

NET FINANCIAL POSITION AS OF DECEMBER 31, 2021

<i>In thousand Euros</i>	December 31, 2021 (Consolidated)	December 31, 2020
A. Cash	85,615	17,943
B. Cash equivalents	0	0
C. Other current financial assets	0	0
D. Liquidity (A)+(B)+(C)	85,615	17,943
E. Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	-34	-259
F. Current portion of non-current financial debt	-7,574	-2,237
F.1 other current financial debt	-2,009	-3,891
G. Current financial indebtedness (E+F)	-9,616	-6,387
H. Net financial indebtedness (G-D)	75,998	11,556
I. Non-current financial debt (excluding the current portion of debt instruments)	-23,863	-7,757
J. Debt instruments	0	0
K. Non-current trade and other payables	-7,951	-8,967
K.1 Debiti verso soci finanziatori	-3,161	-3,095
L. Non-current financial indebtedness (I+J+K)	-34,975	-19,819
M. Total financial indebtedness (H+L)	41,023	-8,263

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CASH FLOW STATEMENT AS OF DECEMBER 31, 2021

<i>In thousand Euros</i>	December 31, 2021 (Consolidated)	December 31, 2020
INCOME MANAGEMENT ACTIVITIES		
Profit for the year before taxes	18,153	7,810
Net interest	3,154	2,030
Provisions for charges and risks	1,773	1,112
Provisions for severance pay	957	723
Adjustments for:		
Amortisation, depreciation and write-downs of fixed assets	4,199	3,941
Capital gains (losses)	-36	-7
Other provisions and write-down (revaluations)	296	821
Changes in assets and liabilities:		
Receivable from customers	4,084	-2,933
Inventories and contract works in progress	-9,778	8,012
Other operating assets	-8,023	-1,260
Payables to suppliers	21,649	11,161
Other operating payables	8,268	-511
TFR	-1,014	-798
Provisions for charges and risks	-2,008	-406
Taxes	-1,831	-637
Interests paid	-3,088	-1,320
Cash flow from income management activities	36,754	27,738
INVESTMENT ACTIVITIES		
Purchase of tangible assets	-23,424	-11,830
Disposal of tangible assets	36	7
Purchase of intangible assets	-346	-378
Purchase of equity holdings	0	0
Receivables from CELI	-3,411	-1,343
Others	880	-148
Cash flow from investment activities	-26,265	-13,692
FINANCING ACTIVITIES		
Capital payment	4,750	0
Share premium payment	41,851	0
I.P.O. fees	-2,027	0
Dividend payment	-6,235	0
Initiation of M/L term loans	27,000	7,000
Repayment of M/L term loans	-5,391	-5,350
Repayment of loans to others	-2,339	-980
Net change in other sources of short-term financing	-427	-2,528
Cash flow from financing activities	57,182	-1,858
TOTAL CASH FLOW FOR THE PERIOD	67,672	12,188
OPENING CASH AND CASH EQUIVALENTS	17,943	5,755

Fine Comunicato n.2378-20

Numero di Pagine: 18