

Report from the Board of Statutory Auditors at the Ordinary Shareholders' Meeting convened to approve the Financial Statements as of December 31st 2021 The Italian Sea Group S.p.A. pursuant to Article 2429, paragraph 2, Civil Code and Article 153 of the Legislative Decree no.58/1998.

Dear Shareholders,

The Board of Statutory Auditors, pursuant to article 153 of the Legislative Decree no. 58/1998 of the Consolidated Law on Finance (“**TUF**”) and to article 2429, paragraph 2, Civil Code, has to report to the Shareholders' Meeting about the results achieved in the financial year and about the activities carried out while fulfilling their responsibilities and make comments and proposals with reference to the financial statements and their approval as well as the topics falling within their competence.

During the financial year, the Board of Statutory Auditors has fulfilled its surveillance duty in compliance with the current legislation and after having taken into consideration the Rules of Conduct recommended by the National Council of Chartered Accountants and Accounting Experts, as well as the resolutions from Consob in the field of corporate controls and activity of the Board of Statutory Auditors and the indications contained in the Code of Conduct of listed companies approved in July 2018 from the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. (the “**Code**”) to which The Italian Sea Group S.p.A. (“**The Italian Sea Group**” or the “**Company**”) adheres.

For this purpose the Board of Statutory Auditors, in addition to participating in the Board of Directors and the Board Committees, has constantly exchanged information with the administration and audit departments, with the Body in charge of monitoring the compliance with and the update of the Company Organisation, Management and Control Model, pursuant to the Legislative Decree no. 231/01 (“**Supervisory Board**”) as well as with BDO S.p.A., the company in charge of the statutory audit and the release of the relevant certificate, in the capacity as Designated Auditor.

This way, the Board of Statutory Auditors has gained knowledge on the effectiveness and efficiency of operating activities, and on the reliability and continuity of controls which grant the promptness of any corrective events.

The Board of Statutory Auditors

The Board of Statutory Auditors in charge at the Report Date was appointed by the Shareholders' Meeting dated May 8th 2020 and is composed by:

- Mr. Felice Simbolo (Chairman);
- Mrs. Barbara Bortolotti (Standing Auditor);
- Mr. Mauro Borghesi (Standing Auditor).

Mrs. Luisa Bortolotti and Mrs. Annalisa Naldi are Alternate Auditors.

The control body will remain in office for three financial years and will terminate its mandate at the date of the Shareholders' Meeting convened for the approval of the Financial Statements related to Financial Year 2022.

The professional background of the members of the Board of Statutory Auditors is shown in the Report on Corporate Governance and Ownership Structure, written in compliance with article 123-*bis* of TUF, and made available to the public on the Company website (<https://theitalianseagroup.com/en/governance/>).

The Board of Statutory Auditors declares that all members respect the regulations issued by Consob with reference to their mandate accumulation.

*

*

*

We state that the Company Financial Statements as of December 31st 2021 are written based on the IAS/IFRS issued by the *International Accounting Standards Board* (IASB) and approved by the European Union, as of December 31st 2021, as well as in compliance with the regulations issued based on article 9 of the Legislative Decree 38/2005.

The company financial statements and the consolidated financial statements as of December 31st 2021 of The Italian Sea Group report the declaration of conformity from the Chief Executive Officer and from the Manager in charge of preparing the corporate Accounting Books.

Company continuity

In the meeting dated March 24th, 2022, the Board of Directors approved the financial statements as of December 31st 2021, adopting the assumption of the company continuity.

The consolidated financial statements as of December 31st 2021 are written in the perspective of the continuation of the company business since there is the reasonable expectation for TISG S.p.A. to continue its operating activity in the foreseeable future (and in any case in a timeframe beyond 12 months).

In particular, the following factors have been taken into consideration:

1. the main risks and uncertainty (mostly exogenous) to which TISG is exposed:
 - The overall macro-economic changes in the Italian, European and extra-UE markets, as well as the financial market volatility in the “Euro zone” due to:
 - The definitive UK exit from EU;
 - The evolution of the pandemic caused by the SARS-CoV-2 virus;
 - The evolution of the conflict between Russia and Ukraine and the evolution of the sanctions imposed to the Russian Federation;
 - The changes in business conditions, also with reference to the competitive dynamics;
 - The outcome of controversies and litigations with regulatory authorities, competitors and other parties;
 - Financial risks (interest and exchange rate trends, changes in creditworthiness from rating agencies);
2. the mix between risk capital and debt capital – which we consider optimal, as well as the policy of remuneration of the risk capital, as described in the note on Net Equity;
3. the policy of financial risks management (market risk, credit risk and liquidity risk), as described in the note on Financial Risks Management.

