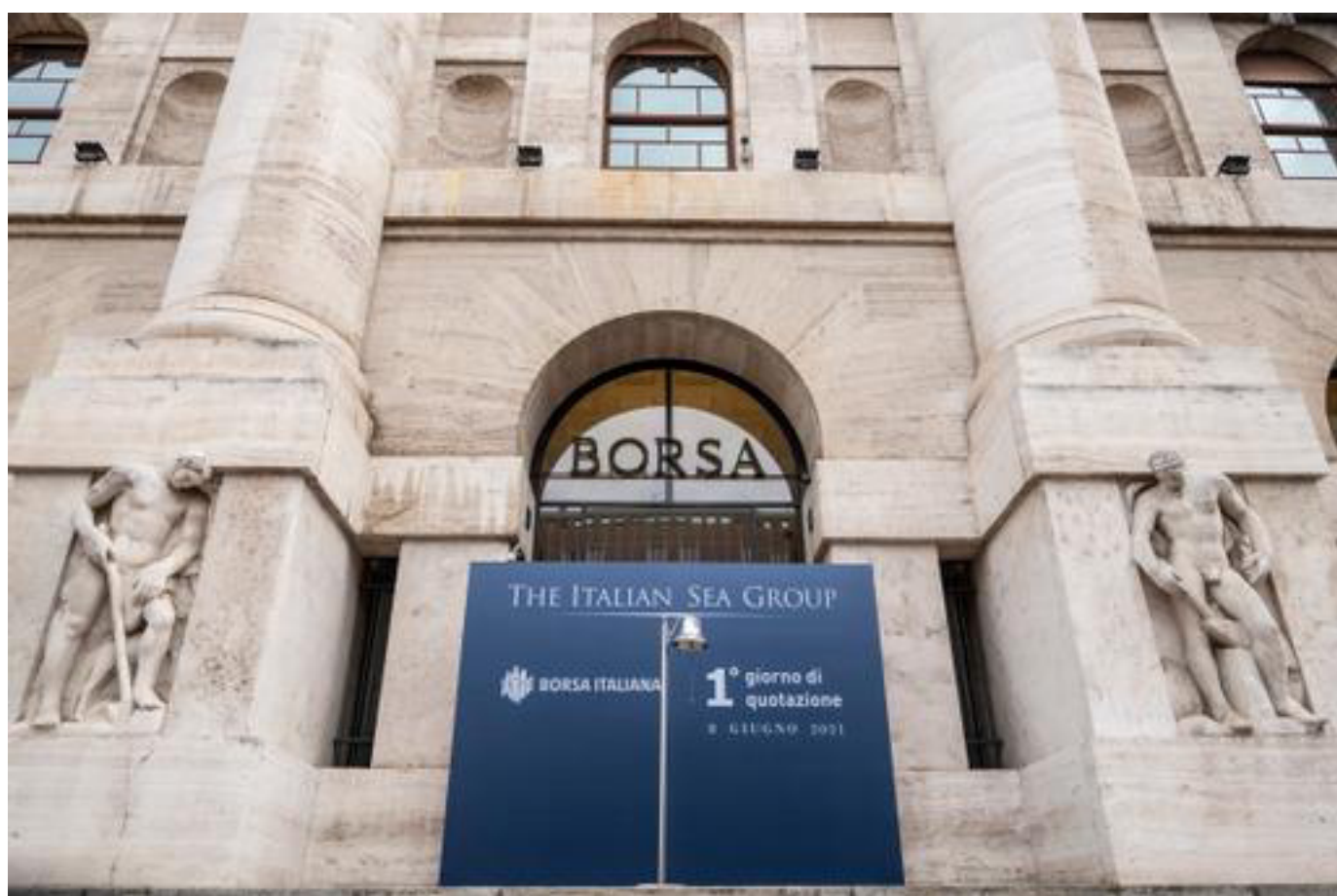


HALF-YEARLY FINANCIAL REPORT

AS AT 30 JUNE 2021



Summary

Letter from the Founder and CEO to the Shareholders	1
INTERIM REPORT ON OPERATIONS	3
INTRODUCTION	3
SUMMARY DATA AND GENERAL INFORMATION	4
CORPORATE AND CONTROL BODIES	5
INFORMATION ON THE COMPANY	6
BRIEF HISTORY OF THE ITALIAN SEA GROUP	7
BUSINESS DEVELOPMENT	8
NET FINANCIAL POSITION	18
MAIN ALTERNATIVE PERFORMANCE INDICATORS (API)	19
SIGNIFICANT EVENTS IN THE FIRST HALF OF 2021	22
EVENTS AFTER YEAR END	23
BUSINESS OUTLOOK	25
RELATED PARTY TRANSACTIONS	25
MAIN RISKS AND UNCERTAINTIES	26
INTERIM CONDENSED FINANCIAL STATEMENTS AS AT 30 JUNE 2021	27
STATEMENT OF FINANCIAL POSITION	27
INCOME STATEMENT	28
COMPREHENSIVE INCOME STATEMENT	28
CASH FLOW STATEMENT	29
STATEMENT OF CHANGES IN SHAREHOLDERS 'EQUITY	30
EXPLANATORY NOTES	31
CONTENT AND FORM OF THE FINANCIAL STATEMENTS	31
COMMENTS ON THE MAIN ASSET ITEMS	50
COMMENTS ON THE MAIN LIABILITY ITEMS	63
COMMENTS ON THE MAIN ITEMS OF THE INCOME STATEMENT	71
SHARE-BASED INCENTIVE PLANS	78
RELATED PARTY TRANSACTIONS	78
SURETIES	80
SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS	80
TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS	80
SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE PERIOD	81
AUTHORISATION TO PUBLISH	81
CERTIFICATION OF THE CONDENSED HALF-YEARLY FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999, AS AMENDED	82

Letter from the Founder and CEO to the Shareholders

Dear Shareholders:

In these first six months of 2021, The Italian Sea Group doubled its revenues compared to the same period in 2020, reaching approximately **Euro 81 million**, with significant growth in all divisions and in the different geographical areas. EBITDA amounted to **Euro 10.3 million**, a



Giovanni Costantino

12.7% impact on revenue, representing an increase of Euro 5.4 million compared to the first six months of 2020. Net profit, which reached **Euro 4.6 million**, quadrupled compared to the first half of 2020. Furthermore, thanks to the capital increase carried out at the time of listing, we also achieved a significant capital strengthening, as shown by the positive net financial position of Euro **22.3 million** as at 30 June 2021.

These results reflected the excellent positioning in the market, as demonstrated by the focus on yachts up to 100 metres in length, while at the same time leveraging collaboration agreements with prestigious luxury brands such as Automobili Lamborghini and Giorgio Armani.

The continuing crisis triggered by the spread of Covid-19 has not affected the work on our construction site or our IPO project. Since 8 June 2021, the shares of The Italian Sea Group have been listed on Mercato Telematico Azionario managed by Borsa Italiana S.p.A., an achievement which represents a milestone in our growth path and which is a testament to the committed effort made by the entire management team in paving the way to the listing and in establishing a fruitful dialogue with investors. From our perspective, the stock market is synonymous with transparency and opportunities for the future. Our status as a listed company will give us greater visibility in international markets, which are strategic for our development, and a greater ability to attract qualified resources. The total funds raised through the issuance of new shares at the time of the IPO brought approximately Euro 45 million into the Company. This income, together with the cash flow generated from operations, allows us to seize the best investment opportunities to accelerate our development path.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

Regarding in particular organic growth, during the first six months of 2021, through the TISG 4.0 project, we confirmed all the investments we had planned as we were able to count on considerable financial soundness and leveraging our vision, strategic clarity and execution ability that in little more than a decade have enabled us to become one of the main international players in the sector.

All the orders currently in construction respect a very high quality standard, and they are all proceeding according to the scheduled timeline and planned delivery (with some orders even ahead of schedule). We are also proud to announce that we have delivered the first Tecnomar for Lamborghini 63, a cutting-edge motor-yacht, born from the union of the excellence in the nautical world and the one in the super sport cars, which is being extremely successful among our customers all over the world.

In terms of sustainability, we have embarked on a path towards the use of renewable energy, with the implementation of solar panels capable of producing almost all the electricity required by the site. We have been working on hybrid propulsion for years: in 2017 we were the first to launch a 55-mt yacht, which at the time was the largest hybrid ship in the world.

Driven by a long-term approach, we strongly believe in training young people: in fact, in the first half of 2021, we officially opened our Academy, in cooperation with the Universities of Genoa and La Spezia, dedicated to the promotion of paths of excellence for our company employees and for the undergraduates of the Nautical Engineering and Mechanical Engineering faculties with a Mechatronic specialization, and the Yacht Design master's degree course.

We are therefore closing the first six months of 2021 with outstanding economic and financial results, which provide eloquent confirmation of what we had indicated during the listing process, especially with regard to our ability to grow continuously and sustainably even during the most challenging periods.

I would like to thank all the people working for The Italian Sea Group for their contributions to the execution of the various projects and the achievement of these financial results.

I would also like to thank all the investors who have placed their trust in our Company at the time of listing and those who subsequently have contributed to our share capital. I can assure them of our on-going commitment to faithfully implement the strategic plan presented during the IPO, trusting that the good results that TISG will be able to achieve will continue to translate into attractive returns for the shareholders.

Giovanni Costantino

Chief Executive Officer

INTERIM REPORT ON OPERATIONS

INTRODUCTION

This Half-Yearly Financial Report as at 30 June 2021 has been prepared in accordance with Article 154-ter of Legislative Decree 58/1998 and includes the Interim Report on Operations, the Interim condensed Financial Statements as at 30 June 2021 and the Certification required by Article 154-bis of Legislative Decree 58/98.

The Interim condensed Financial Statements are prepared in accordance with International Accounting Standards (IAS/IFRS) applicable pursuant to EC Regulation No. 1606/2002 of the European Parliament and Council of 19 July 2002 and in particular IAS 34 - Interim Financial Reporting.

The structure and content of the reclassified financial statements contained in the Interim Report on Operations and the mandatory tables included in this Report are in line with those prepared in the Annual Report.

The notes to the financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting, also taking into account the provisions of Consob Communication No. 6064293 of 28 July 2006. The information contained in this Report is therefore not comparable to that of complete financial statements prepared in accordance with IAS 1.

The figures presented here may in some cases contain rounding errors due to the representation in thousands; it should be noted that changes and percentages are calculated on figures expressed in thousands and not on rounded figures shown in millions.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

SUMMARY DATA AND GENERAL INFORMATION

Name: "The Italian Sea Group S.p.A.", in short "TISG S.p.A."

Registered office: Marina di Carrara (MS), Viale Cristoforo Colombo 4 bis

Tax Code: 00096320452

Number of registration in the Register of Companies of Carrara - Economic and Administrative

Index: no. 65218

CORPORATE AND CONTROL BODIES

Board of Directors

Chairman of the Board of Directors
Deputy Chairman of the Board of Directors
Chief Executive Officer
Non-Executive Board Director
Independent Board Director
Independent Board Director
Independent Board Director

Filippo Menchelli
Giuseppe Taranto
Giovanni Costantino
Giulio Pennacchio
Fulvia Tesio
Massimo Bianchi
Antonella Alfonsi

Control, Risk and Related Parties Committee

Chairman
Standing member
Standing member

Massimo Bianchi
Fulvia Tesio
Antonella Alfonsi

Appointment and Remuneration Committee

Chairman
Standing member
Standing member

Fulvia Tesio
Massimo Bianchi
Antonella Alfonsi

Board of Statutory Auditors

Chairman of the Board of Statutory Auditors
Standing Auditor
Standing Auditor
Alternate Auditor
Alternate Auditor

Felice Simbolo
Barbara Bortolotti
Mauro Borghesi
Anna Lisa Naldi
Luisa Bortolotti

Supervisory Body pursuant to Legislative Decree 231/01

Chairman of the Supervisory Board
Member

Annalisa De Vivo
Carlo De Luca

Independent Auditors

BDO Italia S.p.A.

Manager responsible for preparing the financial reports

Marco Carniani

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

INFORMATION ON THE COMPANY

TISG S.p.A. is one of the most renowned and prestigious operators in the international nautical sector, specialized in the design, production and marketing of **yachts** and **super yachts** made primarily of aluminium and steel, of a length ranging between 20 and 100 metres, as well as in the ordinary and extraordinary maintenance (**refit**) of any brand, especially on larger yachts over 60 metres. Since 2014 TISG has delivered 21 high-end yachts and super yachts under the **Admiral** and **Tecnomar** brands (13 Admiral and 8 Tecnomar, respectively).

Admiral:

The first Admiral boat, an 18-metre wooden boat, was created in 1966. The first wooden 30-metre motor yacht was launched in the mid-1970s; it was very rare and prestigious for that period. At the beginning of the 1980s, the first aluminium and steel hulls were built. Today the Admiral yachts are offered to the market as detailed below:

- Super yachts 50 – 70 metres;
- Mega yachts 70 – 100 metres;
- Giga yachts > 100 metres.

147 yachts have been built so far, 9 of which in the last five years. Elegance, classic style, high customisation and eco-sustainability are just some of the principal characteristics of Admiral yachts.

Tecnomar:

This brand has been on the market since 1987 and includes Motor Yachts between 20 and 50 metres in size. The distinctive features of Tecnomar yachts include innovative design, modern lines, sporting and dynamic style, and high speed performance. 289 yachts were delivered with the aforementioned brand, 8 of which in the last five years.

TISG stands out for its ability to offer owners a profound experience in the world of luxury. The highest quality in workmanship and selection of materials, attention to the most minute details, passion, style, innovation, design, advanced technologies and know-how, a taste for art and beauty, professionalism, prestige and hospitality are the distinctive elements of the TISG's 100% made-in-Italy philosophy.

The ships produced and marketed by TISG, within the Marina di Carrara shipyard and in its facilities, target (due to their characteristics of size and product type) different customer profiles, with particular attention - with regard to larger sized products - shipowners who already have their own fleets and to the few billionaires in the world.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

BRIEF HISTORY OF THE ITALIAN SEA GROUP

In December 2012, **GC Holding S.p.A.** acquired 100% of the share capital of Nuovi Cantieri Apuania S.p.A. (now The Italian Sea Group S.p.A.), which produced commercial boats and large cruise ships within the Marina di Carrara shipyard.

The Marina di Carrara shipyard was established in 1942. Thanks to modern and advanced systems, it took just a few years to start building medium tonnage vessels. During the 1950s and 1960s, development in equipment allowed the Shipyard to build ever larger constructions. In 1973 the structure was further expanded with the construction of a basin of 200 metres in length and 35 metres in width.

The purchase of the shipyard by GC Holding S.p.A. allowed employment levels to be maintained while safeguarding and relaunching a company in crisis (which in the past had played a leading role in the metalworking shipbuilding), with the opportunity to have a new shareholding structure already present on the nautical market, as it owns 100% of the shares of TYG S.p.A. (formerly Tecnomar S.p.A.), acquired in 2009.

Despite the critical phase experienced by the markets, made worse by a persistent credit restriction and the continuous financial defaults of shipowners, which flooded the market of used yachts, TISG S.p.A. further revised and expanded its own fleet after the acquisition of the Admiral brand in November 2011. The rapidly growing number of contracts and the increase in the size of mega yachts has led to the need to invest in a large production site with direct access to the sea.

Significant investments have been made over time, such as the expansion and complete renovation of the registered office, the organisation of areas dedicated to new productions, the construction of a steel plant, an upholstery fitting studio and the expansion of the areas dedicated to refit activities.

The Marina di Carrara shipyard covers 53,411 square metres of operating area, of which approximately 30,000 square metres are dedicated to NCA Refit activities. The strategic position in which the refit activities are carried out, in the town of Marina di Carrara, located a short distance from famous Italian tourist and recreational destinations (and therefore a privileged stop for the yachts in this sea), together with the technical characteristics and the size of the spaces as well as the cutting-edge recreational facilities dedicated to the crews, allow the Company to be an important maritime hub in the Mediterranean. NCA Refit boasts facilities that are unique in the world: 2,500 metres of quay and 200 x 35 metres of dry dock, 11 separate production areas, 1,000 tonnes of total lifting capacity and 3,300 tonnes of

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

upgraded and refurbished floating barge for the launch of yachts and mega yachts up to 100 metres.

Inside the building no. 7, which is the largest one, it is possible to build yachts up to 90 metres in length, while for the construction of longer ships, production takes place directly within the dry dock.

On 3 June 2021, the offer for the sale and subscription of the Company's ordinary shares for the purpose of listing on the Mercato Telematico Azionario ("MTA"), organised and managed by Borsa Italiana S.p.A., and on 8 June 2021 it represented the first day of listing of the Company.

The updated company structure is as follows:

Shareholders	%
GC Holding S.p.A.	63%
Alychlo NV*	11%
Giorgio Armani S.p.A.	5%
Market	21%

(*) including the shares allocated directly and indirectly to Mr Marc Coucke

BUSINESS DEVELOPMENT

Over the years, TISG has strengthened its presence in international markets such as the Russia, Germany, France, USA, Asia and South America. In particular, the Company is present in Europe through its sales office located at the registered office in Marina di Carrara, in the Russian market through brokers with prestigious customer portfolios and in North America through a famous and prestigious distribution agency that works for it on an exclusive basis.

In addition to the above, the Company's commercial strategy envisages the expansion of the network of brokers worldwide, the presence in all of the most important boat shows (Cannes, Montecarlo, Fort Lauderdale, Miami, Singapore), the organisation of events with brokers and customers and the possible opening of showrooms in the most prestigious offices in Italy and in the world.

An area called "**The Village**" was created within the shipyard for the well-being and entertainment of shipowners, crews, the surveillance teams of ships undergoing maintenance or construction, customers and employees, offering an elegant lounge bar, a restaurant, a gym, a cinema room and a wellness centre.

In 2020, TISG S.p.A. was ranked ninth in the Global Order Book, a certified classification of Boat International that indicates the main world builders of ships over 24 metres, and **fourth worldwide** when considering exclusively the segment of yachts **over 50 metres**.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

TISG is now permanently present in all of the strategic markets of the yachting industry, offering its products to customers located in over 20 countries around the world.

At the end of 2019, the Company launched the **TISG 4.0** project, a major reorganisation and upgrading of the entire Marina di Carrara shipyard, which envisages the roofing of the entire current dry dock and the construction of a new dry dock measuring 50 metres wide by 145 metres long in an area to the west of the shipyard. Work is expected to be completed in the second half of 2022.

