HALF-YEARLY FINANCIAL REPORT

AS AT 30 JUNE 2020

SANLORENZO

CONTENTS

LEGAL NOTICE

SANLORENZO GROUP

CORPORATE DATA

Sanlorenzo S.p.A.
Share Capital €34,500,000 fully paid-in[1]
Tax code and registration number in the Register of Companies of Riviere di Liguria - Imperia La Spezia Savona 00142240464
Registered office in via Armezzone 3, Ameglia (SP)
Secondary offices:

- viale San Bartolomeo 362, La Spezia;
- via Marina di Levante, Viareggio (LU);
- via Salvatori 56/58, Viareggio (LU);
- via Dorsale 13, Massa.

www.sanlorenzoyacht.com

CORPORATE BODIES

Board of Directors[2]	Massimo Perotti	Executive Chairperson
	Marco Viti	Managing Director
	Carla Demaria	Managing Director
	Paolo Olivieri	Director and Deputy Chairman
	Cecilia Maria Perotti	Director
	Pietro Gussalli Beretta	Independent Director and Lead Independent Director
	Silvia Merlo	Independent Director
	Licia Mattioli	Independent Director
	Leonardo Luca Etro	Independent Director
Control, Risk and Sustainability Committee	Leonardo Luca Etro	Chairperson
	Silvia Merlo	
	Cecilia Maria Perotti	
Remuneration Committee	Silvia Merlo	Chairperson
	Paolo Olivieri	
	Leonardo Luca Etro	

[1] On 21 April 2020, the Extraordinary Shareholders' Meeting approved a divisible share capital increase, excluding option rights, pursuant to Article 2441, paragraph 8 of the Italian Civil Code, of a maximum nominal value of €884,615, to be executed no later than 30 June 2029, through the issue of a maximum of 884,615 ordinary shares destined exclusively and irrevocably to service the 2020 Stock Option Plan, approved by the ordinary shareholders' meeting on the same occasion. This capital increase has not yet been subscribed, even partially.

[2] Appointed by the Ordinary Shareholders' Meeting on 24 June 2019 and supplemented on 24 October 2019, will remain in office until the date of the shareholders' meeting called to approve the separate financial statements as at 31 December 2021.

Nomination Committee	Pietro Gussalli Beretta	Chairperson
	Licia Mattioli	
	Paolo Olivieri	
Related-Party Transactions Committee	Licia Mattioli	Chairperson
	Silvia Merlo	
	Pietro Gussalli Beretta	
Board of Statutory Auditors[3]	Andrea Caretti	Chairperson
	Margherita Spaini	Standing Auditor
	Roberto Marrani	Standing Auditor
	Luca Trabattoni	Alternate Auditor
	Marina Scandurra	Alternate Auditor
Independent Auditing Firm[4]	BDO Italia S.p.A.	
Manager charged with preparing the company's financial reports	Attilio Bruzzese	

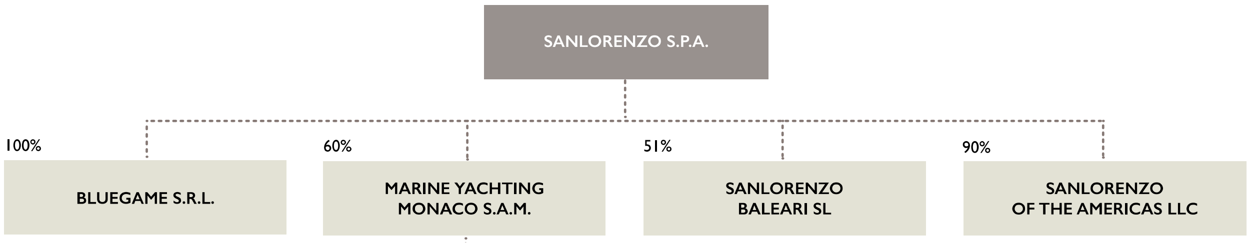
[3] Appointed by the Ordinary Shareholders' Meeting on 24 October 2019; will remain in office until the date of the shareholders' meeting called to approve the separate financial statements as at 31 December 2021.

[4] Appointed by the Ordinary Shareholders' Meeting on 23 November 2019 for nine financial years from 2019 to 2027.

GROUP STRUCTURE

The Condensed Consolidated Half-Yearly Financial Statements of Sanlorenzo Group as at 30 June 2020 include Sanlorenzo S.p.A. (Parent Company) and four direct subsidiaries of Sanlorenzo S.p.A. (Bluegame S.r.l., Marine Yachting Monaco S.A.M., Sanlorenzo Baleari SL and Sanlorenzo of the Americas LLC).

Corporate organisational chart of the Group as at 30 June 2020



Composition of the Group as at 30 June 2020

Company name	Registered office
Sanlorenzo S.p.A.	Ameglia (SP) – Italy
Bluegame S.r.l.	Viareggio (LU) – Italy
Sanlorenzo of the Americas LLC	Fort Lauderdale (FL) – USA
Sanlorenzo Baleari SL	Puerto Portals, Mallorca – Spain
Marine Yachting Monaco S.A.M.	Principality of Monaco

REPORT ON OPERATIONS

INTRODUCTION

This Report on Operations must be read together with the consolidated financial statements and the associated notes to the condensed consolidated half-yearly financial statements as at 30 June 2020, integral parts of this Half-Yearly Financial Report.

GROUP ACTIVITIES

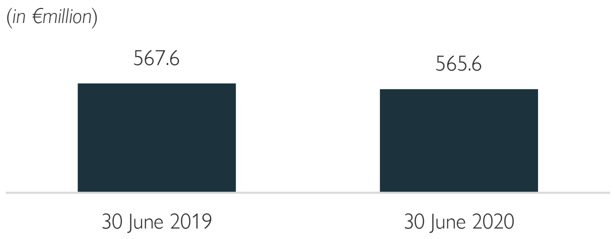
The Group is a global operator specialised in the design, production and sale of custom-made yachts, superyachts and sport utility yachts, which are fitted out and customised according to the needs and desires of exclusive customers.
Sanlorenzo is the only company in the sector operating under a single brand name, both in the market for yachts of between 24 and 38 metres long, where it has operated since its formation, and in the market for metal superyachts of more than 40 metres long.
Group production is divided into three divisions:

- Yacht Division (dedicated to the design, manufacturing and marketing of composite yachts of between 24 and 38 metres long, sold under the Sanlorenzo brand);
- Superyacht Division (dedicated to the design, manufacturing and marketing of superyachts in aluminium and steel of between 40 and 68 metres long, sold under the Sanlorenzo brand);
- Bluegame Division (dedicated to the design, manufacturing and marketing, under the Bluegame brand, of composite sport utility yachts of between 13 and 22 metres long).

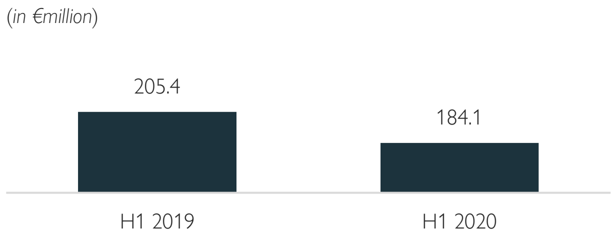
The Group sells yachts both directly (through Sanlorenzo or other Group companies or intermediaries) and through brand representatives, each of which operates in one or more assigned regional zones within the context of the global geographical markets.
Sanlorenzo's production is articulated over four production sites located in La Spezia, Ameglia (SP), Viareggio (LU) and Massa. The sites operate within a 50km radius, within the nautical district sandwiched between the Apuan Alps and the Tyrrhenian Sea, between the northern Tuscan coast and the Ligurian eastside coast.

FINANCIAL HIGHLIGHTS[5]

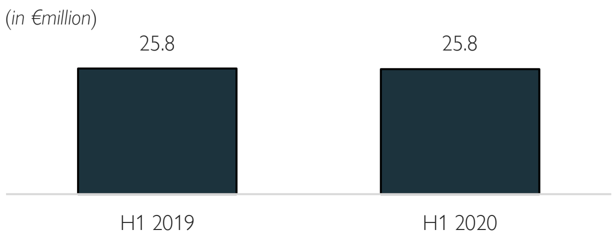
GROSS BACKLOG



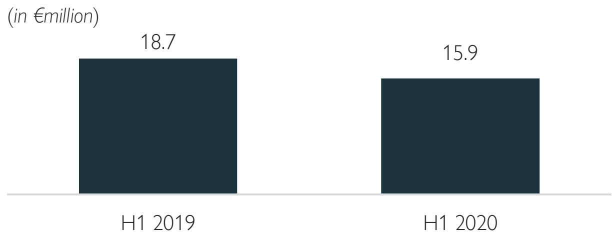
NET REVENUES NEW YACHTS



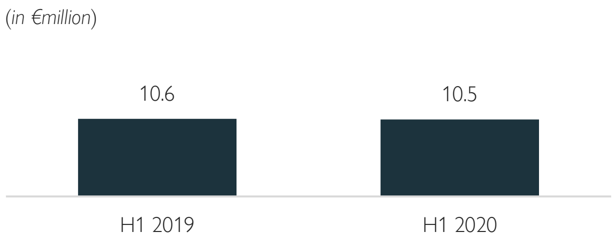
ADJUSTED EBITDA



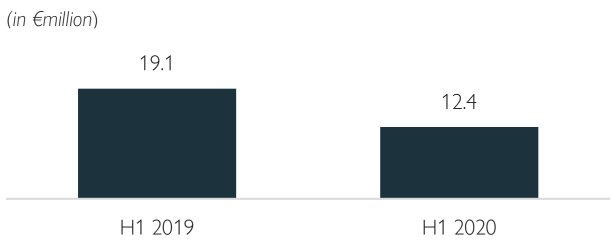
EBIT



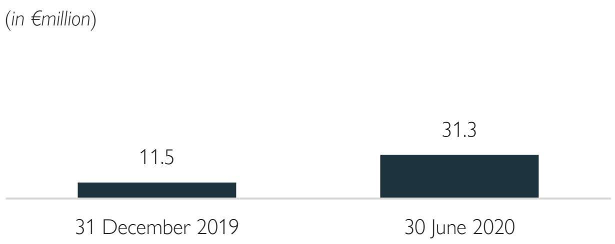
GROUP NET PROFIT



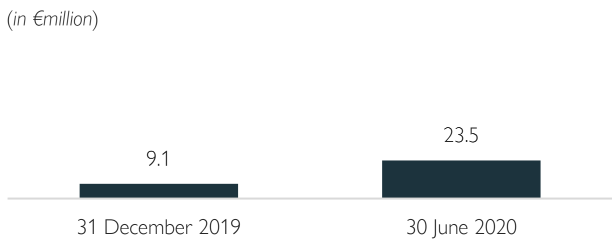
INVESTMENTS



NET WORKING CAPITAL



NET FINANCIAL POSITION



[5] For a description of the methods of calculating the indicators presented, please refer to the following paragraphs "Backlog performance" and "Main alternative performance indicators".

BACKLOG PERFORMANCE

Backlog is calculated as the sum of the value of all orders and sales contracts signed with customers or brand representatives relating to yachts for delivery or delivered in the current financial year or for delivery in subsequent financial years. For each year, the value of the orders and contracts included in the backlog refers to the relative share of the residual value from 1 January of the financial year in question until the delivery date. The backlog relating to yachts delivered during the financial year is conventionally cleared on 31 December.
The table below shows the Group's backlog performance as at 30 June 2020, with the comparative figures as at 30 June 2019:

(€'000)	As at 30 June		Change	
	2020	2019[6]	2020 vs. 2019	2020 vs. 2019%
Gross backlog	565,596	567,553	(1,957)	-0.3%
Of which current year	*388,320*	*356,516*	*31,804*	*+8.9%*
Of which subsequent years	*177,276*	*211,037*	*(33,761)*	*-16.0%*
Net Revenues New Yachts for the period	184,145	197,736	(13,591)	-6.9%
Net backlog	381,451	369,817	11,634	+3.1%
Of which current year	*204,175*	*158,780*	*45,395*	*+28.6%*
Of which subsequent years	*177,276*	*211,037*	*(33,761)*	*-16.0%*

The gross backlog as at 30 June 2020 amounts to €565,596 thousand, a slight decline of €1,957 thousand compared to the same period of 2019 (-0.3%).
With respect to the backlog as at 31 December 2019 (the date on which the backlog is traditionally cleared from the Net Revenues New Yachts generated during the year), amounting to €444,307 thousand, the value of the order portfolio increased by €121,289 thousand (27.3%). Less the Net Revenues New Yachts generated in the first half of the year, the backlog as at 30 June 2020 amounted to €381,451 thousand.
The amount of the net backlog relating to the current year amounts to €204,175 thousand, involving good visibility on the coverage of expected revenues for the current year.
The gross backlog in relation to 2020 accounts for 90.0% of the total backlog, compared to 78.2% of the quota relating to 2019 of the backlog at 30 June 2019.

[6] The backlog as at 30 June 2019 does not include the amounts relating to GP Yachts S.r.l., the equity investment in which was sold by the Company on 19 July 2019.

MAIN ALTERNATIVE PERFORMANCE INDICATORS

In order to allow a better evaluation of its operating performance, Sanlorenzo Group uses some alternative performance indicators.
The indicators represented are not identified as accounting measures by the IFRS and, therefore, must not be considered alternative measures to those provided by the financial statements for the assessment of the Group's economic performance and the relevant financial position. The Group believes that the financial information reported below is an important additional parameter for evaluating its performances, as it allows it to monitor its economic and financial performance in more detail. Since these financial data do not constitute measures that can be determined through the reference accounting standards for the preparation of the consolidated financial statements, the method applied for the associated calculation may not be consistent with the one adopted by other groups and, therefore these data may not be comparable with those presented by said groups.
These alternative performance indicators, determined in compliance with the Guidelines on Alternative Performance Indicators issued by ESMA/2015/1415 and adopted by Consob by means of communication no. 92543 of 3 December 2015, refer solely to the performance of the period forming the object of this financial report and the periods being compared and not to the Group's expected performance.
The alternative performance indicators used in this financial report are outlined below:

- Value of production: indicates the algebraic sum of the revenues from contracts with customers net of the commissions paid, the change in inventories of work in progress, semi-finished and finished products, other income and capitalised costs of own work;
- Net Revenues New Yachts: are calculated as the algebraic sum of revenues from contracts with customers relating to new yachts net of commissions. Based on the IFRS, the sale price of the new yachts and, therefore, also the calculation of the associated revenues reflects the difference between the value attributed contractually to the pre-owned boats subject to exchange and their relative fair value;
- EBITDA: is represented by the Operating profit/loss (EBIT) before amortisation/depreciation;
- EBITDA margin: is the ratio between EBITDA and Net Revenues New Yachts;
- Adjusted EBITDA: is represented by the Operating profit/loss (EBIT) before amortisation/depreciation adjusted by non-recurring items;
- Adjusted EBITDA margin: is the ratio between Adjusted EBITDA and Net Revenues New Yachts;
- Net fixed capital: is calculated as the sum of goodwill, intangible assets with a definite useful life, property, plant and equipment and net deferred tax assets;
- Net working capital: is calculated as the sum of trade receivables, contract assets, inventories and other current assets, net of trade payables, contract liabilities, provisions for current risks and charges and other current liabilities;
- Net trade working capital: is calculated as the sum of trade receivables, contract assets and inventories, net of trade payables and contract liabilities;
- Net invested capital: is calculated as the sum of net fixed capital and net working capital;
- Investments: relate to increases in property, plant and equipment and intangible assets with a definite useful life;
- Net financial position: is calculated as the sum of current and non-current bank payables and other current and non-current financial payables including the fair value (positive or negative) of derivative instruments, net of cash and cash equivalents and other current financial assets, including the fair value (positive or negative) of hedging derivatives.

CONSOLIDATED RESULTS

Reclassified income statement

The table below shows the consolidated income statement for the six months ending as at 30 June 2020, compared with the data from the same period of the previous year.

(€'000)	Six months ending as at 30 June				Change	
	2020	% Net Revenues New Yachts	2019	% Net Revenues New Yachts	2020 vs. 2019	2020 vs. 2019%
Net Revenues New Yachts	**184,145**	**100.0%**	**205,406**	**100.0%**	**(21,261)**	**-10.4%**
Net revenues from pre-owned boats, maintenance and other services	23,219	12.6%	19,695	9.6%	3,524	+17.9%
Other income	1,989	1.1%	1,054	0.5%	935	+88.7%
Operating costs	(183,596)	(99.7)%	(200,322)	(97.5)%	16,726	-8.3%
Adjusted EBITDA	**25,757**	**14.0%**	**25,833**	**12.6%**	**(76)**	**-0.3%**
Non-recurring costs	(679)	(0.4)%	-	-	(679)	-
EBITDA	**25,078**	**13.6%**	**25,833**	**12.6%**	**(755)**	**-2.9%**
Depreciation and amortisation	(9,140)	(5.0)%	(7,178)	(3.5)%	(1,962)	+27.3%
EBIT	**15,938**	**8.7%**	**18,655**	**9.1%**	**(2,717)**	**-14.6%**
Net financial expense	(1,091)	(0.6)%	(2,203)	(1.1)%	1,112	-50.5%
Adjustments to financial assets	30	-	-	-	30	-
Pre-tax profit	**14,877**	**8.1%**	**16,452**	**8.0%**	**(1,575)**	**-9.6%**
Tax expense	(4,600)	(2.5)%	(5,837)	(2.8)%	1,237	-21.2%
Net profit	**10,277**	**5.6%**	**10,615**	**5.2%**	**(338)**	**-3.2%**
(Profit)/loss attributable to non-controlling interests[7]	271	0.1%	(1)	-	272	-
Group net profit	**10,548**	**5.7%**	**10,614**	**5.2%**	**(66)**	**-0.6%**

Value of production

The following table shows the details of the value of production for the six months ending as at 30 June 2020, compared to the data relating to the same period of the previous year.

