HALF-YEARLY FINANCIAL REPORT

AS AT 30 JUNE 2021

SANLORENZO

CONTENTS

E-MARKET SDIR CERTIFIED

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

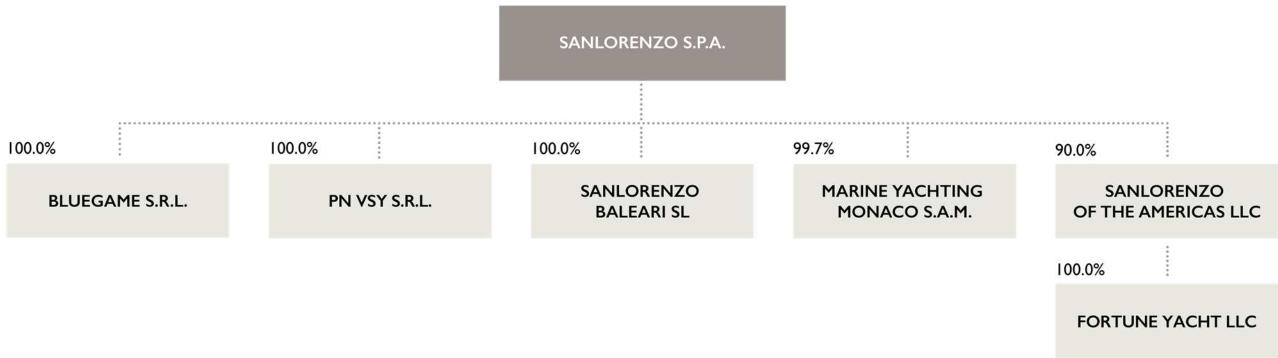
[3] Appointed by the Ordinary Shareholders' Meeting on 24 October 2019; will remain in office until the date of the shareholders' meeting called to approve the separate financial statements as at 31 December 2021.

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

GROUP STRUCTURE

The condensed consolidated half-yearly financial statements of Sanlorenzo Group as at 30 June 2021 include Sanlorenzo S.p.A. (Parent Company), five direct subsidiaries of Sanlorenzo S.p.A. – Bluegame S.r.l., PN VSY S.r.l., Marine Yachting Monaco S.A.M., Sanlorenzo Baleari SL and Sanlorenzo of the Americas LLC – and Fortune Yacht LLC, a company controlled indirectly through Sanlorenzo of the Americas LLC.
For more details reference should be made to the note "Composition of the Group" in this financial report.

Corporate organisational chart of the Group as at 30 June 2021



Composition of the Group as at 30 June 2021

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

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 2021, 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.
The Group also offers dedicated services to its customers, including training at the Sanlorenzo Academy for crew members of Sanlorenzo yachts, as well as maintenance, restyling and refitting of the Sanlorenzo yachts.
Sanlorenzo's long tradition in building yachts starts in 1958 with the construction of luxury wooden flybridge motor yachts, up to the creation of its first composite yacht model in 1985. With the arrival of Massimo Perotti in 2005, Sanlorenzo has started to sell yachts all around the world and, while always keeping faith to its concept of customised yacht in terms of interior and exterior decor, has continued to expand its product lines: from composite yachts to semi-displacement composite yachts and superyachts with aluminium hull, introduced in 2007, and steel hull, introduced in 2010. In recent years, the Group has further expanded its range of yachts and superyachts and, in 2018, entered the composite sport utility yacht segment with the Bluegame brand.
Sanlorenzo is the only company in the sector operating under a single brand name, both in the market for yachts between 24 and 38 metres long, where it has operated since its establishment, and in the market for metal superyachts of more than 40 metres in length.
The Group is organized into three divisions:

- Yacht Division, dedicated to the design, manufacturing and marketing of composite yachts between 24 and 38 metres long, under the Sanlorenzo brand;
- Superyacht Division, dedicated to the design, manufacturing and marketing of superyachts in aluminium and steel between 40 and 70 metres long, under the Sanlorenzo brand;
- Bluegame Division, dedicated to the design, manufacturing and marketing of composite sport utility yachts between 13 and 23 metres long, under the Bluegame brand.

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.

Shipyards

The production activities of Yacht Division are carried out in three sites located in Ameglia (SP), on the banks of the river Magra, in Viareggio (LU) and in Massa. The production activities of Superyacht Division are carried out at the La Spezia shipyard. The four shipyards are located in a 50 kilometres radius, within the nautical district between the Apuan Alps and the Tyrrhenian Sea, between the northern Tuscan coast and the Ligurian eastside coast.
The production activities of the Bluegame Division are carried out under the coordination of Bluegame at the Ameglia (SP) shipyard and at third-party companies.

The products

The divisions produce the following ranges:

- Yacht Division: SL Line, SD Line and SX Line, sold under the Sanlorenzo brand name;
- Superyacht Division: Alloy Line, Steel Line, Explorer Line, sold under the Sanlorenzo brand name;
- Bluegame Division: BG line and BGX line, sold under the Bluegame brand name.

Yacht Division

SL Line

The SL Line is the historic Sanlorenzo range and includes flybridge, planing and on-board motor yacht models with living quarters on two and a half decks for layouts with master cabin on the main deck and on two decks with master cabin on the lower deck.
The SL Line includes the following six models with lengths ranging from 24 to 38 metres: SL78, SL86, SL90 Asymmetric, SL96 Asymmetric, SL106 Asymmetric, and SL120 Asymmetric.

SD Line

The SD Line, introduced in 2007, perfectly complements the historic SL Line. The SD Line, inspired by the transatlantic liners of the 1930s, includes shuttle, semi-displacement type yacht models fitted with a hull that does not rise up above the surface of the water while sailing.
The SD Line includes the following three models, with lengths ranging from 28 to 38 metres: SD96, SD118, and SD126.

SX Line

The SX Line, introduced in 2017, covers a new market segment which expands the offering of composite yachts. The SX Line includes crossover type yacht models, a concept that combines elements of the flybridge segment with typical features of the Explorer Line (described below), and is characterised by semi-planing speeds (around twenty-two knots), in between that of the SL and SD Lines.
The SX Line includes the following three models, with lengths ranging from 24 to 34 metres: SX76, SX88 and SX112.

Superyacht Division

Alloy Line

Represents the historic product line of Superyacht Division, introduced in 2007, with the delivery of the first 40Alloy model. These are yacht models made with hull and superstructure entirely in aluminium, characterised by a modern design with fast displacement hull and cutting-edge technology.
The Alloy Line includes the following two models, with lengths ranging from 40 metres to 44 metres: 40Alloy and 44Alloy.

Steel Line

The Steel Line, introduced by Sanlorenzo in 2010, represents the classic line of Superyacht Division and includes yacht models with displacement hull made of steel - an extremely rigid and robust material - and aluminium superstructure laid out over 5/6 decks.
The Steel Line includes the following seven models with lengths ranging from 46 to 70 metres: 46Steel, 50Steel, 52Steel, 57Steel, 62Steel, 64Steel and 70Steel.

Explorer Line

The Explorer Line, which Sanlorenzo introduced in 2015, includes yacht models with steel displacement hull and aluminium superstructure. It is characterised by features inspired by the big exploration vessels, the large living spaces on-board and high performance in terms of autonomy and seakeeping.
The Explorer Line includes the following two models, respectively 42 metres and 47 metres long: 460EXP and 500EXP.

Bluegame Division

Bluegame Division, introduced in 2018, designs and sells Bluegame-branded composite sport utility yachts, with lengths ranging from 13 to 23 metres. Bluegame yachts can be used both as autonomous boats and as tenders and chase boats, in this case aimed at owners of yachts and superyachts for use as support boats.

BG Line

The BG Line, introduced in 2018, includes boats known as walk-around boats, with the cockpit and steering gear located centrally in a raised position and surrounded by a walkway protected by a high bulwark.
The BG Line includes the following three models with lengths ranging from 42 to 72 feet: BG42, BG62 and BG72.

BGX Line

The BGX Line was introduced in 2019 and combines the typical elements of the BG Line with the crossover concept, already developed by Sanlorenzo in a bigger size with the SX Line.
The BGX Line includes two models: BGX60 (19 metres long) and BGX70 (22 metres long).

STRATEGY AND BUSINESS MODEL

Sanlorenzo is the only player in the luxury yachting sector to compete in different segments with a single brand: its high-end positioning is one of the key distinguishing characteristics of the Company.
The uniqueness of the product, the constant innovation of the yacht design, in keeping with the Sanlorenzo's tradition, the loyalty of customers, the collaborations with world-renowned designers, the communication and liaison with art and culture have given to the Group a strong foothold in the luxury yachting industry, where the Sanlorenzo brand is recognised as the epitome of excellence and exclusivity.
The business model provides for the construction of a small number of boats per year, taking care of every detail and relying on a supply chain of over 1,500 highly qualified artisan enterprises, mostly located in the Northern Tyrrhenian Sea nautical district, where the Group has long-standing relations.
Also, thanks to the operational execution delegated to highly experienced and highly skilled artisan enterprises, the Group can focus on the higher value-added phases, connected with direct interaction with the customer and targeted at creating new innovative and sustainable products, brand promotion and quality control.

"Made to measure"

The Group is characterized by the high level of yacht customisation offered, starting from the first stage of interior and exterior design, which involves the customer from the outset, establishing a close collaboration and acquaintance even personal, with each owner. The high degree of customisation of the interior and exterior fittings and technological equipment, not just of yachts longer than 40 metres, but also those between 24 and 40 metres, is a distinctive trait of Sanlorenzo in the global luxury yachting landscape. This characteristic is based on the Company's philosophy of guaranteeing its customers with a "made to measure" yacht, also in the smaller models.

"Connoisseur" customers

The "made to measure" approach has allowed the Company to attract loyal and sophisticated customers over the years, mainly from the connoisseur category. This approach has led, over time, to a high degree loyalty of end customers towards Sanlorenzo.
The Company's loyal customers belong to the social class of the Ultra High Net Worth Individuals (UHNWI), characterised by rates of yachting penetration among the lowest in the luxury segment.

Productive excellence and flexibility

The Group's yachts are created with attention to every detail, in order to maximise quality and comfort for the customer.
The high quality of the features is also guaranteed by long-standing relationships with highly-skilled local handcraft employed in the production process. The Group has historically relied on a network of more than 1,500 specialised contractors belonging to an ecosystem of artisan enterprises with a long tradition, largely based on the coast of Tyrrhenian Sea between La Spezia and Viareggio, which represent a genuine district of nautical excellence.
Because of this business model, which is unique in the yachting sector, the Group can offer the flexible execution needed to keep the "made to measure, hand-made, well-made" promise for every one of its yachts.

Design and technological innovation of yachts

The strength of the product offer is the result of the Group's ability to create yachts that stand out for their iconic and timeless design, the result of a customer-centred customisation process.
Furthermore, the Group's yacht range is extensive and diversified in terms of the size and materials used, as well as the characteristics of the various lines, in order to meet the needs of highly sophisticated customers. Thanks to constant investments in research and development by the Group, the Sanlorenzo fleet presents a high degree of innovation which, combined with an iconic and timeless design, makes every yacht produced by the Group immediately recognisable at sea.
At the Cannes Yachting Festival, ended on 12 September 2021, the Group presented to the market three new models for the Yacht Division (SL90 Asymmetric, SL120 Asymmetric, SD118) and a BG Line expanded with the BG72 model.
Sanlorenzo has reserved for the American market the launch event of the restyled SL106 Asymmetric model of the Yacht Division, scheduled for 2021 Fort Lauderdale International Boat Show.
In 2022, as part of its plan to strongly expand the product ranges, the Group will launch three new lines with unprecedented functionalities, transversal to different market segments and strongly inspired by sustainability principles, for which a preview was given at an event organized in Porto Cervo in August:

- the SP Line ("Smart Performance") for the Yacht Division, with the new model SP110, which will allow high performance to be achieved by using technologies with a low environmental impact;
- the X-Space Line for the Superyacht Division, with the 42-metre long model characterized by large volumes, which combines autonomy, flexibility and ample space on board;
- the BGM Line for the Bluegame Division, with which the Group enters the multihull segment.

While launching new product lines, in 2022 the Group will expand the existing ranges, starting with the presentation of the new Bluegame BG54, scheduled for the 2022 Düsseldorf Boat Show.

Collaborations with world-renowned designers and architects

Sanlorenzo works closely with world-renowned designers and architects on both creating the external features of the yachts and on designing the layout and furnishing of the exteriors and the interiors.
To create the external features of the yachts, the Group relies on a single design practice, currently the Zuccon International Project practice, to ensure uniformity and maintain its own distinctive features.

For the layout and fitting of the exteriors and interiors, for more than ten years the Group has maintained strong partnerships with world-renowned architects and designers: these participate in the creation of the first model of each line and make their expertise and professionalism available to owners in building their yachts. These collaborations include those with Rodolfo Dordoni, Piero Lissoni, Patricia Urquiola, Antonio Citterio and Patricia Viel, John Pawson and Christian Liaigre.

The yacht design and innovation level characterising the Group's business have been recognised by industry operators, owners and specialized press and, over the years, have brought to the Group many awards and recognitions. In particular, in 2020 the BGX70 model was chosen as "Best Custom Yacht" at the Motor Boat Awards, the coveted prizes organised by the British magazine Motor Boat & Yachting during the Düsseldorf Boat Show, and "Best Comeback 2020" by Robb Report. Always in 2020, at the World Yachts Trophies, Sanlorenzo received the "Best Layout" award for its SL96 Asymmetric models and the "Best Exterior Design" award for the 44Alloy model. In 2021, the SX112 model was awarded as "Outstanding Exterior Design, Motor Yachts 24m to 39.9m" at the Boat International Design & Innovation Awards and "Semi-Displacement or Planing Motor Yachts 30m to 39.9m" at the Boat International World Superyacht Awards. Always in 2021, at the World Yacht Trophies, the SL90 Asymmetric and the BG72 models were awarded in the "Best Innovation" category and the SL120A model for the "Best Layout".

Communication with a new language and liaison with art and culture

The Group has adopted an experiential communication and marketing strategy, focused on manufacturing exclusivity, high quality, design and elegance of the yachts, combined with the exclusivity of the relationship with the customer, the central focus of a totally personalised and engaging experience.

Among the most important recent initiatives developed in a partnership with Piero Lissoni, a particular praise goes to the launch of the Almanac - publications created specifically by various artists on the themes that are the hallmark of Sanlorenzo, which are gifted at the end of each year to owners of Sanlorenzo yachts - and the Log Books of presentation of the Group, the update of the stands at the main global boat shows, and the organisation of the "Elite Days" events, with the participation of customers coming from all over the world.

The initiatives in the art and design world involving Sanlorenzo include:

- the exclusive global agreement, unique in the yachting industry, with Art Basel, which sees Sanlorenzo's participation in contemporary art events organised every year in Basel, Miami and Hong Kong;
- the participation and staging of exhibitions by Sanlorenzo at major events such as the Biennale di Venezia and Milan Design Week;
- the multi-year collaborations with the Peggy Guggenheim Collection in Venice as Institutional Patron;
- the partnership with the LericiPea Golfo dei Poeti prize.

In September 2020, Sanlorenzo was also awarded the Compasso d'Oro ADI, the oldest and the most prestigious design accolade, for the installation "Il mare a Milano", set up in 2017 at the Milan Triennale.

In 2021, Sanlorenzo was also involved in the following initiatives:

- from 13 May to 27 June, presentation of the photographic exhibition "Dedalo" by the photographer Veronica Gaido at the Sale De Maria at the Casa of the Tre Oci in Venice;
- from 22 May to 31 July, at the 2021 Biennale Architettura, presentation of the exhibition "A Point of View" together with the designer and architect John Pawson.

Competitive positioning of the brand

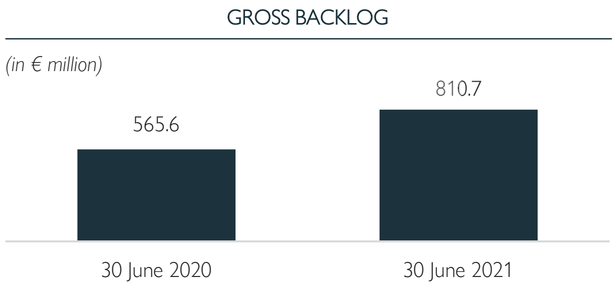
In the annual Global Order Book rankings published by the international yachting magazine Boat International, Sanlorenzo confirmed its position as the world's leading single-brand shipyard in the production of yachts and superyachts over 24 metres in length, and as the second shipyard in the world, with 86 projects carried out in 2020 for a total length of 3,089 metres.