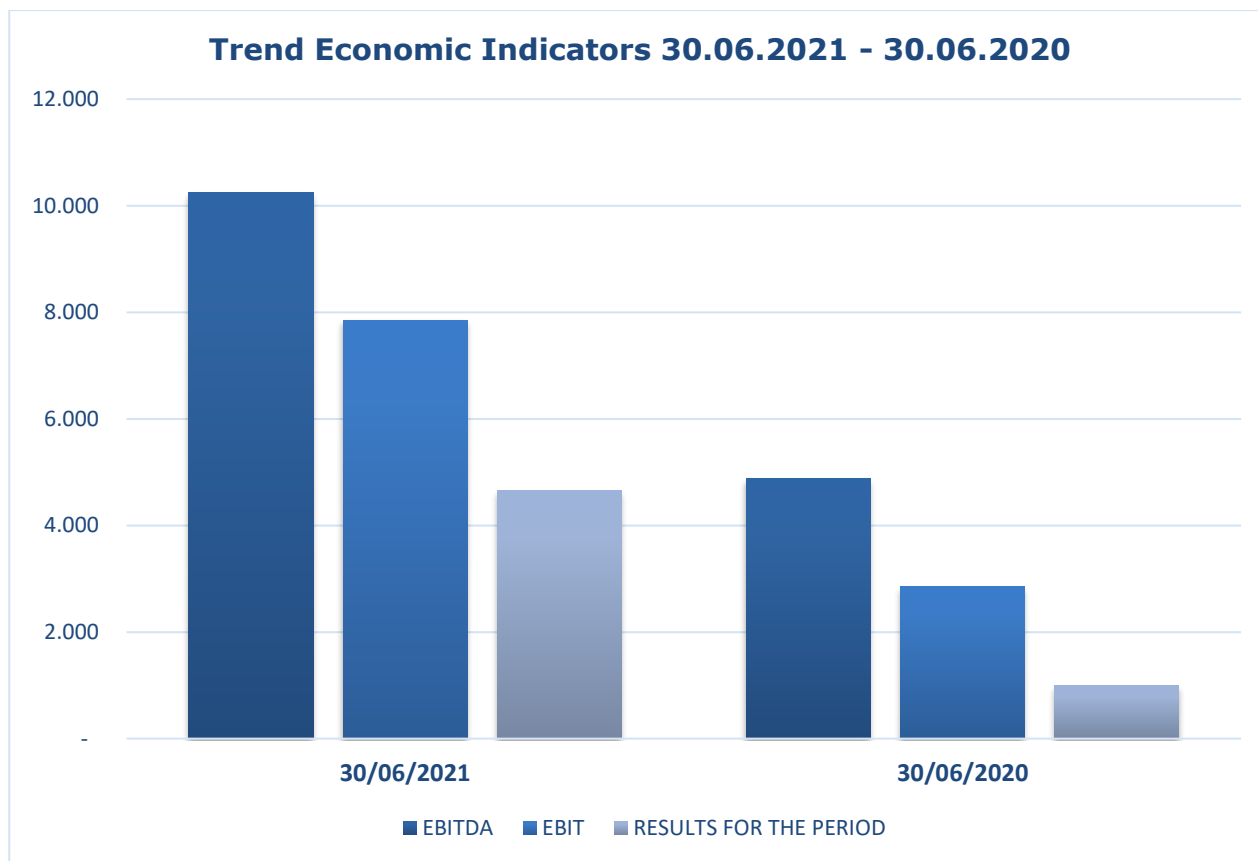
RECLASSIFIED INCOME STATEMENT

The income statement figures for the first six months of 2021 are shown below, compared with the figures for the same six months of 2020:

thousands of euro	30/06/2021	30/06/2020
Operating revenues	79,044	39,340
Other revenues and income	2,211	1,875
Commissions	(278)	(625)
Total revenues	80,977	40,590
Costs for raw materials	(17,607)	(6,612)
Cost for outsourced work	(34,652)	(14,423)
Services and technical consultancy	(2,446)	(2,508)
Other costs for services	(4,422)	(3,768)
Personnel costs	(10,503)	(7,798)
Other operating costs	(1,098)	(591)
EBITDA	10,250	4,889
<i>Percentage of total revenues</i>	<i>12.7%</i>	<i>12.0%</i>
Amortisation, depreciation, write-downs and capital losses	(2,396)	(2,032)
EBIT	7,854	2,857
<i>Percentage of total revenues</i>	<i>9.7%</i>	<i>7.0%</i>
Net financial charges	(1,535)	(877)
Income from extraordinary charges	(295)	(11)
EBT	6,024	1,969
Taxes for the period	(1,375)	(975)
RESULT FOR THE PERIOD	4,649	994
<i>Percentage of total revenues</i>	<i>5.7%</i>	<i>2.4%</i>

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021



Operating revenues from sales and services, amounting to Euro 79,044 thousand as at 30 June 2021, increased compared to the first six months of the previous year by approximately Euro 39.704 thousand, following primarily the subscription of 4 new contracts for the production and sale of yachts between 40 metres and 100 metres in length and 5 contracts for motor yachts of around 20 metres under the Tecnomar for Lamborghini brand. It should also be noted that during the first half of 2020, due to the restrictive measures imposed by the Italian government for the containment of the COVID-19 virus, there was a short-term interruption in activities that led to a temporary reduction in production.

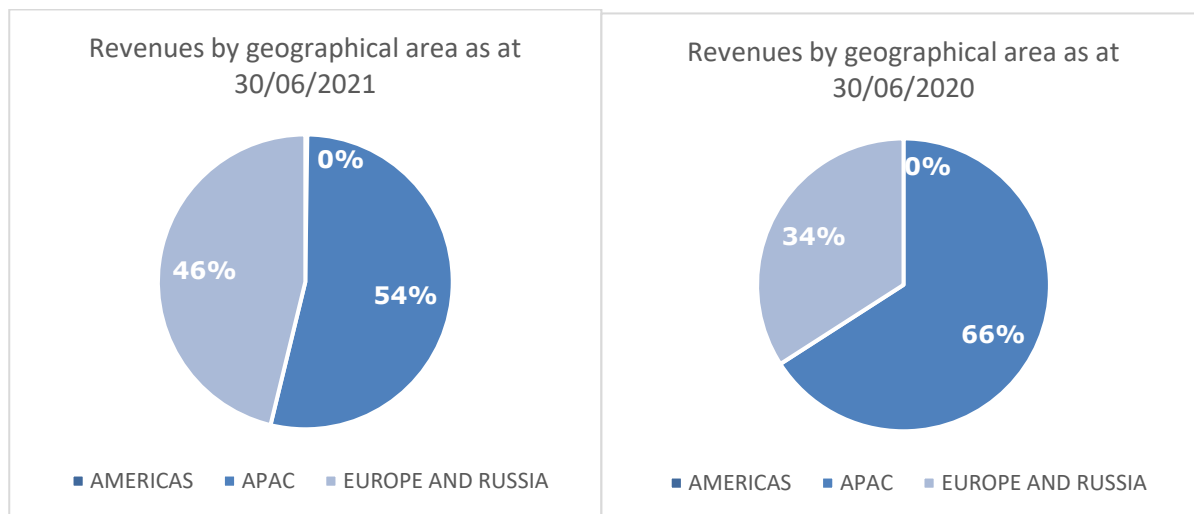
The item operating REVENUES, amounting to Euro 79,044 thousand as at 30 June 2021, comprises the following:

- Production and sale of yachts - *Shipbuilding* Euro 69.393 thousand;
- *Refit* activities Euro 9.651 thousand;

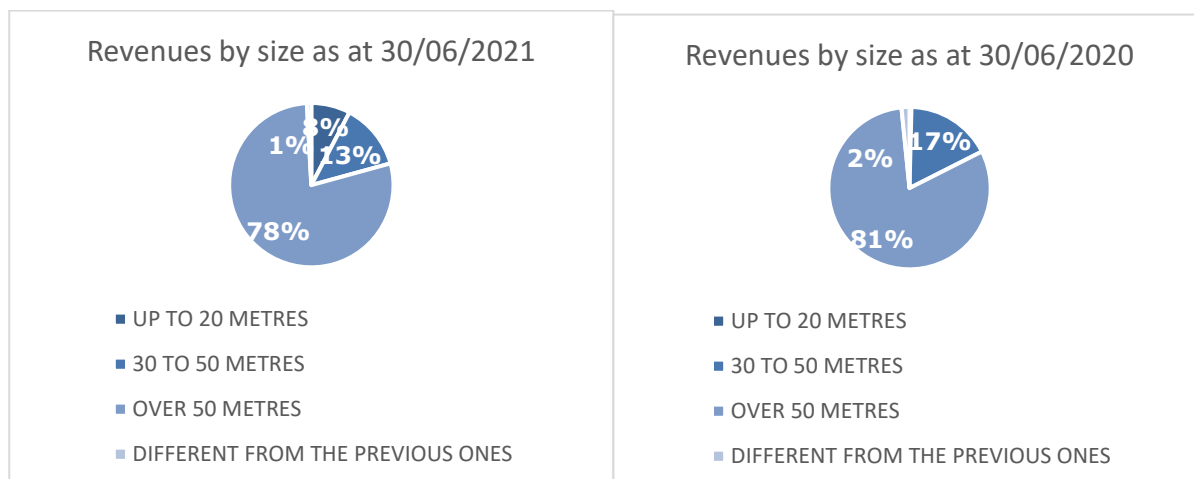
The breakdown of **Shipbuilding** revenues is as follows:

THE ITALIAN SEA GROUP S.p.A.
Half-yearly Financial Report as at 30 June 2021

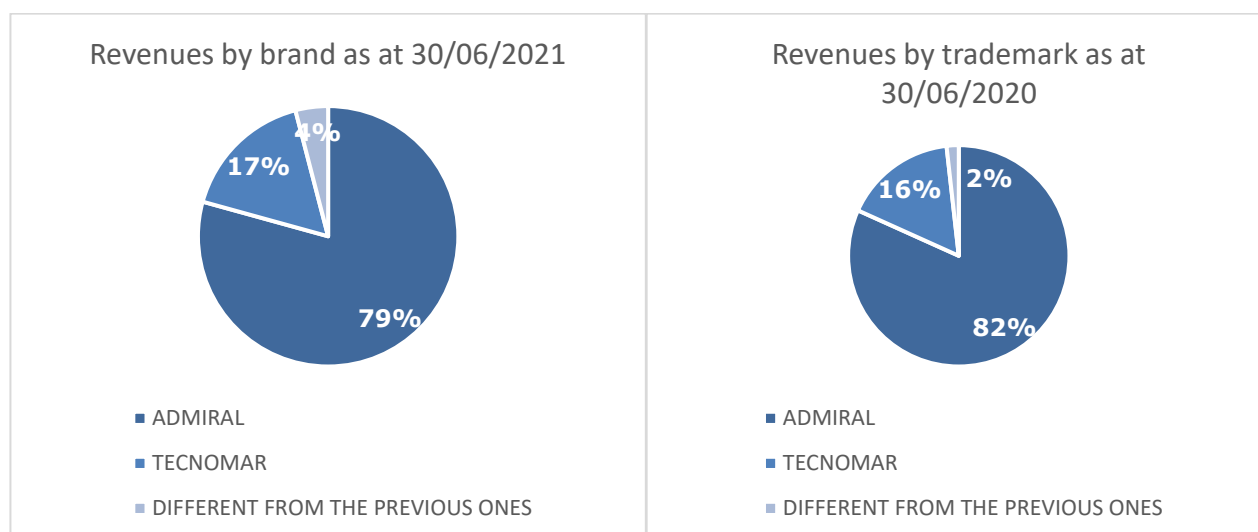
Breakdown by geographical area:



Breakdown by yacht size:



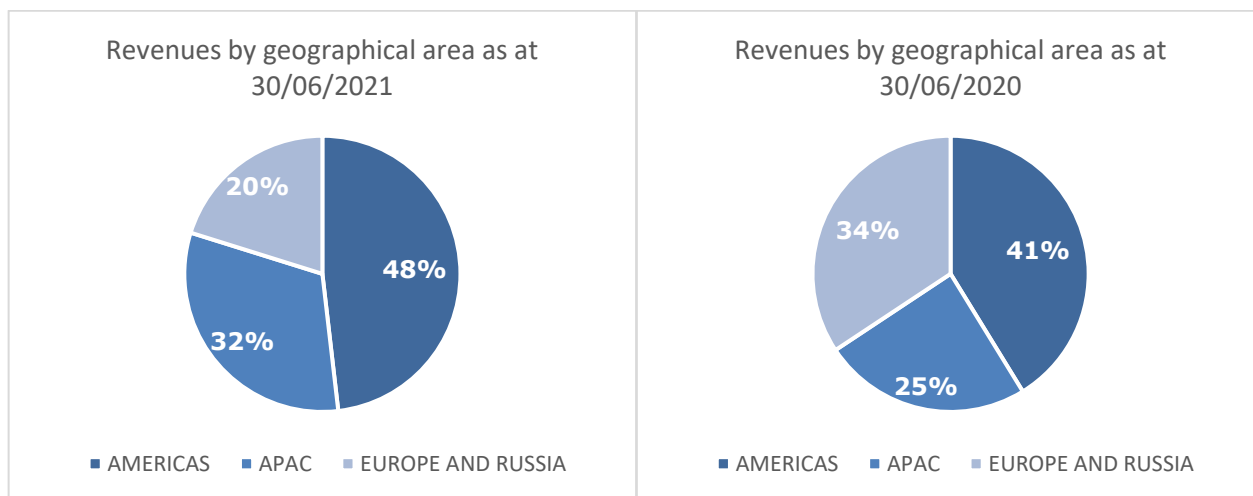
Breakdown by brand:



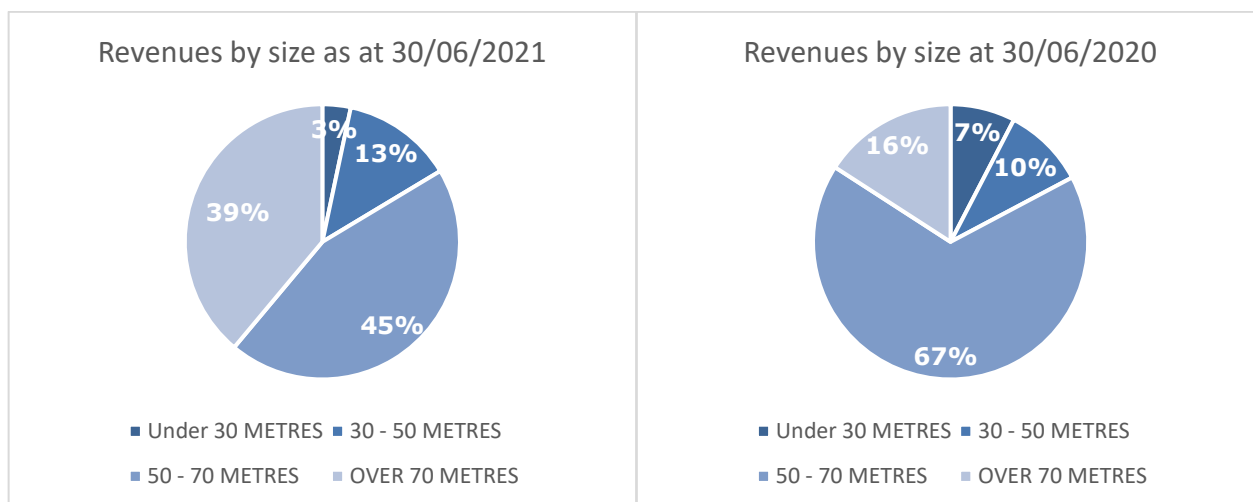
THE ITALIAN SEA GROUP S.p.A.
Half-yearly Financial Report as at 30 June 2021

Details of **Refit** revenues are provided below:

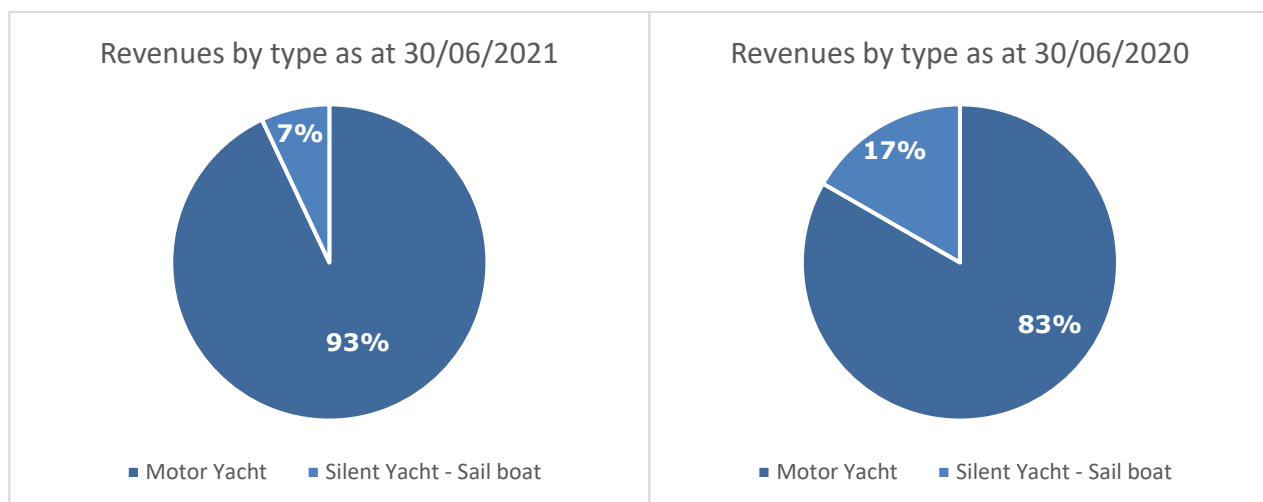
Breakdown by geographical area:



Breakdown by yacht size:



Breakdown by type:



THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

EBITDA as at 30 June 2020 is equal to Euro 10,250 thousand, up by approximately Euro 5,361 thousand compared to the first half of the previous year. EBITDA as a percentage of total revenues amounted to 12.7%, an increase of approximately 0.7% compared to the first half of the previous year. The increase in operating margins is the result of various strategic interventions made by management in order to:

- increase the margin of its products through a positioning of excellence in the market, in particular by executing commercial partnership agreements with other brands operating in the luxury sector;
- make operating costs more efficient with strategic investments to improve the shipyard's production capacity;
- invest in human capital in order to develop in-house expertise specialised in the most value-added phases of the nautical supply chain.

EBITDA corresponds to the net result adjusted by financial management, taxes, amortisation of fixed assets, provisions and write-downs of receivables and inventories, as well as non-recurring components. The EBITDA defined as so is the indicator used by the Company to monitor and assess its operating performance; since it is not defined as an accounting measure within the scope of International Accounting Standards, it should not be considered an alternative measure for assessing the performance of operating results. Since the composition of EBITDA is not defined by the reference accounting standards, the calculation criterion applied by the Company may not be the same as the one adopted by other entities and therefore may not be comparable.

