HALF-YEARLY FINANCIAL REPORT

AS AT 30 JUNE 2022

SANLORENZO

CONTENTS

SANLORENZO GROUP

CORPORATE DATA

SANLORENZO S.P.A.
Share capital as at 30 June 2022: €34,669,461, fully paid-in[1]
Tax code and registration number at the Chamber of Commerce 00142240464
VAT 01109160117
Registered office in via Armezzone 3, 19031 Ameglia (SP)
www.sanlorenzoyacht.com

CORPORATE BODIES

BOARD OF DIRECTORS[2]	Massimo Perotti	Chairman and Chief Executive Officer
	Carla Demaria	Executive Director
	Ferruccio Rossi	Executive Director
	Paolo Olivieri	Director and Deputy Chair
	Cecilia Maria Perotti	Director
	Pietro Gussalli Beretta	Independent Director and Lead Independent Director
	Silvia Merlo	Independent Director
	Licia Mattioli	Independent Director
	Leonardo Luca Etro	Independent Director
	Francesca Culasso	Independent Director
	Marco Francesco Mazzù	Independent Director
CONTROL, RISKS AND SUSTAINABILITY COMMITTEE	Leonardo Luca Etro	Chair
	Silvia Merlo	
	Francesca Culasso	
REMUNERATION COMMITTEE	Silvia Merlo	Chair
	Paolo Olivieri	
	Leonardo Luca Etro	
NOMINATION COMMITTEE	Pietro Gussalli Beretta	Chair
	Paolo Olivieri	
	Marco Francesco Mazzù	

[1] On 21 April 2020, the Extraordinary Shareholders' Meeting approved a divisible share capital increase, excluding option rights, pursuant to Article 2441, paragraph 8 of the Italian Civil Code, of a maximum nominal value of €884,615, to be executed no later than 30 June 2029, through the issue of a maximum of 884,615 ordinary shares destined exclusively and irrevocably to service the 2020 Stock Option Plan, approved by the Ordinary Shareholders' Meeting on the same occasion. As at 30 June 2022, this capital increase had been partially subscribed for a total of 169,461 shares. Share capital was then further increased after the end of the half-year and, as at 31 August 2022, consists of 34,697,075 ordinary shares.

[2] Appointed by the Ordinary Shareholders' Meeting on 28 April 2022; in office until the date of the Shareholders' Meeting called to approve the separate financial statements as at 31 December 2024.

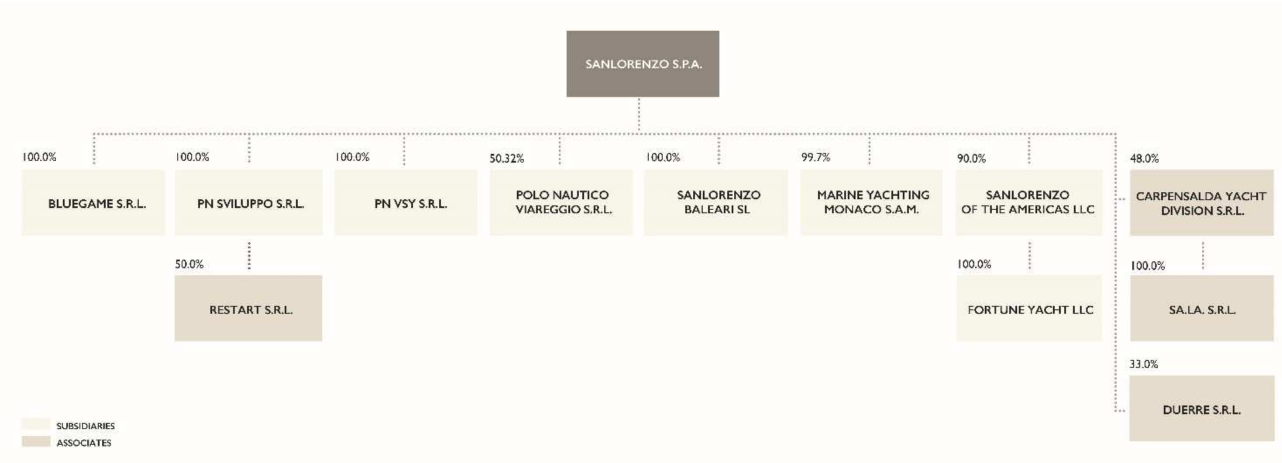
RELATED PARTY TRANSACTIONS COMMITTEE	Licia Mattioli	Chair
	Silvia Merlo	
	Leonardo Luca Etro	
BOARD OF STATUTORY AUDITORS[3]	Enrico Fossa	Chair and Statutory Auditor
	Andrea Caretti	Standing Auditor
	Margherita Spaini	Standing Auditor
	Luca Trabattoni	Alternate Auditor
	Maria Cristina Ramenzoni	Alternate Auditor
AUDITING FIRM[4]	BDO Italia S.p.A.	
MANAGER CHARGED WITH PREPARING THE COMPANY'S FINANCIAL REPORTS	Attilio Bruzzese	

[3] Appointed by the Ordinary Shareholders' Meeting on 28 April 2022; in office until the date of the Shareholders' Meeting called to approve the separate financial statements as at 31 December 2024.

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

GROUP STRUCTURE

CORPORATE ORGANISATIONAL CHART AS AT 30 JUNE 2022



COMPOSITION OF THE GROUP AS AT 30 JUNE 2022

Company name	Registered Office
Sanlorenzo S.p.A. - Parent company	Ameglia (SP) – Italy
Subsidiaries	
Bluegame S.r.l.	Ameglia (SP) – Italy
PN Sviluppo S.r.l.	Viareggio (LU) – Italy
PN VSY S.r.l.[5]	Viareggio (LU) – Italy
Polo Nautico Viareggio S.r.l.[6]	Viareggio (LU) – Italy
Sanlorenzo Baleari SL	Puerto Portals, Mallorca – Spain
Marine Yachting Monaco S.A.M.	Monte-Carlo – Principality of Monaco
Sanlorenzo of the Americas LLC	Fort Lauderdale (FL) – USA
Fortune Yacht LLC	Fort Lauderdale (FL) – USA
Associated companies	
Carpensalda Yacht Division S.r.l.	Livorno (LI) – Italy
Duerre S.r.l.	Vicopisano (PI) – Italy
Restart S.p.A.	Milan (MI) – Italy
Sa.La. S.r.l.	Viareggio (LU) – Italy

[5] On 22 June 2022, by resolution of the Board of Directors of Sanlorenzo S.p.A. and resolution of the Shareholders' Meeting of PN VSY S.r.l., the merger by incorporation of the subsidiary PN VSY S.r.l. into the Parent Company Sanlorenzo S.p.A. was approved, effective 1 January 2022. This transaction will be implemented in accordance with the law.

[6] On 9 June 2022, Sanlorenzo S.p.A. acquired an additional 0.51% stake in the company, gaining control with a total shareholding of 50.32%.

GROUP ACTIVITIES

The Group is a global operator specialised in the design, production and sale of custom-made yachts, superyachts and sport utility yachts, which are fitted out and customised according to the needs and desires of exclusive customers.