(€'000)	Six months ending as at 30 June		Change	
	2020	2019	2020 vs. 2019	2020 vs. 2019%
Revenues	216,528	231,177	(14,649)	-6.3%
Commissions	(9,164)	(6,076)	(3,088)	+50.8%
Change in inventories of work in progress, semi-finished and finished products	20,814	19,739	1,075	+5.4%
Other income	1,989	1,054	935	+88.7%
Capitalised costs for own work	868	862	6	+0.7%
Value of production	**231,035**	**246,756**	**(15,721)**	**-6.4%**

The Value of Production as at 30 June 2020 amounts to €231,035 thousand, a decline of 6.4% compared to the same period of 2019, due to the situation linked to COVID-19.

[7] (Profit)/loss.

Net Revenues New Yachts

The following table shows the calculation of Net Revenues New Yachts for the six months ending as at 30 June 2020, compared to the data relating to the same period of the previous year.

(€'000)	Six months ending as at 30 June		Change	
	2020	2019	2020 vs. 2019	2020 vs. 2019%
Revenue from contracts with customers (New Yachts)	192,874	211,048	(18,174)	-8.6%
Commissions (New Yachts)	(8,729)	(5,642)	(3,087)	+54.7%
Net Revenues New Yachts	**184,145**	**205,406**	**(21,261)**	**-10.4%**

Net Revenues New Yachts as at 30 June 2020 recorded a decrease of 10.4% compared to the first half of 2019, sitting at €184,145 thousand, compared to €205,406 thousand as at 30 June 2019. On a like-for-like basis, excluding Net Revenues New Yachts generated by GP Yachts S.r.l., whose equity investment was sold by the Company in July 2019, the downturn in Net Revenues New Yachts came to 6.9%.
The performance of Net Revenues New Yachts during the period was impacted by the restrictive measures imposed by governments to limit the spread of COVID-19.
Commissions for new yachts came to €8,729 thousand as at 30 June 2020, an increase of 54.7% compared to the same period of the previous year, due to the increase in the direct invoicing sales channel.

Net Revenues New Yachts by division

The table below gives the breakdown of Net Revenues New Yachts of the Group for each division in the six months ending as at 30 June 2020, compared with the data relating to the same period of the previous year.

(€'000)	Six months ending as at 30 June				Change	
	2020	% of total	2019	% of total	2020 vs. 2019	2020 vs. 2019%
Yacht Division	109,994	59.7%	124,429	60.6%	(14,435)	-11.6%
Superyacht Division	59,113	32.1%	65,911	32.1%	(6,798)	-10.3%
Bluegame Division	15,038	8.2%	7,396	3.6%	7,642	+103.3%
Other[8]	-	-	7,670	3.7%	(7,670)	-100.0%
Net Revenues New Yachts	**184,145**	**100.0%**	**205,406**	**100.0%**	**(21,261)**	**-10.4%**

In the first half of 2020, the Yacht Division generated Net Revenues New Yachts of €109,994 thousand, equal to 59.7% of the total, down by 11.6% compared to the same period of 2019.
Net Revenues New Yachts of the Superyacht Division amounted to €59,113 thousand, equal to 32.1% of the total, down by 10.3% compared to the first half of 2019.
Bluegame Division generated Net Revenues New Yachts of €15,038 thousand, equal to 8.2% of the total, growth of 103.3% compared to the first half of 2019.

[8] The item "Other" includes Net Revenues New Yachts realised by GP Yachts S.r.l., whose equity investment was sold by the Company on 19 July 2019.

Net Revenues New Yachts by geographical area

The table below gives the breakdown of Net Revenues New Yachts of the Group for each geographical area in the six months ending as at 30 June 2020, compared with the data relating to the same period of the previous year.

(€'000)	Six months ending as at 30 June				Change	
	2020	% of total	2019	% of total	2020 vs. 2019	2020 vs. 2019%
Europe	112,628	61.2%	128,301	62:5%	(15,673)	-12.2%
APAC	34,456	18.7%	35,470	17:3%	(1;014)	-2.9%
Americas	19,851	10:8%	30;503	14:9%	(10;652)	-34.9%
Middle East and Africa	17,210	9.3%	11;132	5.4%	6,078	+54.6%
Net Revenues New Yachts	184,145	100.0%	205,406	100.0%	(21,261)	-10.4%

In the first half of 2020, Europe, which is the Group's historic market, recorded Net Revenues New Yachts of €112,628 thousand (of which €19,750 thousand generated in Italy), accounting for 61.2% of the total, marking a decline of 12.2% compared to the same period of 2019.
The APAC area recorded Net Revenues New Yachts of €34,456 thousand, basically stable compared to the first half of 2019, accounting for 18.7% of the total, thanks to a solid recovery of sales in the second quarter.
The Americas recorded Net Revenues New Yachts of €19,851 thousand, a decrease of 34.9% compared to the first half of 2019, accounting for 10.8% of the total, a result more impacted by the pandemic.
The Middle East and Africa area recorded significant growth, with Net Revenues New Yachts up by 54.6%, reaching €17,210 thousand (9.3% of the total), primarily as a result of growth in the Superyacht Division.

Operating results

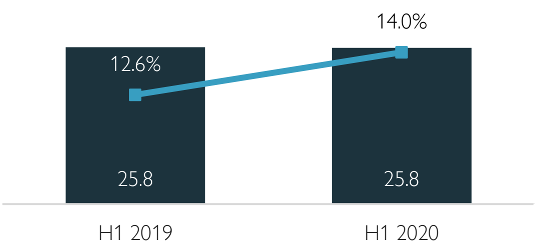
The following table summarises the operating profitability indicators EBITDA and EBIT for the six months ending as at 30 June 2020, compared to the data relating to the same period of the previous year.

(€'000)	Six months ending as at 30 June				Change	
	2020	% Net Revenues New Yachts	2019	% Net Revenues New Yachts	2020 vs. 2019	2020 vs. 2019%
EBIT	**15,938**	**8.7%**	**18,655**	**9.1%**	**(2,717)**	**-14.6%**
+ Amortisation/depreciation	9,140	5.0%	7,178	3.5%	1,962	+27.3%
EBITDA	**25,078**	**13.6%**	**25,833**	**12.6%**	**(755)**	**-2.9%**
+ Non-recurring costs[9]	679	0.4%	-	-	679	-
Adjusted EBITDA	**25,757**	**14.0%**	**25,833**	**12.6%**	**(76)**	**-0.3%**

EBIT as at 30 June 2020 came to €15,938 thousand, a decrease of 14.6% compared to the same period of the previous year, with an incidence of 8.7% on Net Revenues New Yachts (compared to 9.1% in the first half of 2019).
Amortisation/depreciation, amounting to €9,140 thousand, rose by 27.3% compared to the first half of 2019, in relation to both significant investments targeted primarily at increasing production capacity and developing new products made in the years 2018 and 2019.
EBITDA stood at €25,078 thousand, marking a decrease of 2.9% compared to the first half of 2019, with a margin on Net Revenues New Yachts of 13.6%, up by one percentage point compared to the same period of the previous year.
EBITDA adjusted for non-recurring components of €679 thousand, mainly represented by the share attributable to the period of non-monetary costs of stock incentive plans and the expenses incurred for COVID-19, reached €25,757 thousand, a decline of 0.3% compared to the first half of 2019 and with a margin on Net Revenues New Yachts of 14.0%, up by 1.4% compared to 12.6% in the same period of the previous year.
The significant increase in margins is linked to the progressive increase in prices of new orders due to the improved commercial positioning of the Company and the efficiencies generated by the implementation of new production capacity following the investments made in the course of 2019 and the early months of 2020.

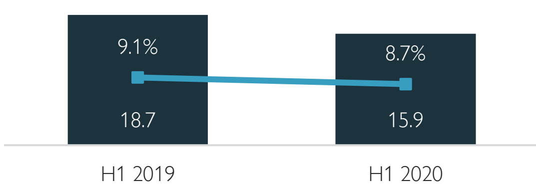
ADJUSTED EBITDA

(in €millions and as a % of Net Revenues New Yachts)



EBIT

(in €millions and as a % of Net Revenues New Yachts)



[9] Non-recurring components for the first half of 2020 are primarily linked to the share attributable to the period of non-monetary costs of stock incentive plans and expenses incurred for COVID-19. For more details on the 2020 Stock Option Plan, please refer to the section "Significant events occurring during the period".

Net profit

(€'000)	Six months ending as at 30 June				Change	
	2020	% Net Revenues New Yachts	2019	% Net Revenues New Yachts	2020 vs. 2019	2020 vs. 2019%
EBIT	**15,938**	**8.7%**	**18,655**	**9.1%**	**(2,717)**	**-14.6%**
Net financial expense	(1,091)	(0.6)%	(2,203)	-1.1%	1,112	-50.5%
Adjustments to financial assets	30	-	-	-	30	-
Pre-tax profit	**14,877**	**8.1%**	**16,452**	**8.0%**	**(1,575)**	**-9.6%**
Tax expense	(4,600)	(2.5)%	(5,837)	-2.8%	1,237	-21.2%
Net profit	**10,277**	**5.6%**	**10,615**	**5.2%**	**(338)**	**-3.2%**
(Profit)/loss attributable to non-controlling interests[10]	271	0.1%	(1)	-	(272)	-
Group net profit	**10,548**	**5.7%**	**10,614**	**5.2%**	**(66)**	**-0.6%**

Net financial expense as at 30 June 2020 came to €1,091 thousand, compared to €2,203 thousand as at 30 June 2019, with an incidence on Net Revenues New Yachts of 0.6%. The reduction compared to the same period of 2019, amounting to €1,112 thousand (50.5%), is linked to the better financial conditions applied to the Company by credit institutions and the reduction in debt compared to the first half of 2019, achieved also thanks to the proceeds of the share capital increase connected to the IPO.

The pre-tax profit came to €14,877 thousand, with an incidence on Net Revenues New Yachts of 8.1%.

Income taxes were down from €5,837 thousand as at 30 June 2019 to €4,600 thousand in the first half of 2020. Income taxes for the period, recognised based on the best estimate by the company management, represented 30.9% of the pre-tax profit.

In light of the above, the Group's net profit for the six months ending as at 30 June 2020 came to €10,548 thousand, in line with the first half of 2019. The incidence on Net Revenues New Yachts rose from 5.2% as at 30 June 2019 to 5.7% as at 30 June 2020.

[10] (Profit)/loss.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Balance sheet reclassified according to sources and uses

The table below shows the consolidated statement of financial position reclassified by sources and uses as at 30 June 2020, compared with that of 31 December 2019.

(€'000)	30 June 2020	31 December 2019	Change 2020 vs. 2019	Change 2020 vs. 2019%
USES				
Net fixed capital	153,572	148,347	5,225	+3.5%
Net working capital	31,321	11,547	19,774	+171.2%
Net invested capital	**184,893**	**159,894**	**24,999**	**+15.6%**
SOURCES				
Net financial position	23,506	9,063	14,443	+159.4%
Equity	161,387	150,831	10,556	+7.0%
Total sources	**184,893**	**159,894**	**24,999**	**+15.6%**

Net fixed capital and investments

Net fixed capital

The detailed breakdown of net fixed capital as at 30 June 2020 is reported below, compared with that of 31 December 2019.

(€'000)	30 June		31 December		Change	
	2020	% of total assets	2019	% of total assets	2020 vs. 2019	2020 vs. 2019%
Goodwill	8,667	1.8%	8,667	2.0%	-	-
Intangible assets with a finite useful life	35,596	7.4%	35,404	8.2%	192	+0.5%
Property, plant and equipment	105,692	21.9%	102,598	23.7%	3,094	+3.0%
Equity investments and other non-current assets	409	0.1%	379	0.1%	30	+7.9%
Net deferred tax assets	5,020	1.0%	3,008	0.6%	2,012	+66.9%
Non-current employee benefits	(821)	(0.2)%	(796)	(0.2)%	(25)	+3.1%
Non-current provisions for risks and charges	(991)	(0.2)%	(913)	(0.2)%	(78)	+8.5%
Net fixed capital	**153,572**	**31.8%**	**148,347**	**34.2%**	**5,225**	**+3.5%**

Net fixed capital as at 30 June 2020 amounted to €153,572 thousand, an increase of €5,225 thousand compared to the close of 2019, mainly due to the investments made during the period. The incidence on total assets as at 30 June 2020 came to 31.8%, compared to 34.2% at the close of 2019.

Investments

The table below shows the increases in property, plant and equipment and in assets with a definite useful life recorded by the Group in the six months ending as at 30 June 2020, compared with the data relating to the same period of the previous year.

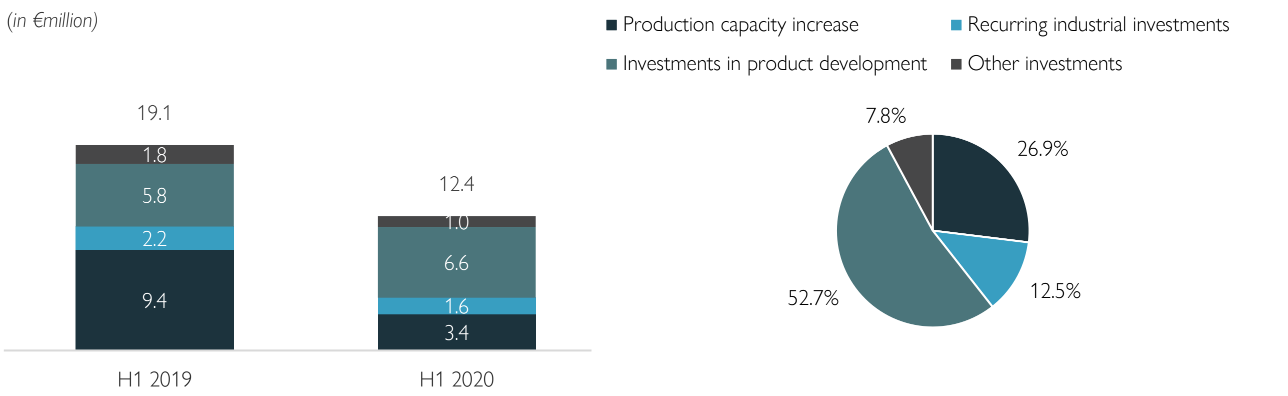
(€'000)	30 June		Change	
	2020	2019	2020 vs. 2019	2020 vs. 2019%
Land and buildings	445	1,749	(1,304)	-74.6%
Industrial equipment	3,761	1,839	1,922	+104.5%
Plant and equipment	806	477	329	+69.0%
Other assets	889	1,385	(496)	-35.8%
Assets under development	3,435	10,984	(7,549)	-68.7%
Total increases in property, plant and equipment	9,336	16,434	(7,098)	-43.2%
Concessions, licences, trademarks and similar rights	88	312	(224)	-71.8%
Other assets	-	55	(55)	-100.0%
Development costs	1,332	535	797	+149.0%
Fixed assets in progress	1,690	1,726	(36)	-2.1%
Total increases in intangible assets with a definite useful life	3,110	2,628	482	+18.3%
Investments in the year	12,446	19,062	(6,616)	-34.7%

The investments made in the first half of 2020 amounted to €12,446 thousand, compared to €19,062 thousand in the same period of 2019, of which €6,565 thousand dedicated to product development and the creation of models and moulds, €3,353 thousand connected to the production capacity increase programme launched in 2017, €1,551 thousand linked to recurring industrial investments (equipment and plant) and €977 to other investments.

The decrease in investments during the period compared to the previous year is mainly linked to the impending completion of the plan to increase production capacity started in 2017. In particular, in January the new Ameglia production complex was inaugurated, consisting of two buildings for outfitting yachts and four floors of offices, for a total surface area of 135,000 m^2.

Investments in research and development for the creation of new products rose by 13.8% compared to the first half of 2019, in line with the strategy to expand the product ranges and introduce sustainability-oriented innovations and technologies in the market.

BREAKDOWN OF INVESTMENTS BY NATURE



Net working capital

The table below show the detailed breakdown of net working capital as at 30 June 2020, compared with 31 December 2019.