Based on these factors, the Company Management believes that, at present, there is no uncertainty about the perspective of business continuity for TISG S.p.A.

The Board of Statutory Auditors has constantly monitored – on the occasion of regular audits

- the evolution of the economic-financial and patrimonial situation.

Non-recurring significant activities

In 2021 there are no significant non-recurrent activities to be highlighted, as per the definition in the Consob Communication n. DEM/6064293 of July 28th, 2006, different from those described in the annual report under the topic “Relevant facts happened in 2021” and reported below:

On February 15th 2021 the production facilities exclusively dedicated to the Tecnomar for Lamborghini 63 line were inaugurated. These spaces have been set up to re-create the exclusive and personalised environment where clients will be able to finalise the motor yacht outfitting. The first delivery happened at the end of July 2021.

On March 5th 2021 the Shareholders’ Meeting approved the Financial Statements of the financial year ended on December 31st 2020, written in compliance with IFRS international accounting standards.

During the first semester of 2021 the Company has put in place all the necessary procedures to obtain the authorisation from CONSOB and Borsa Italiana to negotiate the Company’s ordinary shares on the Electronic Stock Market (“MTA”). This process, which started in the first months of 2021, led to draft, with the support and the financial, legal, and fiscal advisors, the report of the informative prospectus approved by CONSOB on May 27th, 2021. The IPO process was finalised on June 8th 2021 with the beginning of the ordinary shares’ negotiation of the Company on MTA, organised and management by Borsa Italiana S.p.A. with an initial trading price equal to Euro 5.40, increased by about 10% compared to the IPO price equal to 4.90 Euro per share.

On June 14th 2021 the Company announces the start of the engineering phase of a sailing catamaran among the biggest in the world. This new Admiral yacht, which will feature unique characteristics, with 46.5m in length, an exceptional 17.3m in width and a massive mast of 50m, will have the highest standards thus confirming her uniqueness.

In June 2021 the homologation procedure from the Court of Massa of the debt restructuring agreement proposed by the related party CELI S.r.l. pursuant to article 182-bis bankruptcy law ended successfully. Therefore, the settlement agreements described in the informative

prospectus will not be subject to modifications, no further amounts will be due, neither from TISG nor from CELI S.r.l., compared to those agreed in these agreements (Please see the “Related Party” paragraph).

During the first six months of 2021, a payment was done for additional 17 million Euros relating to the medium/long term funding contract signed on May 8th 2020 with UniCredit S.p.A. and Deutsche Bank for a total amount up to 20 million Euros with variable rate and duration of 4 years and 9 months. During 2020, 3 million Euros were cashed to finance a part of the strategic investments as described. The above payment concludes the payment phase of the financing on May 9th 2021. The reimbursement is scheduled with 4 quarterly instalments every year starting from June 30th 2021.

On August 5th 2021 TISG and UniCredit signed an agreement to support the Made in Italy yachting supply chain. Thanks to this agreement signed with the Banking Group, UniCredit Factoring makes a 5 million Euro *plafond* available to TISG suppliers, thus allowing them to finance their own working capital thanks to a simple and easy access to liquidity. In detail, TISG has chosen a service specifically dedicated to supporting and financing the companies operating in the supply chain: the “supply chain finance” which takes advantage of the U-FACTOR Reverse Factoring. This service allows the supplier to sign a contract with UniCredit Factoring and to directly give their invoices from The Italian Sea Group. At the invoice due date or in advance, if required, the supplier receives the payment while TISG reimburses UniCredit Factoring, which in turn offers the possibility of an extension of payment terms.

On September 15th 2021 the Board of Directors of the Company has approved the half-year Financial Report at June 30th 2021, written in compliance with the IFRS international accounting standards.

On November 4th 2021 the Board of Directors of the Company has deliberated an additional investment plan, named “TISG 4.1”, for a value of 14 million Euros which covers 2021 and 2022. This investment plan includes the expansion of the shed overlying the original dock, in addition to several structures and facilities serving it. This expansion will allow to increase by 4 units the number of ships simultaneously under construction, upgrading the shipyard’s construction range from 100 metres to 140 metres.