Sanlorenzo's long tradition in yacht production began in 1958 with the construction of luxury flybridge motor-yachts from wood, leading up to its first composite yacht model in 1985. With the arrival of Massimo Perotti in 2005, Sanlorenzo began marketing yachts worldwide and, while always staying true to its concept of yachts with customised interiors and exterior fittings, it has steadily expanded its product lines: from composite yachts to semi-displacement composite designs to the aluminium-hulled superyachts introduced in 2007 and steel-hulled superyachts introduced in 2010. In more recent years, the Group further expanded its yacht and superyacht range and in 2018 it entered the composite sport utility yacht segment under the Bluegame brand.

Sanlorenzo is the only company in the sector operating under a single brand name, both in the market for yachts between 24 and 38 metres long, where it has operated since its establishment, and in the market for metal superyachts of more than 40 metres in length.

Group activities are divided into three production divisions:

- the Yacht Division (dedicated to the design, manufacturing and marketing of composite yachts between 24 and 38 metres long, under the Sanlorenzo brand);
- the Superyacht Division (dedicated to the design, manufacturing and marketing of superyachts in aluminium and steel between 40 and 72 metres long, under the Sanlorenzo brand);
- the Bluegame Division (dedicated to the design, manufacturing and marketing of composite sport utility yachts between 13 and 23 metres long, under the Bluegame brand).

The sale of yachts is carried out both directly (through Sanlorenzo, other Group companies or intermediaries) and through brand representatives, each of which operates in one or more assigned regional zones.

Through its High-End Services Division created in 2020, the Group also offers an exclusive range of services dedicated only to Sanlorenzo and Bluegame customers, including training at the Sanlorenzo Academy for crew members of Sanlorenzo yachts, as well as maintenance, restyling and refitting of Sanlorenzo yachts.

THE PRODUCT RANGES

Yacht Division

SL Line

The SL Line is the historic Sanlorenzo range and includes flybridge, planing and on-board motor yacht models with living quarters on two and a half decks for layouts with master cabin on the main deck and on two decks with master cabin on the lower deck. Starting in 2018, thanks to an idea from designer Chris Bangle, Sanlorenzo introduced the asymmetrical configuration, revolutionising the canonical layout of a yacht in favour of additional interior space and direct contact with the sea.
The SL Line includes six models with lengths ranging from 24 to 38 metres.

SD Line

The SD Line, introduced in 2007, perfectly complements the historic SL Line. Inspired by the transatlantic liners of the 1930s, includes shuttle-type yacht models, with semi-displacement hull that does not rise up above the surface of the water while sailing, which allow great autonomy to reach even the most distant destinations. With the launch of its SD118 model in 2021, Sanlorenzo has introduced also in the semi-displacement models the asymmetric configuration, previously proposed on the SL Line. The new SD90/s model was presented at the Cannes Yachting Festival 2022: the entry-level model in the range, with high sustainability content and an interior designed by Patricia Urquiola, which will also be available in a hybrid version.
The SD Line includes four models with lengths ranging from 24 to 38 metres.

SX Line

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

SP Line

With the SP Line, introduced in the spring of 2022 with the first 110-foot-long model, Sanlorenzo entered the open-coupé sports boat segment with an offering that combines innovation and sustainability with a design that favours maximum comfort, enabling high performance with maximum energy efficiency.
The SP Line currently includes one model with a length of 33 metres.

E-MARKET SDIR CERTIFIED

Superyacht Division

Alloy Line

This is the Superyacht Division's historic product line, introduced in 2007 with the delivery of the first 40Alloy model. It currently includes a model of 44 metres in length with hull and superstructure entirely in aluminium, characterised by a modern design with fast displacement hull and cutting-edge technology.

Steel Line

The Steel Line, introduced by Sanlorenzo in 2010, represents the classic line of Superyacht Division and includes yacht models with length from 52 to 72 metres, displacement hull made of steel – a extremely rigid and robust material – and aluminium superstructure laid out over 5/6 decks.

Explorer Line

The Explorer Line, which Sanlorenzo introduced in 2015, includes yachts with steel displacement hull and aluminium superstructure and length of 47 metres. It is characterised by features inspired by the big exploration boats, the large living spaces on-board and high performance in terms of autonomy and sea-keeping.

Bluegame Division

BG Line

The BG Line, introduced in 2018 with the model BG42 conceived as tender or chase boat, includes "walk-around" boats, with a cockpit and steering gear located centrally in a raised position, surrounded by a walkway protected by a high bulwark. Over time, the range has been progressively expanded until the launch in 2021 of the 72-foot model and the 54-foot model in 2022, which combine the features of open and flybridge boats.
The BG Line includes four models with lengths ranging from 13 to 23 metres.

BGX Line

The BGX Line was introduced in 2019 to combine the typical elements of the BG Line with the crossover concept, already developed by Sanlorenzo in a larger dimension with the SX Line and with highly innovative space distribution and a high-performance hull designed by naval architect Lou Codega.
The BGX Line includes two models with lengths ranging from 19 to 23 metres.

SERVICES

Through the High-End Services division, established in 2020, the Group offers an exclusive range of dedicated services to Sanlorenzo and Bluegame clients, such as tailor-made leasing and financing in collaboration with Sanlorenzo partners, a monobrand charter programme (Sanlorenzo Charter Fleet), maintenance, refit and restyling services (Sanlorenzo Timeless) and crew training at the Sanlorenzo Academy.

Sanlorenzo Timeless

Sanlorenzo Timeless is the range of services dedicated to preserve the value and the "timeless" character of Sanlorenzo yachts, adapting them to contemporary styles and tastes and modernising the equipment on board. In particular, the services offered to shipowners are as follows:

- Refit - replace or upgrade on-board instrumentation and equipment through the use of the latest technology, improving safety and functionality;
- Restyle - renew the design of yachts through targeted interventions on furnishings, replacement of materials and upholstery and design from scratch of spaces and structures, with attention to the search for solutions with low environmental impact;
- Lifetime Care - constant care and maintenance (ordinary and extraordinary) of the yacht through rigorous checks, services, tests, coupons and certifications.

THE SHIPYARDS

Production activities are carried out at four shipyards within about 50 kilometres radius, within the nautical district sandwiched between the Apuan Alps and the Tyrrhenian Sea, between the northern Tuscan coast and the Ligurian eastside coast:

- Ameglia (SP), on the banks of the river Magra, dedicated to the outfitting of Sanlorenzo composite yachts of less than 100 feet in length (Yacht Division) and Bluegame yachts;
- La Spezia, dedicated to the outfitting of metal superyachts (Superyacht Division);
- Massa, dedicated to the production of semi-finished products in composite materials for outfitting in the Ameglia and Viareggio shipyards (mainly the Yacht Division) and to the development of new models;
- Viareggio (LU), dedicated to the outfitting of Sanlorenzo composite yachts longer than 100 feet (Yacht Division) and some models of metal superyachts (Superyacht Division).