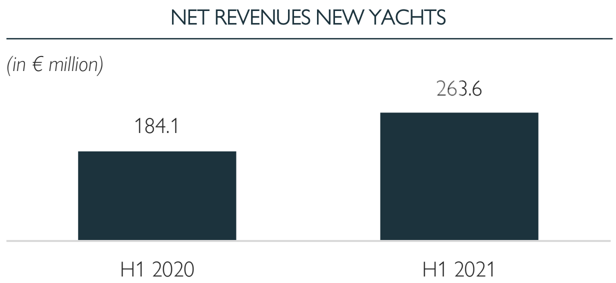
TOP BUILDERS BY LENGHT

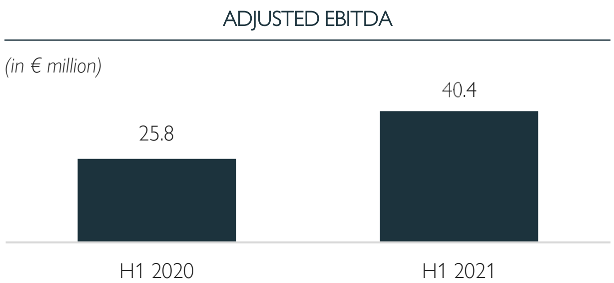
2021 RANK	COMPANY	TOTAL LENGHT (M)	NUMBER OF PROJECTS	AVERAGE LENGTH (M)	NUMBER OF PROJECTS 2020	2020 RANK
1	Azimut-Benetti	3,521	100	35.2	101	1
2	**Sanlorenzo**	**3,089**	**86**	**35.9**	**87**	**2**
3	Feadship	1,162	17	68.4	16	3
4	Ocean Alexander	1,119	35	32.0	31	7
5	Lürssen	1,049	9	116.6	9	5
6	Damen Yachting	1,028	15	68.5	14	6
7	Horizon	721	25	28.8	24	9
8	Overmarine	692	16	43.3	12	10
9	The Italian Sea Group	688	12	57.3	5	New entry
10	Heesen Yachts	626	11	56.9	13	8
11	Oceanco	566	5	113.2	3	15
12	Bilgin Yachts	499	7	71.3	5	13
13	Palumbo	442	11	40.2	8	18
14	Baglietto	422	10	42.2	10	11
15	Turquoise Yachts	334	5	66.8	6	14
16	Cantiere delle Marche	329	9	36.6	9	17
17	Heysea Yachts	315	9	35.0	11	12

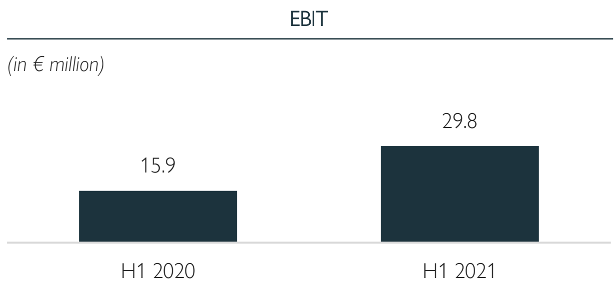
The decision to remove the Ferretti Group, Princess and Sunseeker from this table was taken as we were unable to independently verify their total length of construction, despite being able to make an educated estimate based on launches, published results, financial declarations and investigations in other parts of the industry. For these builders, we have kept our estimates for their total length of production in the totals for their respective countries. We acknowledge a margin of error of +/- 5 per cent for these estimates. The Ferretti Group, Sunseeker and Princess figures in the 2021 Global Order Book are solely prepared by and are the copyrighted property of BOAT International Media.

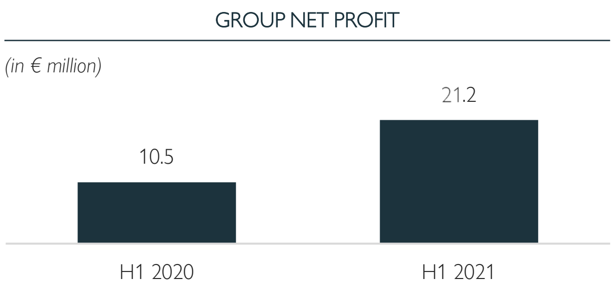
FINANCIAL HIGHLIGHTS[5]

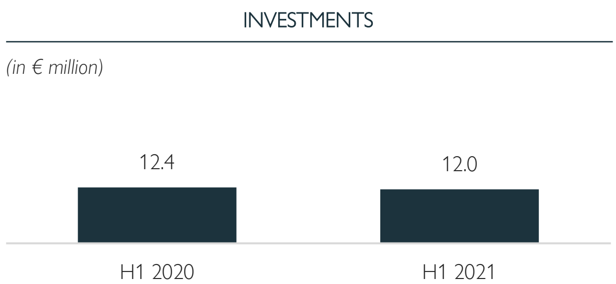


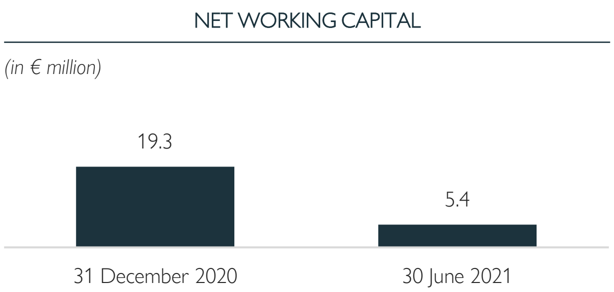


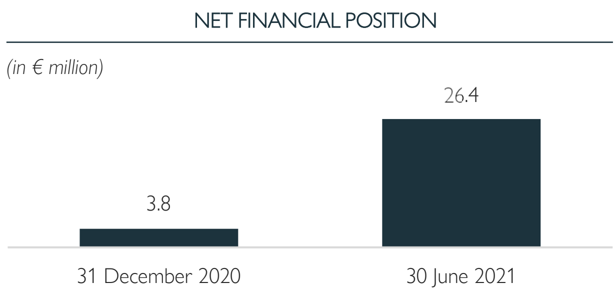












[5] For a description of the methods used to calculate the indicators presented, reference should be made to the paragraphs "Main alternative performance indicators" and "Backlog performance" below.

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 assessing 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 performance, allowing its economic and financial performance to be monitored 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, calculated in compliance with the Guidelines on Alternative Performance Indicators issued by ESMA/2015/1415 and adopted by Consob in its 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: calculated as 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: calculated as the algebraic sum of revenues from contracts with customers relating to new yachts net of commissions. In accordance with IFRS standards, the selling price of new yachts and, therefore, also the calculation of the associated revenues includes the difference between the value attributed contractually to the pre-owned boats traded in and their fair value;
- EBITDA: the Operating result (EBIT) before amortisation/depreciation;
- EBITDA margin: the ratio between EBITDA and Net Revenues New Yachts;
- Adjusted EBITDA: the Operating result (EBIT) before amortisation/depreciation adjusted for non-recurring items;
- Adjusted EBITDA margin: the ratio between Adjusted EBITDA and Net Revenues New Yachts;
- Net fixed capital: calculated as the sum of goodwill, intangible assets with a finite useful life, property, plant and equipment and net deferred tax assets, net of the corresponding non-current provisions;
- Net working capital: calculated as the sum of trade receivables, contract assets, inventories and other current assets, net of trade payables, contract liabilities, current provisions for risks and charges and other current liabilities;
- Net trade working capital: calculated as the sum of trade receivables, contract assets and inventories, net of trade payables and contract liabilities;
- Net invested capital: calculated as the sum of net fixed capital and net working capital;
- Investments: increases in property, plant and equipment and intangible assets with a finite useful life;
- Net financial position: calculated as defined by the new Guidelines issued by ESMA and reported in ESMA document 32-382-1138 of 4 March 2021 (Consob Warning Notice no. 5/21 for Consob Communication DEM/6064293, 28 July 2006), as the sum of liquidity (including cash equivalents and other current financial assets), net of current and non-current financial indebtedness, including the fair value of hedging derivatives. If positive, it indicates a net cash position.

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 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 year in question until the delivery date. The backlog relating to yachts delivered during the year is conventionally cleared on 31 December.

(€'000)	30 June		Change	
	2021	2020	2021 vs. 2020	2021 vs. 2020%
Gross backlog	810,740	565,596	245,144	+43.3%
Of which current year	*497,982*	*388,320*	*109,662*	*+28.2%*
Of which subsequent years	*312,758*	*177,276*	*135,482*	*+76.4%*
Net Revenues New Yachts for the period	263,624	184,145	79,479	+43.2%
Net backlog	547,116	381,451	165,665	+43.4%
Of which current year	*234,358*	*204,175*	*30,183*	*+14.8%*
Of which subsequent years	*312,758*	*177,276*	*135,482*	*+76.4%*

The gross backlog as at 30 June 2021 was equal to €810,740 thousand, against €565,596 thousand as at 30 June 2020. The increase on the first half of 2020 was equal to €245,144 thousand.

(€'000)	Gross backlog			Change (order intake)		
	31 December 2020[6]	31 March 2021	30 June 2021	Q1 2021	Q2 2021	Total H1 2021
Total backlog	408,761	553,411	810,740	144,650	257,329	401,979
Of which current year	*305,072*	*409,899*	*497,982*	*104,827*	*88,083*	***192,910***
Of which subsequent years	*103,689*	*143,512*	*312,758*	*39,823*	*169,246*	***209,069***

The order intake in the first half of 2021 was equal to €401,979 thousand, of which €144,650 thousand in the first quarter and €257,329 thousand in the second quarter. The excellent result, which saw the backlog as at 30 June 2021 almost doubled compared to the figure as at 31 December 2020, is due to very strong market growth, a trend started in the last months of 2020 that has gradually involved all segments of the Group, first of all the Yacht Division.

The backlog increase was fostered by the models introduced in 2020, such as the SX112 and the BGX60, and the new products recently launched at the Cannes Yachting Festival, which were extremely well received even before their presentation to the market. The second quarter also saw a speeding-up in the Superyacht Division, thanks to the closing of some negotiations started in the previous months.

The amount of the gross backlog for the current year, equal to €497,982 thousand, involves high visibility on expected 2021 revenues. The visibility on 2022 revenues is also significant.

[6] Conventionally discharged from the amounts related to yachts delivered during the reference year.

CONSOLIDATED RESULTS

Reclassified income statement

(€'000)	Six months ended 30 June				Change	
	2021	% Net Revenues New Yachts	2020	% Net Revenues New Yachts	2021 vs. 2020	2021 vs. 2020%
Net Revenues New Yachts	263,624	100.0%	184,145	100.0%	79,479	+43.2%
Net revenues from pre-owned boats, maintenance and other services	58,379	22.1%	23,219	12.6%	35,160	+151.4%
Other income	2,160	0.8%	1,989	1.1%	171	+8.6%
Operating costs	(283,765)	(107.6)%	(183,596)	(99.7)%	(100,169)	+54.6%
Adjusted EBITDA	40,398	15.3%	25,757	14.0%	14,641	+56.8%
Non-recurring costs	(444)	(0.1)%	(679)	(0.4)%	235	-34.6%
EBITDA	39,954	15.2%	25,078	13.6%	14,876	+59.3%
Depreciation and amortisation	(10,167)	(3.9)%	(9,140)	(5.0)%	(1,027)	+11.2%
EBIT	29,787	11.3%	15,938	8.7%	13,849	+86.9%
Net financial expense	(616)	(0.2)%	(1,091)	(0.6)%	475	-43.5%
Adjustments to financial assets	1	-	30	-	(29)	-96.7%
Pre-tax profit	29,172	11.1%	14,877	8.1%	14,295	+96.1%
Income taxes	(7,825)	(3.0)%	(4,600)	(2.5)%	(3,225)	+70.1%
Net profit	21,347	8.1%	10,277	5.6%	11,070	+107.7%
Net (profit)/loss attributable to non-controlling interests	(108)	-	271	0.1%	(379)	-139.9%
Group net profit	21,239	8.1%	10,548	5.7%	10,691	+101.4%

Value of production

(€'000)	Six months ended 30 June		Change	
	2021	2020	2021 vs. 2020	2021 vs. 2020%
Revenues	329,188	216,528	112,660	+52.0%
Commissions	(7,185)	(9,164)	1,979	-21.6%
Change in inventories of work in progress, semi-finished and finished products	(1,612)	20,814	(22,426)	-107.7%
Other income	2,160	1,989	171	+8.6%
Capitalised costs for own work	1,003	868	135	+15.6%
Value of production	323,554	231,035	92,519	+40.0%

The value of production in the first half of 2021 was equal to €323,554 thousand, with a 40.0% increase on the same period in 2020, mainly thanks to the growth in revenues, both from new yachts and pre-owned boats. There was a decrease in inventories of work in progress, semi-finished and finished products, equal to €22,426 thousand, between the first half of 2021 and the same period of 2020, due to the reduction in inventories of pre-owned boats and the increase in inventories of new yachts sold to end customers in the first months of the year.

Net Revenues New Yachts

(€'000)	Six months ended 30 June		Change	
	2021	2020	2021 vs. 2020	2021 vs. 2020%
Revenue from contracts with customers (New Yachts)	270,809	192,874	77,935	+40.4%
Commissions (New Yachts)	(7,185)	(8,729)	1,544	-17.7%
Net Revenues New Yachts	263,624	184,145	79,479	+43.2%

Net Revenues New Yachts in the first half of 2021 were equal to €263,624 thousand, a 43.2% increase on the €184,145 thousand recorded in the same period of 2020, led by the Yacht Division. Net Revenues New Yachts increased in all geographic areas, driven by the Americas' excellent performance and the recovery of the European market.

In a context of strong market acceleration, this performance is a result of an increase in sales prices made possible by the high-end positioning of the brand, the effects of which are already partially reflected in the revenues of the first half of the year, and a product mix with an increased incidence of larger yachts in all divisions.

Net Revenues New Yachts by division

(€'000)	Six months ended 30 June				Change	
	2021	% total	2020	% total	2021 vs. 2020	2021 vs. 2020%
Yacht Division	171,944	65.3%	109,994	59.7%	61,950	+56.3%
Superyacht Division	71,004	26.9%	59,113	32.1%	11,891	+20.1%
Bluegame Division	20,676	7.8%	15,038	8.2%	5,638	+37.5%
Net Revenues New Yachts	263,624	100.0%	184,145	100.0%	79,479	+43.2%

The Yacht Division generated Net Revenues New Yachts of €171,944 thousand, accounting for 65.3% of the total, a 56.3% increase on the first half of 2020. The excellent sales performance concerned all product ranges, and in particular the SX line (with the SX88 model extremely successful since its launch in 2017, and the SX112 model introduced in 2020), the SD line (with the two new models SD96 and SD118) and the SL line (with the asymmetrical models).

The Superyacht Division generated Net Revenues New Yachts of €71,004 thousand, accounting for 26.9% of the total, a 20.1% increase on the first half of 2020, driven by the Steel Line.

The Bluegame Division generated Net Revenues New Yachts of €20,676 thousand, accounting for 7.8% of the total, up by 37.5% compared to the first half of 2020, thanks to the results of the new BGX line, with the introduction of the second model BGX60, launched in 2020, and the first sales of the new BG72 model, recently presented at the Cannes Yachting Festival.

Net Revenues New Yachts by geographical area

(€'000)	Six months ended 30 June				Change	
	2021	% total	2020	% total	2021 vs. 2020	2021 vs. 2020%
Europe	138,693	52.6%	112,628	61.2%	26,065	+23.1%
APAC	54,039	20.5%	34,456	18.7%	19,583	+56.8%
Americas	53,299	20.2%	19,851	10.8%	33,448	+168.5%
MEA	17,593	6.7%	17,210	9.3%	383	+2.2%
Net Revenues New Yachts	263,624	100.0%	184,145	100.0%	79,479	+43.2%

The European market has been returning to growth, with Net Revenues New Yachts equal to €138,693 thousand (of which €28,124 thousand generated in Italy), accounting for 52.6% of the total, up by 23.1% on the first half of 2020.

The APAC area recorded Net Revenues New Yachts equal to €54,039 thousand, accounting for 20.5% of the total, up by 56.8% compared to the first half of 2020.

The Americas recorded Net Revenues New Yachts equal to €53,299 thousand, accounting for 20.2% of the total, a 168.5% increase on the first half of 2020.

The increase in revenues in APAC and in the Americas, markets that are strategic for the Group's growth, continued in line with the strong acceleration in sales in these areas started in the second half of 2020.

The MEA area recorded Net Revenues New Yachts equal to €17,593 thousand, accounting for 6.7% of the total, a slight increase compared to the first half of 2020.

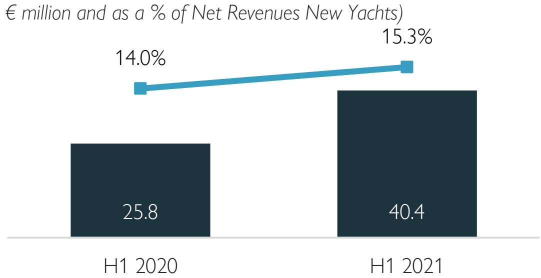
Operating results

(€'000)	Six months ended 30 June				Change	
	2021	% Net Revenues New Yachts	2020	% Net Revenues New Yachts	2021 vs. 2020	2021 vs. 2020%
EBIT	29,787	11.3%	15,938	8.7%	13,849	+86.9%
+ Amortisation/depreciation	10,167	3.9%	9,140	5.0%	1,027	+11.2%
EBITDA	39,954	15.2%	25,078	13.6%	14,876	+59.3%
+ Non-recurring costs	444	0.1%	679	0.4%	(235)	-34.6%
Adjusted EBITDA	40,398	15.3%	25,757	14.0%	14,641	+56.8%

EBIT was equal to €29,787 thousand, up by 86.9% on the first half of 2020, with an incidence of 11.3% on Net Revenues New Yachts.
Amortisation/depreciation, equal to €10,167 thousand, rose by 11.2% on the first half of 2020, as a result of the coming on stream of major investments made to develop new products and to increase production capacity.
EBITDA stood at €39,954 thousand, up by 59.3% on the first half of 2020, with an incidence of 15.2% on Net Revenues New Yachts.
EBITDA adjusted for non-recurring components of €444 thousand, consisting of non-monetary costs for the 2020 Stock Option Plan and expenses incurred for COVID-19, was equal to €40,398 thousand, up by 56.8% on the first half of 2020, with an incidence of 15.3% on Net Revenues New Yachts against 14.0% in the same period of 2020.
The significant and constant increase in operating profits is due to the efficiencies generated by the optimisation of the new production capacity created as a result of the significant investments made in previous years, and the subsequent greater absorption of fixed costs.
Profitability also benefited from the shift in product mix towards larger yachts in all divisions and from the increase in sales prices, which offset the increase in raw material costs, in particular for the production of composite semi-finished products.