EBIT, as at 30 June 2021, amounted to Euro 7,854 thousand, up by approximately Euro 4,997 thousand compared to first half of 2020 and with an incidence of 9.7% on total revenues, against amortisation, write-downs, provisions and capital losses that amount to Euro 2,396 thousand as at 30 June 2021.

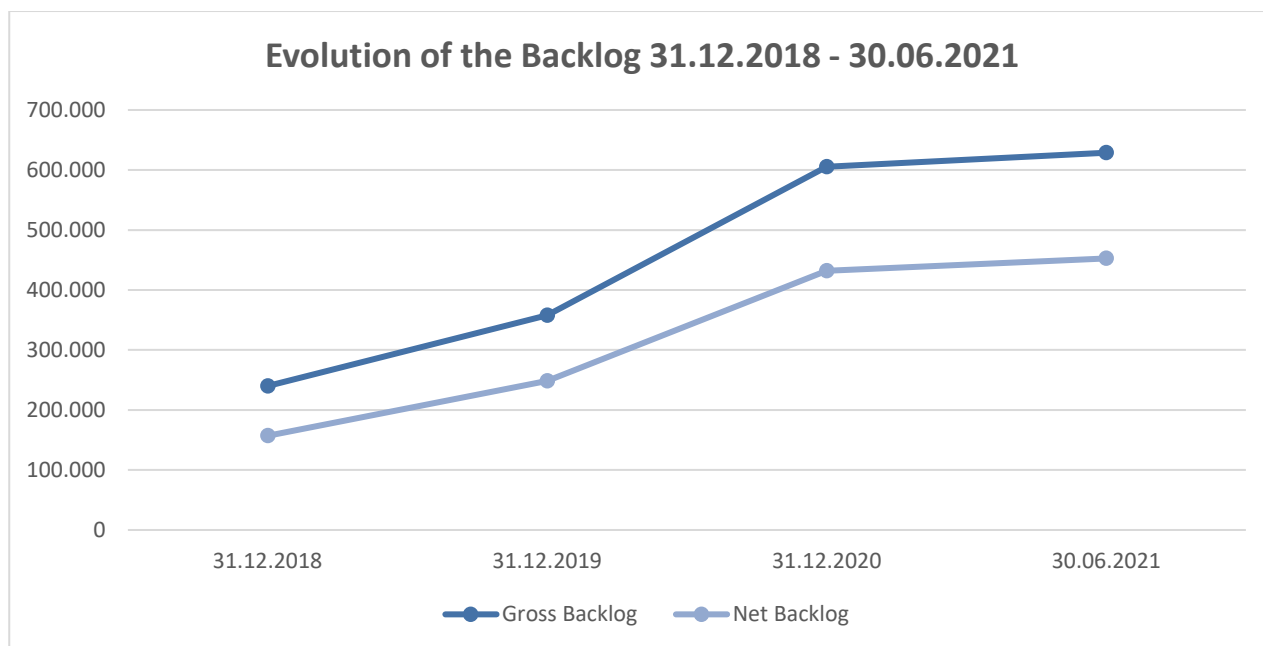
The development of TISG's business is linked to the size of its Order Portfolio and consequently of its net backlog at the closing date of the last three years as represented below:

<i>in thousands of Euro</i>	30.06.2021	31.12.2020	31.12.2019	31.12.2018
Gross Backlog Shipbuilding	626,540	597,247	339,003	230,714
Gross Backlog Refit	2,206	8,204	18,922	9,226
Total Gross Backlog	628,746	605,451	357,925	239,940
Net Backlog Shipbuilding	451,358	428,892	242,410	150,386
Net Backlog Refit	1,167	3,354	6,053	6,609
Total Net Backlog	452,525	432,246	248,463	156,995

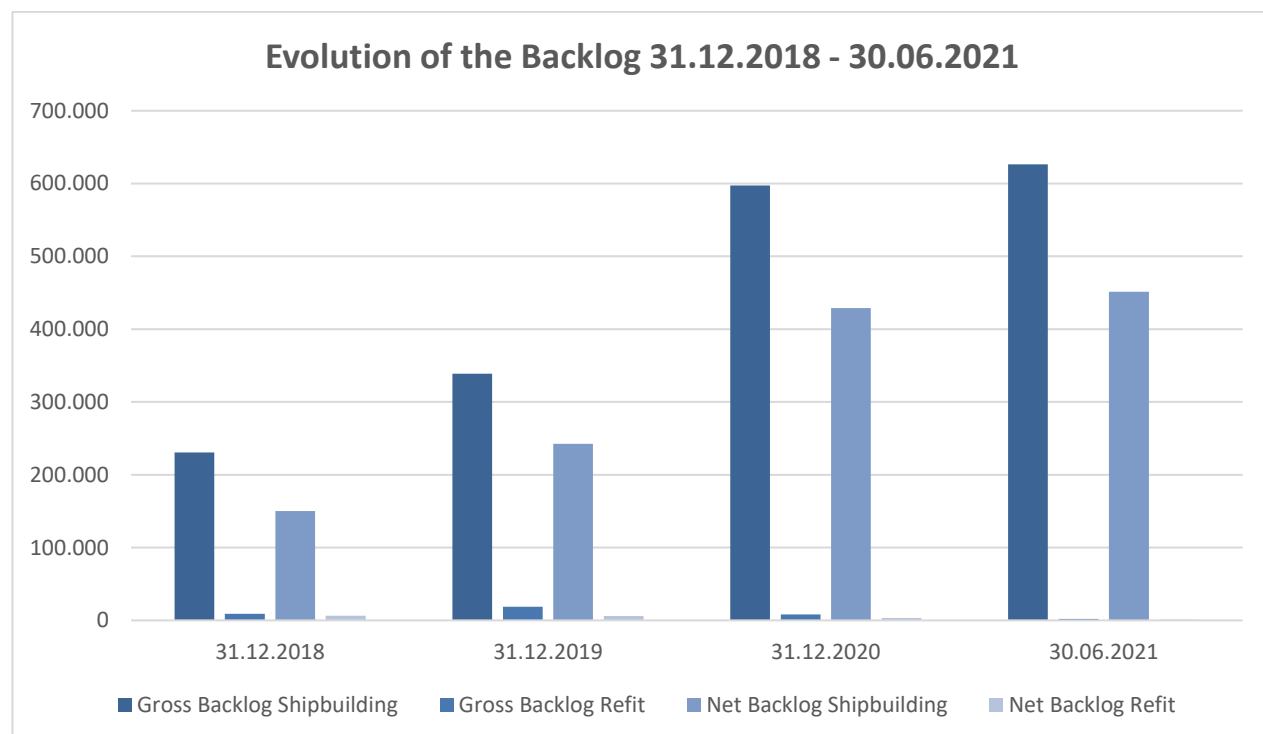
THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

As shown in the table above, the backlog as at 30 June 2021 shows an increase compared to 31 December 2020 of Euro 23,295 thousand, i.e. about 4%, as regards the gross backlog and of Euro 20,279 thousand, i.e. about 5%, as regards the net backlog.



The increase in the backlog is related to new orders received and mitigated by the completion of three yachts during 2021.



THE ITALIAN SEA GROUP S.p.A.
Half-yearly Financial Report as at 30 June 2021

RECLASSIFIED FINANCIAL POSITION

The balance sheet at 30 June 2021 is shown below, compared with the figures as at 31 December 2020:

Description (thousands of Euro)	30/06/2021	31/12/2020
ASSETS		
Intangible assets	4,599	4,377
Property, plant and equipment	62,733	53,543
Equity investments	43	43
Deferred taxes	(2,770)	(1,840)
Other non-current assets and liabilities	4,587	2,504
Provisions for non-current risks and charges	(2,953)	(2,639)
Provision for employee benefits	(790)	(817)
Net fixed capital	65,447	55,171
Inventories	163	2,759
Assets and liabilities from contract work in progress	40,959	13,704
Trade receivables	2,998	14,616
Trade payables	(42,136)	(34,240)
Other current assets and liabilities	(8,602)	(3,527)
Net working capital	(6,618)	(6,688)
Total LOANS – NIC	58,829	48,483
LIABILITIES		
Share capital	(26,500)	(21,750)
Share premium reserve	(45,431)	(12,000)
Other reserves and retained earnings	(4,566)	(235)
Profit (loss) for the period	(4,649)	(6,235)
Shareholders' Equity	(81,146)	(40,220)
Net financial indebtedness	22,316	(8,264)
Total LIABILITIES	(58,830)	(48,484)

Net fixed capital as at 30 June 2021 was up compared to the same figure as at 31 December 2020, mainly due to the increase in the Company's investments. In this respect, it should be noted that, as described above, work for the completion of the **TISG 4.0** project continued in 2021. In the first half of 2021, investments of approximately Euro 9.5 million were finalised.

The **net working capital** is in line with the net working capital as at 31 December 2020. Nevertheless, the composition of net working capital changed due to the decrease in Inventories and advances and to Trade receivables as well as to the increase in Trade payables and other current assets and liabilities. However, the effect is mitigated by a substantial increase in contract work in progress.

Shareholders' equity The increase in shareholders' equity, as described in more detail in the Notes to the financial statements, is mainly due to the IPO transaction that the company has

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

undertaken in 2021. In fact, the transaction led to an increase in the share capital of Euro 4.5 million as well as an increase in the share premium reserve of approximately Euro 33 million.

NET FINANCIAL POSITION

The net financial position at the end of the first six months of the 2021 financial year is shown below, compared to the figures at the end of the 2020 financial year:

<i>in migliaia di Euro</i>	30/06/2021	31/12/2020
A Cash	62.422	17.943
B Cash equivalents	0	0
C Other current financial assets	0	0
D Liquidity (A + B + C)	62.422	17.943
E Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	-1	-259
F Current portion of non-current financial debt	-6.982	-2.237
F.1 Other current financial debt	-2.750	-3.891
G Current financial indebtedness (E + F)	-9.732	-6.387
H Net current financial indebtedness (G - D)	52.690	11.556
I Non-current financial debt (excluding current portion and debt instruments).	-17.817	-7.757
J Debt instruments	0	0
K Non-current trade and other payables	-9.429	-8.967
K.1 Payables due to shareholders	-3.128	-3.095
L Non-current financial indebtedness (I + J + K)	-30.373	-19.819
M Total financial indebtedness (H + L)	22.316	-8.263

The company's net financial position as at 30 June 2021, amounting to Euro 22,316 thousand, increased by approximately **Euro 31 million** compared to 31 December 2020.

It should also be noted that the Company, starting from the 2019 financial year, adopted the new accounting standard IFRS 16, which introduces a criterion based on the control (right of use) of an asset to distinguish lease contracts from service contracts, identifying as discriminating: the identification of the asset, the right to replace it, the right to obtain substantially all the economic benefits deriving from using the asset and the right to direct the use of the asset underlying the contract.

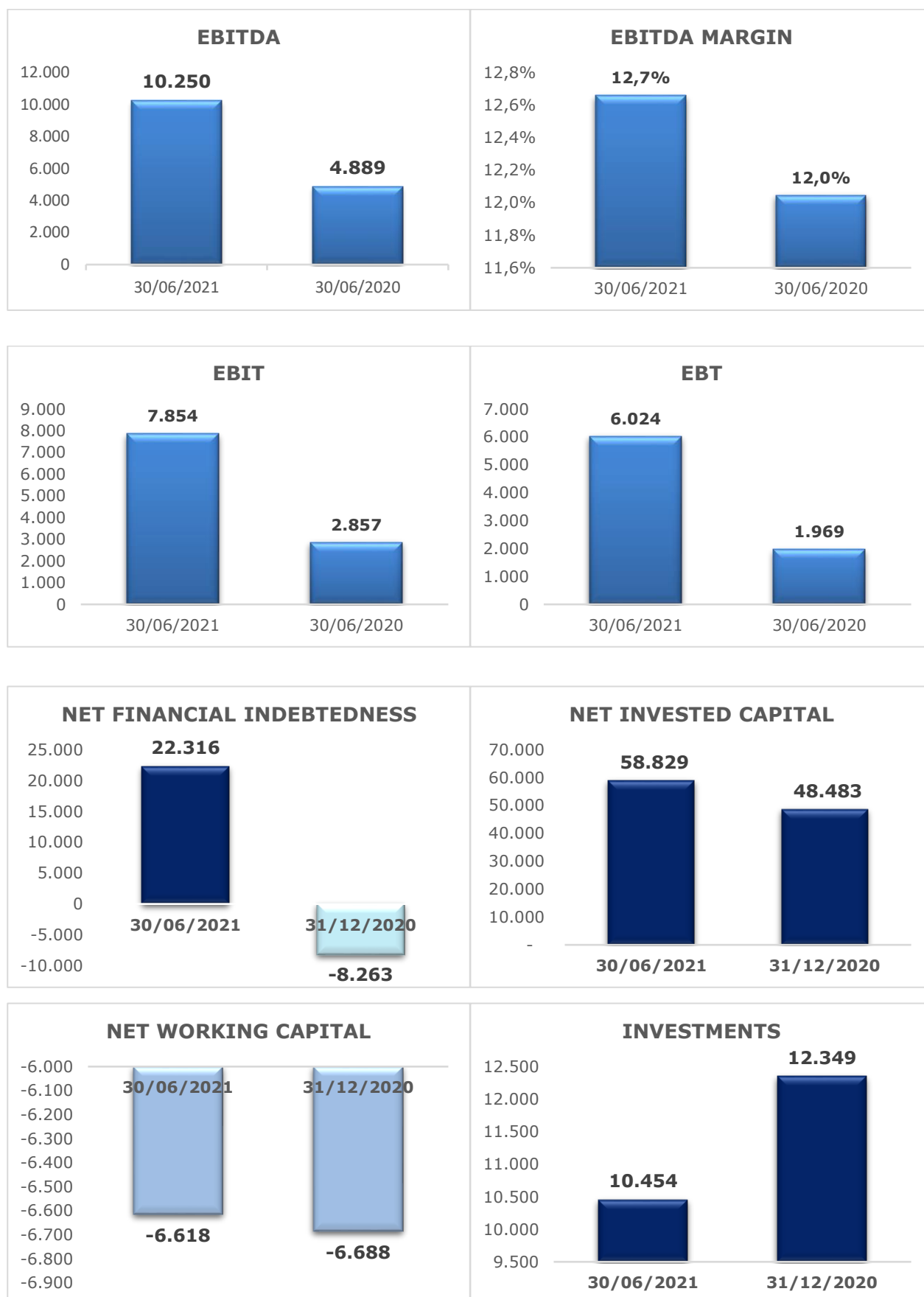
The calculation of the net financial indebtedness was made taking into account the liabilities (current and non-current) relating to the state-owned area under concession, which express the current value of the total amount of the concession fees accrued annually in favour of the Port Authority for using the state property complex located in Marina di Carrara, as well as payables to shareholders and other lenders.

Finally, it should be noted that the calculation of the net financial position includes the company's overdue tax payables, mainly related to the facilitated definition (see the section on related parties).

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

MAIN ALTERNATIVE PERFORMANCE INDICATORS (API)



THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

In order to facilitate understanding of the Company's economic and financial performance, the Directors have identified a number of alternative performance indicators ("Alternative Performance Indicators" or "APIs"). Moreover, these indicators represent the tools that help the directors to identify operational trends and make decisions about investments, resource allocation and other operational decisions. For a correct interpretation of these APIs, the following should be noted:

- these indicators are derived exclusively from the Company's historical data which are extracted from the general and management accounts, and are not indicative of the Company's future performance. More specifically, they are represented, where applicable, in accordance with the recommendations set forth the document no. 1415 of 2015, drawn up by ESMA (as implemented by CONSOB Communication no. 0092543 of 3 December 2015) and in points 100 and 101 of ESMA Q&A 31-62-780 of 28 March 2018;
- APIs are not required by the International Financial Reporting Standards ("IFRS") and, although derived from the Company's financial statements, are not subject to auditing;
- the APIs should not be considered as a substitute for the indicators provided by the International Financial Reporting Standards (IFRS);
- these APIs must be read in conjunction with the Company's financial information inferred from its financial statements;
- the definitions of the indicators used by the Company, insofar as they do not originate from the reference accounting standards used in the preparation of the financial statements, may not be the same as those adopted by other companies and therefore comparable with them;
- the APIs used by the Issuer have been prepared with continuity and uniformity of definition and representation for all the periods for which financial information is included in this half-yearly financial report.

The components of each of these indicators are described below, as required by Consob Communication no. 0092543 of 3 December 2015 implementing the ESMA/2015/1415 guidelines on alternative performance indicators:

EBITDA: is equal to the result before taxes, before financial income and expenses, depreciation and amortisation, as reported in the financial statements, adjusted by the following elements: revenues from extraordinary activities; expenses from extraordinary activities; provisions for risks (reclassified from Other Operating Costs to depreciation, amortisation, impairment losses and capital losses); provisions for bad debts (reclassified from depreciation, amortisation, impairment losses and capital losses to Other Operating Costs);

EBIT: is equal to EBITDA net of depreciation, amortisation, write-downs and capital losses.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

EBT: is equal to EBIT excluding net financial expenses and extraordinary income.

Net invested capital: equal to the total of net fixed assets and net working capital.

Net financial position includes:

- Cash includes: cash and bank deposits, other cash and cash equivalents and securities held for trading;
- Net current financial indebtedness includes: current financial receivables, short-term bank debt, current portion of non-current debt, other current financial debt, and payables to funding shareholders;
- Net non-current financial debt includes: non-current bank debt, bonds issues, other non-current payables, payables to funding shareholders.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

SIGNIFICANT EVENTS IN THE FIRST HALF OF 2021

The main events of the first half of 2021 are described below:

On **15 February 2021**, the production spaces dedicated exclusively to the Tecnomar for Lamborghini 63 line were officially opened. These spaces were set up to recreate the exclusive and personalized environment where customers will be able to finalize the outfittings of the motor - yachts. The first Tecnomar for Lamborghini 63 motor-yacht was delivered at the end of July 2021.

On 5 March 2021, the Shareholders' Meeting approved the financial statements, prepared in compliance with IFRS, for the year ending 31 December 2020.

In the first half of 2021, the Company put in place all necessary procedures to obtain CONSOB and Borsa Italiana authorisation for the trading of the Company's ordinary shares on the Mercato Telematico Azionario (MTA). This process, which began in early 2021, led to the drafting, with the help of legal and tax advisors, of the information prospectus approved by CONSOB on 27 May 2021. The listing project was finalised on **8 June 2021** when the Company's started trading ordinary shares on the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A., with an initial trading price of Euro 5.40, an increase of approximately 10% compared to the placement price of Euro 4.90 per share.