1 La Spezia
2 Ameglia
3 Massa
4 Viareggio

STRATEGY AND BUSINESS MODEL

Sanlorenzo is the only player in the luxury yachting sector to compete in different segments with a single brand: its high-end positioning represents one of the main distinguishing factors of the Company.
The uniqueness of the product, the constant innovation of the yacht design, in keeping with the Sanlorenzo tradition, the loyalty of customers, the collaborations with world-renowned designers, the communication and strong liaison with art and culture have given to the Group a strong foothold in the luxury yachting industry, where the Sanlorenzo brand is recognised as the epitome of excellence and exclusivity.
The business model is based on the construction of a limited number of boats per year for each product line, taking care of every detail and relying on a supply chain of thousands of highly qualified artisan businesses, mostly located in the Upper Tyrrhenian Sea nautical district, with which the Group maintains long-standing relationships. Thanks also to the operational execution delegated to highly experienced and skilled artisan businesses, the Group can dedicate itself to the higher value-added stages of production, the liaising with customers, the creation of innovative and sustainable products, the promotion of the brand and the quality control.

“Made-to-measure”

The Group is characterised by its rigorously tailor-made approach, starting from the initial phases of design of yacht interiors and exteriors, in which the customer is involved in from the outset, establishing a close relationship of collaboration and knowledge, even personal, with each owner.
The high degree of customisation of the interior and exterior fittings and technological equipment, not just of yachts longer than 40 metres, but also those between 24 and 40 metres, is a distinctive trait of Sanlorenzo in the global luxury sailing landscape. This feature is based on the philosophy of guaranteeing customers a "tailor-made" yacht, even in the smallest models, with an exclusive approach involving a limited number of yachts produced each year for each range and a personal relationship with each owner.
The consequent strong prevalence of sales to end customers compared with stock sales to brand representatives means that the Group has greater visibility and planning of expected revenues, based on contractual forecasts and scheduled production progress for each order, benefits for working capital linked to a more favourable collection profile and a reduction in the operating risks of the business, linked to the possibility of cancellation of contracts during economic downturns.

“Connoisseur” customers

The "made-to-made" approach and the quality of the product have allowed the Company to attract over the years an exclusive and sophisticated clientele composed mainly of the category of connoisseurs, achieving over time a high degree of loyalty of Sanlorenzo owners.
The dissemination of the Sanlorenzo brand, which has come about thanks to the presence of this number of connoisseurs, has also favoured the attraction of customers who are less expert in the sector or from less mature markets, for whom the connoisseur represents a paradigm to strive towards.
Customers belong to the social class of the Ultra High Net Worth Individuals (UHNWIs), characterised by rates of yachting penetration among the lowest in the luxury segment and therefore, strong unexpressed demand potential. This factor, combined with the expansion of demand resulting from the steady increase in the number and wealth of UHNWIs, especially in North America and APAC, represents an ample opportunity for growth, aided by the emotional nature of buying a yacht. The desire for freedom, the need for safety, and seeking a better work-life balance, supported by the possibility of working remotely with the most advanced technologies that have characterised the last two years of the pandemic, have in fact attracted new buyers, resulting in a strong increase in demand for yachts, as part of a trend that is destined to continue.

Production excellence and flexibility

The Group's yachts are created with attention to every detail, in order to maximise quality and comfort for the customer.
The high quality of the features is also guaranteed by long-standing relationships with highly-skilled local handcraft employed in the production process. The Group relies on a network of thousands of specialist contractors, part of an ecosystem of artisan businesses with a long history, largely located on the coast of the Tyrrhenian Sea between La Spezia and Viareggio, a genuine district of nautical excellence.
Thanks to this business structure, unique in the nautical sector, the Group can offer the flexible execution needed to keep the "made to measure, hand-made, well-made" promise for every one of its yachts. The marked outsourcing of the production process, which translates into a wide flexibility of production costs, has allowed the Group a strong resilience even during unfavourable economic times.

Design and sustainable technological innovation of yachts

The strength of the product is the result of the Group's ability to create yachts that stand out for their iconic and timeless design and that represent the result of the customer-focused customisation process.
Its yacht range is extensive and diversified in terms of the size and materials used, as well as the characteristics of the various lines, in order to meet the needs of highly sophisticated customers. Thanks to constant investments in research and development, the fleet presents a high degree of innovation which, combined with an iconic and timeless nautical design, makes every yacht produced by the Group immediately recognisable at sea.
In spring of 2022, Sanlorenzo brought to market its new SP Line ("Smart Performance") for the Yacht Division, with its first SP110 model, which saw Sanlorenzo enter the sports coupé yacht segment, allowing high performance to be achieved by using technologies with a low environmental impact. In addition, the Group is preparing to introduce two additional new lines characterised by unprecedented, cross-market functionalities and strongly inspired by sustainability criteria:

- the X-Space Line for the Superyacht Division, with the 42-metre-long model, entry-level of the metal range, characterised by large volumes, ample space on board, flexibility and high autonomy;
- the BGM Line for the Bluegame Division, with which the Group enters the multihull segment with a luxury proposal that will allow extremely low consumption.

In addition to the launch of new lines, existing lines continued to be extended, starting in 2022 with the Bluegame BG54 and the Yacht Division's new SD90/s model, which features a highly efficient hull thanks to the collaboration with Philippe Briand and interior design by Patricia Urquiola, with extensive use of environmentally sustainable materials for the interiors, and which in 2023 will see the introduction of a version with a hybrid propulsion system. The SX100 is also scheduled to be launched in 2023, completing the SX range.
The development of new models is combined with increasing attention to the sustainability of products, with the introduction of innovations and technologies aimed at reducing the environmental impact of yachts.
Of strategic importance is the partnership launched in 2021 with Siemens Energy, which includes, among others, a collaboration for the joint development of solutions for the integration of fuel cells powered by hydrogen obtained from methanol to generate electricity on board, an exclusive agreement for yachts between 24 and 80 metres in length. This technology will see the light of day on a 50Steel superyacht scheduled for delivery in 2024.

This was recently joined in August 2022 by another very important exclusive agreement with Rolls-Royce Solutions GmbH – Global Marine (MTU), which will allow the integration of a MTU traditional internal combustion propulsion system, also powered by methanol, with Siemens Energy's methanol powered fuel cell systems (through a reformer), in yachts between 40 and 75 metres in length. The first application will be on a Sanlorenzo prototype yacht between 50 and 60 metres scheduled for delivery in 2026.

Hydrogen as a propulsion system is at the heart of research and development activities, as also witnessed by the agreement signed by Bluegame with American Magic, a challenger in the 37th America's Cup to be held in

Barcelona in 2024, for the design and construction of the first chase boat with exclusively hydrogen propulsion and using foils, according to the strict requirements of the event's protocol. On the strength of this achievement and as proof of its design capability in the use of hydrogen in propulsion, Bluegame has also reached an agreement with Volvo Penta to install a pilot IPS hybrid propulsion system, which will be integrated with the hydrogen fuel cells derived from America's Cup project. The BGM65HH (hydrogen-hybrid) model, that will be launched in 2025, will accommodate such cutting-edge technology.