(€'000)	30 June		31 December		Change	
	2020	% of total assets	2019	% of total assets	2020 vs. 2019	2020 vs. 2019%
Inventories	81,830	17.0%	62,311	14.4%	19,519	+31.3%
Trade receivables	21,794	4.5%	20,269	4.7%	1,525	+7.5%
Contract assets	110,167	22.8%	87,889	20.3%	22,278	+25.3%
Trade payables	(103,399)	(21.4)%	(152,189)	(35.1)%	48,790	-32.1%
Contract liabilities	(69,423)	(14.4)%	(19,442)	(4.5)%	(49,981)	+257.1%
Other current assets	32,261	6.7%	46,007	10.6%	(13,746)	-29.9%
Current provisions for risks and charges	(9,911)	(2.1)%	(9,299)	(2.2)%	(612)	+6.6%
Other current liabilities	(31,998)	(6.6)%	(23,999)	(5.5)%	(7,999)	+33.3%
Net working capital	31,321	6.5%	11,547	2.7%	19,774	+171.2%

Net working capital as at 30 June 2020 was a positive €31,321 thousand, compared to €11,547 thousand as at 31 December 2019, highlighting an increase of €19,774 thousand. The change was essentially attributable to the combined effect of the following factors:

- inventories recorded a balance of €81,830 thousand as at 30 June 2020, an increase of €19,519 thousand compared to 31 December 2019, as shown in the detailed table below;
- trade receivables recorded a balance of €21,794 thousand as at 30 June 2020, an increase of €1,525 thousand compared to 31 December 2019;
- trade payables recorded a balance of €103,399 thousand as at 30 June 2020, a decrease of €48,790 thousand compared to 31 December 2019. The change was caused primarily by the effects of the closure of facilities due to the COVID-19 emergency in April;
- contract assets refer to ongoing contracts measured using the cost-to-cost method as the contract terms have already been finalised with the customer, showing a balance of €110,167 thousand as at 30 June 2020 and up by €22,278 thousand compared to 31 December 2019 due to the boats being built during the period;
- contract liabilities referring to ongoing contracts for which the advances received from customers are higher than the relative contract assets, showed a balance of €69,423 thousand as at 30 June 2020, up by €49,981 thousand compared to 31 December 2019;
- other current assets recorded a balance of €32,261 thousand as at 30 June 2020, a decrease of €13,746 thousand compared to 31 December 2019;
- provisions for risks and charges amounted to €9,911 thousand as at 30 June 2020, an increase of €612 thousand compared to 31 December 2019;
- other current liabilities amounted to €31,998 thousand as at 30 June 2020, an increase of €7,999 thousand compared to 31 December 2019.

The performance of net working capital is consistent with trends relating to sector seasonality, entailing the concentration of yacht deliveries in the summer months.

Therefore, the details of Net trade working capital are provided below:

(€'000)	30 June		31 December		Change	
	2020	% of total assets	2019	% of total assets	2020 vs. 2019	2020 vs. 2019%
Trade receivables	21,794	4.5%	20,269	4.7%	1,525	+7.5%
Contract assets	110,167	22.8%	87,889	20.3%	22,278	+25.3%
Inventories	81,830	17.0%	62,311	14.4%	19,519	+31.3%
Trade payables	(103,399)	(21.4)%	(152,189)	(35.2)%	48,790	-32.1%
Contract liabilities	(69,423)	(14.4)%	(19,442)	(4.5)%	(49,981)	+257.1%
Net trade working capital	**40,969**	**8.5%**	**(1,162)**	**(0.3)%**	**42,131**	**+3,625.7%**

Net trade working capital as at 30 June 2020 was a positive €40,969 thousand, compared to a negative balance of €(1,162) thousand as at 31 December 2019, highlighting an increase that follows the trends already observed for net working capital.
The table below shows the breakdown of inventories as at 30 June 2020 and 31 December 2019.

(€'000)	30 June		31 December		Change	
	2020	% of total assets	2019	% of total assets	2020 vs. 2019	2020 vs. 2019%
Raw materials and consumables	6,831	1.4%	6,117	1.4%	714	+11.7%
Work in progress and semi-finished products	46,152	9.6%	32,928	7.6%	13,224	+40.2%
Finished products net of the allowance for inventory write-down	28,847	6.0%	23,266	5.4%	5,581	+24.0%
Inventories	**81,830**	**17.0%**	**62,311**	**14.4%**	**19,519**	**+31.3%**

The balance of inventories as at 30 June 2020 was €81,830 thousand, an increase of €19,519 thousand compared to 31 December 2019.
In particular, work in progress and semi-finished products refer to those jobs whose contract with the customer has still not been finalised at the close of the year. The increase recorded between 31 December 2019 and 30 June 2020 equal to €13,224 thousand reflects the seasonal trends in the collection of orders typical of this sector.
Inventories of finished products amounted to €28,847 thousand as at 30 June 2020, an increase of €5,581 thousand compared to 31 December 2019. The increase in inventories of pre-owed yachts, partially already sold at the close of the period for delivery in subsequent months for a value of €9,562 thousand, is consistent with planned volumes.

Net financial position

The breakdown of net financial position as at 30 June 2020 and as at 31 December 2019 is reported hereunder.

(€'000)		30 June 2020	31 December 2019
A	Cash and cash equivalents	(80,716)	(60,186)
B	Other cash flows	-	-
C	Securities held for trading	-	-
D	Cash	(80,716)	(60,186)
E	Current financial receivables	(171)	(6,654)
F	Current bank payables	18,299	370
G	Current portion of debt	30,111	17,394
H	Other current financial payables	2,410	1,530
I	Current financial debt (F + G + H)	50,820	19,294
J	Net current financial debt (I + E + D)	(30,067)	(47,546)
K	Non-current bank payables	50,540	54,706
L	Bonds issued	-	-
M	Other non-current payables	3,033	1,903
N	Non-current financial debt (K + L + M)	53,573	56,609
O	Net financial position (J + N) with ESMA Recommendation	23,506	9,063

As at 30 June 2020, the Group's net financial position came to €23,506 thousand, compared to net financial position of €9,063 thousand as at 31 December 2019.
In particular, the current financial debt as at 30 June 2020 was €50,820 thousand, an increase of €19,294 thousand compared to 31 December 2019, due to the increase in current bank payables, consisting essentially of loans for contract advances, and the positive renegotiation of several loans.
Cash and cash equivalents as at 30 June 2020 came to €80,716 thousand, an increase of €20,530 thousand compared to 31 December 2019, leading net current financial debt to show a net cash position of €30,067 thousand.
The evolution in net financial position in the first half of 2020 is consistent with sector dynamics. The concentration of the collection of orders and deliveries in specific periods of the year, against the constant flow of payments to Group suppliers and contractors, has an impact on liquidity, normally higher between April and July and less so in the initial months of the year, the period in which short-term financial debt is higher as a result of the lower flow of collections. The Group therefore performs careful financial planning activity in order to reduce liquidity risk and has significant bank credit facilities, whose use is planned on the basis of the trend in financial requirements. As at 30 June 2020, the Group had bank credit facilities to meet its liquidity requirements of €110,365 thousand[11], an increase of €28,465 thousand compared to 31 December 2019, of which €92,265 thousand available for utilisation.
The decrease in current financial receivables from €6,654 thousand as at 31 December 2019 to €171 thousand as at 30 June 2020 is primarily linked to the release of an escrow account of €6,500 thousand, pledged as guarantee for a loan with Credit Agricole, in the first few days of the year.

[11] Not inclusive of credit lines for reverse factoring and confirming.

Reclassified consolidated statement of cash flows

The table below shows the reclassified statement of cash flows for the six months ending as at 30 June 2020, compared with the data relating to the same period of the previous year, with details of the change in Net financial position during the period.

(€'000)	30 June 2020	30 June 2019
EBITDA	25,078	25,833
Taxes paid	-	(86)
Changes in inventories	(19,519)	(12,817)
Change in net contract assets and liabilities	27,703	(6,597)
Change in trade receivables and payments on account to suppliers	(1,771)	8,640
Change in trade payables	(48,790)	3,090
Change in provisions and other assets and liabilities	16,090	(3,622)
Operating cash flow	(1,209)	14,441
Change in non-current assets (Capex)	(12,446)	(19,062)
Business acquisitions (Enterprise Value)	-	(224)
Free cash flow	(13,655)	(4,845)
Net financial interest	(1,091)	(2,203)
Other changes	303	(3,985)
Change in net financial position	(14,443)	(11,033)
Net financial position at the beginning of the period	9,063	75,444
Net financial position at the end of the period	23,506	86,477

Equity

The breakdown of the Equity as at 30 June 2020 and as at 31 December 2019 is reported hereunder.

(€'000)	30 June 2020	31 December 2019
Share Capital	34,500	34,500
Reserves	119,067	91,756
Group profit	10,548	27,030
Group equity	**164,115**	**153,286**
Equity attributable to non-controlling interests	(2,728)	(2,455)
Equity	**161,387**	**150,831**

The Parent Company's share capital as at 30 June 2020 amounts to €34,500 thousand, fully paid-in, and is composed of 34,500,000 ordinary shares, unchanged compared to 31 December 2019.
On 21 April 2020, the Extraordinary Shareholders' Meeting of Sanlorenzo S.p.A. approved a divisible share capital increase, excluding option rights, pursuant to Article 2441, paragraph 8 of the Italian Civil Code, of a maximum nominal value of €884,615, to be executed no later than 30 June 2029, through the issue of a maximum of 884,615 ordinary Sanlorenzo shares destined exclusively and irrevocably to service the 2020 Stock Option Plan, all under the terms and conditions set out in the resolution. This capital increase has not yet been subscribed, even partially.

HUMAN RESOURCES

As at 30 June 2020, Sanlorenzo Group employed a total of 508 employees, of which 93.5% at the Parent Company.
The following table shows the number of total employees employed by the Group as at 30 June 2020, compared with 30 June 2019, broken down by company.

	30 June		Change	
	2020	2019	2020 vs. 2019	2020 vs. 2019%
Sanlorenzo S.p.A.	475	425	50	11.8%
Bluegame S.r.l.	20	12	8	66.7%
Sanlorenzo of the Americas LLC	12	10	2	20.0%
Sanlorenzo Baleari SL	1	1	-	-
Marine Yachting Monaco S.A.M.	-	-	-	-
GP Yachts S.r.l.[12]	-	38	(38)	-100.0%
Group Employees	508	486	22	4.5%

At category level, white collar workers recorded a bigger increase during the period, with an increase of 34 staff members, while the reduction in blue collar workers is linked mainly to the change in the scope of consolidation related to the transfer of the equity investment in GP Yachts S.r.l.

	30 June		Change	
	2020	2019	2020 vs. 2019	2020 vs. 2019%
Managers	32	28	4	14.3%
White collars	383	349	34	9.7%
Blue collars	93	109	(16)	-14.7%
Group Employees	508	486	22	4.5%

The distribution by geographical area sees the highest number of employees employed in Italy, equal to 97.4% of the Group total as at 30 June 2020.

	30 June		Change	
	2020	2019	2020 vs. 2019	2020 vs. 2019%
Italy	495	475	20	4.2%
Rest of Europe	1	1	-	-
United States	12	10	2	20.0%
Group employees	508	486	22	4.5%

[12] On 19 July 2019, Sanlorenzo S.p.A. sold the entire equity investment it held in GP Yachts S.r.l., representing a total of 80% of the share capital, to minority shareholders.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

The Group's activities are exposed to a series of risks and uncertainties that could influence its financial position, results of operations and cash flows.

Operational risks

The Group is exposed to risks linked to the general or specific macroeconomic scenario of the sector in which it carries on business, operational risks connected to relations with suppliers, contractors and brand representatives, uncertainties linked to extraordinary events that may trigger interruptions in the activities of production facilities and risks related to the evolution of the reference regulatory framework.

Financial risks

The Group is exposed to credit risk, deriving from commercial transactions, liquidity risk and risks linked to disputes and tax assessments. Furthermore, the Group is exposed to fluctuations in interest rates on its variable rate debt instruments and fluctuations in exchange rates, primarily on sales of yachts in US dollars, and hedges such exposures with derivative instruments.

For more details on the risks to which the Group is exposed, please refer to the Annual Financial Report as at 31 December 2019, as there have been no changes compared to what was described therein concerning the risks to which the Group is exposed and how they are managed by the management.
Excluding unexpected and relevant factors of discontinuity, the main uncertainties that could have an impact on the results of the second half of the year regard the evolution of the current health situation linked to COVID-19 and its effects on the international economic situation and on the market in which the Group carries on business.

INTRA-GROUP TRANSACTIONS AND TRANSACTIONS WITH RELATED PARTIES

On 9 November 2019, the Company's Board of Directors, following up on previous resolutions dated 24 October 2019, approved, in compliance with the "Regulation on related-party transactions" adopted by Consob by means of resolution no. 17221 of 12 March 2010 and subsequent amendments, the draft of the "Procedure Governing Related Party Transactions", which makes provision for the establishment within the Board of Directors of the Related Party Transactions Committee, set to become effective with the start of trading of the Company's shares on the screen-based market MTA organised and managed by Borsa Italiana S.p.A., subsequently approved definitively by the Board of Directors on 23 December 2019. The aforementioned procedure can be consulted on the Company's website (www.sanlorenzoyacht.com), in the "Corporate Governance" section.
It should be noted that transactions with related parties, including therein intra-group transactions do not qualify as either atypical or unusual, as they fall under the normal course of business of Group companies. These transactions were settled at arm's length, given the characteristics of the assets and services rendered.
In the Notes to the Condensed consolidated half-yearly financial statements, the company provides the information required by Article 154-ter of the TUF, as indicated in Consob Regulation no. 17221 of 12 March 2010.

ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to Consob Communication no. DEM/6064293 of 28 July 2006, it should be noted that no atypical and/or unusual transactions were entered into, as defined in the Communication itself.

ADDITIONAL INFORMATION

The Company is not subject to management and coordination activities pursuant to Articles 2497 et seq. of the Italian Civil Code, in consideration of the fact that the presumption set forth in Article 2497-sexies of the Italian Civil Code does not apply.
Pursuant to Articles 2435-bis and 2428 of the Italian Civil Code, it should be noted that, at the close of the period, the company did not own any treasury shares.

SIGNIFICANT EVENTS OCCURRING DURING THE PERIOD

Capital increase of the associated company Polo Nautico

On 8 July 2019, the shareholders' meeting of the associated company Polo Nautico Viareggio S.r.l. ("Polo Nautico") approved a contribution to the share capital increase account totalling €600,000, to be converted to share capital following the resolution of the extraordinary shareholders' meeting on the share capital increase, which was subsequently held on 20 January 2020. The share capital of Polo Nautico therefore increased from €67,400 to €667,400, with €300,000 of the share capital increase subscribed by Sanlorenzo.
Following the share capital increase, the equity investment held by Sanlorenzo in Polo Nautico increased from 48.15% to 49.81%.

Loan with Cassa Depositi e Prestiti

On 23 March 2020, Sanlorenzo signed a loan agreement with Cassa Depositi e Prestiti S.p.A. for a total amount of €10 million from the European Investment Bank (EIB) funds. The loan, with a duration of 7 years, is aimed at supporting investment in research, development and innovation related to new models of yachts and superyachts.

Approval of the 2020 Stock Option Plan

On 20 March 2020, the Company's Board of Directors definitively approved the proposed adoption of the stock option plan for 2020 (the "2020 Stock Option Plan") in line with and in addition to what was approved on 12 February 2020.
The 2020 Stock Option Plan, reserved to executive directors and key employees of Sanlorenzo and its subsidiaries, makes provision, over a period of three years, for the free assignment of options that attribute to the beneficiaries the right to subscribe Sanlorenzo shares based on a ratio of one share for every option at a strike price of €16.00 equal to the placement price of the Company's shares on the MTA.
The Board of Directors established that the reference parameters of the performance objectives to which the vesting of the options is subject will be identified as consolidated EBITDA, the Group's net financial position and personal objectives established based on the role and function of the beneficiary, to be reached to an extent equal to at least 85%, and set forth a vesting period broken down into one-third per year in the course of the three-year period 2020-2022.
The 2020 Stock Option Plan is supported by an appropriate share capital increase through the issue of new shares for a total maximum nominal value of €884,615, not yet subscribed.

Both the 2020 Stock Option Plan and the relative share capital increase were approved by the Shareholders' Meeting on 21 April 2020.

Containment measures linked to COVID-19

The exceptional measures adopted by the governments of many countries to limit the spread of COVID-19 generated effects beginning from the end of March.
Until 23 March 2020, the Company worked at full capacity as usual, and only starting from the last week of March, when Italian Prime Ministerial Decree of 22 March 2020 came into force, did the Company gradually close all facilities, while in any event guaranteeing the assistance service and the management of boats in the water and other activities permitted by measures in force.
On 26 March 2020, an agreement was also signed with the trade unions for the use, if needed, of unemployment benefits (CIG – Cassa Integrazione Guadagni) for workers who do not have holidays and previous leave accrued to be used during the period of suspension of the business and to cover the reduced working hours caused by decreased shifts.

Signing of the COVID-19 safety and prevention protocol

Ever since the first news came out about the spread of COVID-19, Sanlorenzo started an expanded roundtable group with the broadest participation by all parties representing labour (unitary union representative body and trade unions FILCTEM-CGIL, FEMCA-CISL, FIOM-CGIL, UILM-UIL), which resulted in the signing on 7 April 2020 of an operating protocol containing the prevention and protection measures to be implemented at the Company's production sites.
The main measures of the protocol include a periodic serological test performed directly at the company on all employees of Sanlorenzo and companies under contract, aside from personal protection equipment. Specific COVID-19 insurance coverage has been taken out for all personnel and an assessment is performed by the Company Physician on employees in permanent or temporary situations of compromised immunity and for employees deemed "vulnerable" and who are over 60 years of age. Furthermore, the workplace is sanitised using chemicals every day, which is recorded in a log book, and specific floor markers have been set up indicating the minimum interpersonal distance of one metre, along with staggered entry and exit paths and timing with systematic body temperature checks, so as to avoid queues and crowds. Lastly, a new shift schedule was introduced, also to enable sanitisation, as well as remote working methods for office staff.

Recovery of production activities

The signing of the safety and prevention protocol made it possible to reopen the Ligurian facilities in Ameglia (SP) and La Spezia on 14 April 2020, in line with what is set forth by the Liguria Region (in implementation of Italian Decree no. 18/2020 of 13 April 2020 of the Department of Civil Protection/Prime Minister's Office), which allows for activities to be carried out in preparation for the delivery of boats already outfitted by the shipbuilding sites. Likewise, on the basis of the Order of the Tuscany Region of 16 April 2020, the Company also reopened the Viareggio (LU) facilities.
Therefore, on 20 April 2020 all of the Group's operating facilities had been reopened - according to the methods defined by local provisions as well as national legislation - to resume activities relating to yachts to be delivered by the end of July 2020.
On 4 May 2020, all of the Company's facilities were fully operational in compliance with the requirements of Italian Prime Ministerial Decree of 26 April 2020 and after adopting all safety and prevention measures set forth in the protocol.

