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Oggetto : THE ITALIAN SEA GROUP: THE BOARD
OF DIRECTORS APPROVES THE
SELECTED INFORMATION OF THE
FIRST QUARTER 2022

Testo del comunicato

Vedi allegato.

THE ITALIAN SEA GROUP

PRESS RELEASE

THE ITALIAN SEA GROUP:

THE BOARD OF DIRECTORS APPROVES THE SELECTED INFORMATION OF THE FIRST QUARTER 2022

Total Revenues at +98.6%

EBITDA at +120.3% and EBITDA Margin at 14.8%

*Guidance for FY 2022 confirmed: Total Revenues between 280 and 295 million
Euros and EBITDA Margin at 15.5%*

Selected financial information of the first quarter 2022 compared to the same period of 2021:

- **Total Revenues: 69 million Euros, +98.6%** versus 34.7 million Euros in the first quarter 2021;
- **EBITDA: 10.2 million Euros, +120.3%** versus 4.6 million Euros in the first three months of 2021, with a **margin on revenues of 14.8%** versus 13.4% in the first quarter 2021;
- **Backlog: Gross backlog** (Shipbuilding and Refit) equal to **891 million Euros** and **Net Backlog** (Shipbuilding and Refit) equal to **573 million Euros**;
- **Net Financial Debt: at 53 million Euros** compared to a Net Financial Position positive for 41 million Euros as of December 31st 2021;
- **Investments: 4 million Euros** due to the progress of the TISG 4.0 and TISG 4.1 plans and the fine-tuning of the Viareggio and La Spezia shipyards.

Marina di Carrara, May 11th 2022 – The Board of Directors of The Italian Sea Group S.p.A. (“**TISG**” or the “**Company**”), global operator in the luxury yachting industry, today approved the selected financial information about the progress of the activities related to the first quarter 2022¹ (Revenues; EBITDA; Backlog; Net Financial Position; Investments).

¹ Information not subject to audit, not even limited

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Giovanni Costantino, Founder & CEO of **The Italian Sea Group**, commented: *“The first quarter results confirm the effectiveness of our strategic vision and the growth project that we are carrying out.*

The acquisition of Perini Navi is already showing a very positive impact on our activities, both in terms of revenues and with regards to our positioning on global markets. The completeness of our portfolio and product range, together with the renowned technical and stylistic quality, will allow us to continue growing also by entering markets where we see great potential.

The expansion of our production capacity through the integration of the Viareggio and La Spezia shipyards has allowed to increase the Shipbuilding and Refit activities, with an optimal mix that allowed to accomplish excellent results in terms of operating margins. The attention to marginality will continue to be our main focus while achieving a solid growth path, through an effective system of budget and control as well as cost management, always respecting quality and the complete customer satisfaction.”

REVENUES

During the first quarter 2022 TISG recorded **Total Revenues** for **69 million Euros**, up **98.6%** versus 34.7 million Euros in the same period of 2021.

The **Operating Revenues**, equal to **68.8 million Euros**, are up **104.8%** versus the same period of 2021.

In detail:

- The **Shipbuilding** division recorded **Revenues** for **58.3 million Euros (+104.5%** versus the first quarter in 2021). The significant increase was driven by the positive progress of the motor yacht projects, especially those over 60 metres, and by the beginning of the activities on the Perini Navi sailing yacht projects. Also, the limited-edition project “Tecnomar for Lamborghini 63” proceeds successfully, with the delivery of a motor yacht each month, as planned.
- The **Refit** division recorded **Revenues** for **10.5 million Euros (+104.1%** versus the first quarter 2021) mainly driven by activities on yachts over 60 metres, representing the focus of this business division. The Refit has significantly benefitted from the expansion of its production capacity in the Viareggio and La Spezia shipyards, which will continue to be an important pool for the further growth of this activity and the acquisition of more projects.

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EBITDA

EBITDA is equal to **10.2 million Euros, up 120.3%** versus 4.6 million Euros in the same period of 2021, with an **EBITDA Margin** reaching **14.8%** versus 13.4% achieved in the first quarter 2021.

The excellent results achieved in terms of margins are due to optimal mix between the Shipbuilding and Refit activities, with the latter providing great margins, as well as to the strict and constant budget and cost control. The consolidation of brands in the highest segment of the global yachting market and the satisfaction testified by our owners for the yachts already delivered, have also allowed a progressive increase in sale prices, thus continuing to reduce the price gap with the Northern European shipyards.

BACKLOG

The **Gross Backlog (Order Book)** at March 31st 2022 is equal to **891 million Euros**, while the **Net backlog** amounts to **573 million Euros**.

The yachts currently under construction are 31, 17 of which are mega and giga yachts and 14 of which are “Tecnomar for Lamborghini 63”.

INVESTMENTS

During the first quarter 2022, the Company invested **4 million Euros**, as part of the “**TISG 4.0**” and “**TISG 4.1**” investment plans as well as for the fine tuning of the production sites in **Viareggio** and **La Spezia**, already operational in February 2022.

NET FINANCIAL POSITION

The **Net Financial Debt** as of March 31st 2022 amounts to **53 million Euros** compared to a Net Financial Position positive for 41 million Euros as of December 31st 2021. The change of 94 million Euros shows the cash outflow due to the acquisition of Perini Navi (for 75 million Euros), the investments made in the first quarter 2022 for the progress of “**TISG 4.0**” and “**TISG 4.1**” projects and for the fine tuning of the production sites in Viareggio and La Spezia (4 million Euros), as well as the increase in Net Working Capital, that in the first quarter 2022 generated a cash burn for 15 million Euros. The Net Working Capital dynamic is in line with the collection plan of the instalments related to existing projects and the cash-out planned to respect the production plans.