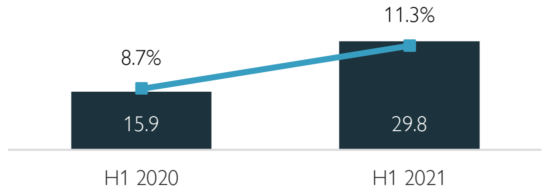
ADJUSTED EBITDA

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



EBIT

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



Net profit

(€'000)	Six months ended 30 June				Change	
	2021	% Net Revenues New Yachts	2020	% Net Revenues New Yachts	2021 vs. 2020	2021 vs. 2020%
EBIT	29,787	11.3%	15,938	8.7%	13,849	+86.9%
Net financial expense	(616)	(0.2)%	(1,091)	(0.6)%	475	-43.5%
Adjustments to financial assets	1	-	30	-	(29)	-96.7%
Pre-tax profit	29,172	11.1%	14,877	8.1%	14,295	+96.1%
Income taxes	(7,825)	(3.0)%	(4,600)	(2.5)%	(3,225)	+70.1%
Net profit	21,347	8.1%	10,277	5.6%	11,070	+107.7%
Net (profit)/loss attributable to non-controlling interests	(108)	-	271	0.1%	(379)	-139.9%
Group net profit	21,239	8.1%	10,548	5.7%	10,691	+101.4%

Net financial expense was equal to €616 thousand, down by 43.5% compared to the first half of 2020, thanks to a lower indebtedness and improved financial conditions applied to the Group, and, to a lesser extent, to foreign exchange rate gains.

The pre-tax profit for the period was equal to €29,172 thousand, up by €14,295 thousand, against €14,877 thousand in the first half of 2020. The percentage incidence on Net Revenues New Yachts was 11.1%, against 8.1% in the first half of 2020.

Income taxes, calculated as management's best estimate, were equal to €7,825 thousand, against €4,600 thousand in the first half of 2020. Income taxes for the period were equal to 26.8% of pre-tax profit.

Group net profit for the period was equal to €21,239 thousand, more than doubled compared to €10,548 thousand in the first half of 2020. The incidence on Net Revenues New Yachts increased from 5.7% in the first half of 2020 to 8.1% in the same period of 2021.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Balance sheet reclassified according to sources and uses

(€'000)	30 June 2021	31 December 2020	30 June 2020	Change 30 June 2021 vs. 31 December 2020	Change 30 June 2021 vs. 30 June 2020
USES					
Net fixed capital	167,466	162,308	153,572	5,158	13,894
Net working capital	5,406	19,254	31,321	(13,848)	(25,915)
Net invested capital	172,872	181,562	184,893	(8,690)	(12,021)
SOURCES					
Equity	199,306	185,391	161,387	13,915	37,919
(Net financial position)	(26,434)	(3,829)	23,506	(22,605)	(49,940)
Total sources	172,872	181,562	184,893	(8,690)	(12,021)

Net fixed capital and investments

Net fixed capital

(€'000)	30 June 2021	31 December 2020	30 June 2020	Change 30 June 2021 vs. 31 December 2020	Change 30 June 2021 vs. 30 June 2020
Goodwill	8,667	8,667	8,667	-	-
Intangible assets with a finite useful life	41,410	36,434	35,596	4,976	5,814
Property, plant and equipment	112,832	112,491	105,692	341	7,140
Equity investments and non-current assets	437	412	409	25	28
Net deferred tax assets	6,221	6,538	5,020	(317)	1,201
Non-current employee benefits	(942)	(845)	(821)	(97)	(121)
Non-current provision for risks and charges	(1,159)	(1,389)	(991)	230	(168)
Net fixed capital	167,466	162,308	153,572	5,158	13,894

Net fixed capital as at 30 June 2021 was equal to €167,466 thousand, an increase of €5,158 thousand compared to the end of 2020 and of €13,894 thousand compared to 30 June 2020, mainly due to the investments for the development of the new models made during the period.

Investments

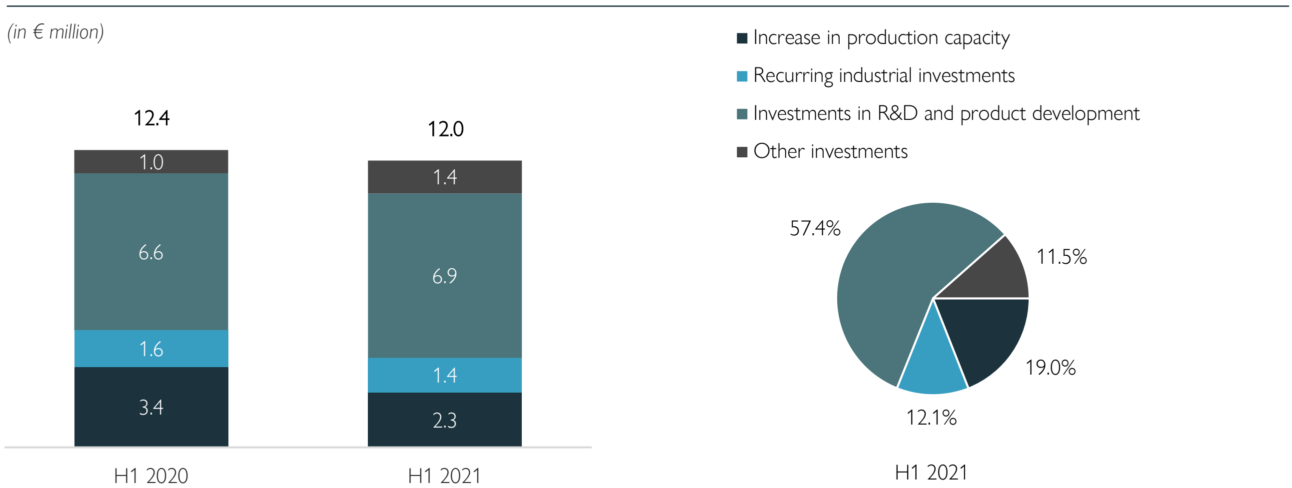
(€'000)	30 June		Change	
	2021	2020	2021 vs. 2020	2021 vs. 2020%
Land and buildings	1,021	445	576	+129.4%
Industrial equipment	2,740	3,761	(1,021)	-27.1%
Plant and equipment	797	806	(9)	-1.1%
Other assets	1,854	889	965	+108.5%
Fixed assets in progress	1,899	3,435	(1,536)	-44.7%
Total increases in property, plant and equipment	8,311	9,336	(1,025)	-11.0%
Concessions, licences, trademarks and similar rights	107	88	19	+21.6%
Other fixed assets	-	-	-	-
Development costs	1,927	1,332	595	+44.7%
Intangible assets in progress	1,653	1,690	(37)	-2.2%
Total increases in intangible assets with a finite useful life	3,687	3,110	577	+18.6%
Investments in the year	11,998	12,446	(448)	-3.6%

The investments made in the first half of 2021 were equal to €11,998 thousand, against €12,446 thousand in the same period of 2020, of which:

- €6,882 thousand invested in product development, including creation of models and moulds;
- €2,283 thousand invested to increase production capacity;
- €1,449 thousand for recurring industrial investments (equipment and plant);
- €1,384 thousand for other investments.

In particular, research and development investments to create new products recorded an increase of 4.8% compared to the first half of 2020, in line with the strategy of expanding the product ranges and introducing innovations and technologies inspired by sustainability principles.

BREAKDOWN OF INVESTMENTS BY NATURE



Net working capital

(€'000)	30 June 2021	31 December 2020	30 June 2020	Change 30 June 2021 vs. 31 December 2020	Change 30 June 2021 vs. 30 June 2020
Inventories	80,504	82,214	81,830	(1,710)	(1,326)
Trade receivables	12,095	17,233	21,794	(5,138)	(9,699)
Contract assets	88,186	112,938	110,167	(24,752)	(21,981)
Trade payables	(126,567)	(137,238)	(103,399)	10,671	(23,168)
Contract liabilities	(44,331)	(46,156)	(69,423)	1,825	25,092
Other current assets	33,990	30,434	32,261	3,556	1,729
Current provisions for risks and charges	(14,608)	(12,679)	(9,911)	(1,929)	(4,697)
Other current liabilities	(23,863)	(27,492)	(31,998)	3,629	8,135
Net working capital	5,406	19,254	31,321	(13,848)	(25,915)

Net working capital as at 30 June 2021 was equal to €5,406 thousand, against €19,254 thousand as at 31 December 2020, down by €13,848 thousand. Net working capital as at 30 June 2021 was down by €25,915 thousand, compared to €31,321 thousand as at 30 June 2020.

(€'000)	30 June 2021	31 December 2020	30 June 2020	Change 30 June 2021 vs. 31 December 2020	Change 30 June 2021 vs. 30 June 2020
Inventories	80,504	82,214	81,830	(1,710)	(1,326)
Trade receivables	12,095	17,233	21,794	(5,138)	(9,699)
Contract assets	88,186	112,938	110,167	(24,752)	(21,981)
Trade payables	(126,567)	(137,238)	(103,399)	10,671	(23,168)
Contract liabilities	(44,331)	(46,156)	(69,423)	1,825	25,092
Net trade working capital	9,887	28,991	40,969	(19,104)	(31,082)

As at 30 June 2021, net trade working capital was equal to €9,887 thousand, against €28,991 thousand as at 31 December 2020 and €40,969 thousand as at 30 June 2020.
The performance of net working capital is consistent with the business seasonality, also in view of the concentration of yacht deliveries in the summer months, and with the growth in business volumes.

(€'000)	30 June 2021	31 December 2020	30 June 2020	Change 30 June 2021 vs. 31 December 2020	Change 30 June 2021 vs. 30 June 2020
Raw materials and consumables	7,190	6,121	6,831	1,069	359
Work in progress and semi-finished products	51,478	45,123	46,152	6,355	5,326
Finished products	21,836	30,970	28,847	(9,134)	(7,011)
Inventories	80,504	82,214	81,830	(1,710)	(1,326)

Inventories as at 30 June 2021 were equal to €80,504 thousand, down by €1,710 thousand compared to 31 December 2020 and €1,326 thousand compared to 30 June 2020.
Work in progress and semi-finished products refer to those orders whose contract with the customer has not yet been finalised at the close of the period. The increase recorded between 31 December 2020 and 30 June 2021, equal to €6,355 thousand, was due to the fact that the Group is bringing forward the production of semi-finished products, in anticipation of a further increase in the backlog.

Inventories of finished products were equal to €21,836 thousand as at 30 June 2021, down by €9,134 thousand compared to 31 December 2020. Inventories of pre-owned boats include yachts already sold at the end of the period to be delivered in subsequent months, for a value of €6,151 thousand.

Net financial position

Pursuant to Consob communication no. DEM/6064293/2006, the following table shows the ESMA net financial position. The format and information provided below were adjusted to reflect the updates in the ESMA document 32-382-1138 of 4 March 2021. These updates had no significant impact on the periods considered.

(€'000)		30 June 2021	31 December 2020	30 June 2020	Change	
					30 June 2021 vs. 31 December 2020	30 June 2021 vs. 30 June 2020
A	Cash	116,956	94,359	80,716	22,597	36,240
B	Cash equivalents	-	-	-	-	-
C	Other current financial assets	-	647	171	(647)	(171)
D	**Liquidity (A + B + C)**	**116,956**	**95,006**	**80,887**	**21,950**	**36,069**
E	Current financial debt	(4,609)	(2,560)	(22,176)	(2,049)	17,567
F	Current portion of non-current financial debt	(21,320)	(25,872)	(28,644)	4,552	7,324
G	**Current financial indebtedness (E + F)**	**(25,929)**	**(28,432)**	**(50,820)**	**2,503**	**24,891**
H	**Net current financial indebtedness (G + D)**	**91,027**	**66,574**	**30,067**	**24,453**	**60,960**
I	Non-current financial debt	(64,593)	(62,745)	(53,573)	(1,848)	(11,020)
J	Debt instruments	-	-	-	-	-
K	Non-current trade and other payables	-	-	-	-	-
L	**Non-current financial indebtedness (I + J + K)**	**(64,593)**	**(62,745)**	**(53,573)**	**(1,848)**	**(11,020)**
M	**Total financial indebtedness (H + L)**	**26,434**	**3,829**	**(23,506)**	**22,605**	**49,940**

The net financial position of the Group at 30 June 2021 shows a net cash position of €26,434 thousand, compared to a net cash position of €3,829 thousand at 31 December 2020 and a net debt position of €(23,506) thousand at 30 June 2020. Against the same period of the previous year, the net financial position shows an improvement of €49,940 thousand, mainly thanks to the strong cash generation from operating activities.

Cash as at 30 June 2021 was equal to €116,956 thousand, up by €22,597 thousand compared to 31 December 2020, and by €36,240 thousand compared to 30 June 2020. As at 30 June 2021, the Group had bank credit lines to meet its liquidity need equal to €146,115 thousand[7], of which €142,730 thousand unused.

Among financial liabilities, liabilities for leases (included pursuant IFRS 16) were equal to €3,254 thousand, of which €955 thousand non-current and €2,299 thousand current.

The breakdown of bank debt shows the increased weight of the non-current component, following the disbursement of a five-year loan for an amount of €20.0 million carried out at the end of June and the early repayment of credit lines with shorter maturity for more than €8.7 million.

The change in net financial position in the first half of the year is consistent with sector seasonality. The concentration of the collection of orders and deliveries in certain periods of the year, against the constant flow of payments to suppliers and contractors, has an impact on liquidity, which is normally higher between April and July.

[7] Not including lines of credit for reverse factoring and confirming.

Reclassified consolidated statement of cash flows

(€'000)	30 June 2021	30 June 2020
EBITDA	39,954	25,078
Taxes paid	(13,389)	-
Changes in inventories	1,710	(19,519)
Change in net contract assets and liabilities	22,927	27,703
Change in trade receivables and advances to suppliers	8,638	(1,771)
Change in trade payables	(10,671)	(48,790)
Change in provisions and other assets and liabilities	(3,012)	16,090
Operating cash flow	46,157	(1,209)
Change in non-current assets (investments)	(11,998)	(12,446)
Business acquisitions and other changes	636	-
Free cash flow	34,795	(13,655)
Interest and financial charges	(684)	(1,091)
Other changes in equity	(11,506)	303
Change in net financial position	22,605	(14,443)
Net financial position at the beginning of the period	3,829	(9,063)
Net financial position at the end of the period	26,434	(23,506)

Equity

(€'000)	30 June 2021	31 December 2020
Share capital	34,500	34,500
Reserves	143,702	116,738
Group profit	21,239	34,508
Group equity	199,441	185,746
Equity attributable to non-controlling interests	(135)	(355)
Equity	199,306	185,391

The Parent Company's share capital as at 30 June 2021 was equal to €34,500 thousand, fully paid-in, divided among 34,500,000 ordinary shares, unchanged compared to 31 December 2020.
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 allocated exclusively and irrevocably to service the 2020 Stock Option Plan. This capital increase has not yet been subscribed, even partially.
On 24 September 2020, the Company launched the share buy-back programme based on the authorisation resolution approved by the Ordinary Shareholders' Meeting of 31 August 2020. As a result of the share purchases since the programme launch, as at 30 June, the Company held 58,666 treasury shares, unchanged with respect to 31 December 2020 and equal to 0.170% of the subscribed and paid-in share capital.

E-MARKET SDIR CERTIFIED

HUMAN RESOURCES

	30 June 2021		31 December 2020		Change	
	Units	% total	Units	% total	2021 vs. 2020	2021 vs. 2020%
Sanlorenzo S.p.A.	524	92.6%	476	92.8%	48	+10.1%
Bluegame S.r.l.	30	5.3%	26	5.1%	4	+15.4%
PN VSY S.r.l.	-	-	-	-	-	-
Sanlorenzo Baleari SL	3	0.5%	1	0.2%	2	+200.0%
Marine Yachting Monaco S.A.M.	-	-	-	-	-	-
Sanlorenzo of the Americas LLC	9	1.6%	10	1.9%	(1)	-10.0%
Fortune Yacht LLC	-	-	-	-	-	-
Group employees	566	100%	513	100%	53	+10.3%

As at 30 June 2021, the Sanlorenzo Group employed a total of 566 employees, of which 92.6% at the Parent Company, up by 10.3% on 31 December 2020.

	30 June 2021		31 December 2020		Change	
	Units	% total	Units	% total	2021 vs. 2020	2021 vs. 2020%
Managers	36	6.4%	32	6.2%	4	+12.5%
White collars	438	77.4%	392	76.5%	46	+11.7%
Blue collars	92	16.2%	89	17.3%	3	+3.4%
Group employees	566	100%	513	100%	53	+10.3%

At category level, white collar workers recorded the larger increase during the period, with 46 staff members added since 31 December 2020.

	30 June 2021		31 December 2020		Change	
	Units	% total	Units	% total	2021 vs. 2020	2021 vs. 2020%
Italy	554	97.9%	502	97.9%	52	+10.4%
Rest of Europe	3	0.5%	1	0.2%	2	+200.0%
United States	9	1.6%	10	1.9%	(1)	-10.0%
Group employees	566	100%	513	100%	53	+10.3%

RESPONSIBLE DEVELOPMENT

For Sanlorenzo, sustainability implies responsible development and the constant search for a balance between the need to be economically efficient and the sense of social and environmental responsibility in the pursuit of company objectives. The Group is increasingly committed to mitigating, eventually eliminating, the negative effects of its operations, while increasing the positive effects, for the benefit of all its stakeholders.
The main areas on which the Group focuses its ESG activities are summarized below. For further details, reference should be made to the Consolidated Non-Financial Statement as at 31 December 2020 available on the Company's website (www.sanlorenzoyacht.com) in the "Responsible Development" section.

Commitment to the product

Sanlorenzo is committed to studying and adopting solutions, both technological and technical, that can reduce the impacts of its products on the environment and on the marine ecosystem. In particular, the following should be noted:

- initiatives aimed at reducing greenhouse gas (GHG) and CO2 emissions, such as "zero emission" solutions at anchor, for some specific models of yachts, which allow anchoring in the harbour with engines and generators off and with electrical utilities powered by batteries, as well as the first superyachts with an integrated system of particulate filter and SCR catalyst;
- completion of the Life Cycle Assessment (LCA) study aimed at quantifying and reducing emissions generated by the fiberglass production process;
- use of sustainable materials such as formaldehyde-free furnishings, teak and recycled fabrics, naturally tanned leathers;
- study of yacht models in which the "design for manufacturing" philosophy is combined with the "design for disassembly" approach, in line with the principles of the circular economy, and preparation of a sustainable design manual.