In June, the Parent Company and the unitary union representative body and the workers' safety representative signed the update to the safety and prevention protocol, which incorporates what is set forth in Italian Prime Ministerial Decree of 11 June 2020.

Ordinary and Extraordinary Shareholders' Meeting

On 21 April 2020, the Ordinary and Extraordinary Shareholders' Meeting was held on first call. Considering the health emergency situation, as set forth in the "Cura Italia" Decree, participation in the Shareholders' Meeting was permitted exclusively through the designated shareholders' representative.
The Ordinary Shareholders' Meeting:

- approved the 2019 financial statements and the proposed allocation of the profit to the reserves in line with the dividend policy approved by the board of directors on 9 November 2019;
- approved the first section of the Remuneration Report relating to the remuneration policy and expressed its favourable opinion on the second section;
- approved the 2020 Stock Option Plan.

The Extraordinary Shareholders' Meeting:

- approved the share capital increase for a maximum nominal amount of €884,615 to service the 2020 Stock Option Plan;
- approved the proposed amendment to the by-laws for regulatory compliance on the matter of gender equality.

Confirming agreements with Intesa Sanpaolo S.p.A. and UniCredit Factoring S.p.A.

In May, Sanlorenzo entered into a supply chain finance framework agreement with Intesa Sanpaolo S.p.A., with a view to supporting small- and medium-sized enterprises that make up by the supply chain that, thanks to the agreement, have a total credit line of €50 million available for advances on trade receivables due from Sanlorenzo S.p.A.
The agreement, which translates into participation in an IT platform named "Confirming", makes it possible for suppliers to take advantage of beneficial conditions on factoring transactions and gives the company the opportunity to obtain an additional extension beyond invoice due dates.
The use of that platform also makes it possible to streamline and simplify payment procedures with respect to suppliers, with the assignment to the bank of a mandate for the payment of supplier invoices uploaded on the platform at their due date, releasing the company from the burden of ordering and making payments.
In June, an additional confirming agreement was signed with UniCredit Factoring S.p.A., which provided a total credit line of €20 million that may be used by suppliers of Sanlorenzo S.p.A. and Bluegame S.r.l.

Exclusivity period to evaluate a possible investment in Perini Navi

In May, the Company, with the intention of evaluating a possible investment in Perini Navi S.p.A., obtained from the shareholders Fenix S.r.l., a company owned by the Tabacchi family, and Lamberto Tacoli, the recognition of an exclusive period to perform the appropriate checks. At the end of the exclusive period in the initial days of July, negotiations were under way.

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

Ordinary Shareholders' Meeting of 31 August 2020

On 31 August 2020, the Ordinary Shareholders' Meeting was held, which approved the requested authorisation to purchase and dispose of treasury shares.
The purchase of treasury shares was authorised for up to a maximum of 3,450,000 shares, currently equal to 10% of the share capital, for a maximum period of 18 months as of the date of the shareholders' resolution.

BUSINESS OUTLOOK

The actions undertaken to handle the restrictive measures linked to COVID-19 and the commercial and operational initiatives intended to rapidly restore activities, in the absence of any additional interruptions, will enable the Company to make up for the period during which activities were suspended, limiting the impact on results, also thanks to the operations of the sites in August. This, along with the current order portfolio, makes it possible to confirm the estimates of substantial stability in Net Revenues New Yachts for 2020 with respect to the 2019 result.
Forecasts relating to EBITDA are also confirmed in line with the previous year, thanks to the plan for an additional cut of operating costs, enacted since the emergence of the current circumstances, the effects of which are already partially reflected in the results for the first half of 2020. This plan kept investments referring to the development of new products, innovation and sustainability unchanged, while postponing further initiatives not deemed priorities or necessary at this time.

Ameglia, 31 August 2020

For the Board of Directors
Executive Chairperson
Mr Massimo Perotti

CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS AS AT 30 JUNE 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	Note	30 June 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	105,692	102,598
Goodwill	*16*	8,667	8,667
Intangible assets with a finite useful life	*17*	35,596	35,404
Equity investments and other non-current assets	*19*	409	379
Net deferred tax assets	*13*	5,020	3,008
Total non-current assets		**155,384**	**150,056**
Current assets			
Inventories	*20*	81,830	62,311
Contract assets	*21*	110,167	87,889
Other financial assets, including derivatives	*25*	171	6,654
Trade receivables	*22*	21,794	20,269
Other current assets	*23*	32,261	46,007
Cash and cash equivalents	*24*	80,716	60,186
Total current assets		**326,939**	**283,316**
TOTAL ASSETS		**482,323**	**433,372**

(€'000)	Note	30 June 2020	31 December 2019
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	*26*	34,500	34,500
Share premium	*26*	76,549	76,549
Other reserves	*26*	42,518	15,207
Profit/(loss) for the period		10,548	27,030
Equity attributable to the owners of the holding company		164,115	153,286
Equity attributable to non-controlling interests	*26*	(2,728)	(2,455)
Total equity		161,387	150,831
Non-current liabilities			
Non-current financial liabilities	*27*	53,573	56,609
Non-current employee benefits	*30*	821	796
Non-current provisions for risks and charges	*31*	991	913
Total non-current liabilities		55,385	58,318
Current liabilities			
Current financial liabilities, including derivatives	*27*	50,820	19,294
Current provisions for risks and charges	*31*	9,911	9,299
Trade payables	*28*	103,399	152,189
Contract liabilities	*21*	69,423	19,442
Other current liabilities	*29*	20,643	18,615
Other current tax liabilities	*13*	1,731	2,205
Net current tax liabilities	*13*	9,624	3,179
Total current liabilities		265,551	224,223
TOTAL LIABILITIES		320,936	282,541
TOTAL EQUITY AND LIABILITIES		482,323	433,372

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(€'000)	Note	30 June 2020	30 June 2019
Revenues	*10*	216,528	231,177
Commissions	*10*	(9,164)	(6,076)
Net revenues		**207,364**	**225,101**
Other income	*11*	1,989	1,054
Total net revenue and income		**209,353**	**226,155**
Increases in internal work	*11*	868	862
Raw materials, consumables and finished products	*11*	(85,091)	(94,985)
Outsourcing	*11*	(76,436)	(76,794)
Change in work in progress, semi-finished and finished products	*11, 20*	20,814	19,739
Other service costs	*11*	(20,693)	(27,423)
Personnel expenses	*11*	(18,193)	(17,366)
Other operating costs	*11*	(1,884)	(2,051)
Accruals to provisions for risks and charges	*31*	(3,660)	(2,304)
Total operating costs		**(184,275)**	**(200,322)**
Operating profit before amortisation and depreciation		**25,078**	**25,833**
Amortisation, depreciation and impairment losses	*11, 15, 17*	(9,140)	(7,178)
Operating profit		**15,938**	**18,655**
Financial income	*12*	1	23
Financial expense	*12*	(1,092)	(2,226)
Net financial expense		**(1,091)**	**(2,203)**
Share of profit (loss) of equity-accounted investees, net of tax	*19*		
Adjustments to financial assets	*19*	30	-
Pre-tax profit		**14,877**	**16,452**
Tax expense	*13*	(4,600)	(5,837)
PROFIT/(LOSS) FOR THE PERIOD		**10,277**	**10,615**
Attributable to:			
Owners of the parent company		10,548	10,614
Non-controlling interests		(271)	1

(€'000)	30 June 2020	30 June 2019
Other comprehensive income		
Other comprehensive income that will not be subsequently reclassified to net profit		
Actuarial change in provisions for employee benefits	39	(35)
Income taxes relating to actuarial changes in provisions for employee benefits	(11)	9
Total	28	(26)
Other comprehensive income which will be subsequently reclassified to net profit		
Changes in the cash flow hedge reserve	33	(606)
Income taxes related to changes in the cash flow hedge reserve	(9)	169
Change in the translation reserve	-	5
Total	24	(432)
Other comprehensive income for the year, net of tax effect	52	(458)
COMPREHENSIVE NET PROFIT FOR THE PERIOD	10,329	10,157
Attributable to:		
Owners of the parent company	10,600	10,156
Non-controlling interests	(271)	1

(€)	Note	30 June 2020	30 June 2019
Net profit for the period attributable to the owners of the parent company	*14*	10,548,429	10,614,539
Average number of shares	*26*	34,500,000	30,000,000
Earnings per share		0.31	0.35

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€'000)	Share capital	Share premium	Total other reserves	Profit for the period	Equity attributable to the owners of the parent company	Equity attributable to non-controlling interests	Total equity
Value as at 31 December 2019	34,500	76,549	15,207	27,030	153,286	(2,455)	150,831
Allocation of profit for the period	-	-	27,030	(27,030)	-	-	-
Effect of cash flow hedge reserve	-	-	33	-	33	-	33
Other changes	-	-	248	-	248	(2)	246
Profit for the period	-	-	-	10,548	10,548	(271)	10,277
Value as at 30 June 2020	34,500	76,549	42,518	10,548	164,115	(2,728)	161,387

CONSOLIDATED STATEMENT OF CASH FLOWS

(€'000)	Note	30 June 2020	30 June 2019
Cash flows from operating activities			
Profit for the period		10,277	10,615
Adjustments for:			
Depreciation	*11,15*	6,221	5,019
Amortisation	*11,17*	2,919	2,158
Impairment losses on intangible assets and goodwill	*16,17*	-	-
Impairment losses on financial assets (other equity investments)	*19*	(30)	-
Net financial expense	*12*	1,091	2,203
Gain on sale of property, plant and equipment		(3)	7
Impairment losses on trade receivables	*22*	-	-
Tax expense	*13*	4,600	5,837
Changes in:			
Inventories	*20*	(19,519)	(12,817)
Contract assets	*21*	(22,278)	(1,200)
Trade receivables	*22*	(1,525)	12,438
Other current assets	*23*	13,746	(6,832)
Trade payables	*28*	(48,790)	3,090
Contract liabilities	*21*	49,981	(5,397)
Other current liabilities	*29*	1,388	(933)
Provisions for risks and charges and employee benefits	*30,31*	714	340
Cash flows generated by operating activities		(1,208)	14,528
Taxes paid	*13*	-	(86)
Net cash flows from operating activities		(1,208)	14,442
Cash flows from investing activities			
Interest received	*12*	1	23
Proceeds from disposal of property, plant and equipment	*15*	23	39
Proceeds from disposal of intangible assets		-	-
Change in other equity investments and other non-current assets	*19*	-	(224)
Acquisition of subsidiaries or business units, net of cash acquired		-	-
Acquisition of property, plant and equipment	*15*	(9,336)	(16,435)
Acquisition of intangible assets with a finite useful life	*17*	(3,110)	(2,627)
Net cash flows used in investing activities		(12,422)	(19,224)

(€'000)	Note	30 June 2020	30 June 2019
Cash flows from financing activities			
Interest and financial expenses paid	12	(1,092)	(2,226)
Proceeds from the issue of share capital		-	-
New loans	27	46,212	6,098
Repayment of loans	27	(19,529)	(10,279)
Changes in other financial assets and liabilities including derivatives	25,27	6,421	(3,543)
New finance leases	27	2,188	-
Repayment of finance leases	27	(318)	(546)
Assumption of new loans	27	-	-
Other changes in equity	26	278	-
Dividend paid	26	-	(15)
Net cash flows from/(used in) financing activities		34,160	(10,511)
Net change in cash and cash equivalents		20,530	(15,293)
Cash and cash equivalents at the beginning of the period		60,186	48,759
Cash and cash equivalents at the end of the period		80,716	33,466

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS

BASIS OF PREPARATION

1. Reporting entity

Sanlorenzo S.p.A. (the "Company") is based in Italy. Its registered office is in Via Armezzone 3, Ameglia in La Spezia. The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively the "Group").
The Group is active in the design, building and sale of boats and pleasure boats in fibreglass, steel and aluminium together with all other materials. It also provides maintenance and charter services for all types of vessels, as well as services relating to these activities.

2. Basis of preparation

These condensed consolidated half-yearly financial statements were drafted in compliance with the provisions of Article 154-ter of Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Finance Law, "TUF") as amended, and in compliance with IAS 34 - Interim financial reporting.
They do not include all information required for complete financial statements in compliance with IFRS and must be read in conjunction with the annual consolidated financial statements of the Group as at 31 December 2019 (the "last annual financial statements") published on the website of the Company (www.sanlorenzoyacht.com, "Investors/Financial results and documents" section). Selected notes were therefore included to explain significant events and transactions to ensure an understanding of the changes in the Group's financial position and trends with respect to the last annual financial statements.

3. Basis of preparation

These condensed consolidated half-yearly financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union, including all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).
These condensed consolidated half-yearly financial statements include the consolidated statement of the financial position, consolidated statement of profit and loss for the period and the other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity.
The Group elected to present its assets and liabilities as current or non-current and its costs by nature from among the options allowed by IAS 1. The statement of cash flows is prepared using the indirect method.

4. Functional and presentation currency

These condensed consolidated half-yearly financial statements are presented in Euro, which is the Parent Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

5. Basis of measurement

These condensed consolidated half-yearly financial statements were prepared by applying the historical cost method, with the exception of derivatives, which are measured at fair value as required by IFRS 9 - Financial instruments, as well as on a going concern basis. The Directors have checked that there are no material uncertainties (as defined in IAS 1.25) on going concern.

6. Use of judgements and estimates

In the preparation of these condensed consolidated half-yearly financial statements, the company management performed valuations and estimates, which have an effect on the application of the accounting standards and on the amounts of assets and liabilities, income and costs in the financial statements. The actual results may differ from such estimates.

The significant valuations performed by the management in the application of the Group's accounting standards and the main sources of uncertainty in the estimates are the same as those described in the last annual financial statements.

The application of such estimates and assumptions influences the amounts of assets, liabilities, costs and revenues, as well as the disclosure provided. The actual data may differ due to the uncertainty inherent in the assumptions and conditions underlying the estimates. The estimates and underlying assumptions are revised on an ongoing basis. Revised estimates are recognised prospectively.

The captions most influenced by the valuations and estimates of the Directors and for which a change in the circumstances underlying the assumptions applied could have a significant impact on the interim financial statements are summarised below.

Valuations

Information about management judgements made in applying accounting standards that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- note 10 – revenue recognition: whether revenue from contracts is recognised over time or at a point in time;
- note 19 – equity-accounted investees: whether the Group has significant influence over an investee;
- note 33 – consolidation: whether the Group has de facto control over an investee.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next year is included in the following notes:

- note 10 – recognition of revenue;
- note 30 – measurement of defined benefit obligations: key actuarial assumptions;
- note 13 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- note 18 – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- notes 31 and 35 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- note 22 – measurement of the loss allowance for trade receivables and contract assets; key assumptions used to determine the expected credit losses.

7. Summary of accounting standards applied

In the preparation of these condensed consolidated half-yearly financial statements, the same accounting standards and preparation criteria were applied as those adopted in the last annual financial statements, which should be referred to for an exhaustive description.

Changes in accounting standards

Amendments to IAS 1 and IAS 8

On 31 October 2018, the IASB published a document entitled "Definition of Material (Amendments to IAS 1 and IAS 8)", which introduced an amendment to make the definition of "material" set forth in IAS 1 and IAS 8 more specific. This amendment also introduced the concept of "obscured information" alongside the concepts of "omitted" or "incorrect" information already present in the two standards being amended. The amendment clarifies that information is "obscured" if it has been described in such a way that it has an effect on readers of financial statements similar to that which would have occurred had the information been omitted or misstated. The amendments to IAS 1 and IAS 8 are effective from financial years beginning on or after 1 January 2020.

Amendments to IFRS 3

On 22 October 2018, the IASB published a document entitled "Definition of a Business (Amendments to IFRS 3)", intended to introduce several amendments to IFRS 3 to better clarify the definition of business. In particular, the amendment clarifies that the presence of an output is not strictly necessary to identify a business if there is in any event an integrated set of activities, processes and assets. However, to meet the definition of business, an integrated set of activities, processes and assets must include, as a minimum, a substantial input and process that together contribute significantly to the ability to create output. To this end, the IASB has replaced the term "ability to create output" with "ability to contribute to the creation of output" to clarify that a business can exist even without the presence of all the inputs and processes necessary to create an output. The amendment also introduced a test ("concentration test"), to be used on an optional basis for the entity, to determine whether a set of activities, processes and assets purchased is a business. To this end, the amendment added a number of illustrative examples to IFRS 3 to help understand the practical application of the new definition of business in specific cases. The amendments apply to business combinations and acquisitions of assets after 1 January 2020, but earlier application is permitted.

Recently published accounting standards and interpretations

As required by IAS 8 - Accounting policies, changes in accounting estimates and errors - the new standards and accounting interpretations are described below, as well as the most significant amendments to existing standards and interpretations already applicable, not yet in force or not yet endorsed by the European Union (EU), which could be applied to the financial statements in the future.

The amendments to IAS 37, relating to onerous contracts and in particular the costs of fulfilling a contract, and amendments to IAS 16, relating to proceeds accrued before the intended use, will enter into force as of 1 January 2022.

IFRS 17 relating to Insurance and the application of the definition of payables as current and non-current will be applied on 1 January 2023.