On December 22nd 2021 through its 100% subsidiary New Sail S.r.l., TISG won the action managed by the Court of Lucca for the Perini Navi S.p.A. bankruptcy for a total price of 80

million Euros. The subject of the auction includes industrial and real estate assets of the Viareggio and La Spezia shipyards, the building complex in Pisa, a vessel under construction (project n. 2369), trademarks and patents, the company participation (100%) in Perini Navi U.S.A. Inc. and the existing legal relations with employees and third parties. The operation was financed by cash availability, re-investing a significant amount of the proceeds raised during the IPO at the beginning of June, in addition to bank credit lines made available by Banca MPS through MPS Capital Services, the Corporate & Investment Bank of Gruppo Montepaschi. In this context, MPS Capital Services has also acted as exclusive financial advisor for TISG for the acquisition of the procedure of the “Perini Navi” perimeter.

The pandemic emergency generated by COVID-19, which started in Italy during the first semester of 2020, forced the national authorities to take strong measures imposing limitations of the production activities on a national scale.

In response to the sanitary emergency caused by COVID-19, the Company has focused on preserving its people and their families, on Company’s sustainability, on business continuity while always respecting the applicable Emergency Regulations.

Impairment Test Procedure

On 28 January 2021 the Company has approved, autonomously and preventively with respect to the approval of the financial statements, the impairment test according to the international accounting standard IAS 36.

On 31 January 2022, the Board of Directors has approved the impairment test for the 2021 Financial Statements.

The explanatory notes to the financial statements contain the information and the outcomes of the evaluation process. The Impairment Test has been carried out on the “Admiral” brand, characterising vessels of length equal or over 40 metres, and of the “Tecnomar” brand, identifying vessels below 40 metres in length, in both cases produced by The Italian Sea Group S.p.A.

The evaluation of the fair value of the brands has been carried out on the basis of the expectation of future values generated by the company and included in the 2021 – 2025 Business Plan. The indicators for Production Value, EBITDA, Profit, Investments and NFP recorded in the aforementioned plan have allowed for the evaluation of the fair value of the brands at a value consistent with the amount recorded in the financial statements. Following the impairment procedures, a devaluation of the brands has not been deemed necessary.

The Board of Statutory Auditors states that the impairment test procedure adopted by the Company is appropriate.

Atypical or unusual operations

It does not appear that the Company has carried out any atypical or unusual operations as defined by the Consob communication DEM/6064293 of 28 July 2006.

Intra-group transactions or transactions with related parties

On 18 February 2021 the Board of Directors has adopted the regulation of Control and Risk Committee subsequently approved by the same Committee in July 2021 (“CRC and RPT Regulation”).

The Committee is composed of three non-executive directors, of which at least two independent directors who remain in office until the end of term of the Board of Directors. At least one member of the Committee has an appropriate experience in the field of accounting, finance, and risk control at the time of the appointment.

The Board of Statutory Auditors attended two meetings of the Related Parties Committee, examining intra-group transactions; such transactions have been also periodically communicated by the Company.

Related Party Transactions are indicated in the explanatory note to the financial statements and the consolidated financial statements of the Company and the Group, which include also the consequent economic and patrimonial effects.

The Board of Statutory Auditors has monitored the compliance with the Regulation and the correctness of the process followed by the Board of Directors and the competent Committee in terms of qualification of the related parties and has nothing to report.

Activities carried out by the Board of Statutory Auditors during financial year 2021

In the fulfilment of its activities, the Board of Statutory Auditors:

- Has monitored the compliance with the law and the Articles of Association;
- Has monitored the respect of the principles of correct administration;
- Has attended the meetings of the Board of Directors, the Control and Risks Committee, the Appointment and Remuneration Committee, the Related Party Transaction Committee and has obtained from the Directors periodic information, on a quarterly basis, on the general development of the management, on the expected evolution, as well as the transaction with the highest economic, financial and patrimonial relevance carried out by The Italian Sea Group, ensuring that the resolutions adopted and executed are not manifestly impudent, hazardous, potentially in conflict of interest, in contrast with the Shareholders’ resolutions or compromise the integrity of the corporate assets.