Collaborations with world-renowned designers and architects

Sanlorenzo works closely with world-renowned designers and architects on both creating the external features of the yachts and on designing the layout and furnishing of the exteriors and the interiors.
To create the external features of the yachts, the Group relies on a single design firm, currently the Zuccon International Project practice, to ensure uniformity and maintain its own distinctive features.
For the layout and fitting of the exteriors and interiors, for more than ten years the Group has maintained strong partnerships with world-renowned architects and designers: these participate in the creation of the first model of each line and make their expertise and professionalism available to owners in building their yachts. These collaborations include those with Rodolfo Dordoni, Piero Lissoni, Patricia Urquiola, Antonio Citterio and Patricia Viel, John Pawson and Christian Liaigre.
The high level of the design and innovation of the yachts that characterise the Group's activities has been recognised by sector operators, owners and the specialised press which, over the years, have awarded the Group's products many awards and recognitions. In particular, in the first half of 2022, the BG72 model was awarded at the Motor Boat Awards in the "Custom Yachts" category and the superyacht 44Alloy won the World Superyacht Awards.

Communication with a new language and strong liaison with art and culture

The Group has adopted an experiential communication and marketing strategy, focused on manufacturing exclusivity, high quality, design and elegance of the yachts, combined with the exclusivity of the relationship with the customer, the central focus of a totally personalised and engaging experience.
Among the most important recent initiatives developed in a partnership with Piero Lissoni, it should be mentioned the launch of the Almanac – publications created specifically by various artists on the themes that are the hallmark of Sanlorenzo, which are gifted at the end of each year to owners of Sanlorenzo yachts – and the Log Books of presentation of the Group, the update of the stands at the main global boat trade fairs, and the organisation of the "Elite Days" events, with the participation of customers coming from all over the world.
Initiatives in the world of art and design involving Sanlorenzo include the exclusive agreement for the nautical world with Art Basel on a global level, which sees the participation of Sanlorenzo in the contemporary art events organized every year in Basel, Miami and Hong Kong; and the multi-year collaboration started in 2020 with the Peggy Guggenheim Collection in Venice as Institutional Patron. Furthermore, the partnership with the LericiPea Golfo dei Poeti Award, the participation and staging of exhibitions by Sanlorenzo at major events such as the Biennale di Venezia and Milan Design Week.
In 2022, Sanlorenzo is the main sponsor of the Italian Pavilion, curated by Eugenio Viola, at the 59th International Art Exhibition of the Venice Biennale: a further confirmation of the artistic sensitivity of Sanlorenzo, which intertwines its path with the world of contemporary art and its languages. Alongside the Biennale, Sanlorenzo presented Piero Lissoni's installation entitled "ARENA" at Palazzo Franchetti.
In June 2022, Sanlorenzo also returned to Milan Design Week with Piero Lissoni's "FABBRICA" project, set up in the courtyard of the University of Milan, taking up the key themes of the shipyard's history and growth already addressed with the installation presented in 2019.

E-MARKET SDIR CERTIFIED

COMPETITIVE POSITIONING OF THE BRAND

In the annual ranking of the Global Order Book prepared by the magazine Boat International, Sanlorenzo was confirmed as the first monobrand yacht builder in the world for the production of yachts and superyachts over 24 metres and the second yacht builder in the world, with 117 yachts under construction in 2021 equivalent to 4,159 metres in length.[7]

TOP BUILDERS BY TOTAL LENGTH OF CONSTRUCTION

2022 RANK	COMPANY	TOTAL LENGTH (M)	NUMBER OF PROJECTS	AVERAGE LENGTH (M)	NUMBER OF PROJECTS 2021	2021 RANK
1	Azimut - Benetti	4,601	128	35.9	100	1
2	**Sanlorenzo**	**4,159**	**117**	**35.5**	**86**	**2**
3	Ocean Alexander	1,494	47	31.8	35	4
4	Feadship*	1,469	N/A	N/A	17	3
5	Lurssen*	1,120	9	124.4	9	5
6	Overmarine	990	24	41.3	16	8
7	Damen Yachting	911	13	70.1	15	6
8	The Italian Sea Group	757	12	63.1	12	9
9	Horizon	703	24	29.3	25	7
10	Baglietto	637	14	45.5	10	14
11	Heesen Yachts	634	11	57.6	11	10
12	Cantiere delle Marche	578	15	38.5	9	16
13	Viking Yachts*	573	22	26	N/A	N/A
14	Oceanco	566	5	113.2	5	11
15	Palumbo	538	12	44.8	11	13
16	Sunreef Yachts	468	18	26	N/A	N/A
17	Turquoise Yachts	419	6	69.8	5	15

(*) data only partially shared by the shipyard.

[7] Source: Global Order Book 2022, Boat International, December 2021.

REPORT ON OPERATIONS

INTRODUCTION

This Report on Operations must be read together with the consolidated financial statements and the associated notes to the condensed consolidated half-yearly financial statements as at 30 June 2022, integral parts of this Half-Yearly Financial Report.

MAIN ALTERNATIVE PERFORMANCE INDICATORS

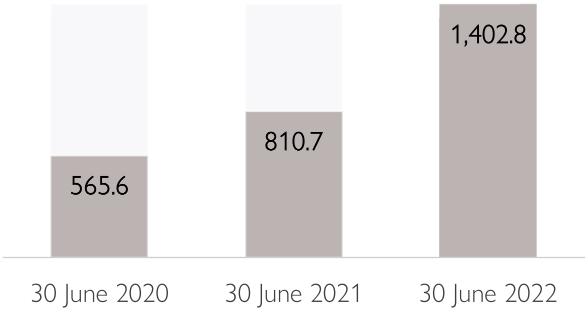
In order to allow a better evaluation of its operating performance, Sanlorenzo Group uses some alternative performance indicators.
The indicators represented are not identified as accounting measures by the IFRS and, therefore, must not be considered alternative measures to those provided by the financial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

BACKLOG	It is calculated as the sum of the value of the orders and sales contracts signed with customers or brand representatives relating to yachts for delivery or delivered in the current financial year or for delivery in subsequent financial years. For each period, the value of the orders and contracts included in the backlog refers to the relative share of the residual value from 1 January of the year in question until the delivery date. The backlog related to the revenues acquired during the year is conventionally cleared on 31 December.
NET REVENUES NEW YACHTS	They are calculated as the algebraic sum of revenues from contracts with customers relating to the sale of new yachts (recognised over time with the "cost-to-cost" method) and pre-owned yachts, net of selling expenses related to commissions and trade-in costs of pre-owned boats.
EBITDA	It is the Operating profit/loss (EBIT) before amortisation/depreciation.
EBITDA MARGIN	Indicates the ratio of EBITDA to Net Revenues New Yachts;
ADJUSTED EBITDA	It is the Operating profit/loss (EBIT) before amortisation/depreciation adjusted for non-recurring items.
ADJUSTED EBITDA MARGIN	It is the ratio of Adjusted EBITDA to Net Revenues New Yachts.
NET FIXED CAPITAL	It is calculated as the sum of goodwill, intangible assets, property, plant and equipment and net deferred tax assets, net of the corresponding non-current provisions.