On 14 June 2021, the Company announced the start of the executive design phase of one of the largest sailing catamarans in the world. With a length of 46.5 metres, an exceptional beam of 17.30 metres and an imposing 50 metre mast, the new Admiral yacht will reach the highest innovative standards confirming its uniqueness.

In June 2021, the Court of Massa approved the debt restructuring agreement proposed by the related party CELI S.r.l. pursuant to Article 182-bis of the Italian Finance Act. Therefore, the settlement agreements described in the Information Prospectus will not be subject to changes and no further amounts will be payable, either by TISG or by CELI S.r.l., with respect to those agreed in said agreements (see details in the paragraph Related Parties).

In the first half of 2021, a further Euro 17 million was disbursed in relation to the medium/long-term loan agreement in connection with the long-term loan agreement signed on 8 May 2020 with UniCredit S.p.A. and Deutsche Bank for a total amount of up to Euro 20 million with floating rate and a duration of 4 years and 9 months. During 2020, Euro 3 million had already been collected to finance part of the strategic investments described above. This concluded the disbursement phase of the loan on 9 May 2021. Repayment will take place from 30 June 2021 in four quarterly instalments each year.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

The onset of the COVID-19 contagion, which continued in Italy starting from the first half of 2020, forced the national authorities to enact very incisive measures that placed restrictions on the exercise of production activities throughout the country.

In response to the health emergency due to COVID-19, the Company has operated by focusing on protecting the resources used and their families, on the sustainability of the Company, business continuity and on compliance with the Emergency Regulations applicable from time to time.

In particular, the Company has adopted the following measures:

- (i) a home-based remote protocol,
- (ii) continuous and periodic communication to the Company's employees and collaborators by means of e-mails and notices posted on the boards of each department informing them of the precautions to be adopted to avoid contagion and the spread of the virus, as well as the various measures that the enacted decrees set forth; and
- (iii) the constant monitoring of the well-being of the human resources with the introduction of precautionary measures from the beginning of the pandemic, such as temperature measurement, the obligation to wear a mask at all times, the use of gloves if necessary, the distribution of antibacterial gels to all departments and the purchase of office sanitation equipment.

In line with the provisions issued by the Government for the containment of COVID-19 (Prime Ministerial Decree of 8 March 2020 et seq.), the information and implementation protocols were therefore envisaged and activated regarding the provisions that envisage the presence and the use of personal protective equipment, spacing, sanitation of offices and the provisions of legislation.

EVENTS AFTER YEAR END

The main events that occurred after the first half of 2021 are described below:

TISG S.p.A. has entrusted the company Deloitte to carry out in-depth analysis procedures on the documents provided by Dr Franco Della Santa, insolvency administrator of Perini Navi S.p.A., within the data room for the sale of the Perini Navi assets. The analysis highlighted evaluative elements that made the Company's participation in the auction of 30 July 2021 inappropriate. TISG S.p.A. has confirmed its interest in Perini Navi only at sustainable values with a view to creating value for the Company and its shareholders.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

On **5 August 2021**, TISG and UniCredit signed an agreement to support the Made in Italy boating industry. Thanks to the agreement signed with the banking group, UniCredit Factoring is making a ceiling of Euro 5 million available to TISG's suppliers, giving them the opportunity to finance their working capital through simple and immediate access to liquidity. In detail, TISG has chosen a service specifically dedicated to the support and financing of companies in the supply chain: supply chain finance using U-FACTOR Reverse Factoring. This is a service that allows the supplier to enter into a contract with UniCredit Factoring and directly transfer its invoices to The Italian Sea Group. On the due date of these invoices or in advance, if requested, the supplier receives the payment, while TISG reimburses UniCredit Factoring, which in turn offers the option of extending the payment terms.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

BUSINESS OUTLOOK

Despite the fact that the world economy continues to be affected by the uncertainties linked to the evolution of the Covid 19 pandemic and the general increase in the cost of raw materials, the yachting market, especially as regards the segment of yachts over 50 metres, continues to be extremely positive in the first half of 2021.

In the Shipbuilding division, sales negotiations for new yachts are accelerating in 2021 for both new Admiral-branded ships and Tecnomar-branded yachts. In particular, 2021 saw a significant increase in orders for the new Tecnomar for Lamborghini line.

As regards the Refit Division, considered to be highly complementary to the activities of the Shipbuilding Division, management strategy consists of strengthening production capacity through the TISG 4.0 project. This project for the expansion of the structures dedicated to both divisions will in fact allow a greater number of yachts of increasing size to be hosted for both refit activities and for new construction projects and it will allow to start the yacht transformation business, which involves the substantial conversion of the type of hull or the change in the size of the ships (for example yachts that increase from 60 to 70 metres in length).

TISG therefore confirms that it will continue to work to meet its commitments and objectives, maintaining all the necessary measures to respond in a flexible and prompt manner to unexpected and difficult situations that may still arise, thanks to the careful and efficient management of its economic and financial structure.

RELATED PARTY TRANSACTIONS

Revenues, expenses, receivables and payables as at 30 June 2021 from related parties are described in the notes to the half-yearly financial statements. Transactions are carried out at normal market values, based on the characteristics of the goods and services provided.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

MAIN RISKS AND UNCERTAINTIES

In the normal course of its business activities, The Italian Sea Group S.p.A. is exposed to various risk factors, financial and non-financial, which, if they occur, could have an impact on the Company's economic and financial situation and assets.

RISKS RELATED TO THE FINANCIAL SITUATION

Some loan agreements entered into by the Company provide for covenants, commitments and restrictions of a financial and legal nature (such as covenants) to be borne by the Company which, if not complied with, could lead to the loans becoming immediately payable. In addition, future sudden increases in interest rates could lead to higher costs and disbursements based on the amount of debt outstanding. Cash flows may be affected by the impact of the current negative economic and social scenario, with production and financial reprogramming having an impact on expected receipts. The Company may not be able to access credit to the extent necessary for the proper financing of its business (e.g. in the event of particularly poor performance) or may only be able to access credit on particularly onerous terms.

RISKS RELATED TO OPERATIONS

Due to the operational complexity deriving both from the intrinsic characteristics of the shipbuilding activity as well as from the desire to diversify the product carried forward by the Company, it is exposed to the risk deriving from incapacity to implement an adequate project management activity, i.e. to adequately manage this operational complexity or the organisational integration process.

RISKS RELATED TO THE REGULATORY FRAMEWORK OF REFERENCE

The Company is subject to the regulations applicable in Italy and in the countries in which it operates. Any breaches of these regulations could result in civil, administrative and criminal penalties, as well as the obligation to carry out regularisation activities, the costs and responsibilities of which could have a negative impact on the Company's activities and results.

INTERIM CONDENSED FINANCIAL STATEMENTS AS AT 30 JUNE 2021

INTERIM CONDENSED FINANCIAL STATEMENTS AS AT 30 JUNE 2021

STATEMENT OF FINANCIAL POSITION

Thousands of euro	Notes	30/06/2021	31/12/2020
ASSETS			
NON-CURRENT ASSETS			
Brands	1	3,554	3,554
Other intangible assets	2	1,045	823
Land and buildings	3	19,938	19,942
Plant, machinery, equipment and investments in progress	4	31,565	22,847
Other tangible assets	5	1,677	1,648
Right of Use	6	9,552	9,106
Equity investments	7	43	43
Other non-current assets	8	4,586	2,504
Total non-current assets		71,960	60,467
CURRENT ASSETS			
Cash and cash equivalents	9	62,422	17,943
Trade receivables	10	2,998	14,616
Other receivables	11	1,912	1,297
Assets from contract work in progress*	12	56,074	22,549
Inventories	13	163	2,759
Other current assets	14	5,174	3,321
Total current assets		128,743	62,485
TOTAL ASSETS		200,703	122,952
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital		26,500	21,750
Share premium reserve		45,431	12,000
Other reserves and retained earnings		4,565	235
Profit (loss) for the period		4,649	6,235
Total Shareholders' Equity	15	81,145	40,220
NON-CURRENT LIABILITIES			
Provisions for risks and charges	16	2,953	2,639
Deferred tax liabilities	17	2,770	1,840
Provision for employee benefits	18	790	817
Long-term financial liabilities	19	28,928	18,415
Other non-current liabilities	20	1,384	1,404
Total non-current liabilities		36,825	25,115
CURRENT LIABILITIES			
Trade payables	21	42,136	34,240
Other payables	22	3,642	4,710
Short-term financial liabilities	23	7,835	3,370
Liabilities from contract work in progress*	12	15,115	8,845
Other current liabilities	24	14,005	6,452
Total current liabilities		82,733	57,617
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		200,703	122,952

* for the purpose of a better presentation of the financial statements, the Directors decided to reclassify also the comparative data as at 31 December 2020 in order to make the data comparable and to facilitate the reading of the financial statements for the users.

THE ITALIAN SEA GROUP S.p.A.
Half-yearly Financial Report as at 30 June 2021

INCOME STATEMENT

Thousands of euro	notes	30/06/2021	30/06/2020
Operating revenues	25	79,044	39,340
Other revenues and income	25	3,268	1,991
Commissions	25	(278)	(625)
Total Revenues		82,034	40,706
Raw materials, components and consumables	26	(17,607)	(6,612)
Cost for outsourced work	27	(34,652)	(14,423)
Services and technical consultancy	28	(3,333)	(2,508)
Other costs for services	29	(4,422)	(3,768)
Personnel costs	30	(10,503)	(7,798)
Other operating costs	31	(1,402)	(1,004)
Total operating costs		(71,919)	(36,113)
Operating result before amortisation, depreciation and write-downs		10,115	4,593
Amortisation, depreciation and write-downs	32	(2,556)	(1,747)
Operating result		7,559	2,846
Financial income	33	96	3
Financial charges	33	(1,631)	(880)
Profit (loss) for the period before income taxes		6,024	1,969
Income taxes	34	(1,375)	(975)
Profit (loss) for the period		4,649	994

COMPREHENSIVE INCOME STATEMENT

thousands of euro	30/06/2021	30/06/2020
Profit (loss) for the period	4,649	994
Items that will be reclassified in the income statement		
Gains/(Losses) on remeasurement of defined benefit employee plan liabilities	(27)	0
Tax effect	8	0
Items that will not be reclassified in the income statement		
Change in fair value of hedging derivatives	0	0
Tax effect		
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD (A) + (B)	4,630	994

THE ITALIAN SEA GROUP S.p.A.
Half-yearly Financial Report as at 30 June 2021

CASH FLOW STATEMENT

thousands of euro	30/06/2021	30/06/2020
INCOME MANAGEMENT ACTIVITIES		
Profit for the period before taxes	6,024	1,969
Net interest	1,567	911
Provision for risks and charges	491	605
Provision for severance pay	414	357
Adjustments for:		
Amortisation, depreciation and write-downs of fixed assets	2,376	1,747
Capital gains	(36)	(34)
Other provisions and write-downs (revaluations)	180	0
Changes in assets and liabilities:		
Receivables from customers	11,438	(5,301)
Inventories and contract works in progress	(24,659)	5,576
Other management activities	(1,580)	226
Payables to suppliers	6,402	(6,174)
Other operating payables	6,468	1,858
Severance pay	(441)	(333)
Provisions for charges and risks and deferred taxes	753	(5)
Taxes	(1,375)	(975)
Interest paid	(1,534)	(879)
CASH FLOW FROM INCOME MANAGEMENT ACTIVITIES	6,488	(452)
INVESTMENT ACTIVITIES		
Purchase of tangible assets	(10,034)	(3,910)
Disposal of tangible assets	36	34
Purchase of intangible assets	(398)	0
CELI loan	(3,412)	0
Others	(58)	(52)
CASH FLOW FROM INVESTMENT ACTIVITIES	(13,866)	(3,928)
FINANCING ACTIVITIES		
Capital payments	4,750	0
Share premium payment	41,799	0
Initiation of M/L term loans	17,000	2,608
Repayment of M/L term loans	(2,029)	(1,253)
Repayment of loans to others (lease)	(957)	1,486
Net change in other sources of short-term financing	(426)	(695)
Payment of charges on share capital increase	(2,027)	0
Payment of dividends	(6,253)	0
CASH FLOW FROM FINANCING ACTIVITIES	51,857	2,145
TOTAL CASH FLOWS FOR THE PERIOD	44,479	(2,235)
OPENING CASH AND CASH EQUIVALENTS	17,943	5,755
FINAL CASH AND CASH EQUIVALENTS	62,422	3,519

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Figures in thousands of Euro	Values as at	Allocation of income	Operating result for the period	Other changes	Total profit(loss)	Values as at
	31/12/19	31/12/19	30/06/20	30/06/20	30/06/20	30/06/20
SHARE CAPITAL	21,750					21,750
SHARE PREMIUM RESERVE	12,000					12,000
OTHER RESERVES AND RETAINED EARNINGS	(82)	429				347
PROFIT (LOSS) FOR THE PERIOD	429	(429)	994			994
TOTAL SHAREHOLDERS' EQUITY	34,097	0	994	0	0	35,091

Figures in thousands of Euro	Values as at	Allocation of income	Operating result for the period	Other changes	Total profit(loss)	Values as at
	31/12/20	31/12/20	30/06/21	30/06/21	30/06/21	30/06/21
SHARE CAPITAL	21,750			4750		26,500
SHARE PREMIUM RESERVE	12,000			33,431		45,431
OTHER RESERVES AND RETAINED EARNINGS	235			4,350	(19)	4,566
PROFIT (LOSS) FOR THE PERIOD	6,235	(6,235)	4,649			4,649
TOTAL SHAREHOLDERS' EQUITY	40,220	(6,235)	4,649	42,531	(19)	81,146

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

EXPLANATORY NOTES**CONTENT AND FORM OF THE FINANCIAL STATEMENTS**

The condensed Interim Financial Statements for the six months ended 30 June 2021 (hereinafter "Half-Yearly Report") of The Italian Sea Group S.p.A. (hereinafter "TISG S.p.A." or "Company"), have been prepared in compliance with international accounting standard IAS 34 "Interim Financial Reporting" (hereinafter "IAS 34") and consist of the statement of financial position as at 30 June 2021 and the income statement, the statement of comprehensive income, the cash flow statement and the statement of changes in shareholders' equity for the 6-month period ending 30 June 2021 and the explanatory notes.

The accounting standards used, the recognition and measurement criteria, as well as the criteria and methods for recognising company events applied to these Half-Yearly Financial Statements are the same as those adopted for the preparation of the financial statements as at 31 December 2020, to which reference is made for a more extensive discussion. Therefore, the Half-Yearly Financial Statements may not include all the information required for the annual financial statements and must be read together with the financial statements as at 31 December 2020.

In line with the provisions of IAS 34, the notes to the financial statements are presented in summary form, while the financial statements are presented in full, in line with what was done in the financial statements as at 31 December 2020.

The financial statements figures are expressed in thousands of Euro, unless otherwise indicated.

The Half-Yearly Financial Statements, approved by the Board of Directors at the meeting of 15 September 2021, were subject to a limited audit by BDO Italia S.p.A.

SEASONAL AND CYCLICAL NATURE OF OPERATIONS IN THE HALF-YEAR

The revenues and the economic result of the Company could be affected, albeit slightly, by the change in conditions in particular periods of the year. In particular, during the summer Refit activities could be fewer, as in this period the yachts are used by their owners. Given the low economic impact of these trends, the additional financial information required by IAS 34.21 in relation to the performance of the 12 months ended 30 June 2021 and 30 June 2020 is not provided.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

REPORTING BY OPERATING SECTOR

The Company's organisational structure is based on two divisions: Shipbuilding and Refit. The Shipbuilding Division is active in the design, production and sale of custom-built luxury superyachts ranging currently in length from 20 to a maximum of approximately 100 metres, with a focus on yachts between 60 and 100 metres. The NCA Refit Division offers refit services both on yachts produced by the Shipbuilding Division and on motor and sailing yachts made by third party manufacturers.

The operating segments have been identified by management, consistent with the applicable accounting standards and best practices.

In particular, the structure of the information corresponds to the structure of the reports periodically reviewed by the CEO for business management purposes.

Both Divisions operate mainly within the headquarter located in the Port of Marina di Carrara, where the Company has about 100,000 square metres of operational space, in addition to the main corporate functions.

BUSINESS CONTINUITY

The Interim condensed Financial Statements for the year ended 30 June 2021 were prepared with a view to the continuation of the company's business as there is a reasonable expectation that the Company will continue its operating activities in the foreseeable future (and in any case with a time horizon of more than twelve months). In particular, the following factors were taken into consideration:

1. the main risks and uncertainties (for the most part of external origin) to which TISG is exposed:
 - the changes in the general macroeconomic situation in the Italian, European and non-EU markets as well as the volatility of the financial markets of the "Eurozone" also following the outcome of the Brexit referendum in the United Kingdom;
 - changes in business conditions, also in relation to competitive dynamics;
 - the outcomes of disputes and claims with regulatory authorities, competitors and other parties;
 - financial risks (trend in interest rates and/or exchange rates, changes in creditworthiness by rating agencies);
2. the mix considered optimal between risk capital and debt capital as well as the risk capital remuneration policy, as described in the Note "Shareholders' Equity";

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

3. the financial risk management policy (market risk, credit risk and liquidity risk), as described in the Note "Financial Risk Management".

On the basis of these factors, the company management believes that, at present, there are no elements of uncertainty on the outlook for business continuity for TISG S.p.A.

ACCOUNTING STANDARDS AND VALUATION CRITERIA

Main updates

An amendment to the Standards became effective for all financial years beginning on or after 1 January 2021 and is therefore applicable to the Interim condensed Financial Statements for the year ended 30 June 2021.

The amendment below has been included, where applicable, in these illustrated Interim condensed Financial Statements as if it had been applied for the first time on 1 January 2021 (i.e. during the 2021 interim financial year).

New standards and amendments that became effective for periods beginning on or after 1 January 2021 and are therefore relevant to these Interim condensed Financial Statements.

IFRS	IASB - Date of entry into force	EU approval status
IBOR reform and its effects on the budget – phase 2	1 January 2021	Approved

In addition to the above, IFRIC has issued several decisions in the last 12 months. These policy decisions do not constitute official guidelines. The IFRS Foundation points out that such decisions “should be regarded as useful, informative and persuasive”. Entities preparing financial statements in accordance with IFRS are ultimately expected to take into account and adhere to policy decisions and this is the approach followed by securities market regulators around the world.