In addition, in the next three years, Sanlorenzo plans to develop, in collaboration with Siemens, its first superyacht with diesel-electric propulsion and the first boat with on-board hotel systems powered by fuel cells.

Commitment to the production process

With regard to the shipyards and the production process, Sanlorenzo has adopted an Environmental Management System (EMS) certified to ISO 14001:2015 for the Ameglia, Massa and La Spezia shipyards, to be extended to the Viareggio shipyards in 2021. The Company has also adopted an Occupational Health and Safety Management System (OH&SMS), certified to UNI EN ISO 45001:2018, and plans to certify all its shipyards over the next three years to ISO 50001:2018, thus defining an Energy Management System integrated with the current EMS.
With regard to energy consumption, 1,393 photovoltaic panels were installed at the Ameglia shipyard: covering a total area of 2,400 square metres, these have made the shipyard self-sufficient in terms of energy consumption and may in the future be extended also to other shipyards.
The initiatives relating to the production process include:

- the use of the fiberglass infusion technique, which allows a 98% reduction in the styrene emissions generated;
- the insertion in the laminate of PVC "sandwich" panels replacing in part the monolithic lamination resin;
- the use of anti-fouling paints and treatments with a reduced environmental impact.

Commitment to social issues, training and the production chain

In 2018, as part of the training of its employees and of the personnel needed to feed the industrial cluster in which it operates, the Company launched the Sanlorenzo Academy, which trains specialised professionals in great demand in the yachting world, in order to ensure continuity and generational turnover to local companies.

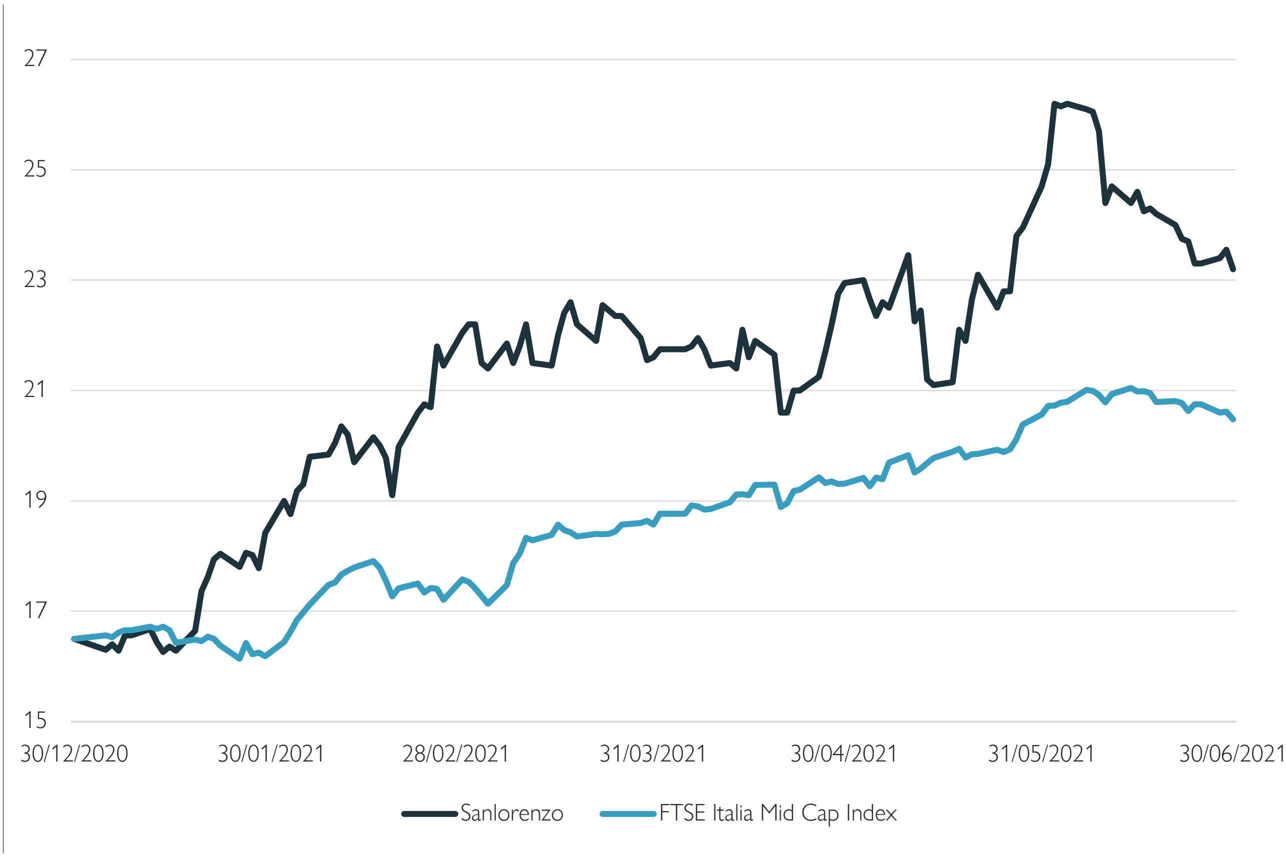
Furthermore, starting in 2020, an agreement was concluded with two leading Italian banks, through which credit lines for more than €70 million were made available to suppliers at an advantageous interest rate.
Lastly, a Vaccine Hub opened in June 2021 at the Ameglia shipyard, allowing the injection of COVID-19 vaccine to both its own employees and to those employed by contractors, as further confirmation of the Group's care for its employees and the production chain.

SANLORENZO IN THE STOCK EXCHANGE

Share performance

On 10 December 2019, the Company's shares started trading on the STAR segment of Mercato Telematico Azionario (MTA) organised and managed by Borsa Italiana S.p.A., at an initial offer price of €16.00 per share. On 30 December 2020, the last trading day in 2020, the closing price was €16.50.
The following table and chart show the share performance in the first half of 2021.

	Euro	Date
IPO price	16.00	10 December 2019
Minimum closing price	16.26	13 January 2021
Maximum closing price	26.20	2 June 2021
Closing price	23.20	30 June 2021
Number of shares	34,500,000	30 June 2021
Capitalization	800,400,000	30 June 2021



On 30 June 2021, the closing price of the share was €23.20 and the market capitalization was €800,400 thousand. In the first half of 2021, the Sanlorenzo share price recorded a 40.6% increase, outperforming the FTSE Italia Mid Cap index by 13.6%.

Shareholding structure

Information on significant equity investments in the company's share capital, according to the communications issued pursuant to Article 120 of Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance) and other information available to the Company, is provided below.

Shareholder	No. ordinary shares	% of share capital
Massimo Perotti (Holding Happy Life S.r.l.)	20,849,768	60.43%
Treasury shares	58,666	0.17%
Market	15,591,566	39.40%
TOTAL	34,500,000	100.00%

Update: 14 July 2021

On 9 June 2021, Holding Happy Life S.r.l., holding company of the Perotti family, completed the sale of 1,000,000 shares, equal to approximately 2.90% of the share capital, through an accelerated bookbuilding procedure. As a result of the transaction, aimed at increasing the free float of Sanlorenzo, the investment of Holding Happy Life S.r.l. is equal to 60.43% of the share capital.
As at 27 June 2021, increased voting rights were granted to a total of 20,837,128 ordinary shares of the Company, of which 20,669,128 are owned by Holding Happy Life S.r.l., with 75.03% of total voting rights.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

The Group's activities are exposed to a series of risks and uncertainties that may affect its financial position, results of operations and cash flows, summarily presented below.
For more details on the risks to which the Group is exposed, reference should be made to the Annual Financial Report as at 31 December 2020, 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 handled by management.

Market and operating risks

The Group is exposed to risks linked to the general or specific macroeconomic scenario of the sector in which it conducts 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 shipyards 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.

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 provides 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 and in force until 30 June 2021.
Following the additions and amendments to the "Regulation on transactions with related parties" adopted by Consob with resolution no. 21624 of 10 December 2020, the Company's Board of Directors on 4 May 2021 approved the new "Procedure governing related party transactions", effective as of 1 July 2021.
Both procedures can be found 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 Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance), 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 carried out, as defined in the Communication itself.

OTHER 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.
On 24 September 2020, the Company launched the share buy-back programme based on the authorisation resolution from the Ordinary Shareholders' Meeting of 31 August 2020. As a result of the share purchases carried out since the start of the programme, as at 30 June 2021, the Company held 58,666 treasury shares, unchanged with respect to 31 December 2020 and equal to 0.170% of the subscribed and paid-in share capital.

SIGNIFICANT EVENTS OCCURRING DURING THE PERIOD

Bluegame Extraordinary Shareholders' Meeting

The Shareholders' Meeting of Bluegame S.r.l. was held on 19 April 2021 which, at the extraordinary session, transferred the company's registered office from Viareggio (LU) to Ameglia (SP). As a result of the increase in the volumes of the BGX line and considering the growth forecasts also connected with development of the BGM range, Bluegame started to carry out some production activities at the Sanlorenzo shipyards in Ameglia, signing for the purpose with the Parent Company a specific contract for services and use of spaces.

Sanlorenzo Ordinary Shareholders' Meeting

On 21 April 2021, the Shareholders' Meeting of Sanlorenzo S.p.A. was held in first call: due to the persistence of the health emergency, participation was permitted exclusively through the designated representative of the shareholders.
The Shareholders' Meeting of the Company approved the financial statements as at 31 December 2020 and the proposal for the allocation of profit, which provided, among other things, for the distribution of a dividend of €0.30 per share, paid from 28 April 2021. The Shareholders' Meeting also approved the first section of the Report on Remuneration relating to the remuneration policy and expressed its favourable opinion on the second section.

Award of tender for the acquisition of a facility in Massa

On 17 May 2021, in the context of an arrangement with creditors, Sanlorenzo was the winner of an auction for the acquisition of an industrial facility located in Massa, near the Company's shipyards, consisting of two warehouses for a total area of approximately 15,000 square metres, an office building and outdoor areas for around 11,000 square metres, at a total price of around €11.6 million. The facility, the purchase of which will be completed in September, will be used for the production of semi-finished composite products.

Medium/long-term loan with Intesa Sanpaolo

On 30 June 2021, Sanlorenzo signed a loan agreement with Intesa Sanpaolo S.p.A. for €20 million from the circular economy plafond that Intesa Sanpaolo has set aside for projects that meet specific criteria of respect for the environment and reduction in consumption.
The loan, with a duration of 5 years, shall support investments by Sanlorenzo to develop and introduce innovations and cutting-edge technologies in the yachting sector, strongly inspired by sustainability principles.

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

Acquisition of the Viareggio Superyachts business unit

On 8 July 2021, PN VSY S.r.l., a wholly-owned subsidiary of Sanlorenzo S.p.A., completed the acquisition of the Viareggio Superyachts S.r.l. business unit in liquidation, including a building located in Viareggio near the Sanlorenzo shipyards, as well as plants and equipment, for a value of approximately €4.8 million, net of transaction costs. The building, with a production area of approximately 3,000 square metres, will be used for the fitting out of metal superyachts, notably of the new X-Space line.

Award of tender for the acquisition of a warehouse facility in La Spezia

On 22 July 2021, Sanlorenzo was the winner of an auction for a property complex of approximately 7,000 square metres located in La Spezia adjacent to the Company's shipyards, to be used as a warehouse due to the increased production needs of the Superyacht Division. The purchase and payment of the price, equal to approximately €1.5 million, will be completed in September.

Auction for the acquisition of Perini Navi assets

On 15 February 2021, Ferretti Group and Sanlorenzo announced their intention to create a NewCo based on a 50:50 joint venture, in order to present an offer to acquire Perini Navi, declared bankrupt by the Court of Lucca on 29 January 2021. The company - Restart S.p.A. - was established on 28 April 2021 to take part in the auction for the sale of certain assets of Perini Navi, called following the confirmation on 30 April 2021 of the bankruptcy of the company by the Court of Appeal of Florence and the subsequent awarding of the shipyard in Turkey.
The first auction, held on 30 July 2021, concerning the two shipyards in Viareggio and La Spezia, the Perini brand, a yacht under construction and other assets, had a total starting price of €62.5 million. Based on the results of the valuations carried out, while reconfirming the interest in Perini Navi, Ferretti Group and Sanlorenzo, through Restart S.p.A., decided not to take part in the auction, for which no bids were submitted. A second auction, with a starting price of €56.25 million, has been scheduled for 30 September 2021.

Exclusive partnership with Siemens-Energy for the development of technological solutions to reduce the environmental impact of the yachts

On 6 September 2021, Sanlorenzo has announced the signing with Siemens Energy of an exclusive agreement for the joint development of solutions for the integration of fuel cell technology in the yachting sector from 24 to 80 metres and two contracts for the development and the purchase of new generation diesel electric and hybrid systems.
The agreement will enable the creation of new technologies aimed at significantly reducing the impact of yacht usage on the marine ecosystem.
The collaboration will be implemented in three areas:

- methanol fuel cell systems for generating electricity on board;
- new generation diesel electric propulsion systems aimed at reducing GHG emissions and fuel consumption, intended for application on yacht models over 50 metres;
- new-generation hybrid propulsion systems designed to reduce GHG emissions and fuel consumption, intended for use on yachts below 50 metres.

BUSINESS OUTLOOK

In a rapidly growing market, whose dynamics are being consolidated over the months, Sanlorenzo continues to benefit from the unique characteristics of its business model: high-end positioning of the brand, yachts always at the forefront of innovation, rigorously made to measure for a restricted club of selected and loyal customers, close liaison with art and design, distribution through a limited number of brand representatives, flexible cost structure.

The product range expansion plan is very robust, envisaging the launch in 2022 of three new lines - SP ("Smart Performance"), X-Space and BGM (Bluegame Multi-hull) - with which Sanlorenzo tap into new market segments, characterized by functions that are brand new and strongly inspired by sustainability criteria. These are the principles that also guide Research and Development, focused today in particular on diesel electric yachts and marine application of fuel cells, activity that will receive a strong acceleration thanks to the strategic agreement with Siemens Energy.

In support of the expected growth, Sanlorenzo has planned investments for a total amount of €17.9 million[8] in the second half of the year, intended for the acquisition of industrial facilities located next to the shipyards of Viareggio, Massa and La Spezia, which will result in a significant increase in production capacity to respond to an acceleration in sales.

The Group continues to increase operating profit margins, fostered by the efficiencies generated by the optimisation of new production capacity and the increase in the prices of new orders due to the market positioning of the Company.

The Group's backlog as at 31 August 2021, before the opening of boat show season, was equal to €1,011.8 million, of which €557.8 million related to 2021. With an order intake equal to €201.1 million since the end of the first half of the year, the order portfolio is strongly increasing in all divisions, fostered, in particular, by the excellent performance of the Superyacht Division.

In light of the results as at 30 June 2021 and taking into account the subsequent evolution of the backlog, while continuing to monitor developments in the general context, the Company confirms the expectations of double-digit growth for the main 2021 indicators, providing the following updated guidance for the current year[9], which was revised upwards compared to the forecast disclosed as at 4 May 2021.

(€ million, unless indicated otherwise)	*Actual*		2021 Guidance	
	2019	*2020*	As at 4 May 2021	As at 13 September 2021
Net Revenues New Yachts	*455.9*	*457.7*	530 – 540	**565 – 575**
Adjusted EBITDA	*66.0*	*70.6*	86 – 88	**92 – 94**
Adjusted EBITDA margin (% of Net Revenues New Yachts)	*14.5%*	*15.4%*	16.2% – 16.3%	**16.2% – 16.3%**
Group net profit	*27.0*	*34.5*	43 – 44	**47 – 48**
Investments	*51.4*	*30.8*	42 – 44	**45 – 47**
Net financial position	*(9.1)*	*3.8*	14 – 16	**20 – 22**

Ameglia, 13 September 2021

On behalf of the Board of Directors
The Chairman and Chief Executive Officer
Mr Massimo Perotti

Massimo Perotti

[8] Excluding transaction costs.

[9] In the absence of a significant impact of additional restrictions linked to the COVID-19 pandemic and excluding the effects of any extraordinary transaction.

CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS AS AT 30 JUNE 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	Notes	30 June 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	112,832	112,491
Goodwill	*15*	8,667	8,667
Intangible assets with a finite useful life	*16*	41,410	36,434
Equity investments and other non-current assets	*18*	437	412
Net deferred tax assets	*12*	6,221	6,538
Total non-current assets		169,567	164,542
Current assets			
Inventories	*19*	80,504	82,214
Contract assets	*20*	88,186	112,938
Other financial assets, including derivatives	*24*	-	647
Trade receivables	*21*	12,095	17,233
Other current assets	*22*	33,990	30,434
Cash and cash equivalents	*23*	116,956	94,359
Total current assets		331,731	337,825
TOTAL ASSETS		501,298	502,367

(€'000)	Notes	30 June 2021	31 December 2020
EQUITY AND LIABILITIES			
EQUITY			
Share capital	25	34,500	34,500
Share premium	25	76,549	76,549
Other reserves	25	67,153	40,189
Profit/(loss) for the period		21,239	34,508
Equity attributable to the owners of the Parent Company		199,441	185,746
Equity attributable to non-controlling interests	25	(135)	(355)
Total equity		199,306	185,391
Non-current liabilities			
Non-current financial liabilities	26	64,593	62,745
Non-current employee benefits	29	942	845
Non-current provisions for risks and charges	30	1,159	1,389
Total non-current liabilities		66,694	64,979
Current liabilities			
Current financial liabilities, including derivatives	26	25,929	28,432
Current provisions for risks and charges	30	14,608	12,679
Trade payables	27	126,567	137,238
Contract liabilities	20	44,331	46,156
Other current liabilities	28	21,785	18,366
Other current tax liabilities	12	620	2,105
Net current tax liabilities	12	1,458	7,021
Total current liabilities		235,298	251,997
TOTAL LIABILITIES		301,992	316,976
TOTAL EQUITY AND LIABILITIES		501,298	502,367

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT

(€'000)	Notes	30 June 2021	30 June 2020
Revenues	*9*	329,188	216,528
Commissions	*9*	(7,185)	(9,164)
Net revenues		322,003	207,364
Other income	*10*	2,160	1,989
TOTAL NET REVENUE AND INCOME		324,163	209,353
Increases in internal work	*10*	1,003	868
Raw materials, consumables and finished products	*10*	(129,424)	(85,091)
Outsourcing	*10*	(99,102)	(76,436)
Change in inventories of work in progress, semi-finished and finished products	*10,19*	(1,612)	20,814
Other service costs	*10*	(21,423)	(20,693)
Personnel expenses	*10*	(23,276)	(18,193)
Other operating costs	*10*	(2,550)	(1,884)
Accruals to provisions for risks and charges	*10,30*	(7,825)	(3,660)
Total operating costs		(284,209)	(184,275)
OPERATING RESULT BEFORE AMORTISATION AND DEPRECIATION		39,954	25,078
Amortisation, depreciation and impairment losses of fixed assets	*10,14,16*	(10,167)	(9,140)
OPERATING RESULT		29,787	15,938
Financial income	*11*	68	1
Financial expense	*11*	(684)	(1,092)
Net financial income/(expense)		(616)	(1,091)
Share of profit/(loss) of equity-accounted investees, net of tax	*18*	-	-
Adjustments to financial assets	*18*	1	30
PRE-TAX PROFIT		29,172	14,877
Income taxes	*12*	(7,825)	(4,600)
PROFIT/(LOSS) FOR THE PERIOD		21,347	10,277
Attributable to:			
Shareholders of the Parent Company		21,239	10,548
Non-controlling interests		108	(271)

(€'000)	30 June 2021	30 June 2020
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be subsequently reclassified to net profit		
Actuarial change in accruals for employee benefits	(38)	39
Income taxes relating to actuarial changes in provisions for employee benefits	10	(11)
Total	(28)	28
Other comprehensive income which will be subsequently reclassified to net profit		
Changes in the cash flow hedge reserve	(927)	33
Income taxes related to changes in the cash flow hedge reserve	259	(9)
Change in the translation reserve	-	-
Total	(668)	24
Other comprehensive income for the period, net of tax effect	(696)	52
COMPREHENSIVE NET PROFIT FOR THE PERIOD	20,651	10,329
Attributable to:		
Shareholders of the Parent Company	20,543	10,600
Non-controlling interests	108	(271)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€'000)	Share capital	Share premium	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 2020	34,500	76,549	40,189	34,508	185,746	(355)	185,391
Allocation of profit for the year	-	-	33,977	-	(531)	531	-
Effect of cash flow hedge reserve	-	-	(927)	-	(927)	-	(927)
Dividends distributed	-	-	(10,068)	-	(10,068)	-	(10,068)
Other changes	-	-	3,982	-	3,982	(419)	3,563
Profit for the period	-	-	-	21,239	21,239	108	21,347
Value as at 30 June 2021	34,500	76,549	67,153	21,239	199,441	(135)	199,306

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CONSOLIDATED STATEMENT OF CASH FLOWS

(€'000)	Notes	30 June 2021	30 June 2020
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the period		21,347	10,277
Adjustments for:			
Depreciation of property, plant and equipment	10, 14	7,386	6,221
Amortisation of intangible assets	10, 16	2,781	2,919
Impairment losses on intangible assets and goodwill	15, 16	-	-
Adjustments to financial assets (other equity investments)	18	(1)	(30)
Net financial expense	11	616	1,091
Gain on sale of property, plant and equipment	10	(3)	(3)
Impairment losses on trade receivables	21	-	-
Income taxes	12	7,825	4,600
Changes in:			
Inventories	19	1,710	(19,519)
Contract assets	20	24,752	(22,278)
Trade receivables	21	5,138	(1,525)
Other current assets	22	(3,556)	13,746
Trade payables	27	(10,671)	(48,790)
Contract liabilities	20	(1,825)	49,981
Other current liabilities	28	2,251	1,388
Accruals for risks and charges and employee benefits	29,30	1,796	714
Cash flow generated/(absorbed) by operating activities		59,546	(1,208)
Income taxes paid	12	(13,389)	-
Net cash flow generated/(absorbed) by operating activities		46,157	(1,208)
CASH FLOW FROM INVESTMENT ACTIVITIES			
Interest received	11	68	1
Proceeds from sale of property, plant and equipment	14	30	23
Proceeds from disposal of intangible assets	16	-	-
Change in other equity investments and other non-current assets	14,16,18	563	-
Acquisition of subsidiaries or business units, net of cash acquired	18	(25)	-
Acquisition of property, plant and equipment	14	(8,311)	(9,336)
Acquisition of intangible assets with a finite useful life	16	(3,687)	(3,110)
Net cash flow generated/(absorbed) by investment activities		(11,362)	(12,422)
CASH FLOW FROM FINANCING ACTIVITIES			
Financial interests and expense paid	11	(684)	(1,092)
Proceeds from the issue of share capital	25	-	-
Proceeds from loans	26	23,501	46,212
Repayment of loans	26	(20,960)	(19,529)
Changes in other financial assets and liabilities including derivatives	24, 26	1,137	6,421
New financial leases	26	568	2,188
Repayment of financial leases	26	(4,253)	(318)
Assumption of new loans	26	-	-
Other changes in equity	25	(1,439)	278
Share buy-back	25	-	-
Dividends paid	25	(10,068)	-
Net cash flow generated/(absorbed) by financing activities		(12,198)	34,160

(€'000)	Notes	30 June 2021	30 June 2020
NET CHANGE IN CASH AND CASH EQUIVALENTS		22,597	20,530
Cash and cash equivalents at the beginning of the period		94,359	60,186
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		116,956	80,716

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 in general, 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 Law on Finance) 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 2020 (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.
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). The accounting principles and criteria adopted for the preparation of these financial statements are consistent with those used for the preparation of the last annual financial statements to which reference should be made for more details.
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.
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 for the period between 1 January and 30 June 2021.
Among the options allowed by IAS 1, the Group elected to present its assets and liabilities as current or non-current and its income statement classifying costs by nature. The statement of cash flows is prepared using the indirect method.
It should be noted that with reference to Consob Resolution no. 15519 of 27 July 2006 and Communication no. DEM/6064293 of 28 July 2006, the financial statements highlight significant relations with related parties in order to provide better information, and the income items deriving from non recurrent events or transactions are recognised, when significant, separately in the management comments and in the financial information sections.

3. Functional and presentation currency

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

4. 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 verified that there are no material uncertainties (as defined in IAS 1.25) in relation to the going-concern assumption.

5. 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 items 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 concerns:

- revenue recognition: whether revenue from contracts is recognised over time or at a point in time;
- equity-accounted investments: whether the Group has significant influence over an investee company;
- 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 concerns:

- recognition of revenue;
- measurement of defined employee benefit obligations: key actuarial assumptions;
- recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- recognition and initial measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

- measurement of the loss allowance for trade receivables and contract assets: key assumptions used to determine the expected credit losses.

6. 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 IFRS 9 - Financial instruments, IAS 39 - Financial instruments: recognition and measurement, IFRS 7 - Financial instruments: Disclosures, IFRS 4 - Insurance contracts and IFRS 16 - Leases

The package of amendments provides for a specific accounting treatment to spread over time the changes in the value of financial instruments or lease contracts due to the replacement of the reference index for calculating interest rates. The amendments entered into force on 1 January 2021.
The Group has not recognized any effects on these financial statements by applying this amendment.

New standards, amendments and interpretations

The new standards, amendments and interpretations issued by the IASB (International Accounting Standards Board), the adoption of which will be mandatory starting from 2022 or from subsequent years, are listed below.

Amendments to IFRS 17 - Insurance contracts

The purpose of the amendment is to make it easier for companies to apply the standard and to correctly represent financial performance. In particular, the amendments should reduce costs by simplifying some requirements of the standard and make it easier to explain financial services. The postponement of the application of the new standard to 2023 will facilitate the transition for companies.
The Group does not expect a significant impact from the adoption of these amendments.

Amendments to IAS 1 - Presentation of Financial Statements

The purpose of the amendment to the international accounting standard is to clarify how to determine whether a debt or another liability with an uncertain date, in the financial and equity situation, falls under short-term or long-term liabilities. In the clarifications introduced by the amendment, it is envisaged that a payable that recognizes the right to defer settlement of the liability for at least 12 months after the end of the reference year cannot be classified as current. It is specified that a liability is to be considered "current" if the entity is expected to extinguish the debt within 12 months of the reference year. Lastly, it is also clarified that if the liability provides for the option of conversion into an equity instrument, the classification between current and non-current is not affected, if applying IAS 32, the option is recognized in equity separately from the liability. The amendments will come into force on 1 January 2022; early application is however permitted.
The Group did not exercise the early application option and does not expect a significant impact from the adoption of these amendments.

Amendment to IFRS 3 - Business combinations

The IASB issued amendments to IFRS 3 to update it with respect to the amendments relating to the "Conceptual for Financial Reporting" without changing the accounting requirements for business combinations. The amendments will enter into force on 1 January 2022.
The Group does not expect a significant impact from the adoption of this amendment.

Amendment to IAS 16 - Property, plant and equipment

The amendment prohibits the deduction from the cost of fixed assets of the amount of the sale of goods produced before the asset is ready for use. Revenues and related costs will be recognized in the income statement. The amendment will enter into force on 1 January 2022.
The Group does not expect a significant impact from the adoption of this amendment.

Amendment to IAS 37 - Provisions, contingent liabilities and contingent assets

The amendments are intended to specify which costs the company must include for the performance of a contract when assessing whether a contract is onerous. The amendment will enter into force on 1 January 2022.
The Group does not expect a significant impact from the adoption of this amendment.

Amendments deriving from Annual improvements to IFRSs 2018 - 2020

The improvements change four standards:

- IFRS 1 - Presentation of Financial Statements, allowing the subsidiaries that adopt the international accounting standards after the parent company to cumulatively measure the translation differences using the amounts reported by the parent company, based on the date of transition of the parent company to IFRS;
- IFRS 9 - Financial Instruments, clarifying which commissions an entity must include when applying the "10 percent" test for the settlement of a financial liability;
- IAS 41 – Agriculture, by removing the requirement of paragraph 22 of IAS 41 that allows to remove the cash flows due to taxation in the measurement of a biological asset. This makes IAS 41 consistent with IFRS 13 - Fair Value Measurement;
- IFRS 16 – Leases, by removing illustrative example 13 in order not to create confusion regarding the treatment of lease incentives.

The amendments will enter into force on 1 January 2022.
The Group does not expect a significant impact from the changes brought about by the improvements described.

IFRS 4 Amendments - Insurance Contracts

The expiry date of the exemption from the application of IFRS 9 to financial years beginning on 1 January 2021 is deferred until 2023. In order to align the date of entry into force of IFRS 9 - Financial instruments with that of IFRS 17 - Insurance contracts.
The Group does not expect a significant impact from the adoption of these amendments.

Amendment to IAS 1 - Presentation of Financial Statements

The amendment requires companies to disclose the relevant accounting standards rather than their significant accounting policies and provide indications on how to apply the concept of materiality to the disclosure of accounting standards. The amendment will come into force on 1 January 2023.
The Group does not expect a significant impact from the adoption of this amendment.

Amendments to IAS 8 - Accounting policies, changes in accounting estimates and errors

The amendments clarify how companies should distinguish between changes in accounting policies and changes in accounting estimates. The distinction is important in that:

- changes in accounting estimates are applied prospectively, only to future transitions and other future events;
- changes in accounting policies are generally applied not only prospectively, but also retroactively, to past transactions and other past events.

The amendments will be effective for years starting on 1 January 2023.
The Group does not expect a significant impact from the adoption of these amendments.

Amendments to IAS 12 - Accounting for deferred taxes on transactions such as leases and decommissioning obligations.

The accounting standard specifies that companies, in specific circumstances, may be exempted from recognizing deferred taxes when they recognize assets or liabilities for the first time. The amendment clarifies that the exemption does not apply to lease transactions and decommissioning obligations in order to reduce the diversity in the reporting of deferred taxes on lease contracts and decommissioning obligations.
The amendments are effective for financial years beginning on or after 1 January 2023.
The Group does not expect a significant impact from the adoption of this amendment.

7. Operating segments

The Sanlorenzo Group comprises the following operating divisions:

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

The operating divisions 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 separate financial information is available.

In detail, 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, sold under the Sanlorenzo brand;
- the Superyacht segment refers to superyachts in aluminium and steel, of a length of more than 38 metres, sold under the Sanlorenzo brand;
- the Bluegame brand relates to sports utility yachts, of a length of less than 24 metres, sold under the Bluegame brand.

As allowed by IFRS 8.12, the Yacht, Superyacht, and Bluegame product ranges are aggregated into a single business segment as they have similar economic characteristics in terms of:

- nature of the products, with differences that substantially depend on the size;
- nature of production processes;
- type or class of customers;
- distribution methods and channels;
- reference regulatory context;
- basic contractual characteristics;
- profit margins, with temporary differences linked to the timing of introduction of new products and/or specific marketing initiatives.

8. Seasonality

The Group's results are influenced by some seasonal phenomena typical of the yachting 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 representative brand. Contracts for the sale of bespoke yachts to end customers are signed mainly in spring and autumn, periods in which the major boat shows in which the Group companies participate are also concentrated.

Deliveries of yachts are concentrated in the April-July period, especially in European countries, while deliveries of yachts 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

9. Revenue and commissions

(€'000)	30 June 2021	30 June 2020	Change
Revenues from contracts with customers	329,188	216,528	112,660
Commissions	(7,185)	(9,164)	1,979
Net revenues	322,003	207,364	114,639

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 finalise the sales contracts.
Revenue gross of commissions paid to intermediaries was equal, respectively, to €329,188 thousand as at 30 June 2021 and €216,528 thousand as at 30 June 2020. As at 30 June 2021, gross revenues were up compared to the same period of the previous year by €112,660 thousand.
A breakdown of revenue from contracts with customers by type is as follows:

(€'000)	30 June 2021	30 June 2020	Change
Revenues from new yachts	271,199	192,872	78,327
Revenues from pre-owned yachts	55,297	22,213	33,084
Revenue from maintenance and other services	2,692	1,443	1,249
Revenues from contracts with customers	329,188	216,528	112,660

Revenue from new yacht sales include guarantee advances from customers who cancelled their purchases and forfeited their advances to the Group, in accordance with the relevant contracts signed with the customers. They are recognised in the income statement and amount to €107 thousand and €0 thousand, respectively, at 30 June 2021 and 30 June 2020.
Revenue from pre-owned boat sales was equal to €55,297 thousand and €22,213 thousand as at 30 June 2021 and 30 June 2020, respectively.
Revenues from maintenance services and the sale of spare parts for all types of boats were equal to €2,692 thousand as at 30 June 2021 and €1,443 thousand as at 30 June 2020. Revenues from maintenance and sales of spare parts are managed in separate orders received from customers and represent commitments different from those for the sale of yachts.
A breakdown of revenue from contracts with customers by product range is provided below:

(€'000)	30 June 2021	30 June 2020	Change
Yacht Division	226,179	135,649	90,530
Superyacht Division	82,244	65,781	16,463
Bluegame Division	20,765	15,098	5,667
Revenue from contracts with customers	329,188	216,528	112,660

The next table provides a breakdown of the revenue from contracts with customers by geographical area according to nationality of the owner customer.

(€'000)	30 June 2021	30 June 2020	Change
Italy	36,111	26,388	9,723
Europe - Other countries	138,700	109,475	29,225
USA	51,763	15,862	35,901
Americas - Other countries	23,404	7,930	15,474
APAC	56,603	39,119	17,484
Middle East and Africa	22,607	17,754	4,853
Revenue from contracts with customers	329,188	216,528	112,660

Revenue is measured based on the consideration specified in the contract with the customer. In particular, the sale of new boats complies with the requirements for the fulfilment of the performance obligation over the period of time of construction of the boat ("over time"); therefore, the related revenues are recognized based on the progress of the orders and the progress made is measured according to the cost-to-cost method.
Revenues from the sale of pre-owned boats, based on the contractual characteristics generally established, are recognized at a certain point in time ("at a point in time").
Revenues from maintenance, sales of spare parts and provision of services are managed through spot customer orders and are recognised at a point in time basis.
For more details on the recognition of revenues, reference should be made to the most recent annual financial statements.

Commissions

Commissions were equal to €7,185 thousand and €9,164 thousand as at 30 June 2021 and 30 June 2020, respectively. These amounts represent the costs incurred by the Group for the intermediation activity carried out by dealers and brokers.
As at 30 June 2021, commissions showed a decrease of €1,979 thousand compared to the previous year.

10. Income and expenses

Other income

(€'000)	30 June 2021	30 June 2020	Change
Gains on disposals of assets	8	11	(3)
Other revenue	2,152	1,978	174
Other income	2,160	1,989	171

Other revenues and income were equal to €2,160 thousand and €1,989 thousand as at 30 June 2021 and 30 June 2020, respectively. As at 30 June 2021, other revenues and income were up by €171 thousand compared to the previous year.
Other revenue mostly refers to the Parent Company and includes:

- income for services provided to suppliers;
- non-repayable grants on subsidised loans granted by Simest.

Operating costs

(€'000)	30 June 2021	30 June 2020	Change
Increases in internal work	(1,003)	(868)	(135)
Costs for raw materials, consumables and finished products	129,424	85,091	44,333
Outsourcing	99,102	76,436	22,666
Other service costs	21,423	20,693	730
Change inventories of work in progress, semi-finished and finished products	1,612	(20,814)	22,426
Personnel expenses	23,276	18,193	5,083
Other operating costs	2,550	1,884	666
Accruals to provisions and impairment losses	7,825	3,660	4,165
Operating costs	284,209	184,275	99,934

Operating costs were equal to €284,209 thousand and €184,275 thousand in the first half of 2021 and 2020, respectively.

The work performed by the Group and capitalised refers to the costs of the personnel involved in the development of new yachts, which are capitalised under the item development expenditure in relation to intangible assets with a finite useful life.