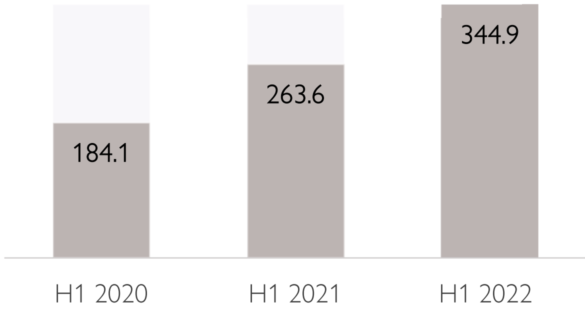
NET WORKING CAPITAL	It is calculated as the sum of trade receivables, contract assets, inventories and other current assets, net of trade payables, contract liabilities, provisions for current risks and charges and other current liabilities.
NET TRADE WORKING CAPITAL	It is calculated as the sum of trade receivables, contract assets and inventories, net of trade payables and contract liabilities.
NET INVESTED CAPITAL	It is calculated as the sum of net fixed capital and net working capital.
INVESTMENTS	They refer to increases in property, plant and equipment and intangible assets, net of the carrying amount of related disposals.
NET FINANCIAL POSITION	It is calculated on the basis of guidelines issued by ESMA and reported in ESMA document 32-382-1138 of 4 March 2021 (Consob Warning Notice no. 5/21 for Consob Communication DEM/6064293, 28 July 2006), as the sum of liquidity (including cash equivalents and other current financial assets), net of current and non-current financial indebtedness, including the fair value of hedging derivatives. If positive, it indicates a net cash position.

FINANCIAL HIGHLIGHTS[8]

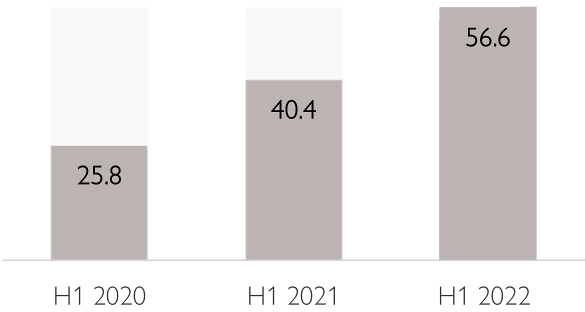
Gross backlog / (€m)



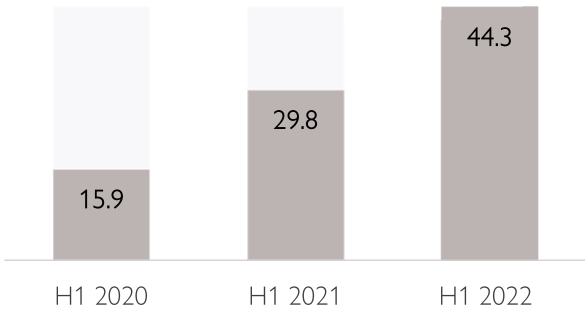
Net Revenues New Yachts / (€m)



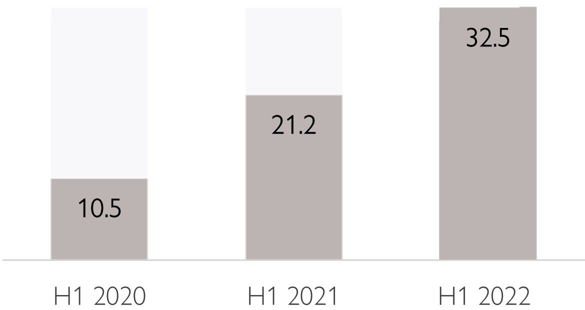
Adjusted EBITDA / (€m)



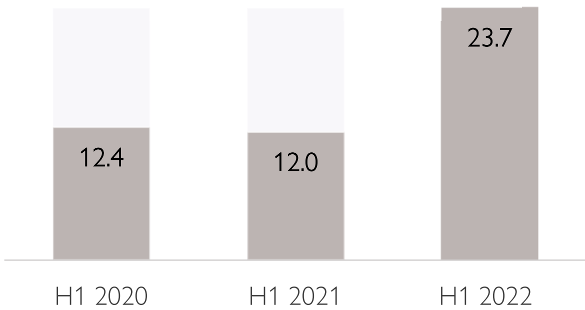
EBIT / (€m)



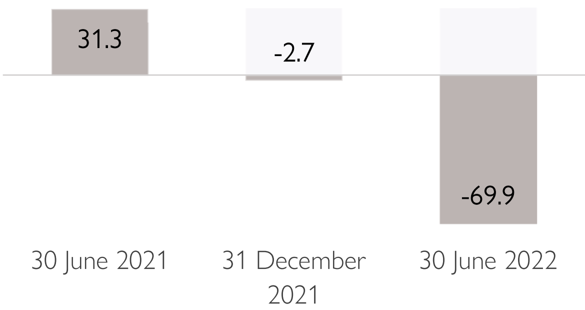
Group net profit / (€m)



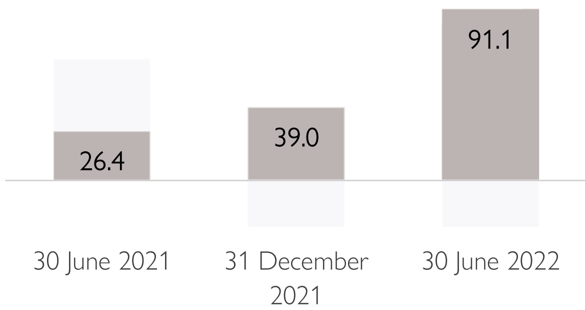
Investments / (€m)



Net working capital / (€m)



Net financial position / (€m)



[8] For a description of the methods of calculating the indicators presented, please refer to the following paragraph "Main alternative performance indicators".

BACKLOG PERFORMANCE

(€'000)	30 June		Change	
	2022	2021	2022 vs. 2021	2022 vs. 2021%
Gross backlog	**1,402,774**	**810,740**	**592,034**	**+73.0%**
of which current year	671,272	497,982	173,290	+34.8%
of which subsequent years	731,502	312,758	418,744	+133.9%
Net Revenues New Yachts for the period	344,866	263,624	81,242	+30.8%
Net backlog	**1,057,908**	**547,116**	**510,792**	**+93.4%**
of which current year	326,406	234,358	92,048	+39.3%
of which subsequent years	731,502	312,758	418,744	+133.9%

As at 30 June 2022, gross backlog amounted to €1,402,774 thousand, compared to €810,740 thousand as at 30 June 2021. The increase compared to first half of 2021 was €592,034 thousand.