- Has monitored the appropriateness of the organisational structure, through direct observations, collection of information from the Managers of the Company Functions and the participation to the internal Board Committees;
- Has monitored the appropriateness and the performance of the internal control and risk management systems through the participation to the meetings of the Control and Risks Committees, by obtaining information from the Chief Executive Officer, in charge of the internal control and risk management, from the Managers of the Company Functions, the Representatives of the Auditing firm and the Supervisory Board, which has among its members also a member of the Board of Statutory Auditors. It has also met the Company's Internal Auditor, who provided information on the state of implementation of the Auditing Plan for the financial year, on the findings of the carried-out verifications and the rectification activities implemented and scheduled, as well as on the related follow-up activities;
- Has monitored the appropriateness of the administrative-accounting system through meetings with the Chief Financial Officer, with the Administrative Director who, during the financial year in object, has also worked as a Manager in Charge of preparing the corporate Accounting Books, and with the Auditing Firm BDO S.p.A., also with the purpose to exchange data and information;
- Has monitored the implementation modalities of the Corporate Governance rules adopted by the Company, also in compliance with the principles of the Code. In particular:
 - Has verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the independence of its members;
 - Has verified the independence of the Auditing Firm;
 - Has evaluated the independence of its members;
 - Has monitored on Related Party and intra-group transactions;
 - Has monitored the correct implementation of the Company's obligations related to internal dealing transaction and on the "Protection of Savings", as well as for corporate governance matters.

In light of the above, and taking into account the evolutionary nature of the internal control and risk management system, from the analysis carried-out and on the basis of the informational elements acquired, the Board of Statutory Auditors has not identified any elements that could deem inappropriate, in its entirety, the internal control and risk management system of the Company.

The Internal Audit and the Supervisory Board, which we have met periodically, did not report any particular issues within the respective competences.

The annual Report on Corporate Governance and Ownership Structure of the Board of Directors has not highlighted any issues to be brought to Your attention.

Surveillance activity on the financial information process

In this regard, the Board of Statutory Auditors has verified the existence of appropriate norms and procedures to oversee the process of financial information gathering, formation and release.

Furthermore, it has acknowledged that the Manager in charge of preparing the corporate Accounting Books has confirmed:

- the adequacy and suitability of the power and the tools given to him by the Board of Directors;
- to have had direct access to all the necessary information to produce the accounting data, without the need for authorisation;
- to have taken part in the internal information flows for accounting purposes and to have approved all the relating company procedures.

Therefore, the Board of Statutory Auditors expresses an adequacy evaluation of the financial information formation process and believes there are no relevant topics to be submitted to the Board of Directors.

Surveillance activity on the non-financial information process

In this regard, the Board of Statutory Auditors states that the Company is not obligated to prepare the non-financial report in compliance with Legislative Decree 254/2016 since, during the financial year, it has had a number of employees lower than five-hundred.

Statements, charges pursuant to article 2408 of Civil Code. Possible omissions, censorable facts or observed irregularities

During 2021 there have been no charges pursuant to article 2408 of Civil Code.

Remuneration of Directors, General Manager and Managers with strategic responsibilities

On February 18th 2021 the Board of Directors has adopted the regulation for the Appointment and Remuneration Committee, successively approved by the newly-formed Committee in July 2021 (the “Appointment and Remuneration Committee Regulation”).

The Committee is composed by three non-executive administrators, two of whom are

independent and remain in charge until the end of term of the entire Board of Directors. At least one member of the Committee has a proper knowledge and experience in the financial field as well as about remuneration policies, assessed by the Board of Directors while appointed.

During financial year 2021, the Board of Statutory Auditors did not express any opinions pursuant to Article 2389, paragraph 3 of the Civil Code on the remuneration of Directors with specific roles.

Additional opinions expressed by the Board of Statutory Auditors

The Board of Statutory Auditors during Financial Year 2021 has expressed the following additional opinions:

- On 18 February 2021, the Board of Statutory Auditors has expressed its opinion on the approval of the appointment of the Auditing Firm in accordance with Article 13 of the Legislative Decree no. 39/201013
- on 28 April 2021, the Board of Statutory Auditors has expressed its opinion on the approval of the *memorandum* on the Control and Management System.

Surveillance pursuant to Legislative Decree no. 39/2010 – verification of the independence of the auditing firm

The Board of Statutory Auditors ha also monitored the annual audit and the audit of the consolidated accounts, as well as the independence of the audit firm, with particular attention to possible non-audit services supplied and to the outcome of the auditing process.

With reference to the independence of the auditing firm, BDO S.p.A., The Board of Statutory Auditors has previously examined the proposals of granting BDO S.p.A. with assignments different from auditing, considering in particular the compatibility with the prohibitions as per article 5. of the EU Regulation 537/2014 and the absence of potential risks for the independence of the auditor while supplying these services. Provided that the prerequisites foreseen by the law occur, the Board has approved to grant the services to BDO S.p.A.