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 change between the first half of 2021 and the same period of the previous year was equal to €44,333 thousand and is mainly due to higher purchase volumes of raw materials and consumables as a consequence of the rise in production volumes and the purchase and withdrawal of pre-owned boats.

Outsourcing costs 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 €22,666 thousand between the first half of 2021 and the same period of 2020, in line with the increase in production volumes.

Other service costs mostly comprise costs for consulting services, transport costs, the board of directors' and statutory auditors' fees, travel expenses and cleaning and maintenance costs, mostly incurred by Sanlorenzo and Bluegame. The change in other costs for services was equal to €730 thousand between the first half of 2021 and the same period of 2020.

The change in inventories of work in progress, semi-finished and finished products was equal to €1,612 thousand and €(20,814) thousand respectively as at 30 June 2021 and 2020. Work in progress products refers to 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. The difference between the first half of 2021 and the same period of 2020 is due to the reduction in inventories of pre-owned boats and the increase in new yachts sold to end customers in the first months of the year.

Labour costs increased by €5,083 thousand between the first half of 2021 and the same period of the previous year. This change reflected the growth in personnel due to the expansion of the Group as shown in the following table:

	30 June 2021	30 June 2020	Change
Managers	36	32	4
White collars	438	383	55
Blue collars	92	93	(1)
Total employees	566	508	58

The average by qualification is shown below:

	30 June 2021	30 June 2020	Change
Managers	35	31	4
White collars	419	383	36
Blue collars	93	91	2
Total employees	547	505	42

A breakdown of personnel expenses is as follows:

(€'000)	30 June 2021	30 June 2020	Change
Wages and salaries	17,114	13,459	3,655
Social security contributions	5,188	4,062	1,126
Post-employment benefits	974	672	302
Total labour costs	23,276	18,193	5,083

The other operating costs mostly consist of advertising for €1,101 thousand and €714 thousand as at 30 June 2021 and 2020, respectively, and other sundry costs of €1,449 thousand and €1,170 thousand as at 30 June 2021 and 2020, respectively. Between 30 June 2021 and 30 June 2020, other operating costs increased by €666 thousand.
As at 30 June 2021, accruals to provisions for risks and impairment losses included €4,514 thousand for contract completion activities, €2,900 thousand against the risk of a likely settlement on the sale of a boat, and €411 thousand for accruals against risks.

Amortisation, depreciation and impairment losses of fixed assets

(€'000)	30 June 2021	30 June 2020	Change
Amortisation of intangible assets	2,781	2,919	(138)
Depreciation of property, plants and equipment	7,386	6,221	1,165
Amortisation, depreciation and impairment losses	10,167	9,140	1,027

Amortisation, depreciation and impairment losses were equal to €10,167 thousand and €9,140 thousand respectively as at 30 June 2021 and 2020. The change in the item between 30 June 2021 and 30 June 2020 was equal to €1,027 thousand and was due to investments coming on stream.
As at 30 June 2021, amortisation of intangible assets was equal to €2,781 thousand and mainly consisted of amortisation of trademarks and patents for €139 thousand, amortisation of development expenses for €1,972 thousand, amortisation of state concession of the La Spezia shipyard for €181 thousand, amortisation of the rights to use the Viareggio warehouses for €221 thousand, respectively, and amortisation of software applications for €142 thousand.
Also, as at 30 June 2021, depreciation stood at €7,386 thousand and mainly consisted of depreciation of industrial and commercial equipment (€3,582 thousand), land and buildings (€2,017 thousand), other assets (€1,083 thousand) and plant and equipment (€704 thousand).

11. Net financial expense

(€'000)	30 June 2021	30 June 2020	Change
Financial income	68	1	67
Financial expense	(684)	(1,092)	408
Net financial expense	(616)	(1,091)	475

Net financial expense was equal to €616 thousand and €1,091 thousand as at 30 June 2021 and 2020, respectively. The reduction compared to the same period of 2020, equal to €475 thousand (43.5%), was due to the improved financial conditions applied to the Company by financial institutions and to lower indebtedness compared to 30 June 2020.
A breakdown of each component of this item is provided below:

(€'000)	30 June 2021	30 June 2020	Change
Interest income – banks	68	1	67
Financial income	68	1	67

(€'000)	30 June 2021	30 June 2020	Change
Interest expense - banks	(512)	(637)	125
Interest expense - third parties	(6)	(97)	91
Interest expense on lease liabilities	(83)	(73)	(10)
Other financial expense	(131)	(283)	152
Foreign exchange rate gains/(losses)	48	(2)	50
Financial expense	(684)	(1,092)	408

12. Income taxes

As at 30 June 2021, income taxes were equal to €(7,825) thousand, up by €(3,225) thousand over the previous year. This item consists of current taxes for €(7,787) thousand, taxes relative to prior years for €(65) thousand including the accruals set aside to take into account the potential liabilities resulting from tax audits, and positive changes in deferred tax assets and liabilities for €27 thousand.
As at 30 June 2021, current taxes were up by €(1,163) thousand (+17,6%) due to the increase in pre-tax profits (€14,295 thousand). It should also be noted, as reported in the last annual financial statements, that Sanlorenzo opted, with reference to some assets, to realign the tax value to the higher book value pursuant to Article 110, paragraph 8 of Law Decree no. 104/2020 (converted by Law 126/2020); considering that the effects of this option start from the 2021 tax year, the estimated taxes in these half-year financial statements take this effect into account.

Current tax assets and liabilities

(€'000)	30 June 2021	31 December 2020	Change
Current tax assets	6,301	8,942	(2,641)
Current tax liabilities	(7,759)	(15,963)	8,204
Net assets/(liabilities) for current taxes	(1,458)	(7,021)	5,563

Net current tax assets and liabilities were equal to €(1,458) thousand and €(7,021) thousand as at 30 June 2021 and 31 December 2020, respectively. They consist primarily of IRES and IRAP and the relative tax advances.

Net deferred tax assets

(€'000)	30 June 2021	31 December 2020	Change
Net deferred tax assets	6,221	6,538	(317)

The balance highlights the difference between the deferred tax assets and liabilities emerging over the years.
Net deferred tax assets were equal to €6,221 thousand as at 30 June 2021 and €6,538 thousand as at 31 December 2020. The main temporary differences that have produced deferred tax assets regard the accruals to provisions for risks and charges and impairment losses on pre-owned boats.
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 refer to temporary differences for the current year and previous years, which will be reversed in subsequent years in line with the relevant tax provisions.
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).
It should also be noted, as reported in last annual financial statements, that Sanlorenzo opted, with reference to some assets, to realign the tax value to the higher book value pursuant to Article 110, paragraph 8 of Law Decree no. 104/2020 (converted by Law 126/2020). As a result of this option, all deferred taxes relating to the aforementioned assets were reversed in the year ended 31 December 2020.

13. Earnings per share

The following table shows how the earnings per share were calculated as at 30 June 2021 and 2020: the calculation is based on the ratio of the profits for the period attributable to the shareholders of the Parent Company to the average number of ordinary shares in each year, net of treasury shares held by the Company.
The diluted earnings per share as at 30 June 2020 are substantially in line with the basic earnings per share, since the dilutive effects arising from the 2020 Stock Option Plan, and in particular from the corresponding portion of the options that will be exercisable from 10 December 2021 following the achievement of the performance targets for the year 2020, are not significant.

(in €)	30 June 2021	30 June 2020
Profit for the period attributable to the shareholders of the Parent Company	21,239,291	10,548,429
Average number of shares for basic earnings per share	34,441,334	34,500,000
Basic earnings per share	0.62	0.31

(in €)	30 June 2021	30 June 2020
Profit for the period attributable to the shareholders of the Parent Company	21,239,291	10,548,429
Average number of shares for diluted earnings per share	34,541,533	34,500,000
Diluted earnings per share	0.61	0.31

ASSETS

14. Property, plant and equipment

Property, plant and equipment amounted to €112,832 thousand and €112,491 thousand as at 30 June 2021 and 31 December 2020, respectively.
A breakdown of the item and the 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	91,205	70,028	15,392	15,580	2,513	194,718
Accrued depreciation	(28,240)	(39,491)	(5,571)	(8,925)	-	(82,227)
Carrying amount as at 31 December 2020	**62,965**	**30,537**	**9,821**	**6,655**	**2,513**	**112,491**
Changes:						
Additions	1,021	2,740	797	1,854	1,899	8,311
Disposals	(10)	(27)	-	(604)	-	(641)
Reclassifications	1	375	-	(465)	(489)	(578)
Depreciation	(2,017)	(3,582)	(704)	(1,083)	-	(7,386)
Utilisation of accrued depreciation	4	27	-	604	-	635
Reclassifications	-	-	-	-	-	-
Historical cost	92,217	73,116	16,189	16,365	3,923	201,810
Accrued depreciation	(30,253)	(43,046)	(6,275)	(9,404)	-	(88,978)
Carrying amount as at 30 June 2021	**61,964**	**30,070**	**9,914**	**6,961**	**3,923**	**112,832**

As at 30 June 2021, property, plant and equipment included the following:

- Land and buildings for €61,964 thousand, mostly comprising the Parent Company's buildings at the shipyards in Ameglia (SP), Massa (MS), Viareggio (LU) and La Spezia.
- Industrial equipment for €30,070 thousand, mainly consisting of technical tools, mostly owned by the Parent Company, for scaffolding and for the handling and extraction of fibreglass moulding;
- Plant and equipment for €9,914 thousand, entirely owned by the Parent Company and mostly comprising fire, extraction, hydraulic and electrical systems;
- Other assets for €6,961 thousand, of which €5,801 thousand referring to the Parent Company and the remainder to the other Group companies. Oher assets chiefly include office furniture and fittings, trade fair equipment and electronic equipment;
- Fixed assets in progress for €3,923 thousand, mainly referring to the Parent Company and to a small extent to Bluegame and mainly include the costs incurred for the purchase of new production facilities in Massa, Viareggio and Pisa.

As at 30 June 2021, increases in property, plant and equipment were equal to €8,311 thousand, mainly for assets under development for €1,899 thousand, industrial equipment for 2,740 thousand, buildings for €1,021 thousand, other assets for €1,854 thousand and plants for €797 thousand.
As at 30 June 2021, decreases were equal to €641 thousand, net of accrued amortisation equal to €635 thousand, mainly referring to other assets and industrial equipment of the Parent Company. Among the decreases the higher amount refers to the contracts for the rental of cars that ended in the reference period.
Depreciation as at 30 June 2021 was equal to €7,386 thousand, €1,165 thousand higher than as at 30 June 2020 as a result of the investments made during the period and in previous years.

15. 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 2021	31 December 2020	Change
Goodwill	8,667	8,667	-

As at 30 June 2021 and 31 December 2020, goodwill was recognised for €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 IFRSs.

16. Intangible assets with a finite useful life

Intangible assets with a finite useful life were equal to €41,410 thousand as at 30 June 2021 and €36,434 thousand as at 31 December 2020.
A breakdown of the item and the 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	42,642	2,659	36,514	2,136	83,951
Accrued amortisation and impairment losses	(27,298)	(2,651)	(17,568)	-	(47,517)
Carrying amount as at 31 December 2020	**15,344**	**8**	**18,946**	**2,136**	**36,434**
Changes:					
Additions	107	-	1,927	1,653	3,687
Disposals	(6)	-	-	-	(6)
Reclassifications	(17,055)	-	275	(275)	(17,055)
Amortisation	(808)	(1)	(1,972)	-	(2,781)
Utilisation of accrued amortisation	6	-	-	-	6
Reclassifications	21,125	-	-	-	21,125
Historical cost	25,688	2,659	38,716	3,514	70,577
Accrued amortisation and impairment losses	(6,975)	(2,652)	(19,540)	-	(29,167)
Carrying amount as at 30 June 2021	**18,713**	**7**	**19,176**	**3,514**	**41,410**

With reference to development costs, it should be noted that no impairment indicators were identified to suggest that capitalised development costs were subject to impairment.

As at 30 June 2021, intangible assets with a finite useful life included the following:

- Concessions, licences, trademarks and similar rights of €18,713 thousand, mostly related to the Parent Company. More specifically, the item mainly consists of the state concession acquired with the former Cantieri San Marco business unit in 2018 for €3,431 thousand; the trademark of the Parent Company for €4,033 thousand; two mooring rights acquired by the Parent Company until 2067 in La Spezia in "Porto Mirabello" equal to a net €1,739 thousand; the right of use for the properties in Viareggio for €8,298 thousand acquired with the demerger of Polo Nautico Viareggio S.r.l. during the previous year; software for €527 thousand and sundry rights for €685 thousand;
- Other assets for €7 thousand;
- Development costs of €19,176 thousand, comprising costs to design and develop new boats incurred by the Parent Company and Bluegame S.r.l.;
- Assets under development of €3,514 thousand, mostly consisting of development costs for the design and study of new boat models.

As at 30 June 2021, the increases were equal to €3,687 thousand, mainly related to assets under development (€1,653 thousand), development costs (€1,927 thousand) and trademarks, patents, rights of use of buildings and mooring rights (€107 thousand). As at 30 June 2021, the amounts indicated in the reclassified items refer to the effect of IFRS 16 relating to the trademark.
Amortisation as at 30 June 2021 were equal to € 2,781 thousand, down by €138 thousand compared to 30 June 2020.

Recoverability of development expenditure

As at 30 June 2021 and 31 December 2020, intangible assets included projects to develop new yachts and innovative fibreglass, steel and aluminium solutions for medium to large boats in the amount of €19,176 thousand and €18,946 thousand, respectively.
Design costs were amortised based on a 12.5% rate, over eight years.
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 2021 are recoverable.

17. 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 2021 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.

18. Equity investments and other non-current assets

(€'000)	30 June 2021	31 December 2020	Change
Associated companies	403	378	25
Other companies	34	34	-
Equity investments and other non-current assets	437	412	25

Changes in the investments in associated companies and other companies over the period are shown in the table below:

(€'000)	Associated companies	Other companies	Other receivables	Total
Carrying amount as at 31 December 2020	378	34	-	412
Changes:				
Additions/capital increases	25	-	-	25
Disposals	-	-	-	-
Carrying amount as at 30 June 2021	403	34	-	437

Equity investments in associated companies amounted to €403 thousand and €378 as at 30 June 2021 and 31 December 2020, respectively. This item refers to the equity investments held in the associated companies Polo Nautico and Restart. For further details, reference should be made to the note "Associates" in these financial statements.
Equity investments in other companies were equal to €34 thousand as at 30 June 2021 and 31 December 2020, respectively, and concerned fairly insignificant investments in companies and consortiums, not included in the scope of consolidation.

19. Inventories

(€'000)	30 June 2021	31 December 2020	Change
Raw materials and consumables	7,390	6,321	1,069
Work in progress and semi-finished products	51,478	45,123	6,355
Finished products	22,299	36,163	(13,864)
Allowance for inventory write-down	(663)	(5,393)	4,730
Inventories	80,504	82,214	(1,710)

Inventories were equal to €80,504 thousand and €82,214 thousand as at 30 June 2021 and 31 December 2020, respectively.
Raw materials and consumables include the materials necessary to build the boats.
Work in progress and semi-finished products relate 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 2021 and 31 December 2020 was mainly due to sector seasonality and the fact that the backlog for 2021 has not yet been fully completed.
The finished products comprise pre-owned boats traded in, 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 corresponding loss allowance.
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.

20. 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 advances received from the customers. Conversely, if the advances are greater than the related contract assets, the difference is recognised as a contract liability.
Net contract assets are as follows:

(€'000)	30 June 2021	31 December 2020	Change
Contract assets (gross)	488,949	467,861	21,088
Advances received from customers	(400,763)	(354,923)	(45,840)
Contract assets (net)	88,186	112,938	(24,752)

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 2021	31 December 2020	Change
Payables for work to be carried out	8,821	5,949	2,872
Total advances received from customers	436,273	395,130	41,143
Advances deducted from contract assets	(400,763)	(354,923)	(45,840)
Contract liabilities (net)	44,331	46,156	(1,825)

The net balance of this item was equal to €44,331 thousand and €46,156 thousand as at 30 June 2021 and 31 December 2020, respectively. The change, equal to €1,825 thousand, was mainly due to the increase in advances from customers, which are deducted from contract assets.

21. Trade receivables

(€'000)	30 June 2021	31 December 2020	Change
Receivables from customers	12,557	17,697	(5,140)
Loss allowance	(462)	(464)	2
Trade receivables	12,095	17,233	(5,138)

Trade receivables were equal to €12,095 thousand and €17,233 thousand as at 30 June 2021 and 31 December 2020, respectively. At 30 June 2021, trade receivables were down compared with 31 December 2020, by €5,138 thousand.

Trade receivables are shown 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 insolvency proceedings 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 2021	31 December 2020	Change
Hong Kong	2,926	315	2,611
APAC - Other countries	506	1,736	(1,230)
Italy	1,759	1,024	735
Germany	438	710	(272)
Europe - Other countries	4,070	11,055	(6,985)
British Virgin Islands	2,539	265	2,274
USA	(448)	(842)	394
Americas - Other countries	304	1,969	(1,665)
Africa	1	1	-
Middle East	-	1,000	(1,000)
Receivables from customers	12,095	17,233	(5,138)

The ageing of receivables from customers for the periods considered is as follows:

30 June 2021	Not	Overdue for (dd)		
(€'000)	overdue	0-365	366-730	>730
Receivables from customers	11,778	315	183	281
Loss allowance	-	-	(181)	(281)
Receivables for customers to be invoiced	-	-	-	-
Receivables from customers	11,778	315	2	-

22. Other current assets

(€'000)	30 June 2021	31 December 2020	Change
Advances to suppliers	16,375	12,081	4,294
Other receivables	4,243	2,637	1,606
Other tax assets	2,945	3,931	(986)
Costs to obtain the contracts	5,508	5,053	455
Accrued income and prepaid expenses	4,919	6,732	(1,813)
Other receivables and other current assets	33,990	30,434	3,556

Other current assets were equal to €33,990 thousand and €30,434 thousand as at 30 June 2021 and 31 December 2020, respectively. All the amounts due are deemed to be collectable and, therefore, they have not been impaired. During the period ended 30 June 2021, the item increased by €3,556 thousand mainly due to the increase in advances paid to suppliers.
In addition, costs for the acquisition of contracts related to agency commissions were up by €455 thousand. Agency fees were recognised in the income statement based on a time approach that follows the work in progress on a boat.