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GUIDANCE FY 2022

In the light of the first quarter results, in addition to the expected acceleration in the coming months due to the business seasonality and the payments of instalments scheduled in the next nine months, TISG confirms the FY 2022 Guidance communicated on February 22nd 2022 on the occasion of the 2021 Preliminary Results publication, foreseeing **Total Revenues** between **280 and 295 million Euros** and **EBITDA Margin at 15.5%**.

MARGINAL IMPACT OF THE CURRENT GEOPOLITICAL CRISIS

With reference to the current conflict between Russia and Ukraine, TISG confirms the limited exposure of the Net Backlog of its Shipbuilding division to the Russian market, for which there is only one project under construction for a client who has not been sanctioned. The payments have been settled regularly and the last instalment, related to the delivery of this yacht scheduled in the first months of 2023, represents only a residual value.

The Management of the Company confirms that the progress of all projects currently under way and that the refit activities are advancing without any delay: no orders have been cancelled and no payments have been delayed in the work progresses.

Furthermore, the Company does not have suppliers in Russia, Belarus and Ukraine.

As already communicated to the market, with reference to motor yacht Scheherazade, under refit at the Marina di Carrara shipyard, the Finance Police (Guardia di Finanza) of Massa Carrara has executed the Decree for Economic Resources Freezing of May 6th 2022 from the Ministry of Economy and Finance, pursuant to Art. 4-bis of Legislative Decree no. 109/2007, as proposed by the Financial Security Committee established in the Economy and Finance Ministry, through which the freezing of the Scheherazade yacht [IMO 9809980] has been requested.

The Italian Sea Group also confirms that this event will not impact any of its activities, in view of the fact that the wide spaces of the Marina di Carrara shipyard will allow to move the yacht within the yard, if need be, in order to ensure the regular development of the other activities in progress. The Company continues to offer the utmost collaboration to the Authorities.

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BUSINESS OUTLOOK

Perini Navi Production Plan

The Italian Sea Group has completed the integration of the assets coming from the Perini Navi acquisition, with the consequent restart of the activities in the Viareggio and La Spezia facilities and the relaunch of the prestigious brands Perini Navi and Picchiotti, that will benefit from a new stylistic approach and a renewed commercial organisation.

In line with the current strategy, under the **Perini Navi** brand the Company will exclusively produce big-dimension sailing yachts, respecting the brand's tradition and aesthetic lines, yet introducing innovation as the main driver for design, sailing system and propulsions.

Under the historic **Picchiotti** brand, acknowledged for the classic and elegant traits of its yachts, the Company will produce a new fleet, for which TISG is fine tuning a range of models which will reinterpret the brand's iconic style, in line with its aesthetic codes, thus filling a gap in the market.

According to the Company's industrial geography, the Viareggio shipyards will continue to be dedicated to the production of sailing yachts up to 60 metres, while bigger dimension yachts will be produced in La Spezia and Marina di Carrara.

The Perini Navi production plan has **three deliveries** in the pipeline:

- 1 60 metre ketch to be delivered at the end of 2023;
- 1 47 metre sloop to be delivered in the first quarter of 2024;
- 1 56 metre ketch to be delivered at the end of 2024.

Global brand consolidation and new markets' penetration

Notwithstanding the current geopolitical context, The Italian Sea Group continues to invest to expand its global presence in high potential markets, also by establishing new partnerships with prestigious international brokers.

In addition to the partnership with Camper & Nicholson for the expansion in the Asian market, last April TISG signed a partnership with TWW Yachts, full-service company specialising in yacht brokerage with offices in Monaco, London and Istanbul, with the aim of entering the Middle East markets.

According to this collaboration, TWW Yachts will represent under exclusive the Admiral and Tecnomar brands in Egypt, Turkey and Azerbaijan, where The Italian Sea Group will consolidate its positioning.

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The completeness of the brand portfolio and of the product range, along with TISG's renowned quality reputation, will continue to impress a strong commercial energy in other areas of the globe: from the American Continent - established reference market for Perini Navi, which is showing appreciation for the other Company's brands as well – to Australia, where the “Tecnomar for Lamborghini 63” project is meeting great success.

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

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

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

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

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

Webcast Conference Call

The Q1 2022 Results will be presented today, **Wednesday May 11th, 2022** at **4.00pm CEST** during a Conference Call held by the Company's Top Management.

The Conference can be followed through the following link: <https://b1c-co-uk.zoom.us/meeting/register/tZlOc-usqDMiE9bLh-3ThLmXNqs004iYGhIs>.

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

The Italian Sea Group

The Italian Sea Group is a global operator in the luxury yachting industry, listed on Euronext Milan (“EXM”) and active in the construction and refit of motoryachts and sailing yachts up to 140 metres. The Company, led by Italian entrepreneur Giovanni Costantino, operates on the market with the brands **Admiral**, renown for elegant and prestigious yachts, **Tecnomar**, known for its sporty features, cutting-edge design and high performance, **Perini Navi**, excellence in the design and construction of large sailing yachts, and **Picchiotti**, historical brand in the Italian yachting industry featuring classic and elegant lines. The Company also has a business unit named **NCA Refit** that manages the maintenance and refit services for yachts over 60 metres. In line with its strategic positioning, The Italian Sea Group has partnered with important Italian luxury brands: Giorgio Armani – to develop yachts penned by the designer, highlighting the merger of two excellence Ambassadors of Italian style in fashion and yachting – and Automobili Lamborghini – to design and produce “Tecnomar for Lamborghini 63”, a limited edition motor yacht featuring extraordinary performances and quality beyond limits.

The Italian Sea Group is the first Italian producer of superyachts over 50 metres, according to the 2022 Global Order Book, the global ranking by Boat International.

For more information:

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