(€'000)	Backlog			Change (order intake)		
	1 January[9]	31 March	30 June	Q1	Q2	Total H1 2022
Backlog 2022	**915,632**	**1,178,029**	**1,402,774**	**262,397**	**224,745**	**487,142**
of which current year	544,060	628,110	671,272	84,050	43,162	127,212
of which subsequent years	371,572	549,919	731,502	178,347	181,583	359,930
Backlog 2021	**408,761**	**553,411**	**810,740**	**144,650**	**257,329**	**401,979**
of which current year	305,072	409,899	497,982	104,827	88,083	192,910
of which subsequent years	103,689	143,512	312,758	39,823	169,246	209,069

The order intake in the first half of 2022 was equal to €487,142 thousand, of which €262,397 thousand in the first quarter and €224,745 thousand in the second quarter.
The strong order intake, which involved all divisions and was supported by new models, was positively impacted by the increase in average selling prices made possible by the high-end positioning of the brand, with growing increases as a function of the delivery date.
The amount of the gross backlog referred to the current year, for €671,272 thousand, allows an excellent coverage of the expected revenues in 2022. Furthermore, the visibility on revenues related to subsequent years, amounting to €731,502 thousand, is also significant thanks to an increased incidence of larger yachts, and in particular of superyachts with delivery dates up to 2026.

[9] Opening the reference year with the net backlog at 31 December of the previous year.

CONSOLIDATED ECONOMIC RESULTS

RECLASSIFIED INCOME STATEMENT

(€'000)	Six months ended 30 June				Change	
	2022	% Net Revenues New Yachts	2021	% Net Revenues New Yachts	2022 vs. 2021	2022 vs. 2021%
Net Revenues New Yachts	**344,866**	**100.0%**	**263,624**	**100.0%**	**81,242**	**+30.8%**
Revenues from maintenance and other services	5,405	1.6%	3,082	1.2%	2,323	+75.4%
Other income	2,628	0.8%	2,160	0.8%	468	+21.7%
Operating costs	(296,289)	(85.9)%	(228,468)	(86.7)%	(67,821)	+29.7%
Adjusted EBITDA	**56,610**	**16.4%**	**40,398**	**15.3%**	**16,212**	**+40.1%**
Non-recurring costs	(350)	(0.1)%	(444)	(0.1)%	94	-21.2%
EBITDA	**56,260**	**16.3%**	**39,954**	**15.2%**	**16,306**	**+40.8%**
Amortisation/depreciation	(11,973)	(3.5)%	(10,167)	(3.9)%	(1,806)	+17.8%
EBIT	**44,287**	**12.8%**	**29,787**	**11.3%**	**14,500**	**+48.7%**
Net financial expense	(274)	-	(616)	(0.2)%	342	-55.5%
Adjustments to financial assets	99	-	1	-	98	+9,800.0%
Pre-tax profit	**44,112**	**12.8%**	**29,172**	**11.1%**	**14,940**	**+51.2%**
Income taxes	(11,186)	(3.3)%	(7,825)	(3.0)%	(3,361)	+43.0%
Net profit	**32,926**	**9.5%**	**21,347**	**8.1%**	**11,579**	**+54.2%**
Net (profit)/loss attributable to non-controlling interests	(463)	(0.1)%	(108)	-	(355)	+328.7%
Group net profit	**32,463**	**9.4%**	**21,239**	**8.1%**	**11,224**	**+52.8%**

NET REVENUES NEW YACHTS

(€'000)	Six months ended 30 June		Change	
	2022	2021	2022 vs. 2021	2022 vs. 2021%
Revenues from the sale of boats	374,895	326,106	48,789	+15.0%
Selling expenses	(30,029)	(62,482)	32,453	-51.9%
Net Revenues New Yachts	**344,866**	**263,624**	**81,242**	**+30.8%**

Net Revenues New Yachts in the first half of 2022 were €344,866 thousand, a 30.8% increase on the €263,624 thousand recorded in the same period of 2021, led by the excellent performance of Europe and the Americas. In a growing market dynamic, these important results continue to benefit from a favourable mix linked both to the increase in volumes, which saw a strong contribution from new models and an increased incidence of larger yachts in each business unit, and the increase in average sales prices.

Net Revenues New Yachts by division

(€'000)	Six months ended 30 June				Change	
	2022	% of total	2021	% of total	2022 vs. 2021	2022 vs. 2021%
Yacht Division	234,656	68.0%	171,944	65.3%	62,712	+36.5%
Superyacht Division	77,805	22.6%	71,004	26.9%	6,801	+9.6%
Bluegame Division	32,405	9.4%	20,676	7.8%	11,729	+56.7%
Net Revenues New Yachts	**344,866**	**100.0%**	**263,624**	**100.0%**	**81,242**	**+30.8%**

The Yacht Division generated Net Revenues New Yachts of €234,656 thousand, or 68.0% of the total, an increase of 36.5% compared to the first half of 2021. The excellent sales results covered all the product ranges, and in particular the new asymmetrical models of the SL Line and SX range.
The Superyacht Division generated Net Revenues New Yachts of €77,805 thousand, accounting for 22.6% of the total, a 9.6% increase on the first half of 2021, driven by the Steel Line, the range with the largest yachts.
The Bluegame Division generated Net Revenues New Yachts of €32,405 thousand, equal to 9.4% of the total, up 56.7% compared to the first half of 2021, in particular thanks to the recently introduced BG Line models.

Net Revenues New Yachts by geographical area

(€'000)	Six months ended 30 June				Change	
	2022	% of total	2021	% of total	2022 vs. 2021	2022 vs. 2021%
Europe	187,241	54.3%	138,693	52.6%	48,548	+35.0%
Americas	91,138	26.4%	53,299	20.2%	37,839	+71.0%
APAC	49,837	14.5%	54,039	20.5%	(4,202)	-7.8%
MEA	16,650	4.8%	17,593	6.7%	(943)	-5.4%
Net Revenues New Yachts	**344,866**	**100.0%**	**263,624**	**100.0%**	**81,242**	**+30.8%**

Europe remained the number-one market, recording Net Revenues New Yachts of €187,241 thousand (of which €53,941 thousand generated in Italy), accounting for 54.3% of the total, up 35.0% compared to the first half of 2021.
The Americas, a strategic area for the Group's growth, keep recording a strong acceleration in sales, with Net Revenues New Yachts amounting to €91,138 thousand, or 26.4% of the total, up 71.0% compared to the first half of 2021.
The APAC area recorded Net Revenues New Yachts of €49,837 thousand, accounting for 14.5% of the total, down by 7.8% compared to the first half of 2021, following the restrictive measures due to COVID-19.
The MEA area recorded Net Revenues New Yachts of €16,650 thousand, accounting for 4.8% of the total, a slight decrease compared to the first half of 2021.

OPERATING RESULTS

(€'000)	Six months ended 30 June				Change	
	2022	% Net Revenues New Yachts	2021	% Net Revenues New Yachts	2022 vs. 2021	2022 vs. 2021%
EBIT	**44,287**	**12.8%**	**29,787**	**11.3%**	**14,500**	**+48.7%**
+ Amortisation/depreciation	11,973	3.5%	10,167	3.9%	1,806	+17.8%
EBITDA	**56,260**	**16.3%**	**39,954**	**15.2%**	**16,306**	**+40.8%**
+ Non-recurring costs	350	0.1%	444	0.1%	(94)	-21.2%
Adjusted EBITDA	**56,610**	**16.4%**	**40,398**	**15.3%**	**16,212**	**+40.1%**

EBIT amounted to €44,287 thousand, an increase of 48.7% compared to the first half of 2021, accounting for 12.8% of Net Revenues New Yachts.