In the financial year 2021 the auditing firm has carried out for the Group the activities described in the notes to the consolidated financial statements. The Board of Statutory Auditors declares that the fees are appropriate, considering the dimension, complexity and characteristics of the tasks performed and that the assignments for services different from audit

are not such as to compromise its independence.

The Chief Executive Officer and the Manager in charge of preparing the corporate Accounting Books have released the certifications provided for in Article 154-*bis* of the TUF, both at the end of the Company financial statements and consolidated financial statements at 31 December 2021.

On 7 April 2022, the Auditing Firm released the reports in compliance with Articles 14 and 16 of the Legislative Decree 39/2010 respectively for the Company's financial statements and consolidated financial statements at 31 December 2021.

From such reports, it appears that the financial documents have been prepared with clarity and truthfully and correctly represent the patrimonial and financial situation, the economic profit and the cash flows for the financial year ending on that date, in compliance with the reference standards and rules.

On the same date, the Auditing Firm has also released the additional report provided for in Article 11 of the EU Regulation 537/14, which does not highlight any significant deficiency in the internal control and risk management system, with reference to the financial information process, accompanied by the statement referred to in Article 6 of the EU Regulation 537/2014, which does not highlight any occurrence which could compromise independence.

Self-evaluation of the Board of Statutory Auditors

In compliance with the provisions referred to in the "*Rules of Conduct of the Board of Statutory Auditors of listed Companies*", issued by the National Council of Chartered Accountants and Accounting Experts, which require that the Board of Statutory Auditors carries out, following the appointment and with annual recurrence, an evaluation on its work in relation to the scheduled planning of its activities, the eligibility of its members, the appropriate composition of the body with reference to requirements in terms of levels of professionalism, competences, integrity and independence, as well as the appropriateness of the time and resources availability with respect to the complexity of the role (the "Self-evaluation"), please note that the Board of Statutory Auditors has carried out the Self-evaluation for financial year 2021, the outcomes of which are subject to specific exposure with regards to the "*Report on Corporate Governance and Ownership Structure*" in compliance with Article 123-*bis* of the TUF of the Company made available to the public in accordance with the law on the Company's website and in the manner provided for by the current regulation.

Meetings of the Board of Statutory Auditors, of the Board of Directors and the Board Committees

During Financial Year 2022:

- There have been number six meetings of the Board of Statutory Auditors, of a medium duration of around 1.5 hours each;
- The Board of Statutory Auditors has met periodically and exchanged information with the Representatives of BDO S.p.A.;
- There have been number twenty-four meetings of the Board of Directors. In this regard, please note that the Board of Directors is made up of seven members, of which three are independent; two directors out of seven are female;
- The Control and Risks Committee has met five times, the Appointment and Remuneration Committee has met three times and the Related Party Committee has met two times.

The Board of Statutory Auditors has attended the meetings of the Board of Directors and the Board Committees.

Lastly, the Board of Statutory Auditors has acknowledged to have attended the Shareholders' Meeting on 18 February 2021, in extraordinary session, and on 5 March 2021.

*

*

*

The Chief Executive Officer and the Manager in charge of preparing the corporate Accounting Books have released, on 24 March 2022, the declarations in compliance with Article 154-bis of the TUF, stating that the financial statements and consolidated financial statements are prepared in compliance with the international accounting standards recognised by the European Community in accordance with Regulation (EC) n. 1606/2002 of the European Parliament and the Council on 19 July 2002, conform with corporate accounting documents, records, and books and are appropriate to provide for a true and correct representation of the patrimonial, economic and financial situation of the Issuer and the Group.

The Board of Statutory Auditors has confirmed the completeness and appropriateness of the

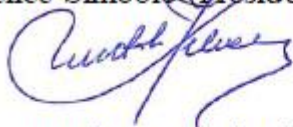
information provided by the Board of Directors in their reports, also concerning the risks, the significant uncertainties and the litigations to which the Company and the Group are exposed. As explained in the Management Report, no relevant facts happened after the end of the financial year.

The Board of Statutory Advisors, recalling all the considerations expressed in this Report, expresses positive opinion to the approval of the Financial Statements as of December 31st 2021, and expresses positive opinion with regards to the proposal of distribution of profits as presented by the Board of Directors.

Marina di Carrara, 7 April 2022

The Board of Statutory Auditors

Felice Simbolo (Presidente)



Barbara Bortolotti



Mauro Borghesi