As of 1 June 2020, the amendment to IFRS 16 Leases related to COVID-19-related rent concessions, will enter into force. European companies may apply the amendment only after its endorsement by the European Union. As a result, the Group has not applied that amendment, which is intended to simplify the procedure for accounting for concessions on rent instalments provided due to COVID-19 for lessees. The amendment enables lessees not to analyse the individual lease agreements to determine whether the rent-related concessions arising as a direct consequence of the COVID-19 pandemic are modifications of the lease agreement pursuant to IFRS 16, and allows lessees to account for such concessions as if they were not modifications of the lease, but rather by recognising such concessions directly in profit and loss. This amendment applies to COVID-19-related rent

concessions, which reduce the payments due from the lessee pursuant to the agreement by 30 June 2021. IFRS 16 specifies how lessees should account for changes in lease payments, including concessions. However, the application of such requirements to a high volume of COVID-19-related rent concessions could be very complex, especially in light of the numerous accounting and other complications that companies are already dealing with as a result of the pandemic. This optional practical expedient offers a prompt solution to lessees, enabling them to continue to provide useful information on lease agreements. The lessees taking advantage of the exemption introduced by the amendment will need to provide specific information in the notes to the financial statements.
For all newly issued standards, as well as for revisions and amendments of existing standards, the group is evaluating any impacts, which are currently not reasonably predictable, deriving from their future application.

8. Operating segments

The Sanlorenzo Group comprises the following operating segments:

- Yacht Division;
- Superyacht Division;
- Bluegame Division.

The operating segments have been identified in accordance with IFRS 8 as the components of the Group:

- that engage in business activities from which the Group earn revenues and incur expenses;
- whose operating results are regularly reviewed by the parent company's Board of Directors to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

The type of product is the primary basis for segmentation identified by the Group. In detail:

- the Yacht segment refers to composite yachts of a length between 24 and 38 metres, marketed under the Sanlorenzo brand;
- the Superyacht segment refers to superyachts in aluminium and steel, of a length of more than 38 metres, marketed under the Sanlorenzo brand;
- the Bluegame brand relates to sports utility yachts (size lower than 24 metres in length and different characteristics from the ones of Yacht and Superyacht), sold under the Bluegame brand.

Key financials for the three segments are regularly prepared and reviewed by the management of the Group, which rely on these data for operating and strategic performance analyses and decisions.

Segments aggregation

As allowed by IFRS 8.12, the Yacht and Superyacht business segments are aggregated into one segment as they have similar economic characteristics in terms of:

- nature of products: the nature of the product is similar for the two segments, differences depending substantially on size (and related details);
- nature of production processes: this is the same for the two segments;
- type or class of customers: these segments have substantially the same customers or same class of customers for its products and services;
- methods used to distribute the products: these are the same for both Yacht and Superyacht;
- nature of the regulatory environment: no differences exists in relation to the regulatory environment underlying the business of the two segments;
- margins: as a consequence of the similarities as per the preceding points, the two segments have also similar marginality whose differences are not substantial but rather temporary and depending on timing of introduction of new products and/or specific marketing actions.

The two segments also share common contractual base features.

The Bluegame segment is not aggregated to Yacht and Superyacht since it presents peculiarities which do not meet the aggregation criteria as per IFRS 8: characteristics of the products (sport utility yachts) and the production and sale with a dedicated brand.

Reported segments

Based on the identification and aggregation steps highlighted above, the only reported segment is the aggregated one including Yacht and Superyacht. The Bluegame segment does not exceed the threshold for separate reporting as per IFRS 8 having recorded revenues, profit and assets below 10% of the combined amounts of all the identified operating segments.

9. Seasonality

The Group's results are influenced by some seasonal phenomena typical of the nautical sector in which the Group carries on business.

The Group sells its yachts principally to end customers and brand representatives, which act as distributors, and, to a lesser extent, consigns them to stock as part of the minimum purchase commitments set forth contractually for each brand representative. Contracts for the sale of bespoke yachts to end customers are signed mainly in spring and autumn, periods in which the major industry boat shows in which the Group companies participate are also concentrated.

Deliveries of yachts are concentred in the April-July period, especially in European countries, while deliveries of yachts of the Superyacht Division and yachts of the Yacht Division in the APAC and Americas markets are distributed throughout the year.

The concentration of the collection of orders and deliveries in European countries in given periods of the year, against the constant flow of payments to Group suppliers and contractors, has an impact on liquidity, normally higher between April and July and less so in the first quarter of the year, the period in which financial debt (comprised of short-term loans or contract advances) is higher as a result of the lower flow of collections. As a result, the individual interim financial and economic results may not contribute uniformly to the formation of the results achieved by the Group in the course of the year.

There were no significant effects relating to seasonal phenomena on revenue.

PERFORMANCE FOR THE PERIOD

10. Revenue and commissions

(€'000)	30 June 2020	30 June 2019	Change
Revenues from contracts with customers	216,528	231,177	(14,649)
Commissions	(9,164)	(6,076)	(3,088)
Net revenues	**207,364**	**225,101**	**(17,737)**

Revenue from contracts with customers

Revenue from contracts with customers is earned on the sale of new and pre-owned boats, which are shown in the above table gross and net of the commissions paid to agents to finalise the sales contracts.
Revenue gross of commissions paid to intermediaries amounts, respectively, to €216,528 thousand as at 30 June 2020 and €231,177 thousand as at 30 June 2019. As at 30 June 2020, gross revenue declined compared to the previous year by €14,649 thousand due to the restrictive measures imposed by governments to limit the spread of COVID-19.

Disaggregation of revenue from contracts with customers

A breakdown of revenue from contracts with customers by type is as follows:

(€'000)	30 June 2020	30 June 2019	Change
Revenues new yachts	192,872	209,627	(16,755)
Revenues from pre-owned yachts	22,213	20,128	2,085
Revenue from maintenance and other services	1,443	1,422	21
Revenues from contracts with customers	**216,528**	**231,177**	**(14,649)**

Revenue deriving from the sale of new boats amounts to €192,872 thousand as at 30 June 2020 and decreased compared to 30 June 2019 by €16,755 thousand following the health emergency linked to COVID-19.
Revenue from pre-owned boat sales amounts to €22,213 thousand and €20,128 thousand as at 30 June 2020 and 30 June 2019, respectively.
Revenue from maintenance and sales of spare parts for each type of boat, amounting to €1,443 thousand as at 30 June 2020 and €1,422 as at 30 June 2019, is managed in separate orders received from customers and represents obligations different from those for the sale of yachts.
A breakdown of revenue from contracts with customers by division is as follows:

(€'000)	30 June 2020	30 June 2019	Change
Yacht Division	135,649	149,052	(13,403)
Superyacht Division	65,781	67,059	(1,278)
Bluegame Division	15,098	7,396	7,702
Other[13]	-	7,670	(7,670)
Revenue from contracts with customers	**216,528**	**231,177**	**(14,649)**

Other revenues refer to the company GP Yachts S.r.l., whose equity investment was sold in full on 19 July 2019 to minority shareholders.

[13] The item "Other" includes revenue realised by GP Yachts S.r.l., which exited the scope of consolidation following the transfer of the equity investments held by the Company on 19 July 2019.

The next table breaks down the revenue from contracts with customers on the basis of the nationality of the owner customer by geographical area.

(€'000)	30 June 2020	30 June 2019	Change
Italy	26,388	37,003	(10;615)
Europe (other countries)	109,475	112;741	(3;266)
USA	15,862	15,447	415
Americas (other countries)	7,930	15,926	(7,996)
APAC	39,119	38,469	650
Middle East and Africa	17,754	11;591	6;163
Revenue from contracts with customers	**216,528**	**231;177**	**(14,649)**

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. The group recognises revenue when it transfers control over a good or service to a customer.

Nature and conditions of performance obligations, significant payment terms and recognition of the revenue in accordance with IFRS 15

The sale of new boats (89.1% of gross consolidated revenues for the half-year ended 30 June 2020 and 90.7% for the half-year ended 30 June 2019) meets the requirements for the transfer of control and for the fulfilment of the performance obligation over the boat-building period (i.e. over time). Specifically, new boats are custom built to the customer's requests and the Group has the enforceable right to payment for the performance completed to date plus a reasonable profit margin, should the customer cancel the contract for convenience. The client usually pays the Group a down payment amount on signing. In the event of renunciation of a purchase of the boat by the customer this amount can be retained by the Group and included in revenues.

Revenue and associated costs are recognised over time – i.e. before the goods are delivered to the customers. Progress is determined based on the cost-to-cost method and costs are recognised in profit and loss when they are incurred.

Specifically, revenues generated on the basis of the progress of job orders (over time), not yet invoiced to customers and/or for the portion not covered by advances received, are presented in the balance sheet as "Contract assets". More detailed information is provided in note 21.

Invoices are issued as contractually agreed at the single unit level. The customer provides an advance when the contract is signed and progress billings are issued at agreed milestones.

For example, invoices are issued:

- when the contract is signed;
- when the hull, deck and superstructure have been completed;
- when the internal partitioning has been completed;
- when the main engines have been installed;
- when the work has been completed, i.e. the boat is ready for delivery; the "Test and acceptance report" and the "Deed of transfer of title" are concurrently signed.

It has been estimated that a large part of the price of a boat is generally paid through subsequent advance payments and during the progress of the work as highlighted above and only a residual portion is settled when the boat is delivered.

The difference, for each contract, between the amounts billed and the work in progress is recognised under contract assets (if positive) or contract liabilities (if negative).

Fulfilment of the performance obligation in relation to the sale of pre-owned boats (10.3% of gross consolidated revenues for the half-year ended 30 June 2020 and 8.7% for the half-year ended 30 June 2019) is recognised at a

point in time. The contract terms usually agreed for sales of pre-owned boats provide that transfer of control takes place with transfer of title when the sales contract is signed.
Invoices are issued in accordance with the contract terms and are generally settled before the date of delivery of the pre-owned boat.

Commissions

The item "commissions" amounts to €9,164 thousand and €6,076 thousand as at 30 June 2020 and 30 June 2019, respectively. This amount represents the costs incurred by the Group for the intermediation activity carried out by the dealers and by agents.
As at 30 June 2020, commissions showed a €3,088 thousand increase versus the previous year.

11. Income and expenses

Other income

(€'000)	30 June 2020	30 June 2019	Change
Gains on disposals of assets	11	13	(2)
Other revenue	1,978	1,041	937
Other income	**1,989**	**1,054**	**935**

Other income amount to €1,989 thousand and €1,054 thousand as at 30 June 2020 and 30 June 2019, respectively.
As at 30 June 2020, other revenues and income were up by €935 thousand versus the previous year.
Other revenue mostly refers to the Parent Company and includes:

- income for services provided to suppliers;
- chargebacks of marketing contributions.

Operating costs

(€'000)	30 June 2020	30 June 2019	Change
Increases in internal work	(868)	(862)	(6)
Raw materials, consumables and finished products	85,091	94,985	(9,894)
Outsourcing	76,436	76,794	(358)
Other service costs	20,693	27,423	(6,730)
Change in work in progress, semi-finished and finished products	(20,814)	(19,739)	(1,075)
Personnel expenses	18,193	17,366	827
Other operating costs	1,884	2,051	(167)
Accruals to provisions and impairment losses	3,660	2,304	1,356
Operating costs	**184,275**	**200,322**	**(16,047)**

Operating costs amounted to €184,275 thousand and €200,322 thousand as at 30 June 2020 and 2019, respectively.
The work performed by the Group and capitalised refers to the costs of the personnel involved in the development of new boats, which are capitalised under the item development expenditure in relation to intangible assets with a finite useful life. Last year, the Group decided to also capitalise internal personnel under development activities.
Raw materials, consumables and finished products are presented net of returns, discounts, allowances and bonuses and are almost entirely related to the Parent Company. The variation between the first half of 2020 and the first

half of 2019 amounts to €(9,894) and is mainly due to lower purchases of raw materials and consumables and lower withdrawals of pre-owned boats during the closure period as a result of the health emergency.
Outsourcing chiefly related to naval carpentry services, turnkey furnishings for yachts and superyachts, electrical and plumbing work and the fitting of the boat's interior and exterior. These costs changed by €(358) thousand, respectively, between 30 June 2020 and 30 June 2019.
Other service costs mostly comprise costs for consultancy services, transport, the board of directors' and statutory auditors' fees, travel and cleaning and maintenance, mostly incurred by Sanlorenzo and Bluegame. Changes in other service costs stand at €(6,730) thousand between 30 June 2020 and 30 June 2019.
The change in work in progress, semi-finished and finished products amounted to €(20,814) thousand and €(19,739) thousand respectively as at 30 June 2020 and 2019. Work in progress refers to work orders of less or more than one year duration for which the contract with the customer was not yet finalised by the end of the period.
Personnel expenses increased by €827 thousand between 30 June 2020 and 30 June 2019. This change reflected the growth in personnel due to an expansion of the Group as shown in the following table:

	30 June 2020	30 June 2019	Change
Managers	32	28	4
White collars	383	349	34
Blue collars	93	109	(16)
Total	**508**	**486**	**22**

A breakdown of personnel expenses is as follows:

(€'000)	30 June 2020	30 June 2019	Change
Wages and salaries	13,459	12,572	887
Social security contributions	4,062	4,081	(19)
Post-employment benefits	672	685	(13)
Other expenses	-	28	(28)
Total	**18,193**	**17,366**	**827**

The other operating costs mostly related to advertising for €714 thousand and €1,140 thousand as at 30 June 2020 and 2019, respectively, and other sundry costs of €1,170 thousand and €911 thousand as at 30 June 2020 and 2019, respectively. Between 30 June 2020 and 30 June 2019, other operating costs decreased by €167 thousand.
As at 30 June 2020, accruals to provisions and impairment losses consisted of €321 thousand for risk provisions and €3,339 thousand for other provisions. Accruals increased by €1,356 thousand between 30 June 2020 and 30 June 2019.

Amortisation, depreciation and impairment losses

(€'000)	30 June 2020	30 June 2019	Change
Amortisation	2,919	2,161	758
Depreciation	6,221	5,017	1,204
Impairment losses	-	-	-
Amortisation, depreciation and impairment losses	**9,140**	**7,178**	**1,962**

Amortisation, depreciation and impairment losses amounted to €9,140 thousand and €7,178 thousand respectively as at 30 June 2020 and 2019. The change between the item as at 30 June 2020 and 30 June 2019 is equal to €1,962 thousand and is due to the implementation of the investments made during the period.
As at 30 June 2020, the amount of amortisation was €2,919 thousand, referring primarily to the amortisation of trademarks and patents for €997 thousand, amortisation of development expenses for €1,392 thousand, amortisation of state concession of the shipyard of La Spezia for €181 thousand, amortisation of the rights of use of the warehouses of Viareggio for €221 thousand and amortisation of software applications for €128 thousand.
Also as at 30 June 2020, depreciation stood at €6,221 thousand, referring principally to depreciation of industrial and commercial equipment (€3,274 thousand), land and buildings (€1,634 thousand), other assets (€992 thousand) and plant and equipment (€321 thousand).

12. Net financial expense

This item includes:

(€'000)	30 June 2020	30 June 2019	Change
Financial income	1	23	(22)
Financial expense	(1,092)	(2,226)	1,134
Net financial expense	**(1,091)**	**(2,203)**	**1,112**

Net financial expense amounted to €1,091 thousand and €2,203 thousand as at 30 June 2020 and 2019, respectively. The reduction compared to the same period of 2019, amounting to €1,112 thousand (50.5%), is linked to the better financial conditions applied to the Company by credit institutions and the reduction in debt compared to 30 June 2019, achieved also thanks to the proceeds of the share capital increase connected to the IPO.
A breakdown of each item making up this caption is provided below:

(€'000)	30 June 2020	30 June 2019	Change
Interest income – banks	1	23	(22)
Financial income	**1**	**23**	**(22)**

(€'000)	30 June 2020	30 June 2019	Change
Interest expense – banks	(915)	(1,605)	690
Sundry bank charges	(5)	(246)	241
Interest expense - third parties	(97)	(14)	(83)
Other financial expense	(73)	(72)	(1)
Foreign exchange gains/(losses)	(2)	(289)	287
Financial expense	**(1,092)**	**(2,226)**	**1,134**

13. Tax expense

Income taxes are recognised in an amount determined by multiplying the profit/(loss) gross of taxes for the reference interim period by the best estimate by the company management of the weighted average tax rate expected for the entire year, adjusted for the tax effect of certain items recognised in full during the interim period. As such, the effective tax rate in the interim financial statements may differ from the estimate of the company's management of the actual tax rate for the annual financial statements.
Income taxes amounted to €4,600 thousand and €5,837 thousand as at 30 June 2020 and 2019, respectively.
The Group's effective consolidated tax rate for the half ended as at 30 June 2020 was 30.9%.

Current tax assets and liabilities

(€'000)	30 June 2020	31 December 2019	Change
Current tax assets	132	5,911	(5,779)
Current tax liabilities	(9,756)	(9,090)	(666)
Net assets/(liabilities) for current taxes	**(9,624)**	**(3,179)**	**(6,445)**

Net current tax assets and liabilities amounted to €(9,624) thousand and €(3,179) thousand as at 30 June 2020 and 31 December 2019, respectively. They consist primarily of IRES and IRAP and the relative tax payments on account.