23. Cash and cash equivalents

(€'000)	30 June 2021	31 December 2020	Change
Banks and postal current account	116,918	94,313	22,605
Cash on hand	38	46	(8)
Cash	116,956	94,359	22,597

Cash and cash equivalents amounted to €116,956 thousand and €94,359 thousand as at 30 June 2021 and 31 December 2020, respectively. The statement of cash flows provides more information about changes in cash and cash equivalents.

24. Other financial assets, including derivatives

(€'000)	30 June 2021	31 December 2020	Change
Derivatives	-	647	(647)
Other financial assets	-	647	(647)

Derivative assets were equal to €0 thousand and €647 thousand as at 30 June 2021 and 31 December 2020 respectively. They included currency hedges (EUR/USD) and interest rate hedges that, at the end of the reference period, had a positive fair value (Mark to Market Value). 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 floating rate loans may increase. For further details, reference should be made to the note "Financial instruments - Fair value and risk management" in these financial statements.

EQUITY AND LIABILITIES

25. Share capital and reserves

Group equity

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

(€'000)	Share capital	Share premium	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 2020	34,500	76,549	40,189	34,508	185,746	(355)	185,391
Allocation of profit for the year	-	-	33,977	(34,508)	(531)	531	-
Effect of cash flow hedge reserve	-	-	(927)	-	(927)	-	(927)
Dividends distributed	-	-	(10,068)	-	(10,068)	-	(10,068)
Other changes	-	-	3,982	-	3,982	(419)	3,563
Profit for the period	-	-	-	21,239	21,239	108	21,347
Value as at 30 June 2021	34,500	76,549	67,153	21,239	199,441	(135)	199,306

The table below provides a breakdown of Other reserves:

(€'000)	Legal reserve	Extraordinary reserve	Consolidation reserve	Stock option reserve	Reserve for treasury shares	Cash flow hedge reserve	Reserve FTA/OCI	Other reserves	Profit from previous years	Total other reserves
Value as at 31 December 2020	2,960	45,066	(7,647)	332	(899)	15	(254)	468	148	40,189
Allocation of profit for the year	1,699	32,278	-	-	-	-	-	-	-	33,977
Effect of cash flow hedge reserve	-	-	-	-	-	(927)	-	-	-	(927)
Dividends distributed	-	(10,068)	-	-	-	-	-	-	-	(10,068)
Other changes	-	-	4,423	166	-	-	26	(485)	(148)	3,982
Profit for the period	-	-	-	-	-	-	-	-	-	-
Value as at 30 June 2021	4,659	67,276	(3,224)	498	(899)	(912)	(228)	(17)	-	67,153

Share capital and share premium reserve

Ordinary shares

As at 30 June 2021, the share capital, fully paid-up and subscribed, was equal to €34,500 thousand, divided among 34,500,000 shares with no indication of 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 allocated exclusively and irrevocably to service the 2020 Stock Option Plan. 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 years 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 other reserves

(€'000)	30 June 2021	31 December 2020	Change
Legal reserve	4,659	2,960	1,699
Extraordinary reserve	67,276	45,066	22,210
Consolidation reserve	(3,224)	(7,647)	4,423
Stock option reserve	498	332	166
Reserve for treasury shares in portfolio	(899)	(899)	-
Cash flow hedge reserve	(912)	15	(927)
Reserve FTA/OCI	(228)	(254)	26
Reserve from offsetting of exchange differences/CTA	(153)	332	(485)
Post-merger reserve	49	49	-
Merger surplus	87	87	-
Profit from previous years	-	148	(148)
Other reserves	67,153	40,189	26,964

The item comprises:

- Legal reserve, which includes the accrual made by the Parent Company according to the provisions of the Italian Civil Code, equal to €4,659 thousand;
- Extraordinary reserve, relating to the Parent Company, equal to €67,276 thousand and €45,066 thousand as at 30 June 2021 and 31 December 2020, respectively. The increase is due to the allocation of the profit for the year 2020 net of the dividends distributed to shareholders;
- The Consolidation reserve, representing the difference between the carrying amount of the Group's equity investments and its share of the investee companies' equity. The item had a negative balance of €3,224 thousand and €7,647 thousand as at 30 June 2021 and 31 December 2020, respectively;
- The Stock option reserve, recognized for a positive value of €498 thousand, expresses the value of the options, recognized on a straight-line basis over the period between the granting and the vesting date. This reserve refers to the stock incentive plan approved by the Ordinary Shareholders' Meeting of 21 April 2020 and reserved for executive directors and key employees of Sanlorenzo and its subsidiaries. The vesting period of the options has been set at four years and each option allows the purchase of one Sanlorenzo share at the price of €16.00. For further details relating to the aforementioned Plan, reference should be made to the Report on the remuneration policy and the remuneration paid at 31 December 2020;
- The Reserve for treasury shares in the portfolio was negative and equal to €(899) thousand and refers to the purchase of 58,666 treasury shares carried out in 2020;
- The Cash flow hedge reserve, relating to the Parent Company, was negative and equal to €912 thousand as at 30 June 2021 and positive and equal to €15 thousand as at 31 December 2020;
- The Reserve FTA/OCI, which represents the effects of the transition of the financial statements to IFRS, was equal to €(228) thousand as at 30 June 2021 and €(254) as at 31 December 2020;
- The Reserve from elimination of exchange differences was equal to €(153) thousand and €332 thousand as at 30 June 2021 and 31 December 2020, respectively. The reserve was created in 2019 to show the exchange differences related to the conversion into Euro of the financial statements of Sanlorenzo of the Americas and the exchange differences deriving from intercompany offsetting;
- The Post-merger reserve, created by the Parent Company, with capital contributions from the shareholders was equal to €49 thousand as at 30 June 2021 and 31 December 2020, respectively;
- The Merger surplus, equal to €87 thousand as at 30 June 2021 and 31 December 2020, respectively, refers to the Parent Company, and was created following the merger by incorporation with Eureka Imbarcazioni S.r.l. in 2012;
- Profit/loss from previous years was equal to €0 thousand as at 30 June 2021 and €(148) thousand as at 31 December 2020 and related to the impact of IFRS 16.

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Equity attributable to non-controlling interests

The change in non-controlling interests was mainly due to the profit for the period and the inclusion of Fortune Yacht LLC within the scope of consolidation. The item was equal to €(135) thousand as at 30 June 2021 and €(355) thousand as at 31 December 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 loan 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.

26. Financial liabilities

(€'000)	30 June 2021	31 December 2020	Change
Bank loans and borrowings (beyond 12 months)	62,294	57,932	4,362
Lease liabilities (beyond 12 months)	2,299	4,813	(2,514)
Non-current financial liabilities	**64,593**	**62,745**	**1,848**
Short-term bank loans	23,801	25,790	(1,989)
of which bank loans	*23,781*	*25,572*	*(1,791)*
of which other short-term loans	*20*	*218*	*(198)*
Short-term lease liabilities	955	2,127	(1,172)
Hedging derivative liabilities	1,173	515	658
Current financial liabilities	**25,929**	**28,432**	**(2,503)**
Financial liabilities	**90,522**	**91,177**	**(655)**

Non-current financial liabilities, equal to €64,593 thousand and €62,745 thousand as at 30 June 2021 and 31 December 2020, respectively, include:

- the portion beyond 12 months of medium/long-term mortgage and unsecured loans of the Parent Company and to a lesser extent of Bluegame S.r.l. for a total of €62,294 thousand and €57,932 thousand as at 30 June 2021 and 31 December 2020, respectively;
- the non-current portion of lease liabilities, equal to €2,299 thousand as at 30 June 2021 and €4,813 thousand as at 31 December 2020, referring to the effect of IFRS 16.

Current financial liabilities, equal to €25,929 thousand and €28,432 thousand as at 30 June 2021 and 31 December 2020, respectively, include:

- the current portion of debt equal to €23,781 thousand and €25,572 thousand, respectively as at 30 June 2021 and 31 December 2020, including the book value of the loans due within 12 months and the accruals of corresponding interest due to the lenders;
- other financial debt equal to €20 thousand as at 30 June 2021 and €218 thousand as at 31 December 2020, mainly related to the Parent Company and the subsidiary Bluegame S.r.l.;
- lease liabilities equal to 955 thousand as at 30 June 2021 and €2,127 thousand as at 31 December 2020, related to the effect of the application of IFRS 16;
- liabilities for financial instruments hedging foreign exchange risk and interest rate risk equal to €1,173 thousand and €515 thousand as at 30 June 2021 and 31 December 2020, respectively.

A breakdown of financial liabilities by maturity date is provided in the table below:

(€'000)	30 June 2021	31 December 2020	Change
Within 1 year	25,929	28,432	(2,503)
From 1 to 5 years	59,421	56,005	3,416
Over 5 years	5,172	6,740	(1,568)
Total	90,522	91,177	(655)

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

(€'000)	
Financial liabilities as at 31 December 2020	91,177
Changes in fair value of derivatives	658
New loan proceeds	23,501
Loan repayments	(20,960)
Changes in other short-term financial liabilities	(169)
New lease finance (IFRS 16)	568
Repayment of lease finance (IFRS 16)	(4,253)
Financial liabilities as at 30 June 2021	90,522

The net financial position of Sanlorenzo Group as at 30 June 2021 is reported below, compared with the position as at 31 December 2020. Pursuant to Consob communication no. DEM/6064293/2006, the following table shows the ESMA net financial position. The format and information provided below were adjusted to reflect the updates in the ESMA document 32-382-1138 of 4 March 2021. These updates had no significant impact on the periods considered.

(€'000)		30 June 2021	31 December 2020
A	Cash	116,956	94,359
B	Cash equivalents	-	-
C	Other current financial assets	-	647
D	Liquidity (A + B + C)	116,956	95,006
E	Current financial debt	(4,609)	(2,560)
F	Current portion of non-current financial debt	(21,320)	(25,872)
G	Current financial indebtedness (E + F)	(25,929)	(28,432)
H	Net current financial indebtedness (G + D)	91,027	66,574
I	Non-current financial debt	(64,593)	(62,745)
J	Debt instruments	-	-
K	Non-current trade and other payables	-	-
L	Non-current financial indebtedness (I + J + K)	(64,593)	(62,745)
M	Total financial indebtedness (H + L)	26,434	3,829

For details, see the Report on operations.
As in the previous years, the Group was required to comply with some financial parameters (covenants) on loans, to be calculated, on an annual basis, on the consolidated figures of Sanlorenzo S.p.A. As at 31 December 2020, these parameters had been complied with.

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27. Trade payables

(€'000)	30 June 2021	31 December 2020	Change
Payables to suppliers	126,341	137,059	(10,718)
Payables to associated companies	200	153	47
Payables to holding company	26	26	-
Trade payables	126,567	137,238	(10,671)

Trade payables include payables to suppliers and payables to associated companies and the holding company.
Payables to suppliers were equal to €126,341 thousand and €137,059 thousand as at 30 June 2021 and 31 December 2020, respectively.
Payables to associated companies were equal to €200 thousand as at 30 June 2021 and €153 thousand as at 31 December 2020.
A breakdown of trade payables by current and non-current is as follows:

(€'000)	30 June 2021	31 December 2020	Change
Payables to suppliers	126,341	137,059	(10,718)
of which current	*126,341*	*137,059*	*(10,718)*
of which non-current	-	-	-

A breakdown of payables to suppliers by geographical segment is as follows:

(€'000)	30 June 2021	31 December 2020	Change
Italy	111,475	129,915	(18,440)
Europe - Other countries	3,919	4,759	(840)
Americas	10,712	2,280	8,432
APAC	235	105	130
Trade payables	126,341	137,059	(10,718)

28. Other current liabilities

(€'000)	30 June 2021	31 December 2020	Change
Social security contributions	(67)	1,936	(2,003)
Other liabilities	11,758	6,926	4,832
Accrued expenses and deferred income	10,094	9,504	590
Other current liabilities	21,785	18,366	3,419

Social security contributions show outstanding liabilities as at 30 June 2021 and mainly consist of amounts due to INPS, INAIL and Previndai (Italian social security institutions) for contributions on wages and salaries; it was equal to €(67) thousand as at 30 June 2021 and €1,936 thousand as at 31 December 2020.
Other liabilities were equal to €11,758 thousand and €6,926 thousand as at 30 June 2021 and 31 December 2020, respectively. The amounts mostly relate to the Parent Company and consist of amounts due to personnel.
Accrued expenses and deferred income were up by €590 thousand between 31 December 2020 and 30 June 2021. 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 contracts on the construction of boats.

29. 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 were equal to €942 thousand as at 30 June 2021. In the course of the first half of 2021, discounting adjustments were performed.

30. Provisions for risks and charges

Provisions for risks and charges

(€'000)	Disputes	Warranties	Pre-owned boats	Total
Provisions for risks and charges as at 31 December 2020	6,589	4,782	2,697	14,068
Accruals made during the period	2,900	411	164	3,475
Utilisations made during the period	-	-	(1,776)	(1,776)
Provisions for risks and charges as at 30 June 2021	9,489	5,193	1,085	15,767

The provisions for risks and charges include the following items:

- Provision for disputes: refers to the amount prudently set up aside by the Parent Company. It was equal to €9,489 thousand as at 30 June 2021, and €6,589 thousand as at 31 December 2020.
- 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 provisions for warranties covers new boats sold by the Parent Company and the subsidiary Bluegame S.r.l. It was equal to €5,193 thousand as at 30 June 2021 and €4,782 thousand as at 31 December 2020. The warranty period is normally two years for new boats and one year for pre-owned boats.
- Provision for risks on pre-owned boats: as at 30 June 2021, it was equal to €1,085 thousand and refers to the commitment to withdraw pre-owned boats on new boat sales.

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

(€'000)	30 June 2021	31 December 2020	Change
Warranty - Current portion	4,034	3,393	641
Warranty - Non-current portion	1,159	1,389	(230)
Provision for warranties	5,193	4,782	411

All other provisions are current.
The main proceedings and assessments involving the Parent company and some Group's companies are described below.

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, the 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 Parent 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, having considered that a negative outcome is possible or remote in the proceedings to which it is involved, has not made a specific accrual for risks and charges in its consolidated financial statements to cover potential liabilities that could result from the aforementioned procedures.
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 disputes that could have or have had in the recent past significant repercussions on its financial position or performance.
At the date of drafting of the consolidated financial statements, in relation to the arbitration proceedings brought against the Company, the latter had already booked a liability of €895 thousand in the previous consolidated financial statements corresponding to the risk considered likely in respect of said proceedings, based on the estimates of its UK legal advisors.

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, 2015 and 2016, the Company received the following:

- Two IRES, IRAP and VAT assessment notices issued by the Italian Revenue Agency - Regional Department of Liguria in regard to the 2013 and 2014 tax periods. The first assessment notice includes tax findings for a total of €515 thousand plus penalties of €586 thousand and interest. The second assessment notice includes tax findings for a total of €317 thousand plus penalties of €293 thousand and interest;
- An invitation to settle IRES, IRAP and VAT issued by the Italian Revenue Agency - Regional Department of Liguria for the 2015 tax period, in which critical tax issues were identified for a total of €698 thousand plus penalties of €257 thousand and interest; as a result of the unsuccessful attempt to settle with the Office created by the Company, on 18 March 2021 the assessment notice was served, against which the Company filed an appeal within the terms before the Genoa Provincial Tax Commission at the end of May 2021;
- A report of IRES, IRAP and VAT findings issued by the Italian Revenue Agency - Regional Department of Liguria for the 2016 tax period. This report contained findings for a total of €2,157 thousand, with penalties estimated at €2,025 thousand.

With regard to the assessment notice for the 2013 tax period, as it was not possible to settle the findings in conciliation, the Company appealed to the Genoa Provincial Tax Commission. On 14 December 2020, the Tax Commission issued a judgement favourable to the Company with regard to the main finding. With the recent notification of the appeal, the Italian Revenue Agency - Regional Department of Liguria started the procedure before the Regional Tax Commission.
With regard to the assessment notice for the 2014 tax year, since it was not possible to settle through a conciliation procedure, the Company filed an appeal before the Genoa Provincial Tax Commission. The hearing, initially scheduled for 7 April 2021, was subsequently postponed to 23 June 2021 to make it possible to have the proceedings in public.
With reference to the invitation to settle for the 2015 tax period, it should be noted that, as a result of the unsuccessful attempt to settle with the Office created by the Company, an assessment notice was served on 18 March 2021, against which an appeal was filed before the Genoa Provincial Tax Commission at the end of May 2021. With regard to the same tax period and with reference to the Research and Development tax credit, the Italian Revenue Agency - Regional Department of Liguria made specific requests for clarification, to which the Company, through its defence counsel, promptly responded. With regard to the audit on the 2016 tax period, the Italian Revenue Agency - Regional Department of Liguria informed the Company that it had forwarded the documentation regarding the Research and Development tax credit to the Ministry of Economic Development, which is in charge of expressing an opinion on the technical issues related the eligibility of expenses included in the scope of quantification of the tax benefit. The outcome of this assessment has not yet been disclosed.
In view of the risk relating to the tax audits described above, the Company made a special accrual equal to €2,589 thousand as at 31 December 2020, which is currently considered adequate.

Administrative proceedings

At the date of approval of these consolidated financial statements, the Company is not involved in significant administrative proceedings.
At 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.

31. Financial instruments – Fair values and management of financial risk

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 2021, the Group had the following derivatives in its portfolio:

- forward agreements for the sale of US dollars against euros for a notional total of €65,917 thousand entered 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 €51,589 thousand taken out by the Parent Company and by Bluegame S.r.l. and designated as instruments hedging interest payments on medium/long-term floating rate loans.