Since 30 June 2020, policy decisions have been finalised on the following topics:

Accounting standard	Topic
IAS 12 - Income taxes	Multiple tax consequences of asset recovery
IAS 12 - Income taxes	Deferred taxes relating to an investment in a subsidiary company
IAS 38 - Intangible assets	Transfer to operators
IFRS 16 - Leasing	Sale and lease sale with variable rents
IAS 1 Presentation of the financial statements	Supply chain financing agreements – Reverse factoring

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

NON-CURRENT ASSETS**Intangible assets**

Owned intangible assets acquired or produced internally are assets without physical substance recognised under assets, in accordance with IAS 38, only if identifiable, controllable, the cost of which can be determined reliably and to the extent that they are capable of being estimated. to produce future economic benefits.

Brands are considered assets with an indefinite useful life and, therefore, are not amortised, but are subject to impairment testing at least once a year, in accordance with IAS 36 - Impairment of Assets - ("impairment test")

The recoverability of the other intangible assets is verified when events or changes in circumstances suggest that the book value is not recoverable.

Research costs are charged to the income statement in the period in which they are incurred. Costs for the development of new products and manufacturing processes are capitalised and recognised under intangible assets only if all the following conditions are met:

- the project is clearly identified and the related costs can be reliably identified and measured;
- the technical feasibility of the project is demonstrated;
- the intention to complete the project and use the results within the company has been demonstrated;
- the usefulness of the intangible fixed asset for the Company's business has been demonstrated; and
- the technical and financial resources necessary for the completion of the project and its use are available.

Development costs are amortized over the period in which the expected future benefits will emerge from the same project, starting from the moment in which the asset is available for use.

Tangible assets

Tangible assets are recognised in the financial statements at purchase cost, including any accessory charges, and are systematically depreciated each year on a straight-line basis over their estimated useful life.

Ordinary maintenance expenses are charged in full to the income statement, those of an incremental nature are charged to the asset to which they refer and are amortised in relation to the residual possibility of use of the same.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

If the individual components of a complex tangible asset have a different useful life, they are recognised separately to be amortised in line with their useful life (so-called “component approach”).

Fixed assets under construction are valued at cost, including directly and indirectly attributable ancillary costs, only for the portion that can reasonably be attributed to them.

Tangible assets are depreciated on the basis of the economic-technical rates shown below, representative of the useful life:

Description	%
Buildings on land under concession	Expiry of the concession (31/12/2043)
Plants and machinery	6.67%-10%
Equipment	10%-25%
Office furniture and machines	12%
Electronic machines	20%
Motor vehicles	20%

Impairment losses on non-financial assets

At each balance sheet date, tangible and intangible assets with finite useful lives are analysed for impairment. If the presence of these indicators is identified, the recoverable value of the aforementioned assets is estimated, attributing any write-down of the book value to the income statement.

The recoverable value of an asset is the higher of its fair value, less costs to sell, and its value in use, meaning the present value of the estimated future cash flows for that asset. For an asset that does not generate largely independent cash flows, the realisable value is determined in relation to the cash generating unit to which the asset belongs.

In determining the value in use, the expected future cash flows are discounted with a discount rate that reflects the current market valuation of the cost of money, in relation to the period of the investment and the specific risks of the asset. An impairment loss is recognised in the income statement when the carrying amount of the asset is higher than the recoverable amount. If the conditions for a previous write-down no longer apply, the book value of the asset, with the exception of goodwill, is reinstated with recognition in the

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

income statement, within the limits of the net book value that the asset in question would have had if it had not been for the write-down and depreciation had been carried out.

Cash generating units may include corporate assets, i.e. assets that do not generate autonomous cash flows, attributable on a reasonable and consistent basis. Corporate assets not attributable to a specific cash generating unit are allocated to a larger aggregate consisting of several cash generating units.

With reference to trademarks considered to have an indefinite useful life, the verification is carried out, at least annually or in any case when events occur that suggest a reduction in value, at the level of the smallest aggregate on the basis of which the Company Management assesses, directly or indirectly, the return on the investment that includes the brand itself.

The recoverability is verified by comparing the book value with the relative recoverable value represented by the higher of the fair value, net of disposal costs, and the value in use. The latter is determined by discounting the expected cash flows deriving from the use of the cash generating unit and, if significant and reasonably determinable, from its sale at the end of its useful life, net of disposal costs. The expected cash flows are determined on the basis of reasonable and supportable assumptions representative of the best estimate of the future economic conditions that will occur in the residual useful life of the cash generating unit, giving greater importance to the indications coming from the outside.

In order to determine the value in use, the expected cash flows are discounted at a rate that reflects the current market valuations of the time, value of money and the specific risks of the asset not reflected in the estimates of cash flows. In particular, the discount rate used is the Weighted Average Cost of Capital ("WACC").

When the value of the cash generating unit, including brands, is higher than the recoverable value, the difference is written down. When the reasons for the write-down no longer apply, the assets are revalued and the adjustment is charged to the income statement; the write-back is carried out for an amount equal to the lower of the recoverable value and the carrying amount gross of the write-downs previously carried out.

Equity investments

Non-current financial assets include equity investments, valued at cost, which is reduced for impairment. The original value is reinstated in subsequent years if the reasons for the write-down no longer apply.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

Right Of Use - Lease liabilities

The Company holds tangible assets used in carrying out its business activities, through lease agreements (so-called "Lease"). At the start date of the lease, the Company determines whether the contract is, or contains, a lease. The Company identifies a lease agreement according to the definition provided for by IFRS 16, when the agreement transfers the right to control the use of an underlying asset for a period of time in exchange for a consideration. For lease agreements, the Company recognises an asset consisting of the right-of-use asset and a lease liability at the start date of the agreement (i.e. the date on which the underlying asset is available for use).

The lease liability is initially measured at the present value of the lease payments to be paid over the duration of the lease contract. In calculating the present value of the lease payments, the Company uses the Company's marginal borrowing rate at the start date of the lease when the implicit interest rate of the lease cannot be easily determined. The variable payments due for the lease that do not depend on an index or a rate are recognised as costs in the period in which the event or circumstance that triggers the payments occurs. After the commencement date, the lease liability is measured at amortised cost using the effective interest rate method and restated when certain events occur.

During the term of the lease the lease liability may be re-determined if:

- a) there is a change in the duration of the lease, or
- b) the estimates of the option to purchase in the asset underlying the lease are changed.

In these cases the lease liability is remeasured using a new discount rate and the change is recognised as a change in Right-of-Use.

The Right-Of-Use consists of the lessee's right to use the underlying asset for the duration of the lease; its initial measurement is at cost, which includes the initial amount of the lease liability adjusted for all payments made on or previously net of the incentives received, plus any initial direct costs incurred and an estimate of any costs for the dismantling and removal of the underlying asset and for the restoration of the underlying asset or site where it is located. After initial recognition, the right-of-use is amortised on a straight-line basis over the duration of the lease agreement.

The Company uses the option of not recognising short-term leases to its agreements with a duration equal to or less than 12 months from the effective date. It also uses the option of not recognising leases in which the underlying asset is of "modest value" and whose amount is deemed as not significant.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

CURRENT ASSETS**Inventories**

Inventories are recorded at the lower of purchase or production cost and the net realisable value represented by the amount that the company expects to obtain from their sale in the ordinary course of business, net of selling costs. The cost of inventories of raw materials, consumables and consumables as well as finished products and goods is determined by applying the weighted average cost method. The cost of production includes raw materials, the cost of direct labour and other production costs (based on normal operating capacity). Financial charges are not included in the valuation of inventories.

Materials with slow turnover or otherwise no longer reusable in the normal production cycle are adequately written down to align the value with the expected realisable value.

Assets and liabilities from contract work in progress

Assets and liabilities from contract work in progress (hereinafter also "contracts") are recognised at the value of the agreed contractual considerations, according to the percentage of completion method, taking into account the percentage of completion method, the progress achieved and the expected contractual risks. The work progress is measured with the so-called input method with reference to the contract costs incurred at the reporting date in relation to the total estimated costs for the contract (so-called "cost-to-cost").

If it is expected that the completion of a contract may result in a loss, this is recognised in its entirety in the year in which the same becomes reasonably foreseeable.

Contracts are stated considering the costs incurred plus the margins recognised, less any expected losses, net of invoicing for work in progress.

This analysis is carried out on a contract-by-contract basis. If the differential is positive, the imbalance is classified as an asset under the item "assets from contract work in progress"; if, on the other hand, this differential is negative, the difference is classified as a liability under the item "Liabilities from contract work in progress".

For the purpose of a better presentation of the financial statements, the Directors decided to reclassify also the comparative data as at 31 December 2020 so as to make the data comparable and to facilitate the reading of the financial statements for the users.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

Trade receivables and other assets

Trade receivables and other current and non-current receivables are financial instruments, mainly relating to receivables from customers, not derivatives and not listed in an active market, from which fixed or determinable payments are expected. Trade receivables and other receivables are classified in the balance sheet under current assets, with the exception of those with a contractual maturity of more than twelve months from the reporting date, which are classified under non-current assets. These financial assets are recorded in the balance sheet assets when the Company becomes a party to the contracts connected to them and are eliminated from the balance sheet assets, when the right to receive the cash flows is transferred together with all the risks and benefits associated with the business sold. Trade receivables and other current and non-current receivables are originally recognised at their *fair value* and, subsequently, at amortised cost, using the effective interest rate, reduced for any impairment. The amount of the write-down is measured as the difference between the book value of the asset and the present value of expected future cash flows. The value of the receivables is shown in the financial statements net of the related bad debt provision, set up to cover the risk of future losses. Trade receivables and other current and non-current receivables are eliminated from the statement of financial position when the right to receive the cash flows is extinguished and all the risks and benefits associated with the holding of the asset are substantially transferred (referred to as "derecognition") or if the item is considered definitively unrecoverable after all the necessary recovery procedures have been completed.

The approach adopted for the recognition of loan losses is prospective, focused on estimating the probability of future losses on loans, even in the absence of events that suggest the need to write down a credit position ("expected losses"). Although the provision allocated is deemed adequate, the use of different assumptions or the change in economic conditions, even more so in this period characterised by uncertainty and a negative economic situation, could be reflected in changes in bad debt provision.

Cash and cash equivalents

The item related to Cash and cash equivalents includes cash and bank current accounts, deposits repayable on demand and other short-term financial investments with high liquidity, which are readily convertible into cash and are subject to an insignificant risk of change in value.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

NON-CURRENT LIABILITIES**Provisions for risks and charges**

Provisions for risks and charges relate to costs and charges of a determined nature and of certain or probable existence, whose amount or date of occurrence is undetermined at the end of the year. Provisions are recognised when: i) the existence of a current legal or implicit obligation deriving from a past event is likely; ii) it is probable that the fulfilment of the obligation will be onerous; iii) the amount of the obligation can be reliably estimated.

Provisions are recognised at the value representing the best estimate of the amount that the company would rationally pay to extinguish the obligation or to transfer it to third parties at the end of the year; provisions relating to onerous contracts are recognised at the lower of the cost necessary to fulfil the obligation, net of the expected economic benefits deriving from the contract, and the cost of terminating the contract.

When the financial effect of time is significant and the payment dates of the obligations can be reliably estimated, the provision is determined by discounting the expected cash flows determined taking into account the risks associated with the obligation at the average rate of the company's debt; the increase in the provision related to the passing of time is recognised in the income statement under "Financial charges".

Risks for which the occurrence of a liability is only "possible" are considered "contingent liabilities" and treated in accordance with the following paragraph.

Contingent assets and liabilities

Contingent liabilities consist of:

- a) "possible" obligations that arise from events that occurred before the financial statements date and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not fully under the Company's control, or
- b) from current obligations that arise from events before the financial statements date but are not recognised because:
 - i. it is not probable that the liability will require an outflow of resources from the action of settling the obligation, or
 - ii. the amount of the obligation may not be estimated with sufficient accuracy.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

Contingent assets are represented by assets that derived from events that occurred before the financial statements date and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not fully under the Company's control.

Contingent assets and liabilities are not recognised in the financial statements but are described in the explanatory notes.

Employee benefits (Post-employment plans)

The Company's employees benefit from pension and other post-employment plans. The pension plans in which the Company is required to participate by Italian law are defined contribution plans, while other post-employment benefit plans, in which the company generally participates by virtue of collective employment agreements, are defined benefit plans. Payments relating to defined contribution plans made by the Company are recognised in the income statement as a cost when incurred. Defined benefit plans are based on the working life of employees and on the remuneration received by employees during a predetermined period of service.

Employee benefits, which, according to Italian regulations, are categorised as severance pay (TFR) are considered by IAS 19 as "post-employment benefits"; they represent "defined benefit" pension plans and are therefore subject to valuation using the "Projected Unit Credit Method".

The liability relating to the benefits paid to employees and disbursed upon or after the termination of the employment relationship for defined benefit plans or other long-term benefits disbursed in the course of employment is determined, separately for each plan, on the basis of actuarial assumptions by estimating the amount of future benefits that the employees have accrued at the reporting date. The liability, net of any assets serving the plan, is recognized on an accrual basis throughout the period in which the right accrues. With reference to the liabilities (assets) for defined benefit plans, the actuarial gains and losses deriving from the actuarial valuation of the liabilities, the return on the plan assets (net of the associated interest income) and the effect of the asset ceiling (net of related interest) are recognized under Other Comprehensive Income (OCI) when they occur. For other long-term benefits, the related actuarial gains and losses are recognized in the income statement. In the event of a change to a defined benefit plan or the introduction of a new plan, any past service cost is recognized immediately in the income statement.

On 16 June 2011, the IASB issued an amendment to IAS 19 - Employee Benefits, which eliminates the option of deferring the recognition of actuarial gains and losses with the

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

corridor method, requiring the presentation in the statement of financial position of the deficit or surplus of the provision, and the recognition of the cost components linked to the work performance and the net financial charges in the income statement, and the recognition of the actuarial gains and losses deriving from the remeasurement of liabilities and assets under "Other comprehensive income/(losses)". In addition, the return on assets included under net financial charges must be calculated based on the discount rate of the liability and no longer on the expected return on the assets.

Financial liabilities

Financial liabilities relating to loans and other obligations to pay other than derivatives, after initial recognition at *fair value*, are measured using the amortised cost method, net of principal repayments already made.

Payables and other liabilities are classified as current liabilities, unless the Company has the contractual right to settle its obligations at least after twelve months from the date of the financial statements. Financial liabilities are eliminated when they are extinguished, or when the obligation specified in the contract is fulfilled, cancelled or expired.

Derivatives

The derivative instruments finalised by TISG are aimed at hedging the exposure to interest rate risk on the medium-term loan stipulated with Unicredit in 2019 and on the medium-long term loan taken out with Unicredit - Deutsche during 2020.

Derivative financial instruments meet the criteria for classification as instruments of coverage and thus the relationship with the item being hedged is documented, including the risk management objectives, the hedging strategy and the methods to assess effectiveness.

The effectiveness of each hedge is verified both at the initiation of each derivative instrument and during its life.

In the case of hedging aimed at neutralising the risk of changes in future cash flows originating from the future execution of transactions expected to be highly probable at the reporting date (cash flow hedge), the changes in the *fair value* of the derivative instrument recorded after the first recognition are accounted for, limited only to the effective portion, among the components of the comprehensive profit and loss.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

CURRENT LIABILITIES

Financial liabilities (excluding derivative financial instruments), trade payables and other payables are initially recognised at fair value, net of directly attributable accessory costs, and are subsequently measured at amortised cost, applying the effective interest rate criterion. If there is an estimated change in the expected cash flows, the value of the liabilities is recalculated to reflect this change on the basis of the present value of the new expected cash flows and the internal rate of return initially determined.

Financial liabilities are classified under current liabilities, unless the Company has an unconditional right to defer their payment for at least 12 months after the reference date. Financial liabilities are derecognised from the financial statements when they are extinguished or when the Company has transferred all risks and charges relating to the instrument.

REVENUES

Revenues represent the gross cash flows of economic benefits for the year deriving from the performance of ordinary activities. Fees collected on behalf of third parties such as sales taxes, taxes on third-party assets and value added tax are not and are therefore not included among revenues.

The Company's revenues derive mainly from:

- sale of own brand yachts;
- provision of "refit" services (i.e. maintenance and renovation) on ships owned by third parties.

The process underlying the recognition of revenues follows the steps envisaged by IFRS 15:

- 1) contract identification: this occurs when the parties approve the contract (with commercial substance) and identify their respective rights and obligations. In other words, the contract must be legally binding, the rights to receive goods and/or services must be clearly identified together with terms of payment and the company deems it probable that the payment will be received;
- 2) identification of performance obligations: the main performance obligations must be clearly identified, i.e. promises to transfer goods and/or services;
- 3) determination of the transaction price: this is the total amount contracted with the counterparty, having regard for the entire duration of the contract; the company has defined the contractual duration as that deriving from the time required to build the yacht or perform the refit services;

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

- 4) allocation of the transaction price to the performance obligations: the allocation takes place in proportion to the progress of the work on the ships or refit works; and
- 5) revenue recognition: revenue is represented net of discounts, allowances, returns and recognised in relation to the characteristics of the type of revenue.

The sale of ships complies with the requirements for the transfer of control and the fulfilment of the performance obligation over the period of time of construction of the vessel ("over time"). In particular, the yachts are built on specific customer requests and the company has contractual rights that protect the recognition of the margin of the service completed up to the date in question. At the signing of the contract, the customer pays the Company an amount as an advance payment which, in the event of renouncement to the purchase of the boat, may be retained and included in the revenues.

Revenues and related costs are recognised over time, i.e. before the goods are delivered to the customer. Progress made is measured on the basis of the input criterion using the cost-to-cost method and costs are recognised in the income statement when incurred.

Invoices are issued according to the conditions set forth in the contract for each individual unit. In particular, a payment on account is established at the start of the contract, and invoices are subsequently issued on the achievement of specific partial completion stages (SALs).

By way of example (but not exhaustive as it depends on the type of contract), invoices are issued:

- upon signing the contract;
- upon completion of the hull, deck and superstructure;
- upon completion of the internal subdivision, rough finish;
- upon boarding of the main engines;
- upon completion of the works, when the vessel is ready for delivery;

at the same time the "Test and Acceptance Report" and the "Transfer of Ownership Deed" are signed.

A large part of the price of a vessel is usually paid by way of advance payment and in subsequent instalments during the course of the work in progress on the contract as shown above, while only a residual portion is settled upon final delivery of the unit.

Similarly, revenues from refit services are recognized over time on the basis of progress made according to the cost-to-cost method and costs are recognized in the income statement when incurred.

Financial income

Interest income is recognised in accordance with the accrual principle, considering the actual return.

Accounting for government grants

Government grants are those that take the form of transfers of resources to an entity provided that it has complied with, or undertakes to comply with, certain conditions relating to its operating activities. Non-repayable loans are loans for which the lender undertakes to waive repayment in the event of established conditions.

COSTS

Costs are charged to the income statement when the amount can be determined objectively and when in the substance of the transaction it can be ascertained that the company has incurred these costs on an accrual basis.