Net deferred tax assets

(€'000)	30 June 2020	31 December 2019	Change
Net deferred tax assets	5,020	3,008	2,012

The balance highlights the difference between the deferred tax assets and liabilities emerging over the years.
Net deferred tax assets amounted to €5,020 thousand and €3,008 thousand as at 30 June 2020 and 31 December 2019, respectively. The main temporary differences that gave rise to deferred tax assets regard the accruals to provisions for risks and charges, impairment losses on pre-owned boats, financial asset impairment losses, the amortisation of the Sanlorenzo brand accounted for in previous years and value adjustments on receivables and loans. Deferred tax assets are recognised when the management believes that they will be recovered through future taxable earnings on the basis of company plans. Deferred tax liabilities relate to income taxes for the current year and previous years to be paid in subsequent years in line with applicable tax regulations. The Group recognised deferred tax liabilities calculated by using the rates in force on the increase in the carrying amount of the buildings owned by the Group, allocating part of goodwill (in previous years).

14. Earnings per share

The next table shows how the earnings per share were calculated as at 30 June 2020 and 2019 based on the ratio of the profits attributable to the owners of the Parent Company to the weighted average number of ordinary shares each year.
The share capital and the number of shares of the Parent Company, following the share capital increase linked to the IPO transaction, changed with respect to 30 June 2019, up from €30,000 thousand and 30,000,000 ordinary shares as at 30 June 2019 to €34,500 thousand and 34,500,000 ordinary shares as at 30 June 2020.
There were no dilutive potential ordinary shares in the period.

(€)	30 June 2020	30 June 2019
Profit for the year attributable to the owners of the parent company	10,548,429	10,614,539
Average number of shares	34,500,000	30,000,000
Earnings per share	**0.31**	**0.35**

ASSETS

15. Property, plant and equipment

Property, plant and equipment amounted to €105,692 thousand and €102,598 thousand as at 30 June 2020 and 31 December 2019, respectively.
A breakdown of the caption and changes at each reference date are provided in the table below.

(€'000)	Land and buildings	Industrial equipment	Plant and equipment	Other assets	Assets under development	Total
Historical cost	63,551	60,527	8,574	13,941	25,495	**172,088**
Accrued depreciation	(24,613)	(32,627)	(4,587)	(7,663)	-	**(69,490)**
Carrying amount as at 31 December 2019	**38,938**	**27,900**	**3,987**	**6,278**	**25,495**	**102,598**
Changes:					-	
Additions	445	3,761	806	889	3,435	**9,336**
Disposals	-	(9)	-	(240)	-	**(249)**
Reclassifications	-	252	-	-	(252)	**-**
Depreciation	(1,634)	(3,274)	(321)	(992)	-	**(6,221)**
Use of provision	-	1	-	227	-	**228**
Historical cost	63,996	64,531	9,380	14,590	28,678	**181,175**
Accrued depreciation	(26,247)	(35,900)	(4,908)	(8,428)	-	**(75,483)**
Carrying amount as at 30 June 2020	**37,749**	**28,631**	**4,472**	**6,162**	**28..678**	**105,692**

As at 30 June 2020, property, plant and equipment comprises:

- Land and buildings of €37,749 thousand, mostly comprising the Parent Company's buildings at the production sites in Ameglia (SP), Viareggio (LU) and La Spezia;
- Industrial equipment of €28,631 thousand, mainly consisting of technical tools, mostly owned by the Parent Company, for scaffolding and the handling and extraction of fibreglass moulding;
- Plant and equipment of €4,472 thousand, entirely owned by the Parent Company and mostly comprising fire and intake systems;
- Other assets of €6,162 thousand, of which €5,282 thousand for the Parent Company and the remainder for the other Group companies. The other assets chiefly include office furniture and fittings, trade fair equipment and electronic equipment;
- Assets under development of €28,678 thousand relate primarily to the Parent Company and, to a minimal part, to Bluegame and mainly include the costs incurred to construct new buildings (offices and warehouses) currently being completed for expanding the production site of Ameglia (SP) and the costs for bringing the Massa (MS) production site into line with the applicable regulations.

As at 30 June 2020, property, plant and equipment increased by €9,336 thousand, mainly for assets under development by €3,435 thousand, industrial equipment by €3,761 thousand, buildings by €445 thousand, other assets by €889 thousand and plants by €806 thousand. Specifically, the increase in assets under development mostly related to the new warehouses being completed in Ameglia (SP) in the area adjacent to the current production site.
As at 30 June 2020, disposals amounted to €249 thousand, net of accumulated depreciation of €228 thousand, and involved other assets and industrial equipment of the Parent Company.
Depreciation as at 30 June 2020 amounted to €6,221 thousand, €1,204 thousand higher than as at 30 June 2019 as a result of the investments made during the period and in previous years.

16. Goodwill

Goodwill is recognised in the consolidated financial statements at the date of acquisition of the control of a business pursuant to IFRS 3 and is the aggregate of the consideration transferred to acquire a business or a business unit and the algebraic sum of the fair values, assigned at the acquisition date, to the identifiable assets and liabilities acquired that composed such business or business unit.
As it has an indefinite useful life, goodwill is not amortised but is tested for impairment at least once a year unless some indications of impairment based on external and internal sources of information identified by the Group makes it necessary to test it for impairment also during preparation of the interim reports. For impairment testing purposes, goodwill acquired as part of a business combination is allocated to the individual Cash-Generating Units (or groups of CGUs) that are expected will benefit from the combination synergies, in line with the minimum level for which that goodwill is monitored by the Group.
After its initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(€'000)	30 June 2020	31 December 2019	Change
Goodwill	8,667	8,667	-

As at 30 June 2020 and 31 December 2019, goodwill was €8,667 thousand.
It arose on the 2008 merger of the former holding company, Happy Life S.r.l., and its subsidiary FlyOpen S.p.A. into Sanlorenzo S.p.A.
The balance of €8,667 thousand is net of amortisation recognised up until the date of First Time Adoption of IFRS. The Group applied the exemption, provided by IFRS 1.C1 for business combinations, which allows the first-time adopter not to apply IFRS 3 retrospectively to business combinations that occurred before the date of transition to IFRS.

17. Intangible assets with a finite useful life

Intangible assets with a definite useful life amounted to €35,596 thousand as at 30 June 2020 and €35,404 thousand as at 31 December 2019.
A breakdown of the caption and changes at each reference date are provided in the table below.

(€'000)	Concessions, licences, trademarks and similar rights	Other assets	Development costs	Assets under development	Total
Historical cost	41,839	2,662	27,817	4,036	**76,354**
Accrued amortisation and impairment losses	(24,402)	(2,650)	(13,898)	-	**(40,950)**
Carrying amount as at 31 December 2019	**17,437**	**12**	**13,919**	**4,036**	**35,404**
Changes:					
Additions	88	-	1,332	1,690	**3,110**
Disposals	-	-	-	-	**-**
Reclassifications	-	(4)	275	(270)	**1**
Amortisation	(1,527)	-	(1,392)	-	**(2,919)**
Use of provision	-	-	-	-	**-**
Historical cost	41,927	2,658	29,424	5,456	**79,465**
Accrued amortisation and impairment losses	(25,929)	(2,650)	(15,290)	-	**(43,869)**
Carrying amount as at 30 June 2020	**15,998**	**8**	**14,134**	**5,456**	**35,596**

With reference to the development costs, no impairment indicators were identified to suggest that capitalised development costs were subject to impairment.
As at 30 June 2020, intangible assets with a finite useful life comprises:

- Concessions, licences, trademarks and similar rights of €15,998 thousand, mostly related to the Parent Company. More specifically, the item is composed primarily of the concession acquired together with the former Cantieri San Marco business unit during the year 2018 for €3,791 thousand; trademark of the Parent Company for €755 thousand; two mooring rights acquired by the Parent Company until 2067 in La Spezia in "Porto Mirabello" amounting to a net €1,777 thousand; the right of use for the properties in Viareggio for €8,740 thousand acquired with the demerger of Polo Nautico Viareggio S.r.l. during the previous year; software for €585 thousand and sundry rights for €350 thousand.
- Other assets of €8 thousand.
- Development costs of €14,134 thousand, comprising costs to design and develop new boats incurred by the Parent Company and Bluegame S.r.l.
- Assets under development of €5,456 thousand, mostly consisting of development costs for the design and study of new boat models.

As at 30 June 2020, the additions of €3,110 thousand mainly related to assets under development (€1,690 thousand), development costs (€1,332 thousand) and trademarks, patents, rights of use of buildings and mooring rights (€88 thousand).
Amortisation as at 30 June 2020 amounted to €2,919 thousand, €758 thousand higher than as at 30 June 2019 as a result of the investments made during the period.

Recoverability of development expenditure

As at 30 June 2020 and December 2019, intangible assets include projects to develop new boats and innovative fibreglass, steel and aluminium solutions for medium to large boats in the amount of €14,134 thousand and €13,919 thousand, respectively.
Its design costs, over eight years, were amortised based on a 12.5% rate.
Projects normally take between one to three years to develop (roughly 18 months for fibreglass boats) and the group usually recognises the related costs over this period. The design stage ends with the building of the prototype and the model is definitive for sale on the market (new boat design). However, the Group may incur design costs after this if it decides to improve the boat, restyle it or if the customer requests customisation (boat design in production). Designs obviously have to reflect market trends and consider competitors' strategies. Due to difficulties in identifying the right moment for a new product to go to market, the Group defines its specific strategy in this respect each year.
Based on the business plan, which considers sales forecasts, company management deems that the development costs recognised as at 30 June 2020 are recoverable.

18. Impairment testing

As required by IAS 36, at the date of the condensed interim financial statements, the Company assessed, on the basis of information from external and internal sources, whether there were indications of impairment of assets.
The Company decided to perform the impairment test on goodwill and on development expenditure at the end of the year (31 December).
At Group level, the existence of indicators of impairment was assessed as required by paragraph 12 of IAS 36. As the results as at 30 June 2020 appear to be substantially aligned with those laid out in the budget set forth for the impairment test at the end of the year, the Company deemed that there were no trigger events and that it was not necessary to test for impairment; however, these trends will be carefully monitored in the upcoming months in order to promptly identify the elements that may make it necessary to perform such tests.

19. Equity investments and other non-current assets

Equity investments and other non-current assets may be analysed as follows:

(€'000)	30 June 2020	31 December 2019	Change
Associated companies	375	345	30
Other companies	34	34	-
Equity investments and other non-current assets	**409**	**379**	**30**

Changes in the investments in associated companies and other companies over the period subject to analysis are shown in the table below.

(€'000)	Associated companies	Other companies	Other receivables	Total
Carrying amount as at 31 December 2019	**345**	**34**	**-**	**379**
Changes:				
Additions/capital increases	30	-	-	30
Disposals	-	-	-	-
Carrying amount as at 30 June 2020	**375**	**34**	**-**	**409**

Investments in associated companies amounted to €375 thousand and €345 as at 30 June 2020 and 31 December 2019, respectively. This item refers to the investment held in the associated company Polo Nautico. For further details see paragraph 34.
Investments in other companies amounted to €34 thousand as at 30 June 2020 and 31 December 2019, respectively, and are represented by investments that are fairly negligible in companies and consortiums, not falling under the consolidation scope.

20. Inventories

This item may be broken down as follows as at 30 June 2020 and 31 December 2019:

(€'000)	30 June 2020	31 December 2019	Change
Raw materials and consumables	6,831	6,117	714
Work in progress and semi-finished products	46,152	32,928	13,224
Finished products	28,847	24,163	4,684
Allowance for inventory write-down - finished products	-	(897)	897
Inventories	**81,830**	**62,311**	**19,519**

Inventories amounted to €81,830 thousand and €62,311 thousand as at 30 June 2020 and 31 December 2019, respectively.
Raw materials, consumables and supplies include the materials necessary to build the boats.
Work in progress and semi-finished products relates to the boat construction contracts that have not been finalised with the customer before the end of the reference period. The change observed between 30 June 2020 and 31 December 2019 is primarily linked to sector seasonality and the fact that the order portfolio for the year 2020 has not yet been fully completed.

The finished goods comprise traded-in boats, which are recognised at cost when the group receives them and the value of which is adjusted at the end of each year to the presumed realisable value through the recognition of the relative allowance for write-downs.
During the valuation process of pre-owned boats, the Group relies on various elements such as the analysis of the specific characteristics of the pre-owned boats, the valuations carried out at the time of their purchase including age, current market trend, also through the indications of an independent third party, the uniqueness of each boat and of each trade negotiation, as well as the sales already concluded in the subsequent period. The project "Experienced Yachts", designed to diversify and qualify the pre-owned boats of the Group compared with the competition, provides for each boat that is part of the programme to be valued, managed and reconditioned by the Group's personnel in order to guarantee the efficacy of the boats' machinery and instruments.
The measurement of pre-owned boats is based on an independent expert appraisal which considers the above factors and each boat's general conditions.

21. Contract assets and liabilities

Contract assets refer to ongoing contracts measured using the cost-to-cost method as the contract terms have already been finalised with the customer.
They are recognised as assets net of the related contract liabilities when, based on a case-by-base analysis, the gross value of the work performed at the reporting date is higher than the progress payments received from the customers. Conversely, if the progress payments are greater than the related contract assets, the difference is recognised as a contract liability.
Net contract assets are as follows:

(€'000)	30 June 2020	31 December 2019	Change
Contract assets (gross)	425,372	427,221	(1,849)
Progress payments	(315,205)	(339,332)	24,127
Contract assets (net)	**110,167**	**87,889**	**22,278**

With reference to each financial period end, the revenues related to activities to be still carried out and involving obligations toward the customers are as follows:

(€'000)	30 June 2020	30 June 2019	Change
Yacht	177,695	181,588	(3,893)
Superyacht	192,615	185,649	6,966
Bluegame	11,141	2,580	8,561
Total	**381,451**	**369,817**	**11,634**

Unsatisfied or partially unsatisfied performance obligations refer to all the boats (both with original expected duration within 1 year and more) and are expected to be recognised in accordance with production timing related to yacht (between 7 and 16 months on average) and superyacht (between 24 and 46 months on average).
Net contract liabilities are as follows:

(€'000)	30 June 2020	31 December 2019	Change
Payables for work to be carried out	4,326	2,275	2,051
Total advances received from customers	380,302	356,499	23,803
Advances deducted from contract assets	(315,205)	(339,332)	24,127
Contract liabilities (net)	**69,423**	**19,442**	**49,981**

This item amounted to a net €19,442 thousand and €69,423 thousand as at 31 December 2019 and 30 June 2020, respectively. The change of €49,981 thousand is mainly due to the increase in advances received from customers.
Liabilities arising from contracts as at 31 December 2019 were recorded as revenues in the following financial year with the exception of the amount of €895 thousand, which relate to a portion of the advance received from a customer which is being disputed.

22. Trade receivables

(€'000)	30 June 2020	31 December 2019	Change
Receivables from customers	22,173	20,648	1,525
Loss allowance	(379)	(379)	-
Total trade receivables	21,794	20,269	1,525

Trade receivables amounted to €20,269 thousand and €21,794 thousand as at 31 December 2019 and 30 June 2020, respectively.
At 30 June 2020, trade receivables increased compared with 31 December 2019, in the amount of €1,525 thousand.
The trade receivables are presented net of the loss allowance set up over the years to provide for credit-impaired receivables that are still recognised pending the completion of the related court-approved creditors' settlement procedure or out-of-court recovery proceedings. It is deemed that the loss allowance is adequate to cover any risks of losses.
A breakdown of trade receivables by geographical area is as follows:

(€'000)	30 June 2020	31 December 2019	Change
Hong Kong	2,754	389	2,365
APAC (other countries)	736	556	180
Italy	5,730	6,256	(526)
Germany	5,199	1,712	3,487
Europe (other countries)	5,673	5,755	(82)
British Virgin Islands	8	543	(535)
USA	(1,503)	(1,920)	417
Americas (other countries)	24	40	(16)
Africa	535	-	535
Middle East	2,638	6,938	(4,300)
Receivables from customers	21,794	20,269	1,525

A breakdown of receivables from customers by due date is as follows:

30 June 2020	Not	Overdue for (dd)		
(€'000)	overdue	0-365	366-730	>730
Receivables from customers	22,432	2	48	200
Loss allowance	(129)	(2)	(48)	(200)
Receivables for customers to be invoiced	(509)	-	-	-
Total Receivables from customers	21,794	-	-	-

23. Other current assets

(€'000)	30 June 2020	31 December 2019	Change
Payments on account to suppliers	14,036	12,923	1,113
Other receivables	2,401	6,810	(4,409)
Other tax assets	3,277	16,566	(13,289)
Costs to obtain the contracts	5,338	5,792	(454)
Accrued income and prepaid expenses	7,209	3,916	3,293
Other receivables and other current assets	32,261	46,007	(13,746)

The item "Other current assets" amounted to €46,007 thousand and €32,261 thousand as at 31 December 2019 and 30 June 2020, respectively. All the amounts due are deemed to be collectable and, therefore, they have not been impaired. Over the period ended 30 June 2020, this item shows a decrease of €13,746 thousand due primarily to a decrease in tax receivables. The decrease refers mainly to the use of VAT relating to the Parent Company and to Bluegame S.r.l.
In addition, costs for the acquisition of contracts related to agency commissions were down by €454 thousand. Agency fees were recognised in the income statement based on a time approach that follows the work in progress on a boat.

24. Cash and cash equivalents

(€'000)	30 June 2020	31 December 2019	Change
Banks and postal current account	79,474	60,152	19,322
Cash on hand	1,242	34	1,208
Cash and cash equivalents	80,716	60,186	20,530

Cash and cash equivalents amounted to €60,186 thousand and €80,716 thousand as at 31 December 2019 and 30 June 2020, respectively. The statement of cash flows provides more information about changes in cash and cash equivalents.