Amortisation/depreciation, equal to €11,973 thousand, rose by 17.8% on the first half of 2021, as a result of the coming on stream of major investments made to develop new products and to increase production capacity.

EBITDA stood at €56,260 thousand, up by 40.8% on the first half of 2021, with an incidence of 16.3% on Net Revenues New Yachts.

EBITDA adjusted for non-recurring components of €350 thousand, consisting of non-monetary costs for the 2020 Stock Option Plan and expenses incurred for COVID-19, was equal to €56,610 thousand, up by 40.1% on the first half of 2021, with an incidence of 16.4% on Net Revenues New Yachts, increasing by 110 basis points compared to the same period of 2021.

The steady increase in operating profitability is related to the change in product mix in favour of larger yachts in each business unit and the increase in average selling prices.

The impact of the increase in prices of raw materials and energy related to the current inflationary scenario is managed and more than offset by the rise in sales prices. Partnerships with suppliers are becoming increasingly close, to ensure the procurement of key materials and works at a pre-set price with multi-year contracts, also thanks to the optimisation of production and purchasing planning facilitated by the visibility resulting from the order backlog.

Profitability also benefited from the efficiencies resulting from the implementation of the new production capacity, particularly the Massa shipyard dedicated to semi-finished composite products acquired in 2021, and from the gradual internalisation of Bluegame production in the Ameglia shipyard.

NET PROFIT

(€'000)	Six months ended 30 June				Change	
	2022	% Net Revenues New Yachts	2021	% Net Revenues New Yachts	2022 vs. 2021	2022 vs. 2021%
EBIT	**44,287**	**12.8%**	**29,787**	**11.3%**	**14,500**	**+48.7%**
Net financial expense	(274)	-	(616)	(0.2)%	342	-55.5%
Adjustments to financial assets	99	-	1	-	98	+9,800.0%
Pre-tax profit	**44,112**	**12.8%**	**29,172**	**11.1%**	**14,940**	**+51.2%**
Income taxes	(11,186)	(3.3)%	(7,825)	(3.0)%	(3,361)	+43.0%
Net profit	**32,926**	**9.5%**	**21,347**	**8.1%**	**11,579**	**+54.2%**
Net (profit)/loss attributable to non-controlling interests	(463)	(0.1)%	(108)	-	(355)	+328.7%
Group net profit	**32,463**	**9.4%**	**21,239**	**8.1%**	**11,224**	**+52.8%**

Net financial expense amounted to €274 thousand, a decrease of 55.5% compared to the first half of the previous year, due to the improved financial conditions applied to the Group by financial institutions, due in part to the successful renegotiation and refinancing of certain credit lines in previous years and, to a lesser extent, foreign exchange rate gains.

Pre-tax profit for the period was €44,112 thousand, up €14,940 thousand from €29,172 thousand in the first half of 2021. The margin on Net Revenues New Yachts reached 12.8%, compared to 11.1% in the first half of 2021.

Income taxes, calculated as management's best estimate, were equal to €11,186 thousand, against €7,825 thousand in the first half of 2021. Income taxes for the period were 25.4% of the pre-tax profit.

The Group's net profit for the period was €32,463 thousand, up significantly by €11,224 thousand in the first half of 2021. The margin on Net Revenues New Yachts increased from 8.1% in the first half of 2021 to 9.4% in the same period of 2022.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

BALANCE SHEET RECLASSIFIED ACCORDING TO SOURCES AND USES

(€'000)	30 June 2022	31 December 2021	30 June 2021	Change 30 June 2022 vs. 31 December 2021	Change 30 June 2022 vs. 30 June 2021
USES					
Net fixed capital	219,087	192,848	167,466	26,239	51,621
Net working capital	(69,908)	(2,713)	5,406	(67,195)	(75,314)
Net invested capital	**149,179**	**190,135**	**172,872**	**(40,956)**	**(23,693)**
SOURCES					
Equity	240,301	229,141	199,306	11,160	40,995
(Net financial position)	(91,122)	(39,006)	(26,434)	(52,116)	(64,688)
Total sources	**149,179**	**190,135**	**172,872**	**(40,956)**	**(23,693)**

NET FIXED CAPITAL AND INVESTMENTS

Net fixed capital

(€'000)	30 June 2022	31 December 2021	30 June 2021	Change 30 June 2022 vs. 31 December 2021	Change 30 June 2022 vs. 30 June 2021
Goodwill	8,667	8,667	8,667	-	-
Other intangible assets	46,766	45,276	41,410	1,490	5,356
Property, plant and equipment	145,312	134,988	112,832	10,324	32,480
Equity investments and other non-current assets	26,561	446	437	26,115	26,124
Net deferred tax assets	7,556	5,963	6,221	1,593	1,335
Non-current employee benefits	(842)	(1,058)	(942)	216	100
Non-current provisions for risks and charges	(14,933)	(1,434)	(1,159)	(13,499)	(13,774)
Net fixed capital	**219,087**	**192,848**	**167,466**	**26,239**	**51,621**

Net fixed capital as at 30 June 2022 amounted to €219,087 thousand, up €26,239 thousand compared to the end of 2021 and up €51,621 thousand compared to 30 June 2021, as a result of industrial and product development investments carried out during the period, the change in the scope of consolidation due to the acquisition of control of Polo Nautico Viareggio S.r.l., the acquisition of a minority interest in Carpensalda Yacht Division S.r.l. and Duerre S.r.l., and some loans granted to associates, the effects of which are included in "Equity investments and other non-current assets". For further details on the investment in Carpensalda Yacht Division S.r.l. and in Duerre S.r.l., reference should be made to the paragraph "Significant events occurring during the period".

Investments

(€'000)	Six months ended 30 June		Change	
	2022	2021	2022 vs. 2021	2022 vs. 2021%
Land and buildings	1,199	1,021	178	+17.4%
Industrial equipment	2,879	2,740	139	+5.1%
Plant and equipment	2,074	797	1,277	+160.2%
Other assets	3,660	1,854	1,806	+97.4%
Assets under development	3,056	1,899	1,157	+60.9%
Total changes in property, plant and equipment	**12,868**	**8,311**	**4,557**	**+54.8%**
Concessions, licences, trademarks and similar rights	927	107	820	+766.4%
Other fixed assets	-	-	-	-
Development costs	2,907	1,927	980	+50.9%
Assets under development	932	1,653	(721)	-43.6%
Total changes in intangible assets	**4,766**	**3,687**	**1,079**	**+29.3%**
Total investments on a like-for-like basis	**17,634**	**11,998**	**5,636**	**+47.0%**
Changes in the scope of consolidation	6,022	-	6,022	-
Net investments in the period	**23,656**	**11,998**	**11,658**	**+97.2%**

On a like-for-like basis, investments in the first half of 2022 amounted to €17,634 thousand, an increase of 47.0% compared to the same period of the previous year, and are mainly related to the increase in production capacity to support growth. In particular, the amounts are reported net of the sale of a building intended for offices that Sanlorenzo had acquired in September 2021 together with the new production site in Massa for a net book residual value of €2.1 million (including equipment). Including the effect of the inclusion of Polo Nautico Viareggio in the scope of consolidation, investments in the first half of 2022 amounted to €23,656 thousand.
The following table shows the breakdown of investments by destination.