Financial charges

Financial charges are recognised on an accrual basis and include interest payable on financial payables calculated using the effective interest method and exchange rate differences.

Dividends

Dividends payable are represented as changes in shareholders' equity in the year in which they are approved by the Shareholders' Meeting.

Taxes

Current taxes are set aside in accordance with the applicable regulations, based on an estimate of taxable income. Payables for current taxes are recorded in the balance sheet under current liabilities under the item "Tax payables" net of advances paid and withholding taxes. If there is a credit balance, the amount is shown under "Sundry receivables and other assets" under current assets.

Prepaid and deferred income taxes are calculated on the timing differences between the values of assets and liabilities determined according to statutory criteria and the corresponding values

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

recognised for tax purposes. The valuation is made on the basis of the tax rates expected to be applied in the year in which these differences will be realised or extinguished and therefore will contribute to the formation of the tax result, considering the rates in force or those already issued at the reference date of the financial statements.

Deferred tax assets are recognised for all deductible timing differences, to the extent that it is probable that in the reversal period taxable income will be available against which said differences can be used. On the other hand, deferred taxes are recognised on all taxable timing differences, unless there is little likelihood that the related "payable" will arise.

Deferred tax assets and deferred tax liabilities are stated net under non-current assets or liabilities, as they refer to the same Revenue Agency.

Quotation costs

In accordance with IAS 32, transaction costs related to an equity transaction are accounted for as a deduction from equity to the extent that they are marginal costs directly attributable to the equity transaction that would otherwise have been avoided. The costs of a capital transaction that is abandoned are recognised in the income statement.

In compliance with the above, the listing costs related to the listing on the MTA market on 08 June 2021 referring to the capital increase have been recognised as a direct reduction of shareholders' equity.

The amount of costs not related to the capital increase was recognised in the income statement.

Criteria for conversion of foreign currency items (not in the Eurozone)

Receivables and payables expressed in foreign currency are originally recognised on the basis of the exchange rates in force on the date on which they arose and, if existing at the end of the reporting period, are appropriately stated in the financial statements at the exchange rate in force at the end of the period. by crediting or debiting exchange gains or losses to the income statement.

Exchange rate differences are of a financial nature and as such are recognised in the income statement as financial income components, as they are not related to the commercial transaction in the strict sense, but express the changes over time - once the commercial transaction is concluded - of the currency chosen for the negotiation.

There are no significant effects to report from changes in exchange rates after the end of the year.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

Use of estimates

The preparation of the financial statements requires the application of accounting standards and methods that, in certain circumstances, are based on difficult and subjective valuations and estimates based on historical experience and assumptions that are from time to time considered reasonable and realistic according to the relative circumstances. In Interim condensed Financial Statements, more extensive use is made of estimates than in annual financial statements, always in compliance with the principle of reliability of the information provided in the financial statements.

The application of these estimates and assumptions affects the amounts reported in the financial statements, such as the statement of financial position, the statement of comprehensive income and the cash flow statement, as well as the information provided.

The final results of the financial statement items for which the aforementioned estimates and assumptions were used may differ from those reported in the financial statements that record the effects of the occurrence of the event subject to estimate, due to the uncertainty that characterises the assumptions and conditions on which the estimates are based.

The accounting standards that require greater subjectivity in the preparation of estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial data are briefly described.

In particular, it is believed that the items most subject to this subjectivity are:

- *Deferred tax assets*: Deferred tax assets are accounted for on the basis of expectations of taxable income in future years. The valuation of expected taxable income for the purposes of accounting for deferred tax assets depends on factors that may vary over time and determine significant effects on the recoverability of deferred tax assets.
- *Valuation of the ADMIRAL and TECNOMAR brands*: intangible assets with an indefinite useful life are not amortised; the recoverability of their book value is checked at least annually and in any case when events occur that suggest a reduction in value, based on an impairment test based on estimates and assumptions by management.
- *Recognition of revenues from contract work in progress*: Similarly to other large multi-year contracts, the contract for the construction of a yacht or a ferry precedes the realisation of the product, sometimes by a very substantial period of time. There are few cases of contractual

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

price revision formulas, although there is the possibility of obtaining extra-prices for additions and variations, limited to cases of significant changes in the scope of supply. The margins that are expected to be recognised on the entire work on completion are recognised in the income statements of the relevant years based on progress; the correct recognition of the work in progress and of the margins relating to works not yet completed thus presupposes the correct estimate by the management of the costs to completion, of the assumed increases, and also of the delays, extra costs and penalties that could reduce the expected margin. To better support the estimates, management uses contract risk management and analysis schemes to monitor and quantify the risks related to the performance of these contracts. The values recorded in the financial statements represent the best estimate at the date made by management, with the help of said procedural supports.

- *Provisions for risks and charges:* Provisions representing the risk of a negative outcome are recognised for legal and tax risks and disputes. Provisions for repairs under warranty are based on estimates of the probable expense that the Company will have to incur for repairs to ships sold that are still covered by warranty. The value of the provisions recorded in the financial statements relating to these risks represents the best estimate, to date, made by the company management. This estimate derives from the adoption of assumptions that depend on factors and circumstances that may change over time.
- *IFRS 16 Liabilities:* The amount of the lease liability, and consequently the related right-of-use assets, depends on the determination of the lease term. This determination is subject to the management's assessment, particularly with regard to the inclusion or otherwise of the periods covered by the lease renewal and termination options set forth in the contracts. These assessments will be reviewed upon the occurrence of a significant event or significant change in circumstances that affects management's reasonable assurance in determining the lease term.

COMMENTS ON THE MAIN ASSET ITEMS

Note 1 - Brands

The changes in this item are presented as follows:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Brands	3,554	3,554	-
TOTAL	3,554	3,554	-

Description (thousands of Euro)	Admiral brand	Tecnomar brand	Total
Net Book Value 31.12.2020	2,319	1,235	3,554
Investments	-	-	-
Net decreases	-	-	-
Net Book Value 30.06.2021	2,319	1,235	3,554

Brands: This item, equal to Euro 3,554 thousand as at 30 June 2021, unchanged compared to 31 December 2020, is composed of Euro 2,319 thousand for the purchase cost of the "ADMIRAL" brand, incurred in 2011, and for Euro 1,235 thousand for the cost to purchase the "TECNOMAR" in December 2019.

As at 30 June 2021, no indicators of impairment of these assets were identified and, therefore, it was not necessary to update the impairment test run when preparing the financial statements for the year ended 31 December 2020.

Note 2 – Other Intangible assets

The changes in this item are presented as follows:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Development costs	1,045	823	222
TOTAL	1,045	823	222

Description (thousands of Euro)	Tecnomar EVO	Tecnomar for Lamborghini	Total
Net Book Value 31.12.2020	26	797	823
Movements in 2021			
Investments	-	378	378
Net decreases	-	-	-
Amortisation	(13)	(142)	(156)
Net Book Value 30.06.2021	13	1,033	1,045

THE ITALIAN SEA GROUP S.p.A.
Half-yearly Financial Report as at 30 June 2021

Projects: this item, amounting to Euro 1,045 thousand as at 30 June 2021, up by Euro 222 thousand compared to 31 December 2020, due to new investments and net of the amortisation for the period, includes the Company's investments in the development of strategic projects, amortised over an estimated useful life of 5 years.

Details of changes in intangible fixed assets are provided below:

Description (thousands of Euro)	Other intangible assets	Brands	Total
Historical cost	3,000	4,724	7,724
Amortisation provision	2,177	1,169	3,346
Net Book Value 31.12.2020	823	3,554	4,377
<i>Movements in 2021</i>			
Additions	378	-	378
Disposal	-	-	-
Chg. Historical cost 2021	378	-	378
Amortisation	156	-	156
Release of Amortisation provision	-	-	-
Chg. Amortisation provision 2021	156	-	156
Historical cost	3,378	4,724	8,102
Amortisation provision	2,333	1,169	3,502
Net Book Value 30.06.2021	1,045	3,554	4,599

Note 3 - Land and buildings

The changes in this item are presented as follows:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Land and buildings	1,524	1,570	(46)
Buildings on land under concession	18,414	18,372	42
TOTAL	19,938	19,942	(4)

Land and buildings: equal to Euro 19,938 thousand as at 30 June 2021, decreased as a whole by Euro 4 thousand compared to 31 December 2020, due to the depreciation of the period net of new investments. The main increases in 2021 include investments related to the renovation of industrial buildings for approximately Euro 168 thousand; investments related to the

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

construction of the new western wharf for approximately Euro 285 thousand and investments related to the construction of the TISG Academy for approximately Euro 77 thousand.

Changes in this item during the first six months of 2021 are shown below:

Description (€/000)	Land and buildings	Buildings on land under concession	Total
Historical cost	3,029	27,230	30,259
Depreciation provision	1,459	8,858	10,318
Net Book Value 31.12.2020	1,570	18,372	19,942
Movements in 2021			
Additions	0	268	268
Disposal	0	0	0
Transfer from AUC	0	285	285
Chg. Historical cost 2021	0	553	553
Depreciation	45	511	556
Release of Depreciation provision	0	0	0
Chg. Depreciation provision 2021	45	511	556
Historical cost	3,029	27,783	30,813
Depreciation provision	1,505	9,369	10,874
Net Book Value 30.06.2021	1,524	18,414	19,938

Note 4 - Plant, machinery and equipment

The changes in this item are presented as follows:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Work in progress and payments on account	16,498	10,213	6,285
Industrial and commercial equipment	1,599	1,411	188
Property, plant and equipment	12,069	9,921	2,148
Moulds	1,399	1,302	97
TOTAL	31,565	22,847	8,718

Fixed assets in progress and advances: amounting to Euro 16,498 thousand as at 30 June 2021, up by Euro 6,285 thousand compared to 31 December 2020. These refer primarily to work in progress for the execution of the TISG 4.0 project. In the first six months of 2021, Euro 9,526 thousand of investments were made relating to the expansion of the Marina di Carrara shipyard, which concerned the completion of a new warehouse (no. 3) and the start of

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

the construction of the new dry-dock at the head of pavilion no. 7. All the investments described above refer to the capitalization of external costs.

Industrial and commercial equipment: this item amounted to Euro 1,599 thousand as at 30 June 2021, up by Euro 188 thousand, compared with 31 December 2020, due to new investments and net of depreciation for the period. Investments relate in particular to yacht fixed supports and saddles for approximately Euro 161 thousand, as well as scaffolding and specific equipment for refit activities.

Plant and machinery: this item, amounting to Euro 12,069 thousand as at 30 June 2021, decreased compared to 31 December 2020 by Euro 2,148 thousand, due to new investments and net of depreciation for the period. The main investments relate to the refurbishment of the upgraded floating barge to carry out the launching of yachts and mega yachts up to 100 metres for approximately Euro 2.5 million.

Moulds: the item, containing equipment for making composite hulls and manufactured products, amounting to Euro 1,399 thousand as at 30 June 2021, decreased compared to 31 December 2020 by Euro 97 thousand, due to new investments and net of depreciation for the period. The increases of the period are mainly related to the execution of moulds for the Tecnomar project for Lamborghini for about Euro 174 thousand.

On some plants, works, concessions and capital goods, as well as on receivables, including future receivables, which may arise as a result of the possible disposal of these assets, a mortgage has been recorded of Euro 24,000 thousand and a special lien for a total of Euro 26,000 thousand, to guarantee the loans disbursed for the implementation of the TISG 4.0 project by Unicredit and Deutsche Bank.

Changes in this item during the first six months of 2021 are shown below:

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

Description (€/000)	Work in progress and payments on account	Industrial and commercial equipment	Property, plant and equipment	Moulds	Total
Historical cost	10,213	7,682	34,483	4,606	56,984
Depreciation provision	0	6,272	24,562	3,303	34,137
Net Book Value 31.12.2020	10,213	1,411	9,921	1,303	22,847
Movements in 2021					
Additions	9,460	356	191	174	10,181
Disposal	0	0	788	0	788
Transfer from AUC	(3,175)	66	2,824	0	(285)
Chg. Historical cost 2021	6,285	421	2,227	174	9,107
Depreciation	0	233	670	77	980
Release of Depreciation provision	0	0	591	0	591
Chg. Depreciation provision 2021	0	233	79	77	389
Historical cost	16,498	8,104	36,710	4,780	66,091
Depreciation provision	0	6,505	24,641	3,381	34,527
Net Book Value 30.06.2021	16,498	1,599	12,069	1,399	31,565

Note 5 - Other tangible assets

The changes in this item are presented as follows:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Office furniture and machines	1,624	1,613	11
Cars	23	32	(9)
Transport vehicles	30	3	27
TOTAL	1,677	1,648	29

This item, amounting to Euro 1,677 thousand as at 30 June 2021, increased by Euro 29 thousand compared to 31 December 2020, as a result of new investments and net of depreciation for the period.

Changes in this item during the first six months of 2021 are shown below:

THE ITALIAN SEA GROUP S.p.A.
Half-yearly Financial Report as at 30 June 2021

Description (€/000)	Work in progress and payments on account	Industrial and commercial equipment	Property, plant and equipment	Total
Historical cost	3,042	224	224	3,491
Depreciation provision	1,429	193	221	1,843
Net Book Value 31.12.2020	1,613	32	3	1,648
Movements in 2021				
Additions	149	0	28	178
Disposal	0	0	0	0
Transfer from AUC	0	0	0	0
Chg. Historical cost 2021	149	0	28	178
Depreciation	138	9	2	149
Release of Depreciation provision	0	0	0	0
Chg. Depreciation provision 2021	138	9	2	149
Historical cost	3,191	224	253	3,668
Depreciation provision	1,567	202	223	1,992
Net Book Value 30.06.2021	1,624	23	30	1,677

Note 6 - Right-of-Use

This item consists of the following items:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Right Of Use - Plants and Machinery	526	645	(119)
Right Of Use - Motor Vehicles	1,780	988	792
Right Of Use - Leased buildings	889	975	(86)
Right Of Use - Buildings under state concession	6,357	6,498	(141)
TOTAL	9,552	9,106	446

The item Right-Of-Use ("ROU") includes the recognition under tangible fixed assets of the rights of use of the assets held by the company under lease agreements, in accordance with the provisions of IFRS 16.

The item ROU - Plant and machinery, amounting to Euro 526 as at 30 June 2021, decreased by Euro 119 thousand compared to 31 December 2020 due to amortisation and to the termination of some contracts.

The item ROU - Motor Vehicles, equal to Euro 1,780 thousand as at 30 June 2021, up by Euro 792 thousand compared to 31 December 2020, includes the leases of the cars that make up the corporate fleet and increased as a result of new contracts signed in the half-year net of amortisation for the period.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

The item ROU - Buildings under lease, equal to Euro 889 thousand as at 30 June 2021, refers to the sub-lease agreement regarding a property for industrial use located in Massa used by TISG for the construction of the hull of a 77 metre yacht and decreased by Euro 86 thousand compared to 31 December 2020 due to the amortisation for the period.

The item ROU - Buildings under state concession, equal to Euro 6,357 thousand as at 30 June 2021, refers to the recognition of the current value of the fees for the state concession relating to the company headquarters in Marina di Carrara, issued by the Eastern Ligurian Sea port system authority – Ports of La Spezia and Marina di Carrara expiring in 2043, which decreased due to the amortization for the period.

Note 7 - Equity investments

This item is presented as follows:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Equity investments in other companies	43	43	0
TOTAL	43	43	0

The item "equity investments in other companies" includes the investment for the purchase of 250 shares, equal to 2.5% of the share capital of the company TISG. Asia Limited, based in Hong Kong, carried out in 2017.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

Note 8 - Other non-current assets and liabilities

This item is composed as follows:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Non-current security deposits	66	1,063	(997)
Other securities	279	232	47
Non-current supplier payables	200	0	200
Receivables from CELI for long-term tax settlement	4,041	1,209	2,832
TOTAL	4,586	2,504	2,082

The item, which increased by Euro 2,082 thousand, compared to 31 December 2020, is represented as follows:

- **Guarantee deposits:** this item, amounting to Euro 66 thousand, includes Euro 23 thousand for the deposit paid to the related company TISG Turkey Yat Tersanecilik Anonim Sirketi in relation to the contract signed between the parties for the services received by TISG in the Yalova warehouse. The remaining amount of Euro 44 thousand refers to sums paid as security deposit for contracts for the supply of Energy and others.
- **Other securities:** recorded for Euro 279 thousand as at 30 June 2021, this is a contract signed with Unicredit for the custody and administration of securities and insurance instruments called "Unibonus Business".
- **Non-current supplier payables:** the item, amounting to Euro 200 thousand as at 30 June 2021, includes the non-current amount of the receivable due to the Company in relation to the settlement agreement with a supplier by way of compensation. The supplier had delivered a faulty electrical system that had damaged a yacht under construction.
- **Receivables from CELI for tax settlement:** this item refers to the long-term portion of the receivable from the related company CELI as part of the Tax settlement signed by CELI and TISG with the Italian Revenue Agency in October 2020, for which on 30 June 2021 TISG has already paid Euro 8,080 thousand to the Agency on behalf of CELI; of this amount, CELI has already repaid Euro 3,326 thousand to TISG. The receivable will be repaid by CELI to TISG over 10 years through 20 half-yearly instalments of Euro 237 thousand each, plus interest calculated at 3.5% per annum, starting from 30 June 2021 until 31 December 2030. CELI paid the first instalment of the repayment plan to TISG on 30 June 2021; the receivable as at 30 June 2021 therefore amounted to €4,517 thousand (of which Euro 4,041 thousand is long-term and €475 thousand short-term).

Note 9 - Cash and cash equivalents

The item can be broken down as follows:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Bank and post office deposits	62,421	17,942	44,479
Cash	1	1	-
TOTAL	62,422	17,943	44,479

Bank and post office deposits, equal to Euro 62,421 thousand as at 30 June 2021, up by Euro 44,479 thousand compared to the previous year. For more details on the change, please see the cash flow statement.

Nota 10 – Trade receivables

This item is presented as follows:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Receivables from customers	2,998	14,616	(11,618)
TOTAL	2,998	14,616	(11,618)

Receivables from customers, amounting to Euro 2,998 thousand, decreased by Euro 11,681 thousand compared to 31 December 2020, mainly arose from commercial transactions related to the progress of production orders and refit services. Recognition in the financial statements is carried out at their estimated realisable value.

Changes in the bad debt provision are shown below:

Description (thousands of Euro)	31.12.2020	Provision made	Provision used	30.06.2021	Changes
	0			1	s
Bad debt provision (trade receivables)	(228)	180	55	(353)	(125)
Bad debt provision (competition procedures)	(371)	0	0	(371)	0
TOTAL	(599)	180	55	(724)	(125)

The bad debt provision existing at the end of the year represents an estimate of the probability of future losses on receivables, based on the experience gained and knowledge of the credit situation of the counterparties, even in the absence of events that indicate the need to write down certain credit positions.