25. Other financial assets, including derivatives

This item includes loans granted to the holding company and associated companies, term current accounts and derivatives.

(€'000)	30 June 2020	31 December 2019	Change
Loans granted to holding company	-	1	(1)
Term current accounts	-	6,500	(6,500)
Derivatives	171	153	18
Total other financial assets	171	6,654	(6,483)

Derivatives amounted to €153 thousand and €171 thousand as at 31 December 2019 and 30 June 2020 respectively. They include currency hedges (EUR/USD) and interest rate hedges with a positive fair value (Mark to Market Value) at the end of the period. The Group uses derivatives to hedge against the risk of fluctuations in the US dollar for its sales in that currency and the risks that interest rates on its loans and borrowings may increase.
The current account in escrow of €6,500 thousand pledged as a guarantee on a loan with Credit Agricole, was released in the initial days of this year.

EQUITY AND LIABILITIES

26. Share capital and reserves

Group equity

The next table provides a breakdown of the Group's equity:

(€'000)	Share Capital	Share premium	Total other reserves	Other reserves									Profit for the period	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
				Legal reserve	Extraordinary reserve	Consolidation reserve	Post-merger reserve	Merger surplus	Other reserves	Reserve FTA/OCI	Profit from previous years	Cash flow hedge reserve				
Value as at 31 December 2019	**34,500**	**76,549**	**15,207**	**1,507**	**17,460**	**(3,316)**	**49**	**87**	**94**	**(217)**	**(21)**	**(436)**	**27,030**	**153,286**	**(2,455)**	**150,831**
Allocation of profit for the period	-	-	27,030	1,453	27,606	-	-	-	(2,029)	-	-	-	(27,030)	-	-	-
Change in the hedging reserve	-	-	33	-	-	-	-	-	-	-	-	33	-	33	-	33
Other changes	-	-	248	-	-	(2,222)	-	-	2,499	(26)	(3)	-	-	248	(2)	246
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	10,548	10,548	(271)	10,277
Value as at 30 June 2020	**34,500**	**76,549**	**42,518**	**2,960**	**45,066**	**(5,538)**	**49**	**87**	**564**	**(243)**	**(24)**	**(403)**	**10,548**	**164,115**	**(2,728)**	**161,387**

Share capital and share premium

Ordinary shares

As at 30 June 2020, the Parent Company's fully paid-up and subscribed share capital amounted to €34,500 thousand and comprised 34,500,000 shares with no indication of their nominal value.
On 21 April 2020, the Extraordinary Shareholders' Meeting of Sanlorenzo S.p.A. approved a divisible share capital increase, excluding option rights, pursuant to Article 2441, paragraph 8 of the Italian Civil Code, of a maximum nominal value of €884,615, to be executed no later than 30 June 2029, through the issue of a maximum of 884,615 ordinary Sanlorenzo shares destined exclusively and irrevocably to service the 2020 Stock Option Plan, all under the terms and conditions set out in the resolution. This capital increase has not yet been subscribed, even partially.

Share premium

The share premium amounted to €76,549 thousand resulting from the capital increase carried out by the shareholders in the periods 2011 and 2013, its partial use in the year 2014 for a bonus issue, by the Parent Company, the decrease of €19,539 thousand due to the impact of the reverse merger with WindCo S.p.A. and the capital increase linked to the IPO transaction completed in 2019, equal to €65,160 thousand net of placement commissions.

Nature and purpose of reserves

The other reserves include:

(€'000)	30 June 2020	31 December 2019	Change
Legal reserve	2,960	1,507	1,453
Reserve FTA/OCI	(243)	(217)	(26)
Extraordinary reserve	45,066	17,460	27,606
Consolidation reserve	(5,538)	(3,316)	(2,222)
Post-merger reserve	49	49	-
Reserve from elimination of exchange differences	343	94	249
Cash flow hedge reserve	(403)	(436)	33
Stock option reserve	221	-	221
Merger surplus	87	87	-
Profit from previous years	(24)	(21)	(3)
Other reserves	**42,518**	**15,207**	**27,311**

The item comprises:

- Post-merger reserve established by the Company with capital contributions from the shareholders for €49 thousand as at 30 June 2020 and 31 December 2019, respectively. There were no changes in this reserve.
- The consolidation reserve, which includes the difference between the carrying amount of the group's equity investments and its share of the investees' equity. It had a negative balance of €5,538 thousand and €3,316 thousand as at 30 June 2020 and 31 December 2019, respectively.
- Extraordinary reserve, relating to the Parent Company, of €45,066 thousand and €17,460 thousand as at 30 June 2020 and 31 December 2019, respectively. The increase was due to the allocation of the profit for the year 2019.
- The Reserve from elimination of exchange differences for €343 thousand and for €94 thousand as at 30 June 2020 and 31 December 2019, respectively. The reserve was established in 2019 for the exchange differences

between the profit and loss and balance sheet in the financial statements of Sanlorenzo of the Americas and for the differences in intra-group cancellations.

- The Cash flow hedge reserve, relating to the Parent Company, was a negative €403 thousand as at 30 June 2020 and a negative €436 thousand as at 31 December 2019.
- The Reserve FTA/OCI, which was affected by the transition of the financial statements to IFRS and the discounting of post-employment benefits, amounted to €(243) thousand as at 30 June 2020 and €(217) as at 31 December 2019.
- The Merger surplus of €87 thousand as at 30 June 2020 and 31 December 2019, respectively, relates to the Parent Company, and was formed following the merger by incorporation with Eureka Imbarcazioni S.r.l. carried out in 2012.
- Profit/loss from previous years for €(24) thousand as at 30 June 2020 and €(21) thousand as at 31 December 2019 was due to the impact of IFRS 16.
- Legal reserve, which includes the allocation carried out by the Parent Company up to €2,960 thousand according to the provisions of the Italian Civil Code.

Equity attributable to non-controlling interests

The decrease in equity attributable to non-controlling interests is mainly due to the loss for the year attributable thereto. The item stood at €(2,455) thousand as at 31 December 2019 versus €(2,728) thousand as at 30 June 2020.

Capital management

The objective of the Group's capital management policies is the creation of value for Shareholders and support for the future development of the Group through the maintenance of an adequate level of capitalisation, which permits access to external sources of funding under advantageous conditions. The Group manages the capital structure and carries out adjustments in line with the changes in the general economic conditions and the strategic objectives.

E-MARKET SDIR CERTIFIED

27. Financial liabilities

This item can be broken down as follows:

(€'000)	30 June 2020	31 December 2019	Change
Bank loans and borrowings (beyond 12 months)	50,540	54,706	(4,166)
Other loans and borrowings (beyond 12 months)	3,033	1,903	1,130
Total non-current loans and borrowings	53,573	56,609	(3,036)
Short-term bank loans and borrowings	48,410	17,764	30,646
of which, bank loans	*30,111*	*17,394*	*12,717*
of which, bank advances	*18,100*	*16*	*18,084*
other short-term loans and borrowings	*199*	*354*	*(155)*
Short-term loans and borrowings from other lenders	1,762	1,022	740
Derivatives	648	508	140
Total current loans and borrowings	50,820	19,294	31,526

Total non-current loans and borrowings amounted to €56,609 thousand and €53,573 thousand as at 31 December 2019 and 30 June 2020, respectively. The caption mainly refers to medium/long-term loans and borrowings stipulated by the Parent Company for €54,607 thousand and €50,487 thousand as at 31 December 2019 and 30 June 2020, respectively.

The non-current portion of other loans and borrowings amounted to €1,903 thousand as at 31 December 2019 and €3,033 as at 30 June 2020 and refers to the impact of IFRS 16.

Total current loans and borrowings, of €19,294 thousand and €50,820 thousand as at 31 December 2019 and 30 June 2020, respectively, referred primarily to:

- the current portion of the bank loans for €17,394 thousand and €30,111 thousand, respectively as at 31 December 2019 and 30 June 2020, including the book value of the loans due within 12 months and the accruals of related interest due to the financing institutions;
- loans for contract advances relating to the Parent Company and the subsidiary Bluegame S.r.l. amounting to €16 thousand and €18,100 thousand as at 31 December 2019 and 30 June 2020, respectively;
- other financial payables of €354 thousand as at 31 December 2019 and €199 thousand as at 30 June 2020, relating primarily to the Parent Company and the subsidiary Bluegame S.r.l.;
- other loans and borrowings of €1,022 thousand as at 31 December 2019 and €1,762 thousand as at 30 June 2020, relating to the effect of the application of IFRS 16;
- liabilities for financial instruments hedging foreign exchange risk and interest rate risk totalling €508 thousand and €648 thousand as at 31 December 2019 and 30 June 2020, respectively.

The details of loans by maturity date are provided in the table below:

(€'000)	30 June 2020	31 December 2019	Change
Within 1 year	50,820	19,294	31,526
From 1 to 5 years	44,629	45,005	(376)
Over 5 years	8,944	11,604	(2,660)
Total	104,393	75,903	28,490

A breakdown of the changes in financial liabilities is provided below:

(€'000)	
Financial liabilities as at 31 December 2019	**75,903**
Changes in advances	18,084
Changes in fair value of derivatives	140
New loans	12,717
Repayment of loans	(4,166)
Changes in other loans and borrowings	(155)
New finance leases - IFRS 16 application	1,870
Financial liabilities as at 30 June 2020	**104,393**

The breakdown of net financial position of Sanlorenzo Group as at 30 June 2020 and as at 31 December 2019 is reported hereunder.

	(€'000)	30 June 2020	31 December 2019
A	Cash and cash equivalents	(80,716)	(60,186)
B	Other cash flows	-	-
C	Securities held for trading	-	-
D	**Cash**	**(80,716)**	**(60,186)**
E	**Current financial receivables**	**(171)**	**(6,654)**
F	Current bank payables	18,299	370
G	Current portion of debt	30,111	17,394
H	Other current financial payables	2,410	1,530
I	**Current financial debt (F + G + H)**	**50,820**	**19,294**
J	**Net current financial debt (I + E + D)**	**(30,067)**	**(47,546)**
K	Non-current bank payables	50,540	54,706
L	Bonds issued	-	-
M	Other non-current payables	3,033	1,903
N	**Non-current financial debt (K + L + M)**	**53,573**	**56,609**
O	**Net financial position (J + N) with ESMA Recommendation**	**23,506**	**9,063**

For details, see the Report on operations.
As in the previous years, the Parent Company was required to comply with some financial parameters (covenants) on loans to be calculated, on an annual basis, on the consolidated financial statements of Sanlorenzo S.p.A. As at 31 December 2019, these parameters were complied with.

28. Trade payables

(€'000)	30 June 2020	31 December 2019	Change
Trade payables to suppliers	103,237	152,021	(48,784)
Affiliated companies	135	139	(4)
Holding company	27	29	(2)
Trade payables	**103,399**	**152,189**	(48,790)

Trade payables include amounts due to suppliers and payables due to affiliated companies and the holding company.
"Trade payables to suppliers" amounted to €103,237 thousand and €152,021 thousand as at 30 June 2020 and 31 December 2019, respectively.
"Affiliated companies" shows a balance of €135 thousand as at 30 June 2020 and €139 thousand as at 31 December 2019.
A breakdown of trade payables by current and non-current is as follows:

(€'000)	30 June 2020	31 December 2019	Change
Trade payables	103,237	152,021	(48,784)
of which current	*103,237*	*152,021*	*(48,784)*
of which non current	-	-	-
Trade payables	**103,237**	**152,021**	**(48,784)**

A breakdown of trade payables by geographical segment is as follows:

(€'000)	30 June 2020	31 December 2019	Change
Italy	96,955	145,631	(48,676)
Europe (other countries)	5,569	5,871	(302)
Americas	450	317	133
APAC	263	202	61
Trade payables	**103,237**	**152,021**	**(48,784)**

29. Other current liabilities

(€'000)	30 June 2020	31 December 2019	Change
Social security contributions	909	2,486	(1,577)
Other liabilities	6,577	8,425	(1,848)
Accrued expenses and deferred income	13,157	7,704	5,453
Other current liabilities	**20,643**	**18,615**	**2,028**

"Social security contributions" show liabilities as at 30 June 2020 and primarily consist of exposures to INPS, INAIL and Previndai (Italian social security institutions) for contributions due on wages and salaries. They amounted to €909 thousand as at 30 June 2020 and to €2,486 thousand as at 31 December 2019.
"Other liabilities" amounted to €6,577 thousand and €8,425 thousand as at 30 June 2020 and 31 December 2019, respectively. They mainly refer to the Parent Company and include its liabilities with employees and the lease liabilities for the former Immobiliare FIPA S.r.l. in Liquidation warehouses in Viareggio and Massa, still not paid for the current and previous years, given still contractually not payable.

"Accrued expenses and deferred income" was up between 31 December 2019 and 30 June 2020 by €5,453 thousand. Deferred income mainly refers to suspended revenues relating to margins deriving from the sales of boats and commissions payable whose accrual follows the progress of work on the construction of boats.

30. Employee benefits

Post-employment benefits are recognised by the Group's Italian and foreign companies, in line with reference national legislation. They include benefits accrued by employees at the reporting date, net of advances received or sums transferred to the Italian pension funds Previndai, Gomma Plastica, Cometa or other pension funds or the INPS treasury fund.
Post-employment benefits amounted to €821 thousand as at 30 June 2020. In the course of the first half of 2020, discounting adjustments were performed.

31. Provisions for risks and charges

Provisions for risks and charges

(€'000)	Disputes	Warranties	Exchange rate fluctuations	Pre-owned	Total
Provisions for risks and charges as at 31 December 2019	2,534	4,123	45	3,510	10,212
Accruals	-	321	-	413	734
Utilisations	-	-	(44)	-	(44)
Provisions for risks and charges as at 30 June 2020	2,534	4,444	1	3,923	10,902

The provisions for risks and charges include the provision for disputes, the provision for warranties, the provision for foreign exchange fluctuations and the provisions for risks on pre-owned. In turn, they may be analysed as follows:

- Provision for disputes: refers to the amount prudently set up aside by the Parent Company. This item amounted to €2,534 thousand as at 30 June 2020 and as at 31 December 2019. More details on these disputes are provided in the following paragraph.
- Provision for warranties: it was calculated based on the best estimate of the cost of possible repairs to be provided under warranty to boats sold at the end of the period for which it has already recognised the contract revenue. The provision covers the new boats sold by the Parent Company and the subsidiary Bluegame Srl. It amounted to €4,444 thousand as at 30 June 2020, and €4,123 thousand as at 31 December 2019. The warranty term normally amounts to two years for new boats and one year for pre-owned boats.
- Provision for exchange rate fluctuations: as at 30 June 2020 it amounted to €1 thousand.
- Provisions for risks on pre-owned: as at 30 June 2020, it amounted to €3,923 thousand and refers to the commitment for withdrawing pre-owned versus new yachts.

A breakdown of the provision for warranties between its current and non-current portions is as follows:

(€'000)	30 June 2020	31 December 2019	Change
Warranties	4,444	4,123	321
of which current	*3,453*	*3,210*	*243*
of which non-current	*991*	*913*	*78*
Total	**4,444**	**4,123**	**321**

All other provisions are current.

Administrative, in-court and arbitration proceedings

Administrative, in-court and arbitration proceedings in which Sanlorenzo Group is involved

At the approval date of these consolidated financial statements, Sanlorenzo Group is involved in legal proceedings as part of its normal business activities. They could lead to fines or compensation for damage having to be paid.
As far as the Group is aware, these legal proceedings are normal given the Group's operations and size and the risks inherent in its business. Specifically, at the approval date of these consolidated financial statements, neither the holding company Sanlorenzo S.p.A nor the other Group's companies are involved in legal proceedings that could have a significant adverse effect. However, it cannot be excluded that their outcome could negatively affect the Group's financial position, financial performance and cash flows in the future.
Assisted by its legal advisors, the Group has not set up a specific provision for the possible liabilities that could arise from the proceedings in its consolidated financial statements as it deems that a negative outcome is possible or remote.
However, the Group cannot exclude that it may be required to disburse amounts in the future should the outcome of the proceedings not be in its favour.
Excluding that set out below, at the date of approval of these consolidated financial statements, the Group is not involved in legal or arbitration proceedings that could have or have had in the recent past significant repercussions on its financial position or performance.
The main proceedings and inspections involving the Parent Company and some Group's companies are described below.

Arbitration proceedings

At the date of approval of these consolidated financial statements, the Parent Company and the Maltese company Contra Limited ("Contra") are part of an arbitration case in London. Contra, purchaser of a SD110 yacht, complained about the Company's non-fulfilment of the obligations assumed under the sale contract, requesting the latter's termination and sentencing of the Company to repay the price paid and compensation for the alleged damages suffered, for an amount of around €10,000,000. In relation to said dispute, the Company booked a liability of €895 thousand to the consolidated financial statements corresponding to the risk considered likely in respect of said proceedings based on the estimates of its UK legal advisors.

Tax proceedings

Following the conclusion of the audits conducted for the purposes of direct taxes and VAT by the Italian Revenue Agency-Regional Department of Liguria for the tax periods 2013, 2014 and 2016, the Company was notified of the following:

- two assessment notices for IRES, IRAP and VAT issued by the Revenue Agency of Liguria and relating to the 2013 and 2014 tax periods. The first assessment notice contained findings relating to taxes totalling €515 thousand plus penalties of €586 thousand and interest, while the second contained findings for taxes totalling €317 thousand plus penalties of €293 thousand plus interest;
- a report on findings for IRES, IRAP and VAT issued by the Revenue Agency of Liguria and relating to the 2016 tax period. This report on findings contained remarks regarding taxes totalling €2,157 thousand, while penalties were estimated at €2,025 thousand.