The following table shows the fair value of the financial instruments at the end of each period.

(€'000)	30 June 2021	31 December 2020	Change
Derivative assets			
Currency hedges	-	1	(1)
Interest rate hedges	-	646	(646)
Total assets	-	647	(647)
Derivative liabilities			
Currency hedges	(818)	-	(818)
Interest rate hedges	(355)	(515)	160
Total liabilities	(1,173)	(515)	(658)

Derivative assets were equal to €0 thousand and €647 thousand as at 30 June 2021 and 31 December 2020, respectively.
Derivative liabilities were equal to €1,173 thousand and €515 thousand as at 30 June 2021 and 31 December 2020, respectively.
As the derivatives are hedging instruments for the Group, they are categorised as level 2 fair value.

Management of financial risk

Credit risk

Credit risk represents the Group's exposure to potential losses resulting from the failure of the counterparty to fulfil its obligations.
Given the characteristics of the products sold, there is no substantial credit risk; it is in fact a company rule, strictly followed and contractually formalised, that payments must be made on or before the delivery of the boat and the related transfer of ownership. Yacht sale contracts also provide for the right of the Company to withdraw from the contract in the event of non-payment of any amount due within the terms agreed; the Company may withhold any amount collected, reimbursing the defaulting counterparty for the amounts paid out of the proceeds from the resale of the yacht to a new buyer, net of expenses, interest and an amount by way of loss of earnings.
With regard to the residual services related to the sale of spare parts or the provisions of assistance services not covered by warranty, the amount of which is, however, negligible compared to the Group sales, a prevention and monitoring system has been put in place, using external sources and internal systems that allow the Company, to verify the customers' reliability and solvency. For positions believed to be in default or unlikely to pay, loss allowances are also made pending the conclusion of the related judicial or out-of-court proceedings. The loss allowance is deemed to be adequate to cover the risk of credit losses. For further details, reference should be made to the note "Trade receivables" in these financial statements.

Liquidity risk

Liquidity risk consists of the possibility that a Group company or the Group may be unable to meet expected or unforeseen payment commitments due to lack of financial resources, jeopardizing the operations or the financial situation of the individual company or of the Group.
Liquidity risk may arise from difficulties in obtaining timely financing to support operating activities and may result in the inability to obtain the necessary resources at reasonable conditions.
Cash flows, financing requirements and liquidity are under the control of the Parent Company, which aims at ensuring the effective management of financial resources.
The Group was able to manage the liquidity risk by reinvesting cash flows from operations and by obtaining substantial credit lines from several credit institutions, the amount of which is overall considered more than adequate to meet its financial liquidity needs, also taking into account the effects of the sector's seasonality on cash flows. The concentration of the collection of orders and deliveries in given periods of the year, against the constant flow of payments to Group suppliers and contractors, has in fact an impact on liquidity, normally higher between April and July and less so in the first quarter of the year, a period in which short-term financial debt may be higher as a result of the lower flow of collections. The Group therefore performs careful financial planning in order to reduce liquidity risk and has significant bank credit lines, whose use is planned on the basis of the trend in financial requirements.
As at 30 June 2021, the Group had bank credit facilities to meet its liquidity requirements equal to €146,115[10] thousand, up by €11,416 thousand compared to 31 December 2020 and of which €142,730 thousand unused, in addition to €116,956 thousands of cash and cash equivalents and total gross debt of €90,522 thousand (including lease liabilities and the fair value of derivatives).
For further details on the maturities of the financial payable, reference should be made to the note “Financial liabilities” in these financial statements.

Exposure to interest rate fluctuation

The Group is exposed to changes in interest rates on its medium/long term floating rate debt instruments in the Euro area. The management of interest rate risk is consistent with the practice consolidated over time of reducing the risks arising from the volatility of interest rates and optimising the mix between variable and fixed rates in the capital structure, thus mediating fluctuations in interest rates market interest in order to pursue, at the same time, the objective of minimizing financial charges.
The Group manages interest rate risks by taking out hedging derivatives, such as interest rate swaps or interest rate caps, with financial counterparties of primary standing.
As at 30 June 2021, the Group had 8 interest rate swaps and 1 interest rate cap in place for a total notional amount of €51,589 thousand, against a medium/long-term variable rate bank debt equal to €78,582 thousand.

Exposure to exchange rate fluctuations

Due to the geographical distribution of its business activities, the Group is exposed to transaction and translation exchange risk.
Transaction risk originates from transactions of a mainly commercial nature carried out by the individual companies in currencies other than the functional currency, as a result of fluctuations in exchange rates between the moment in which the relationship originates and the moment in which the transaction is completed (collection/payment).
As regards revenues, the Euro is the currency most commonly used in yacht sale invoices. Yacht sales in other currencies refer exclusively to contracts signed by the subsidiary Sanlorenzo of the Americas denominated in US dollars.
The Group manages the exchange rate risk on US dollar sales through its policy of setting sales prices in foreign currency and by using financial derivatives. In particular, when setting the sale price in a foreign currency, the Group, starting from its target margin in Euro, usually applies the exchange rate in force at the date the contract

[10] Not including lines of credit for reverse factoring and confirming.

is signed and construction of the boat starts, to which it adds the financial component (cost of carry) related to the expected due dates of the payments related to the sale. On these maturities, the Group enters into hedging transactions through derivative instruments, typically forwards or other types of forward sales with leading financial counterparties, hedging only the transaction exchange rate risk, that is the risk deriving from existing commercial transactions and future contractual commitments. As at 30 June 2021, Sanlorenzo had forward contracts outstanding related to the sale of US dollars from the payments to be received for a total notional amount of €65,917 thousand.
As regards costs, as production is carried out in Italy using Italian suppliers and contractors, costs in currencies other than the Euro are residual and infrequent and therefore no hedging transaction is carried out.
Translation risk concerns the conversion into Euro of the assets and liabilities of Sanlorenzo of the Americas, which is the only subsidiary with a functional currency other than the Euro, for the preparation of the consolidated financial statements. This exposure, which is monitored at each reporting date, is limited, also in view of the fact that there are liabilities denominated in the same currency used for the assets. Therefore, at present, no specific hedging policies have been adopted against this exposure.

GROUP STRUCTURE

32. 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 by the holding company 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), five direct subsidiaries of Sanlorenzo S.p.A. - Bluegame S.r.l., PN VSY S.r.l., Marine Yachting Monaco S.A.M., Sanlorenzo Baleari SL and Sanlorenzo of the Americas LLC - and Fortune Yacht LLC, a wholly-owned subsidiary of Sanlorenzo of the Americas LLC, and therefore controlled indirectly. This company, dedicated to dealer services for the American market, resumed activities in the second quarter of 2021, after a period of inactivity.
The following table summarises information, as at 30 June 2021, concerning the name and registered office of all subsidiaries, as well as the percentage of their share capital held directly or indirectly by the Group.

Company name	Registered office	Currency	Capital (currency unit)	Holding	
				Direct	Indirect
Bluegame S.r.l.	Ameglia (SP) – Italy	Euro	100,000	100.0%	-
PN VSY S.r.l.	Viareggio (LU) – Italy	Euro	10,000	100.0%	-
Sanlorenzo Baleari SL	Puerto Portals, Mallorca – Spain	Euro	500,000	100.0%	-
Marine Yachting Monaco S.A.M.	Monte-Carlo – Principality of Monaco	Euro	150,000	99.7%	-
Sanlorenzo of the Americas LLC	Fort Lauderdale (FL) – USA	US dollar	2,000,000	90.0%	-
Fortune Yacht LLC	Fort Lauderdale (FL) – USA	US dollar	1,000	-	90.0%

33. Associated companies

The Parent Company holds the following equity investments in associated companies, included in the Company's financial statements with the equity method:

- 49.81% stake in Polo Nautico Viareggio S.r.l., Società Consortile a responsabilità limitata (a limited liability consortium, "Polo Nautico"), which manages, for the consortium companies, an area of approximately 7,000 square metres on the seafront, complete with mooring quays and the relevant equipment and services in Viareggio.
- 50% stake in Restart S.p.A., a 50:50 joint venture with Ferretti Group created on 28 April 2021 to take part in the auction for the acquisition of the Perini Navi S.p.A. assets.

OTHER INFORMATION

34. Commitments

The most significant contractual commitments undertaken with third parties as at 30 June 2021 refer to:

- Corporate guarantees issued by the Parent Company on a loan granted to a brand representative for the purchase of boats of the Group equal to €4,756 thousand;
- Corporate guarantee issued by the Parent Company in favour of Banco BPM for a loan granted to the associate Polo Nautico Viareggio S.r.l. equal to €1,907 thousand;
- Sundry sureties for a total of €305 thousand relating to state concessions, guarantees issued to public administrations, etc.

35. Contingent liabilities

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.
Legal proceedings are ongoing for events related to the Group's normal business activities. They include a tax dispute and some civil disputes 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 accruals already made. They will evaluate any negative developments that cannot currently be foreseen or calculated that may arise as a result of internal analyses or the ongoing judicial investigations and may then make an accrual.
For further details, reference should be made to the note "Provisions for risks and charges" in these financial statements.

36. Related parties

Business and financial relationships with related parties are governed under market conditions, taking into account the characteristics of the products and services provided.

Transactions with related parties deemed relevant pursuant to the "Procedure governing related party transactions" adopted by the Group, in the version in force until 30 June 2021 and 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 2021, 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.: business 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. The boat was delivered in 2020; after the delivery, HHL made the yacht available to Sanlorenzo, for the period 30 September – 11 October 2020, through a special lease agreement, for demonstration purposes, for sea trials, for display at boat shows and more in general for display purposes relating to the activity carried out by Sanlorenzo. On 16 November 2020, the contract for the supply of a new boat was also signed, after approval of the Board of Directors of Sanlorenzo on 9 November 2020;
- Nuova Nautical Transports S.r.l.: business transactions with Nuova Nautical Transports S.r.l., the chief executive officer of which, Gian Paolo Tamburini, is the uncle of the Chairman Massimo Perotti and great uncle of the director 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.: business transactions with World Yachts S.r.l., the shareholder and chief executive officer of which, Glenda Cecchi, is the wife of the senior executive Ferruccio Rossi, regard supplies of materials to Sanlorenzo, pursuant to the framework agreement concluded on 6 April 2020, expiring on 31 December 2022, after the resolution of the Sanlorenzo Board of Directors on 20 March 2020;
- Fondazione Sanlorenzo: transactions with the Fondazione Sanlorenzo, established by the Perotti family on 19 April 2021, are related to the non-exclusive and free use license of the brand "Sanlorenzo" for the purpose of carrying out the foundation's institutional activities and to the initial contribution of €50,000 paid in June 2021, following the resolution of the Board of Directors of Sanlorenzo of 4 May 2021;
- Cesare Perotti: son of the Chairman Massimo Perotti and brother of the director Cecilia Maria Perotti, Cesare Perotti was hired by the subsidiary Bluegame S.r.l. with an apprenticeship contract, transaction reviewed by the Board of Directors on 9 November 2020;
- Ferruccio Rossi: financial transactions with the senior executive Ferruccio Rossi regard a loan granted by Sanlorenzo on 9 July 2018 and subsequently reviewed, following a resolution of the Board of Directors, on 23 February 2021;
- Antonio Santella: financial transactions with the senior executive Antonio Santella regard a loan granted by Sanlorenzo on 20 July 2018 and subsequently reviewed, following a resolution of the Board of Directors, on 23 February 2021;

The tables below provide details on transactions with related parties as at 30 June 2021 impacting the income statement as well as the balance sheet.

(€'000)	Revenues	Costs for raw materials, consumables and finished products	Outsourcing	Other service costs	Personnel expenses	Other operating costs	Net financial income/(expense)
Holding Happy Life S.r.l.	1,805	-	-	-	-		-
Nuova Nautical Transports S.r.l.	-	-	-	(254)	-		-
World Yachts S.r.l.	-	(774)	(12)	-	-		-
Fondazione Sanlorenzo	-	-	-	-	-	(50)	
Ferruccio Rossi	-	-	-	-	(454)		-
Antonio Santella	-	-	-	-	(1,013)		-
Cesare Perotti	-	-	-	-	(18)		-
Directors, statutory auditors and managers with strategic responsibilities	-	-	-	(1,361)	(2,098)		-
Total related parties	1,805	(774)	(12)	(1,615)	(3,583)	(50)	-
Total consolidated financial statements	324,163	(129,424)	(99,102)	(21,423)	(23,276)	(2,550)	(616)
% Incidence	*0.6%*	*0.6%*	*0.0%*	*7,5%*	*15.4%*	*2.0%*	*0.0%*

(€'000)	Other current assets	Contract assets	Trade receivables	Contract liabilities	Trade receivables	Other current liabilities
Holding Happy Life S.r.l.	-	-	-	195	26	-
Nuova Nautical Transports S.r.l.	23	-	-	-	36	-
World Yachts S.r.l.	-	-	-	-	591	-
Fondazione Sanlorenzo	-	-	-	-	-	-
Ferruccio Rossi	200	-	-	-	-	290
Antonio Santella	100	-	-	-	-	(63)
Cesare Perotti	-	-	-	-	-	4
Directors, statutory auditors and managers with strategic responsibilities	-	-	-	-	-	944
Total related parties	323	-	-	195	653	1,301
Total consolidated financial statements	33,990	88,186	12,095	44,331	126,567	21,785
% Incidence	*1.0%*	*0.0%*	*0.0%*	*0.4%*	*0.5%*	*6.0%*

In addition, the following relationships, which are excluded from the previous statements, as relating to transactions under standard conditions, similar to those normally applied to non-related parties for equivalent transactions, or based on regulated tariffs:

- Confindustria Nautica: industry association to which Sanlorenzo adheres and in which the Chairman Massimo Perotti and the managing director Carla Demaria are members of the board;
- I Saloni Nautici S.r.l.: company that organizes the Genoa Boat Show and of which the managing director Carla Demaria is Chairperson;
- Gruppo Ormeggiatori del Golfo della Spezia: limited liability cooperative company that provides mooring and port handling services and in which the standing auditor Roberto Marrani is standing auditor.

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 2021 is detailed below.

(€'000)	30 June 2021
Emoluments	1,299
Remuneration for participation in committees	17
Total remuneration paid to the Board of Directors	1,316

(€'000)	30 June 2021
Total remuneration paid to the Board of Statutory Auditors (excluding statutory increases)	45

(€'000)	30 June 2021
Total remuneration paid to the Managers with strategic responsibilities	3,565
of which gross annual salary	*1,233*
of which bonus	*743*
of which non-competition agreement	*35*
of which fair value of stock options	*68*

37. 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 Law on Finance), 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.

38. Significant events after the close of the period

Acquisition of the Viareggio Superyachts business unit

On 8 July 2021, PN VSY S.r.l., a wholly-owned subsidiary of Sanlorenzo S.p.A., completed the acquisition of the Viareggio Superyachts S.r.l. business unit, including a building located in Viareggio near the Sanlorenzo shipyard, as well as plants. and equipment, for a value of around €4.8 million, net of transaction costs. The building, with a production area of approximately 3,000 square metres, will be used for the fitting out of metal superyachts, notably of the new X-Space line.

Award of tender for the acquisition of a warehouse facility in La Spezia

On 22 July 2021, Sanlorenzo was the winner of an auction for a property complex of approximately 7,000 square metres located in La Spezia adjacent to the Company's shipyards, to be used as a warehouse due to the increased production needs of the Superyacht Division. The purchase and payment of the price, equal to approximately €1.5 million, will be completed in September.

Auction for the acquisition of Perini Navi assets

On 15 February 2021, Ferretti Group and Sanlorenzo announced their intention to create a NewCo based on a 50:50 joint venture, in order to present an offer to acquire Perini Navi, declared bankrupt by the Court of Lucca on 29 January 2021. The company - Restart S.p.A. - was established on 28 April 2021 to take part in the auction

for the sale of certain assets of Perini Navi, called following the confirmation on 30 April 2021 of the bankruptcy of the company by the Court of Appeal of Florence and the subsequent awarding of the shipyard in Turkey.
The first auction, held on 30 July 2021, concerning the two shipyards in Viareggio and La Spezia, the Perini brand, a yacht under construction and other assets, had a total starting price of €62.5 million. Based on the results of the valuations carried out, while confirming the interest in Perini Navi, Ferretti Group and Sanlorenzo, through Restart S.p.A., decided not to take part in the auction, for which no bids were submitted. A second auction, with a starting price of €56.25 million, has been scheduled for 30 September 2021.

Exclusive partnership with Siemens-Energy for the development of technological solutions to reduce the environmental impact of the yachts

On 6 September 2021, Sanlorenzo has announced the signing with Siemens Energy of an exclusive agreement for the joint development of solutions for the integration of fuel cell technology in the yachting sector from 24 to 80 metres and two contracts for the development and the purchase of new generation diesel electric and hybrid systems.
The agreement will enable the creation of new technologies aimed at significantly reducing the impact of yacht usage on the marine ecosystem.
The collaboration will be implemented in three areas:

- methanol fuel cell systems for generating electricity on board;
- new generation diesel electric propulsion systems aimed at reducing GHG emissions and fuel consumption, intended for application on yacht models over 50 metres;
- new-generation hybrid propulsion systems designed to reduce GHG emissions and fuel consumption, intended for use on yachts below 50 metres.

Ameglia, 13 September 2021

On behalf of the Board of Directors
The Chairman and Chief Executive Officer
Mr Massimo Perotti
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 Chairman 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 accruals of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:
   - the suitability in connection 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 2021.

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 2021, 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 incidence 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, 13 September 2021

Mr Massimo Perotti Chairman of the Board of Directors and Chief Executive Officer	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 2021

E-MARKET SDIR CERTIFIED

Sanlorenzo S.p.A.

Review report on the condensed interim consolidated financial statements as at June, 30 2021

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E-MARKET SDIR CERTIFIED

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 2021, 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 2021 . 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 2021, 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.

Genoa, September 13, 2021

BDO Italia S.p.A.

Paolo Maloberti
Partner

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