Note 11 - Other receivables

This item is presented as follows:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Advances to suppliers	1,583	1,181	402
Receivables from parent companies	67	38	29
Tax receivables	262	78	184
TOTAL	1,912	1,297	615

The item **Advances to suppliers**, amounting to Euro 1,583 thousand as at 30 June 2021, increased by Euro 402 thousand compared to 31 December 2020, includes advances paid to suppliers with whom tender contracts were signed for work on production and refit orders.

The **receivable from parent companies**, recognised as at 30 June 2021 for Euro 67 thousand, refers to the receivable arising in connection with some payments made by TISG on behalf of the parent company GC Holding S.p.A..

Tax receivables: this item, amounting to Euro 262 thousand as at 30 June 2021, refers to VAT receivables from the tax authorities.

Note 12 – Assets from contract work in progress and Liabilities from contract work in progress

This item is presented as follows:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Assets from contract work in progress	56,074	22,549	33,525
Liabilities from contract work in progress	(15,115)	(8,845)	(6,270)
TOTAL	40,959	13,704	27,255

In the first half of 2021, there was a net increase in the item of Euro 27,255 thousand compared to 31 December 2020. The net values reflect the valuations of contracts in progress and show an increase compared to the previous year, due to the normal progress of production with respect to the invoicing of SALs.

The progress is determined by the costs incurred plus the margins recognised and net of any amount already invoiced.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

The development of the item as at 30 June 2021 and as at 31 December 2020 for yachts under contract is shown below:

Description (thousands of Euro) 31.12.2020	Value of contracts	Contract progress	Advances invoiced	Net amount of business
Yacht Orders	597,247	181,213	(168,355)	12,858
Refitting orders	8,204	5,696	(4,850)	846
Total	605,451	186,909	(173,205)	13,704

Description (thousands of Euro) 30.06.2021	Value of contracts	Contract progress	Advances invoiced	Net amount of business
Yacht Orders	626,540	216,121	(175,181)	40,940
Refitting Orders	2,206	1,060	(1,040)	20
Total	628,746	217,181	(176,221)	40,960

Note 13 - Inventories

This item is composed as follows:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Raw materials, supplies and consumables	163	211	(48)
Work in progress and semi-finished products	0	348	(348)
Finished products and goods	0	2,200	(2,200)
TOTAL	163	2,759	(2,596)

The item **Raw materials, ancillary materials and consumables**, amounting to Euro 163 thousand, decreased by Euro 48 thousand compared to 31 December 2020, refers to the amount of inventories of the general warehouse of TISG, the internal steel laboratory and the warehouse "Food and beverage".

Work in **progress and semi-finished products** as at 30 June 2021 are zero, following the sale to a final customer of a Tecnomar for Lamborghini 63 motor yacht put into production without an order, which was in progress as at 31 December 2020.

Finished goods as at 30 June 2021 are zero, following the sale of a yacht received in exchange during 2020.

Note 14 - Other current assets

The breakdown of other current assets is shown below:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Receivables from employees	7	49	(42)
Receivables from social security and tax authorities	37	43	(6)
Due from others (net of the related write-down provision)	109	109	0
Receivables from GFM	143	143	0
Current supplier payables	600	0	600
Receivables from CELI for short-term tax settlement	475	134	341
Receivables from insurance companies	2,136	1,544	592
Current security deposits	1,008	0	1,008
Prepayments	659	1,299	(640)
TOTAL	5,174	3,321	1,853

Receivables from employees: equal to Euro 7 thousand as at 30 June 2021, these refer to advances on expenses or advances paid to some employees of the Company;

Receivables from social security and tax institutions: equal to Euro 37 thousand as at 30 June 2021, refer to advances on INAIL contributions disbursed by TISG.

Receivables from others: this item, amounting to Euro 109 thousand as at 30 June 2021, includes a series of receivables net of the related provision for write-downs.

Receivables from GFM: this item, amounting to Euro 143 thousand as at 30 June 2021, includes the receivable claimed by the Company in relation to two partial awards in its favour, with payment of a total of approximately Euro 210 thousand, for the recoverability of which the lawyers of TISG have expressed a positive opinion. Not having paid GFM voluntarily, TISG acted for the recognition of these awards in Switzerland and GFM and an opposition by GFM is currently pending. The difference of Euro 67 thousand that makes up the request for Euro 210 thousand of TISG described above, is included in trade receivables due from customers.

Non-current supplier payables: this item, amounting to Euro 600 thousand as at 30 June 2021, includes the short-term amount of the receivable due to the Company in relation to the settlement agreement with a supplier by way of compensation (see previous Note 8).

Receivables due from CELI for tax settlement: this item, amounting to Euro 475 thousand, refers to the short-term portion and the interest accrued as at 30 June 2021 (amounting to

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

Euro 36 thousand) of the receivable from the related Company CELI as part of the Tax Settlement signed by CELI and TISG with the Revenue Agency in October 2020 (for details, see note no. 8).

The item **receivables from insurance companies**, amounting to Euro 2,136 thousand as at 30 June 2021, refers to the allocation of the amount accrued as at 30 June 2021 to cover the costs incurred up to that date for the recovery of the Tecnomar Evo 120 yacht, which in June 2019 had suffered serious damage caused by a fire. The restoration works on the vessel will continue until September 2021, the date on which the yacht will be delivered to its owner.

The item **Current security deposits** for Euro 1,008 thousand, includes the amount paid by the Company on an escrow account in Malta for an ongoing dispute with a former shipowner.

The item **Prepaid expenses**, equal to Euro 659 thousand, refers to the calculation of the accruals of the insurance costs of the yard and of the builder risks of the yachts in production.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

COMMENTS ON THE MAIN LIABILITY ITEMS**Note 15 - Shareholders' Equity**

The Ordinary Shareholders' Meeting held on 5 March 2021 resolved to establish the Legal Reserve for Euro 4,350 thousand through the use of the Share premium reserve and to distribute the net profit for the year 2020 to the shareholder GC Holding S.p.A., equal to a total of Euro 6,235 thousand. The above-mentioned dividends were paid on 18 March 2021.

On 8 June 2021, the Company began trading its shares on the MTA stock exchange, one portion of which was for sale by the major Shareholder and one portion for an increase in share capital. As a result of the placement, the share capital increased from 21,750,000 shares with a nominal value of Euro 1 per share to 53,000,000 shares with a nominal value of Euro 0.5 per share.

The change in the share premium reserve derives from the placement of the aforementioned shares in the capital increase, net of the set up of the legal reserve for Euro 4,350 thousand and of the listing costs related to the capital increase for Euro 1,957 thousand, which have been charged to a direct reduction of this reserve.

The breakdown of Shareholders' Equity is shown below:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Share capital	26,500	21,750	4,750
Share premium reserve	45,431	12,000	33,431
Legal reserve	4,350	0	4,350
Other Reserves and Retained Earnings	215	235	(20)
Profit (loss) for the period	4,649	6,235	(1,586)
TOTAL	81,145	40,220	40,925

As at 30 June 2021, the **Share Capital** of TISG stood at Euro 26,500 thousand, consists of 53,000,000 shares with a nominal value of Euro 0.5 per share, fully subscribed and paid up.

Note 16 - Provisions for risks and charges

Details of the changes and composition of the provisions for risks and charges from 31 December 2020 to 30 June 2021 are shown below:

THE ITALIAN SEA GROUP S.p.A.
Half-yearly Financial Report as at 30 June 2021

CHANGES IN PROVISIONS FOR RISKS					
Description (thousands of Euro)	31.12.2020	Alloc.	Use	30.06.2021	Delta
Civil actions	1,193	0	(50)	1,143	(50)
Provision for risks of legal and employment disputes	123	0	(40)	83	(40)
Yacht guarantee fund	1,214	471	(63)	1,620	406
Risks for previous taxes	100	20	(22)	98	(2)
Other risks	9	0	0	9	0
TOTAL	2,639	491	(175)	2,953	314

Provision for civil disputes

The provision captures the estimated amount of the liability likely to arise as a result of losing in the threatened civil proceedings or in relation to out-of-court claims for damages.

The change in the provision was determined on the basis of information obtained from external lawyers and in application of the provisions of IAS 37.

Provision for risks of legal and employment disputes

The provision is made up of allocations made to cover the risk of losing in relation to certain employment law disputes.

Yacht guarantee fund

This provision includes provisions calculated against the probable future expense that the Company has estimated it will have to incur for repairs to yachts under guarantee. It should be noted that, in addition to the provision in question, to cover the risk of any interventions under warranty to be carried out on ships already delivered or still under construction, TISG also makes use of its own insurance coverage and that of its suppliers.

Provision for previous taxes

This is a provision for tax risks arising from tax assessments or delays in the payment of various types of taxes.

Provision for other risks

This is mainly the amount of the supplementary pension fund of some TISG workers.

Note 17 - Deferred taxes

Changes in deferred taxes are shown below:

in thousands of Euro	30/06/2021	31/12/2020	Changes
Provision for risks and charges	786	697	89
Losses carried forward	669	1,777	(1,108)
Others	276	293	(17)
Deferred tax assets	1,731	2,767	(1,036)

in thousands of Euro	30/06/2021	31/12/2020	Changes
Tangible assets	4,133	4,294	(161)
Brands	367	310	57
Others	1	3	(2)
Deferred tax liabilities	4,501	4,607	(106)
Net amount	(2,770)	(1,840)	(930)

Deferred taxes are mainly related to the differences that arose during the transition to IFRS concerning the valuation of certain categories of tangible fixed assets at deemed cost. The other temporary differences mainly refer to the temporary differences between the book value and the fiscally recognised value of the items represented above.

Note 18 – Provision for employee benefits

The breakdown of the provision for employee benefits is shown below:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Liabilities for employee benefits	790	817	(27)
TOTAL	790	817	(27)

Employee benefits, which, according to Italian regulations, are categorised as severance indemnity (TFR), represent “defined benefit” pension plans and are therefore subject to valuation using the “Projected Unit Credit Method” (for details on the criteria for determining liabilities, see note no. 35).

The liability for employee benefits as at 30 June 2021 was estimated on the basis of historical data, without adopting a duly actuarial calculation as at the date of the financial statements, in consideration of the short period of time since the end of the 2020 financial year and the substantial stability of the historical data. Therefore, no actuarial gains or losses were recognized from the remeasurement of the liability.

Note 19 - Long-term financial liabilities

The item can be broken down as follows:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Payables to shareholders for loans	3,128	3,095	33
Long-term bank payables	17,817	7,757	10,060
Lease liabilities - Motor vehicle long-term portion	1,337	690	647
Lease liabilities - Plants and machinery long-term portion	249	305	(56)
Lease liabilities - Buildings long-term portion	743	826	(83)
Lease liabilities - Buildings held under state concession long-term portion	5,654	5,742	(88)
TOTAL	28,928	18,415	10,513

Payables to shareholders for loans, amounting to Euro 3,128 thousand as at 30 June 2021, refer to interest-bearing disbursements made by the sole shareholder of TISG, GC Holding S.p.A. The classification under long-term financial liabilities refers to the fact that the shareholder GC Holding S.p.A. undertook not to request repayment of the loan before 31 December 2022. The increase compared to 31 December 2020 is given by the interest accrued in the period.

Long-term payables to banks, equal to Euro 17.817 thousand, refer to the long-term portion of the loans taken out by the Company. The item increased by Euro 10,060 thousand due to new disbursements made in 2021, amounting to Euro 17 million, of the pool loan agreement executed with Unicredit and Deutsche Bank called *TISG 4.0 Project* and following the repayment of the short-term portion of current loans.

The items **Lease liabilities-Motor vehicles**, **Lease liabilities-Plant and Machinery** and **Lease liabilities-Leased Buildings** of Euro 1,337 thousand, Euro 249 thousand and Euro 743 thousand as at 30 June 2021, refer to the long-term portion of the payable equal to the present value of the lease payments to be paid for the use of the leased assets, in application of IFRS 16.

Lease liabilities-Buildings under state concession, amounting to Euro 5,564 thousand as at 30 June 2021, represent the long-term portion of the current value of the fees to be paid to the Port Authority for the concession of the state property complex located in Marina di Carrara, in application of accounting standard IFRS 16.

Note 20 - Other non-current liabilities

Details of other non-current liabilities are provided below:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Payables to exchequer	231	247	(16)
Subsidised definition - TER scrapping - long-term portion	1,153	1,157	(4)
TOTAL	1,384	1,404	(20)

The item relating to **Payables to Exchequer - instalment payments**, amounting to Euro 231 thousand as at 30 June 2021, refers to the portion beyond the next financial year of the ongoing instalments of tax payables relating to IRAP 2018.

The item **Subsidized settlement - TER scrapping**, amounting to Euro 1,153 thousand as at 30 June 2021, includes the long-term part of the instalment plan signed with the Revenue Agency for the positions entered in the tax roll until 31 December 2017.

Note 21 - Trade payables

The item can be broken down as follows:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Payables to suppliers within the following year	42,136	34,240	7,896
TOTAL	42,136	34,240	7,896

Trade payables: this item, amounting to Euro 42,136 thousand as at 30 June 2021, increased by Euro 7,896 thousand compared to 31 December 2020.

Note 22 - Other payables

The item can be broken down as follows:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Subsidised definition - TER scrapping - short-term portion	963	1,119	(156)
Payables to social security institutions	969	1,692	(723)
Tax payables	1,710	1,899	(189)
TOTAL	3,642	4,710	(1,068)

The short-term portion of the **Subsidized Definition - TER Scrapping**, recognised in the financial statements as at 30 June 2021 for Euro 963 thousand, refers to the short-term portion

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

of the instalment in progress with the Revenue Agency, in addition to the suspended 2020 instalments, as a result of decree no. 137/2020.

The item **payables to social security institutions**, equal to Euro 969 thousand as at 30 June 2021, refers to the payable for contributions due to INPS of Euro 477 thousand (of which Euro 42 thousand past due), to INAIL for Euro 289 thousand, payables to Fasi for Euro 49 thousand (of which Euro 5 thousand past due), payables to Previdai for Euro 36 thousand (of which Euro 18 thousand past due), payables to the Cometa Supplementary Fund for Euro 94 thousand (of which Euro 61 thousand past due) and payables to other funds totalling Euro 26 thousand.

The item **tax payables**, amounting to Euro 1,710 thousand as at 30 June 2021, includes payables to the exchequer for withholdings for Euro 331 thousand (of which Euro 19 thousand past due), payables to the exchequer for IRES and IRAP 2019 for a total of Euro 404 thousand (entirely past due), payables to the exchequer for IRES and IRAP 2020 for a total of Euro 157 thousand (entirely past due), payables for IMU and TASI for Euro 314 thousand (of which Euro 252 thousand past due), the short-term portion of the payable for the 2018 IRAP instalment for Euro 66 thousand, 2021 IRES and IRAP payables for Euro 436 thousand.

Note 23 - Short-term financial liabilities

This item is presented as follows:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Short-term payables to banks	6,983	2,496	4,487
Lease liabilities - Motor vehicle short term portion	278	235	43
Lease liabilities - Plants and machinery short-term portion	202	269	(67)
Lease liabilities - Buildings short-term portion	163	160	3
Lease liabilities - Buildings held under state concession short-term portion	175	172	3
Short term payables to other lenders	34	38	(4)
TOTAL	7,835	3,370	4,465

The item **short-term payables to banks**, amounting to Euro 6,983 thousand, increased by Euro 4,487 thousand compared to 31 December 2020, includes the portion of the loans taken out by the company to be paid within the next year as well as advances on contracts and credit lines.

The items **Lease liabilities-Motor Vehicles**, **Lease liabilities-Plant and Machinery** and **Lease liabilities-Leased buildings** of Euro 278 thousand, Euro 202 thousand and Euro 163

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

thousand as at 30 June 2021, respectively, refer to the short-term portion of the financial debt linked to the application of IFRS 16 (see also note 19).

Lease liabilities-Buildings held under state concession, amounting to Euro 175 thousand, refer to the short-term portion of payables for the state concession, in application of IFRS 16 (see also note 19).

Payables to other lenders refer to 4 loans taken out for the purchase of no. 4 cars owned by TISG.

Note 24 - Other current liabilities

This item is presented as follows:

Description (thousands of Euro)	30/06/2021	31/12/2020	Changes
Accrued expenses	396	329	67
Other payables due within the next year	13,609	6,123	7,486
TOTAL	14,005	6,452	7,553

The item **Other payables due within the next year**, equal to Euro 14,005 thousand as at 30 June 2021, increased by Euro 7,553 thousand compared to the previous year 2020, is detailed as follows:

- payables to employees for holidays and leave accrued by employees for the amount of Euro 2.735 thousand;
- payables to employees for wages and salaries accrued in June 2021 and union contributions for Euro 751 thousand; and
- payable to a client shipowner of TISG, for Euro 1,675 thousand, relating to the *trade-in* made during 2019 of a 45-metre Admiral yacht, established within a contract for the construction and sale of a 75-metre Admiral-branded yacht currently in production with expected delivery in 2022. The aforementioned debt will be repaid through the reduction of the collection of the contractual partial completion stages of the superyachts in production;
- Tecnomar For Lamborghini deposits for Euro 3,433 thousand refers to the deposits paid by the respective customers upon the signing of contracts for the construction and sale of Tecnomar for Lamborghini motor yachts;
- recognition as at 30 June 2021 of the "mark-to-market" of Euro 171 thousand, of 3 derivative instruments aimed at hedging exposure to interest rate risk on the medium-term loan taken out with Unicredit for Euro 3 million and on the TISG 4.0 project loan started with Unicredit and Deutsche Bank for a total of Euro 20 million.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

- payables to a shipowner for Euro 4,121 thousand. The debt relates to advance payments received by the shipowner for the construction of a yacht whose contract was then transferred to another shipowner. The company has already received from the new shipowner all the advances that had already been paid by the previous shipowner, in addition to the advances for the progress currently being made, and has returned the aforementioned amount to the previous shipowner in July.

COMMENTS ON THE MAIN ITEMS OF THE INCOME STATEMENT

Note 25 - Revenues

This item is presented as follows:

Description (thousands of Euro)	30/06/2021	30/06/2020	Changes
Revenues from sales and services	51,789	46,403	5,386
Change in contract work in progress	27,255	(7,063)	34,318
Total operating revenues	79,044	39,340	39,704
Other revenues and income	3,268	1,991	1,277
Commissions	(278)	(625)	347
TOTAL	82,034	40,706	41,328

Revenues from sales and services, amounting to Euro 79,044 thousand as at 30 June 2021, increased compared to the second half of the previous year by approximately Euro 39,704 thousand, following the execution of 4 new contracts for the production and sale of yachts between 40 metres and 100 metres in length and 5 contracts for motor yachts of around 20 metres under the Tecnomar for Lamborghini brand.