With reference to the aforementioned assessment notice relating to the 2013 tax period, an appeal was filed to the Provincial Tax Commission in Genoa, which has yet to be discussed before the Tax Court given that dialogue has commenced simultaneously between the Company and the Revenue Agency of Liguria in order to evaluate the possibility of reaching a settlement.
With reference to the aforementioned assessment notice relating to the 2014 tax period, a tax settlement proposal was presented, taking into account the similarity of the issues addressed in the assessment notices for the 2013 and 2014 tax periods and considering that dialogue has commenced with the Italian Revenue Agency in order to evaluate the possibility of a settlement.

Considering that the Liguria Revenue Agency did not make any proposal and taking into account the imminent deadline for appealing the assessment notice relating to the 2014 tax period, the Parent Company launched the tax dispute procedure on a precautionary basis, sending its appeal against the assessment notice at the beginning of August. This decision does not preclude the possibility of future settlement solutions.
In respect of the risk regarding the above-mentioned tax audits, the Company increased the previous provision for risks in 2019, bringing it to €2,534 thousand.

Administrative proceedings

At the date of approval of these consolidated financial statements, the Company is not involved in significant administrative proceedings.
To the date of these consolidated financial statements, it is a party to other legal proceedings involving immaterial amounts but for which it could be found liable and, hence, required to pay settlements and possible legal costs.

32. Financial instruments – Fair values and risk management

Derivatives

The Group uses derivatives to hedge against the risk of fluctuations in exchange and interest rates. This item includes the fair value of derivatives in place as at each reference date.
Specifically, as at 30 June 2020, the Group had the following derivatives in its portfolio:

- forward agreements relating to sales of US dollars against euros for a notional total of €32,191 thousand signed by the Parent Company and designated as instruments hedging amounts received in US dollars by the subsidiary Sanlorenzo of the Americas LLC;
- interest rate swaps and interest rate caps for a notional total of €45,038 thousand signed by the Parent Company and by Bluegame S.r.l. and designated as instruments hedging interest rates on medium/long-term loans.

Changes in the derivatives are analysed below:

(€'000)	30 June 2020	31 December 2019	Change
Derivative assets			
Currency hedges	168	149	19
Interest rate hedges	3	4	(1)
Total assets	**171**	**153**	**18**
Derivative liabilities			
Currency hedges	(138)	(5)	(133)
Interest rate hedges	(510)	(503)	(7)
Total liabilities	**(648)**	**(508)**	**(140)**

Derivative assets amounted to €171 thousand and €153 thousand as at 30 June 2020 and 31 December 2019, respectively.
Derivative liabilities amounted to €648 thousand and €508 thousand as at 30 June 2020 and 31 December 2019, respectively.
As the derivatives are hedging instruments for the Group, they are categorised as level 2 fair value.

Risk factors

Credit Risk

Given the type of products sold by the Group, no specific credit risk is identified; this assessment is supported by the strict rule, contractually formalised, that requires payments to be executed on or before the delivery of the boat and the related transfer of ownership.
Regarding the residual services related to the sale of spare parts or the provision of assistance services not covered by the warranty, which are, however, negligible to the Group business, the Group improved the prevention and monitoring processes for credit-checks, using external sources and internal systems that allow preventive controls on customers' reliability and solvency.

Liquidity risk

The Group was able to manage the liquidity risk by reinvesting cash flows from operations and by obtaining loan commitments, considered adequate to meet its financial liquidity needs. Specifically, as at 30 June 2020, the Group had bank credit facilities to meet its liquidity requirements of €110,365 thousand[14], an increase of €28,465 thousand compared to 31 December 2019, of which €92,265 thousand available.

Risks related to changes in the reference regulatory framework

The Group is required to comply with laws and technical regulations applicable to its products and their sale in the countries where it operates and sells its products.
With respect to its production activities, regulations about (i) occupational health and safety, (ii) environmental protection, and (iii) boat building technical standards are very important, also because their modification could lead to higher production costs.
The issue of new regulations or changes to existing regulations could require the Group to adopt tougher standards, which could entail costs to align the production methods or product characteristics or, even limit the Group's operations. This could have a negative effect on its business and prospects as well as its financial position, financial performance and cash flows.
With respect to the sale of the holding company and Group's products, any regulatory changes to the taxation or sale of the yachts (e.g. VAT), import duties and taxes on luxury goods, embargos or sailing (e.g. regulations about fuel, the environmental impact and emissions) may affect the Group's business and, hence, its financial position, financial performance and cash flows.

Risks related to disputes and tax audits

The Parent Company and the Group could be involved in legal proceedings giving rise to the risk of paying fines and compensation. In addition, the Parent Company is exposed to the risk that the outcome of pending disputes involving large amounts may not be in its favour and this would have a negative effect on its financial position, financial performance and cash flows.

Exposure to interest rate fluctuation

The Group is exposed to changes in interest rates on its variable rate debt instruments in the Euro area.
The Group adopts precise strategies aimed at reducing the risks connected with changes in interest rates, such as hedging transactions through interest rate swaps or interest rate caps with financial counterparties of prime standing.

Exposure to exchange rate fluctuations

Consistently with the geographical distribution of its turnover, the Group's exposure to foreign exchange risk is limited, as the Euro is the currency primarily used for the sale of yachts.

[14] Not inclusive of credit lines for reverse factoring and confirming.

In order to mitigate the negative effect of exchange rate fluctuations, in the limited cases of sales of yachts in other currencies (mainly USD in the U.S.A. market), specific currency swaps or forward currency sales transactions are set up when the related contract with the customer is entered into.

GROUP STRUCTURE

33. Subsidiaries

These Condensed Consolidated Half-Yearly Financial Statements were prepared on the basis of the accounting positions of the Parent Company and its subsidiaries, adjusted accordingly to ensure they conform to the IFRS.
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.
The consolidation criteria adopted in the preparation of these condensed consolidated half-yearly financial statements are the same as those adopted in the last annual financial statements.
These condensed consolidated half-yearly financial statements include Sanlorenzo S.p.A. (Parent Company) and four direct subsidiaries of Sanlorenzo S.p.A. (Bluegame S.r.l., Marine Yachting Monaco S.A.M., Sanlorenzo Baleari SL and Sanlorenzo of the Americas LLC).
The following table summarises information, as at 30 June 2020, concerning the name and registered office of all subsidiaries, as well as Sanlorenzo Group's direct or indirect holding in their share capital.

Company name	Registered office	Currency	Sharecapital	Holding	
			(currency unit)	Direct	Indirect
Bluegame S.r.l.	Viareggio (LU) – Italy	Euro	100,000	100%	-
Sanlorenzo of the Americas LLC	Fort Lauderdale (FL) – USA	USD	2,000,000	90%	-
Sanlorenzo Baleari SL	Puerto Portals, Mallorca – Spain	Euro	500,000	51%	-
Marine Yachting Monaco S.A.M.	Principality of Monaco	Euro	150,000	60%	-

34. Associated companies

The Parent Company also holds an equity investment in the associated company Polo Nautico Viareggio S.r.l., a limited liability consortium ("Polo Nautico"), which deals with the management, for consortium companies, of a yard of around 7,000 square metres on the sea front complete with mooring quays and the relevant equipment and services in Viareggio.
On 4 July 2019, the Parent Company acquired the entire equity investment held by Immobiliare FIPA S.r.l. in Liquidation of Polo Nautico, for 44.68% of the share capital (€67,400) in addition to the 5.47% investment already held, amounting to €292 thousand.
On 10 May 2019, Polo Nautico approved the demerger project, with its total assets and liabilities transferred to specific beneficiaries. The related demerger deed was signed on 25 November 2019.
On 30 September 2019, Sanlorenzo S.p.A. sold 2% of its equity investment in Polo Nautico to third parties.
On 8 July 2019, the shareholders' meeting of the associated company Polo Nautico approved a contribution to the share capital increase account totalling €600,000, to be converted to share capital following the resolution of the extraordinary shareholders' meeting on the share capital increase, which was subsequently held on 20 January 2020. The share capital of Polo Nautico therefore increased from €67,400 to €667,400, with €300,000 of the share capital increase subscribed by Sanlorenzo.
Following the share capital increase, the equity investment held by Sanlorenzo in Polo Nautico increased from 48.15% to 49.81%.
The shareholding in Polo Nautico is booked in the Company's financial statements with the equity method.

ADDITIONAL INFORMATION

35. Commitments

The most significant contractual commitments already undertaken with third parties of the Group as at 30 June 2020 amounted to €920 thousand compared with €956 thousand as at 31 December 2019.
In particular, they refer to:

- commitment of €3,000 thousand (31 December 2019: €3,000 thousand) to secure a line of credit granted by the German bank AKF Bank GmbH to a brand representative to purchase Sanlorenzo boats;
- sundry sureties of €920 thousand (31 December 2019: €920 thousand) for state concessions, guarantees, etc.

36. Contingent liabilities

Legal proceedings are ongoing for events related to the group's normal business activities. They include a tax dispute and some civil proceedings mostly with customers.
The Company's directors do not believe that any of these proceedings involve a risk of a significant cash outlay or may give rise to significant liabilities in excess of the allocations already made. They will evaluate any negative developments that cannot currently be foreseen or calculated, which may arise as a result of internal analyses or the ongoing judicial investigations and may then make a provision.

37. Related parties

Business and financial relationships with related parties are governed under market conditions, taking into account the characteristics of the goods and services provided.
Transactions with related parties deemed relevant pursuant to the "Procedure Governing Related Party Transactions" adopted by the Group, available on the Company's website (www.sanlorenzoyacht.com) under the "Corporate Governance" section, are described below.
Economic transactions and balances with consolidated companies were eliminated at the consolidation phase and, therefore, are not subject to comments.
In the first half of 2020, transactions with related parties in place regard primarily commercial and financial transactions carried out under market conditions, as listed below:

- Holding Happy Life S.r.l.: commercial transactions with Holding Happy Life S.r.l (HHL), the holding company of Sanlorenzo, regard the contract for the acquisition of a Sanlorenzo yacht signed on 26 June 2019 based on the approval resolution of the Sanlorenzo Board of Directors of 24 June 2019 pursuant to the regulations on conflicts of interests. As at 30 June 2020, the progress on the boat had reached 48%. The boat will be provided to Sanlorenzo for 10 weeks in the year subsequent to the regular delivery of the yacht to HHL to enable the Company to perform sales and marketing activities, particularly for participation in the Cannes, Genoa, Fort Lauderdale and Miami trade fairs.
- Nuova Nautical Transports S.r.l.: commercial transactions with Nuova Nautical Transports S.r.l., whose chief executive officer Gian Paolo Tamburini is the uncle of the Executive Chairperson Massimo Perotti and great uncle of Cecilia Maria Perotti, regard the on-road goods transport activity for Sanlorenzo, pursuant to the framework agreement entered into on 6 April 2020, expiring on 31 December 2022, based on the resolution of the Sanlorenzo Board of Directors of 20 March 2020;
- World Yachts S.r.l.: commercial transactions with World Yachts S.r.l., whose shareholder and chief executive officer Glenda Cecchi is the wife of the top executive Ferruccio Rossi, regard supplies of materials to Sanlorenzo, pursuant to the framework agreement entered into on 6 April 2020, expiring on 31 December 2022, based on the resolution of the Sanlorenzo Board of Directors of 20 March 2020;

- Ferruccio Rossi: financial transactions with the top executive Ferruccio Rossi regard a loan granted by Sanlorenzo on 9 July 2018;
- Antonio Santella: financial transactions with the top executive Antonio Santella regard a loan granted by Sanlorenzo on 20 July 2018.

The tables below provide details on transactions with related parties as at 30 June 2020 impacting the income statement as well as the balance sheet.

(€'000)	Revenues	Raw materials, consumables and finished products	Other service costs	Personnel expenses	Net financial expense
Holding Happy Life S.r.l.	3,085	-	-	-	-
Nuova Nautical Transports S.r.l.	-	-	(143)	-	-
World Yachts S.r.l.	3	(646)	-	-	-
Ferruccio Rossi	-	-	-	(279)	-
Antonio Santella	-	-	-	(446)	-
Directors, statutory auditors and managers with strategic responsibilities	-	-	-	(2,701)	-
Total related parties	3,088	(646)	(143)	(3,426)	-
Total consolidated financial statements	216,528	(85,091)	(20,693)	(18,193)	(1,091)
% Impact	*1.4%*	*0.8%*	*0.7%*	*18.8%*	-

(€'000)	Other current assets	Contract assets	Trade receivables	Contract liabilities	Trade payables	Other current liabilities
Holding Happy Life S.r.l.	-	-	-	(2,548)	(27)	-
Nuova Nautical Transports S.r.l.	-	-	30	-	-	-
World Yachts S.r.l.	-	-	-	-	(643)	-
Ferruccio Rossi	200	-	-	-	-	(213)
Antonio Santella	100	-	-	-	-	(63)
Directors, statutory auditors and managers with strategic responsibilities	-	-	-	-	-	(800)
Total related parties	300	-	30	(2,548)	(670)	(1,076)
Total consolidated financial statements	32,261	110,167	21,794	(69,423)	(103,399)	(20,643)
% Impact	*0.9%*	-	*0.1%*	*3.7%*	*0.6%*	*5.2%*

Remuneration paid by the Group

The remuneration paid by the Group to the members of the Board of Directors, the members of the Board of Statutory Auditors and the Managers with strategic responsibilities during the six months ended 30 June 2020 is detailed below.

(€'000)	30 June 2020
Group remuneration	1,196
of which remuneration relating to the Committees within the Board of Directors	*17*
of which annual attendance fee	-
Total remuneration paid to the Board of Directors	1,196

(€'000)	30 June 2020
Group remuneration	48
Total remuneration paid to the Board of Statutory Auditors	48

(€'000)	30 June 2020
Group remuneration	2,338
of which non-competition agreement	*26*
of which bonus	*210*
of which RAL (gross annual pay)	*1,201*
Total remuneration paid to the Managers with strategic responsibilities	2,338

38. Management and coordination activities

In addition to the control situation pursuant to Article 93 of Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Finance Law, "TUF"), the holding company Holding Happy Life S.r.l does not exercise management and coordination activities over Sanlorenzo pursuant to Articles 2497 et seq. of the Italian Civil Code.

39. Significant events after the close of the period

Ordinary Shareholders' Meeting of 31 August 2020

On 31 August 2020, the Ordinary Shareholders' Meeting was held, which approved the requested authorisation to purchase and dispose of treasury shares.
The purchase of treasury shares was authorised for up to a maximum of 3,450,000 shares, currently equal to 10% of the share capital, for a maximum period of 18 months as of the date of the shareholders' resolution.

Ameglia, 31 August 2020

For the Board of Directors
Executive Chairperson
Mr Massimo Perotti

CERTIFICATION OF THE CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999, AS AMENDED AND SUPPLEMENTED

1. The undersigned, Massimo Perotti, in his capacity as the Executive Chairperson of the Board of Directors and Attilio Bruzzese, in his capacity as the Manager charged with preparing the company's financial reports of Sanlorenzo S.p.A., certify, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:
   - the adequacy in terms of the characteristics of the Company and
   - the actual application of the administrative and accounting procedures for the preparation of the condensed consolidated half-yearly financial statements for the first half of 2020.

2. From the application of the administrative and accounting procedures for the preparation of the condensed consolidated half-yearly financial statements as at 30 June 2020, no significant facts need to be reported.

3. It is hereby also certified that:

3.1 the condensed consolidated half-yearly financial statements:
   a) have been prepared in compliance with the international accounting standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and the Council of 19 July 2002;
   b) reflect the figures of the accounting records;
   c) are suitable to provide a truthful and correct representation of the equity, economic and financial position of the issuer and of all the companies included in the consolidation.

3.2 The interim report on operations includes a reliable analysis of the references to the important events that took place in the first six months of the year and their impact on the condensed consolidated half-yearly financial statements, along with a description of the main risks and uncertainties for the six remaining months of the year. The interim report on operations also includes a reliable analysis of the information on relevant transactions with related parties.

Ameglia, 31 August 2020

Mr Massimo Perotti
Executive Chairperson
of the Board of Directors

Attilio Bruzzese
Manager charged with preparing
the company's financial reports

REPORT FROM THE INDEPENDENT AUDITING FIRM ON THE LIMITED AUDIT OF THE CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS AS AT 30 JUNE 2020

Sanlorenzo S.p.A.

Review report on the condensed interim consolidated financial statements as at June, 30 2020

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Review report on the condensed interim consolidated financial statements

To the Shareholders of
Sanlorenzo S.p.A.

[translation from the Italian original which remains the official version]

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements Sanlorenzo S.p.A. as at June, 30 2020, comprising the statement of financial position, profit and loss account and the statement of comprehensive income, the cash flow statement and statement of changes in equity and related notes, as at and for the six months ended 30 June 2020 . The Directors of Sanlorenzo S.p.A. are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express our conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with review standard recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July, 31, 1997. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusions

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Sanlorenzo Group as of 30 June 2020, has not been prepared, in all material respects, in accordance with the International Financial Accounting Standards applicable to interim financial reporting (IAS 34) endorsed by the European Union.

Other matters

The interim condensed consolidated financial statements for the period ended as of 30 June 2019 has been reviewed by another auditor that on 20 September 2019, expressed its conclusion on the condensed interim consolidated financial statements.

Genoa, September 09, 2020

BDO Italia S.p.A.

Paolo Maloberti
Partner

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