The breakdown of operating revenues by production segment is shown below:

Description (thousands of Euro)	30/06/2021	30/06/2020	Changes
Production and sale of yachts (Shipbuilding)	69,394	31,824	37,570
incidence on total operating revenues	88%	81%	
Refit Activities	9,650	7,516	2,134
incidence on total operating revenues	12%	19%	
Operating revenues	79,044	39,340	39,704

Other revenues and income, amounting to Euro 3,268 thousand as at 30 June 2021, are detailed below:

- **insurance compensation** for an amount of Euro 1,863 thousand as at 30 June 2021, refer to reimbursements paid by the insurance companies for costs incurred by TISG in 2021, relating to claims for adverse events and damage to vehicles and yachts. In particular, the most significant accident occurred in June 2019 with a fire involving a Tecnomar Evo 120 vessel moored alongside a quay before delivery to the shipowner;

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

- **contingent assets** of Euro 1,020 thousand as at 30 June 2021, which essentially refer to income obtained following the successful conclusion of some disputes, thanks to the collection activities carried out by the company's lawyers;
- **Village revenues** of Euro 273 thousand as at 30 June 2021, which refer to revenues from the management of the café-restaurant in the Village area located at the Levante entrance, used by the crews of the refitted yachts and by TISG collaborators;
- **Other revenues and income**, recognised as at 30 June 2021 in the amount of Euro 110 thousand, contain all the accessory site services that are not part of the core business of the company.

The **commissions payable**, recognised in the financial statements as at 30 June 2021 for Euro 278 thousand, refer to the brokerage activities of brokers who collaborate with the Company to procure customers.

Note 26 - Raw materials, components and consumables

This item is presented as follows:

Description (thousands of Euro)	30/06/2021	30/06/2020	Changes
For raw materials, consumables and goods	(14,890)	(7,917)	(6,973)
Short-term rentals	(122)	(182)	60
Changes in inventories of raw materials	(48)	217	(265)
Change in inventories of semi-finished and finished products	(2,547)	1,270	(3,818)
TOTAL	(17,607)	(6,612)	(10,996)

The item **costs for raw materials, consumables and goods**, amounting to Euro 14,890 thousand as at 30 June 2021, up compared to the first half of 2020 by Euro 6,973 thousand, includes all costs relating to the procurement of materials necessary for the development of the production activities.

Short-term rentals, amounting to Euro 122 thousand as at 30 June 2021, refer to all costs incurred for the rental of equipment, forklifts and scaffolding for specific short periods strictly linked to production requirements, especially in the context of refit services. The decrease of Euro 60 thousand compared to the first half of 2020 is due to higher investments in equipment that reduce the need for short-term rentals.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

The item **changes in inventories of raw materials**, which represents a negative balance of Euro 48 thousand as at 30 June 2021, is linked to the use of raw materials stored in the general, steel and Village warehouses.

The item **Change in inventories of semi-finished and finished products**, which represents a negative balance of Euro 2,548 thousand as at 30 June 2021, concerned the sale of the two contracts that, at the beginning of 2021, were present in the company's warehouse (see also Note 13)

Note 27 - Cost for outsourced work

This item is presented as follows:

Description (thousands of Euro)	30/06/2021	30/06/2020	Changes
Various external processes	(34,652)	(14,423)	(20,229)
TOTAL	(34,652)	(14,423)	(20,229)

Costs for outsourced work, equal to Euro 34,652 thousand as at 30 June 2021, up by Euro 20,229 thousand compared to 30 June 2020, refers to production activities managed in *outsourcing* by specialised nautical sector companies. In particular, they relate to marine carpentry services, the creation of furnishings for yachts and superyachts, electrical and plumbing work, and interior and exterior fittings. The increase recorded in the first half of 2021 is linked to the development of growth for external lines, which involves the transfer, outside the Marina di Carrara shipyard, of the realisation of some processing phases such as those relating to the construction of the hulls and superstructures.

Note 28 – Services and technical consultancy

This item is presented as follows:

Description (thousands of Euro)	30/06/2021	30/06/2020	Changes
Services and technical consultancy	(1,724)	(1,583)	(141)
Legal, tax and notary consultancy	(1,609)	(925)	(684)
TOTAL	(3,333)	(2,508)	(825)

The item **Services and miscellaneous consultancy**, equal to Euro 1,724 thousand as at 30 June 2021, was Euro 141 thousand higher than in 30 June 2020 due to the development of the design phases of the new mega yachts that were assigned to internationally renowned designers and architects to support Company employees.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

The item **Legal, tax and notary consultancy**, amounting to Euro 1,609 thousand as at 30 June 2021, includes the costs incurred for the management of legal activities, employment law advice, consultancy on the sector VAT regulations, the expenses for the stock market listing project as well as expenses for the notarial deeds for all contracts for the sale of ships, extraordinary transactions and other advice. The item increased by Euro 684 thousand compared to the 30 June 2020.

Note 29 - Other costs for services

This item is presented as follows:

Description (thousands of Euro)	30/06/2021	30/06/2020	Changes
Transport costs	(141)	(60)	(81)
Maintenance costs	(13)	(25)	12
Supervision	(249)	(140)	(109)
Research costs	(599)	(346)	(253)
Miscellaneous administrative expenses	(107)	(58)	(49)
Utilities	(1,249)	(510)	(739)
Shipyard and yacht insurance	(744)	(795)	51
Cleaning and waste disposal costs	(155)	(139)	(16)
Sundry employee services	(171)	(190)	19
Advertising and entertainment expenses	(366)	(224)	(142)
Bank charges and commissions	(318)	(32)	(286)
Fuels	(11)	(9)	(2)
Telephone costs	(36)	(33)	(3)
Software interventions	(27)	(40)	13
Directors' fees and expenses	(110)	(1,092)	982
Independent Auditors	0	(12)	12
Supervisory Body	(17)	(17)	0
Directors' remuneration	(45)	0	(45)
Various external processes	(49)	0	(49)
Other expenses	(14)	(46)	32
TOTAL	(4,422)	(3,768)	(654)

Costs for utilities, amounting to Euro 1,249 thousand as at 30 June 2021, increased by Euro 739 thousand compared to 30 June 2020, mainly as a result of the development of the business, the entry into operation of the Village facilities and energy consumption linked to the management of production and the investments in the TISG 4.0 project.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

Note 30 - Personnel Costs

This item represents the total expense incurred for TISG employees; it includes salaries, related social security and pension costs payable by the Company, donations and flat-rate travel expenses.

This item is presented as follows:

Description (thousands of Euro)	30/06/2021	30/06/2020	Changes
For personnel	(7,038)	(5,031)	(2,007)
Social security charges	(2,575)	(2,140)	(435)
Severance pay	(414)	(357)	(57)
Other costs	(476)	(270)	(205)
TOTAL	(10,503)	(7,798)	(2,704)

The average number of TISG employees as at 30 June 2021 is 329 as follows:

Average number	30.06.2021	30.06.2020
Executives	20	17
Managers	26	24
Office staff	151	107
Trainees	6	7
Workers	126	121
TOTAL	329	275

The number of employees as at 30 June 2021 was 352, broken down as follows:

Exact number	30.06.2021	30.06.2020
Executives	20	19
Managers	28	26
Office staff	164	115
Trainees	7	6
Workers	133	121
TOTAL	352	287

The increase in production and the management of all production phases led to a significant increase in employment levels.

THE ITALIAN SEA GROUP S.p.A.
Half-yearly Financial Report as at 30 June 2021

Note 31 - Other operating costs

This item is presented as follows:

Description (thousands of Euro)	30/06/2021	30/06/2020	Changes
Provision for risks	(491)	(605)	114
Contingent liabilities	(155)	(128)	(27)
IMU - Tasi	(62)	(62)	0
Municipal taxes	(82)	0	(82)
Branding	(385)	(100)	(285)
Others	(227)	(109)	(118)
TOTAL	(1,402)	(1,004)	(398)

The item **provisions for risks**, equal to Euro 491 thousand as at 30 June 2021, refers to the allocation to the guarantee provision for yachts delivered and under production.

Note 32 - Amortisation, depreciation and write-downs

This item is presented as follows:

Description (thousands of Euro)	30/06/2021	30/06/2020	Changes
Depreciation of tangible fixed assets	(2,200)	(1,636)	(564)
Amortisation of intangible fixed assets	(176)	(111)	(65)
Write-downs and losses on receivables	(180)	0	(180)
TOTAL	(2,556)	(1,747)	(809)

As regards the depreciation of tangible and intangible fixed assets, please refer to earlier **note no. 2 and note no. 6**.

The item **write-downs and losses on receivables** refers for Euro 180 thousand to the allocation as at 30 June 2021 to the bad debt provision made following the analyses carried out on the probability of collection of the same.

Note 33 - Financial income and charges

The item can be broken down as follows:

Description (thousands of Euro)	30/06/2021	30/06/2020	Changes
Other financial income	96	3	93
Interest expense to banks and others	(1,444)	(713)	(731)
Interest expense on interest-bearing loan to shareholders	(33)	(33)	0
Interest expense on Lease liabilities	(154)	(134)	(20)
TOTAL	(1,535)	(877)	(658)

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

Interest payable to banks and others, which amounted to Euro 1,444 thousand as at 30 June 2021, increased by Euro 731 thousand compared to 30 June 2020. This was due to increased costs for bank and insurance sureties used to guarantee contracts for the construction and sale of backlog yachts, which amounted to Euro 920 thousand as at 30 June 2021, compared to Euro 446 thousand as at 30 June 2020, as well as to the increase in bank interest costs, amounting to Euro 512 thousand at 30 June 2021 compared to Euro 249 thousand as at 30 June 2020, due to the full drawdown of the Euro 20 million loan granted by the Unicredit - Deutsche syndicate called the "TISG 4.0" loan.

Note 34 - Income taxes

This caption is composed as follows:

Description (€/000)	30/06/2021	30/06/2020	Changes
Income taxes	(1,375)	(975)	(400)
TOTAL	(1,375)	(975)	(400)

The breakdown of taxes recognized in the income statement as at 30 June 2021 is provided below:

Description (thousands of Euro)	30/06/2021
Current taxes	(436)
Deferred taxes	(939)
TOTAL	(1,375)

Earnings per share

The calculation of earnings per share is based on the following data:

Description (thousands of Euro)	30/06/2021	30/06/2020
Net result	4,649 €	994 €
Profit attributable to ordinary shares	4,649 €	994 €
Average number of ordinary shares in circulation	53,000	21,750
Earnings per ordinary share	0.09 €	0.05 €
Adjusted average number of ordinary shares	53,000	21,750
Diluted earnings per ordinary share	0.09 €	0.05 €

THE ITALIAN SEA GROUP S.p.A.
Half-yearly Financial Report as at 30 June 2021

SHARE-BASED INCENTIVE PLANS

As at 30 June 2021, there were no incentive plans based on the assignment of financial instruments.

RELATED PARTY TRANSACTIONS

Below is a list of the main Related Parties with which transactions took place in the first half of 2021 and the type of relationship:

List of related parties	Correlation relationship
GC HOLDING S.p.A.	62.64% PARENT COMPANY OF TISG
TISG Turkey YTAS	100% CONTROLLED BY GC HOLDING
GMC Architecture S.r.l. S.t.p.	OWNERSHIP OF GC HOLDING
CELI S.r.l.	RELATED PARTY OF TISG

Transactions with related parties during the year as at 30 June 2021 are shown below:

RECEIVABLES / PAYABLES AS AT 30/06/2021 (€'000)	GC Holding	TISG Turkey YTAS	GMC ARCHITECTURE S.R.L. S.T.P.	CELI S.r.l.
SECURITY DEPOSITS		23		
FINANCIAL RECEIVABLES	67			4,516
TRADE RECEIVABLES				413
TOTAL RECEIVABLES	67	23	0	4,929
FINANCIAL PAYABLES	3,127			
TRADE PAYABLES		6	8	1,116
TOTAL PAYABLES	3,127	6	8	1,116
COSTS REVENUES AS AT 30/06/2021 (THOUSANDS OF EURO)	GC Holding	TISG Turkey YTAS	GMC ARCHITECTURE S.R.L. S.T.P.	CELI S.r.l.
COSTS FOR PROCESSING				2,524
COSTS FOR CONSULTANCY			61	
COSTS FOR SERVICES		36		
INTEREST EXPENSE	33			
TOTAL COSTS	33	36	61	2,524
REVENUES FROM SALES				13
INTEREST INCOME				59
TOTAL REVENUES	-	-	-	72

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

GC HOLDING S.p.A.: the financial payables to the parent company GC Holding refer entirely to the interest-bearing loan disbursed by the sole shareholder GC Holding to the Company in 2018. Specifically, the principal payable amounted to Euro 2,879 thousand, while the interest accrued as at 30 June 2021 amounted to Euro 248 thousand, of which 33 thousand pertaining to the first half of 2021.

TISG Turkey YTAS: a service supply agreement is in place between TISG and TISG Turkey, expiring on 31 December 2021, pursuant to which TISG Turkey undertakes to assist the Company in managing the operations and increasing its presence and commercial activities of the latter in Turkey. The costs incurred by TISG as at 30 June 2021, in relation to the contract described above, amounted to Euro 36 thousand. It should be noted that in 2020, Euro 23 thousand was paid as a security deposit by TISG.

GMC ARCHITECTURE S.r.l. Stp: TISG and GMC Architecture have signed a contract based on which GMC undertakes to provide assistance and stylistic consultancy for the fitting out of offices, fairs and, in general, to take care of the corporate image of TISG and develop projects for the design of the external profiles of yachts that the Company should produce for future potential customers. The amount for these services as at 30 June 2021 is Euro 61 thousand.

CELI S.r.l.: On 24 June 2019, the Board of Directors of TISG resolved to transfer the business unit called "CELI", whose object is the design, manufacture and marketing of furniture and furnishings, to former subsidiary ATS Service S.r.l., later renamed CELI S.r.l.

Among the items transferred with the CELI Business Unit, TISG transferred to CELI Euro 13,534 thousand of overdue payables including: (a) tax payables due to the Revenue Agency for direct and indirect taxes and withholdings for Euro 9,385 thousand, (b) payables due to INPS for Euro 3,102 thousand, (c) payables due to INAIL for Euro 441 thousand, and (d) payables to local authorities for Euro 606 thousand.

The component referring to overdue payables to the Revenue Agency for Euro 8,982 thousand was the subject of a Tax Settlement between the Agency, Celi and TISG, as the subject jointly and severally liable. The settlement deed signed in October 2020 with the Revenue Agency reduced the amount to be paid to Euro 7,976 thousand.

Pursuant to this agreement, as at 30 June 2021, TISG has paid the Exchequer on behalf of CELI Euro 8,080 thousand, in settlement of the entire amount stated in the Tax Settlement (this amount includes Euro 104 thousand of CELI's tax debts); of this amount, CELI has already repaid TISG Euro 3,564 thousand. The residual receivable as at 30 June 2021 in the amount of Euro 4,516 thousand will be repaid by CELI to TISG over 10 years through 20 half-yearly instalments of Euro 237 thousand each, plus interest calculated at 3.5% per annum, starting from 30 June 2021 until 31 December 2030. CELI has repaid the first instalment of the repayment plan to TISG on 30 June 2021.

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

On 28 June 2021, following the signing of the tax-social security settlements by CELI, Revenue Agency, INPS and INAL, the procedure for the homologation, by the Court of Massa, of the debt restructuring agreement proposed by CELI S.r.l. pursuant to Article 182-bis of the Italian Finance Law, was positively concluded. Therefore, the settlement agreements will not be subject to changes and no further amounts will be payable, either by TISG or by CELI S.r.l., with respect to those agreed in said agreements.

In addition to the above, CELI is one of the most important strategic suppliers of TISG, as it manufactures most of the furnishings, internal and external, of the Company's yachts under construction, in addition to producing the furniture of the TISG operating offices. The turnover generated in the first half of 2021 by CELI with regard to TISG amounted to Euro 2,524 thousand, with the related debt of the Company to CELI of Euro 1,116 thousand as at 30 June 2021. With regard to revenues from sales to CELI, equal to Euro 12 thousand as at 30 June 2021 and the related trade receivables of Euro 413 thousand due to TISG as at 30 June 2021, note that these relate to purchases of raw materials, services or other expenses. incurred by TISG on behalf of CELI and charged to the related party.

SURETIES

For the production of yachts, in some cases, the Company uses bank guarantees to guarantee the advances received from the shipowners relating to the sale contracts entered into. For the stipulation of the new contracts that the Company is concluding or still negotiating, the intention is to limit the sureties as much as possible and reduce to zero the possibility of having to deposit cash collateral to guarantee the endorsement loans.

SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

For the first half of 2021, there were no significant non-recurring transactions, as defined by Consob Communication no. DEM/6064293 of 28 July 2006, other than those described in the interim report on operations in the section significant events in the first half of 2021.

TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

During the first six months of 2021, the Company did not carry out any significant atypical and/or unusual transactions, as defined by Consob Communication no. DEM/6037577 of 28 April 2006 and no. DEM/6064293 of 28 July 2006, other than those described in the explanatory notes and in the interim report on operations

THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE PERIOD

On this point, however, please refer to the interim report on operations for any significant events occurring after the end of the interim period.

AUTHORISATION TO PUBLISH

This document was published on 16 September 2021 upon authorisation of the Chairman and Chief Executive Officer.

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

1. The undersigned Giovanni Costantino, in his capacity as Chief Executive Officer, and Marco Carniani, in his capacity as Manager in charge of preparing the accounting documents, of The Italian Sea Group S.p.A. certify, also taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the adequacy of the characteristics of the company (also taking into account any changes during the six-month period); and
- the actual application of the administrative and accounting procedures for the preparation of the condensed half-yearly financial statements, during the first half of 2021.

2. It is also certified that:

2.1 the condensed half-yearly financial statements:

- a) are prepared in accordance with the applicable international accounting standards endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002;
- b) corresponds to the results of the accounting books and records;
- c) is suitable of providing a true and fair view of the Company's assets and liabilities, profit and loss and financial position.

2.2 The interim management report includes a reliable analysis of references to important events that occurred in the first six months of the financial year and their impact on the condensed half-yearly financial statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year. The interim management report also includes a reliable analysis of information on significant transactions with related parties.

Date:

Signature of delegated administrative bodies

Signature of the Manager responsible for
 preparing the
 financial reports

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THE ITALIAN SEA GROUP S.p.A.

Half-yearly Financial Report as at 30 June 2021

These financial statements have been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.