(€'000)	Six months ended 30 June		Change	
	2022	2021	2022 vs. 2021	2022 vs. 2021%
R&D, product development and production of models and moulds	6,989	6,882	107	+1.6%
Increase in production capacity	7,957	2,283	5,674	+248.5%
Recurring industrial investments for equipment and facilities	1,507	1,449	58	+4.0%
Other investments	1,181	1,384	(203)	-14.7%
Total investments on a like-for-like basis	**17,634**	**11,998**	**5,636**	**+47.0%**
R&D, product development and production of models and moulds	-	-	-	-
Increase in production capacity	6,022	-	6,022	-
Recurring industrial investments for equipment and facilities	-	-	-	-
Other investments	-	-	-	-
Total changes in the scope of consolidation	**6,022**	**-**	**6,022**	**-**
R&D, product development and production of models and moulds	6,989	6,882	107	+1.6%
Increase in production capacity	13,979	2,283	11,696	+512.3%
Recurring industrial investments for equipment and facilities	1,507	1,449	58	+4.0%
Other investments	1,181	1,384	(203)	-14.7%
Net investments in the period	**23,656**	**11,998**	**11,658**	**+97.2%**

NET WORKING CAPITAL

(€'000)	30 June 2022	31 December 2021	30 June 2021	Change 30 June 2022 vs. 31 December 2021	Change 30 June 2022 vs. 30 June 2021
Inventories	76,086	68,269	80,504	7,817	(4,418)
Trade receivables	9,297	18,310	12,095	(9,013)	(2,798)
Contract assets	98,501	117,194	88,186	(18,693)	10,315
Trade payables	(141,945)	(120,125)	(126,567)	(21,820)	(15,378)
Contract liabilities	(127,721)	(102,948)	(44,331)	(24,773)	(83,390)
Other current assets	60,771	54,337	33,990	6,434	26,781
Current provisions for risks and charges	(4,819)	(11,380)	(14,608)	6,561	9,789
Other current liabilities	(40,078)	(26,370)	(23,863)	(13,708)	(16,215)
Net working capital	**(69,908)**	**(2,713)**	**5,406**	**(67,195)**	**(75,314)**

Net working capital as at 30 June 2022 was a negative €(69,908) thousand, against €(2,713) thousand as at 31 December 2021, down by €67,195 thousand. Net working capital as at 30 June 2022 was down by €75,314 thousand, compared to a positive figure of €5,406 thousand as at 30 June 2021.

(€'000)	30 June 2022	31 December 2021	30 June 2021	Change 30 June 2022 vs. 31 December 2021	Change 30 June 2022 vs. 30 June 2021
Inventories	76,086	68,269	80,504	7,817	(4,418)
Trade receivables	9,297	18,310	12,095	(9,013)	(2,798)
Contract assets	98,501	117,194	88,186	(18,693)	10,315
Trade payables	(141,945)	(120,125)	(126,567)	(21,820)	(15,378)
Contract liabilities	(127,721)	(102,948)	(44,331)	(24,773)	(83,390)
Net trade working capital	**(85,782)**	**(19,300)**	**9,887**	**(66,482)**	**(95,669)**

Net trade working capital at 30 June 2022 was equal to €(85,782) thousand, compared to €(19,300) thousand at 31 December 2021 and €9,887 thousand at 30 June 2021.
The trend in net working capital was positively affected by the continuous growth of the order backlog, especially with regard to assets and liabilities arising from contracts.

(€'000)	30 June 2022	31 December 2021	30 June 2021	Change 30 June 2022 vs. 31 December 2021	Change 30 June 2022 vs. 30 June 2021
Raw and ancillary materials and consumables	10,110	8,539	7,190	1,571	2,920
Work in progress and semi-finished products	50,960	31,760	51,478	19,200	(518)
Finished products	15,016	27,970	21,836	(12,954)	(6,820)
Inventories	**76,086**	**68,269**	**80,504**	**7,817**	**(4,418)**

Inventories at 30 June 2022 were equal to €76,086 thousand, up by €7,817 thousand compared to 31 December 2021 and down by €4,418 thousand compared to 30 June 2021.
Work in progress and semi-finished products refer to those orders whose contract with the customer has not yet been finalised at the close of the period. The increase recorded between 31 December 2021 and 30 June 2022, equal to €19,200 thousand, reflects the progressive increase in business volumes.
Inventories of finished products as at 30 June 2022 were €15,016 thousand, a decrease of €12,954 thousand compared to 31 December 2021.

NET FINANCIAL POSITION

	(€'000)	30 June 2022	31 December 2021	30 June 2021	Change 30 June 2022 vs. 31 December 2021	Change 30 June 2022 vs. 30 June 2021
A	Cash	182,601	141,272	116,956	41,329	65,645
B	Cash equivalents	-	-	-	-	-
C	Other current financial assets	11,480	317	-	11,163	11,480
D	**Liquidity (A + B + C)**	**194,081**	**141,589**	**116,956**	**52,492**	**77,125**
E	Current financial debt	(13,658)	(3,824)	(4,609)	(9,834)	(9,049)
F	Current portion of non-current financial debt	(29,767)	(29,651)	(21,320)	(116)	(8,447)
G	**Current financial indebtedness (E + F)**	**(43,425)**	**(33,475)**	**(25,929)**	**(9,950)**	**(17,496)**
H	**Net current financial indebtedness (G + D)**	**150,656**	**108,114**	**91,027**	**42,542**	**59,629**
I	Non-current financial debt	(59,534)	(69,108)	(64,593)	9,574	5,059
J	Debt instruments	-	-	-	-	-
K	Non-current trade and other payables	-	-	-	-	-
L	**Non-current financial indebtedness (I + J + K)**	**(59,534)**	**(69,108)**	**(64,593)**	**9,574**	**5,059**
M	**Total financial indebtedness (H+L)**	**91,122**	**39,006**	**26,434**	**52,116**	**64,688**

The net financial position of the Group as at 30 June 2022 shows a net cash equal to €91,122 thousand, compared to a net cash equal to €39,006 thousand at 31 December 2021 and of €26,434 thousand at 30 June 2021. The constant improvement in net financial position is due to the strong operating cash generation resulting from the increase in volumes and advances related to the significant order intake, notwithstanding the payment of dividends of €20,322 thousand.

Cash as at 30 June 2022 amounted to €182,601 thousand, an increase of €41,329 thousand compared to 31 December 2021, and of €65,645 thousand compared to 30 June 2021. As at 30 June 2022, the Group had also invested excess liquidity totalling €25,860 thousand and had bank credit lines to meet its liquidity needs of €142,727 thousand[10], of which €136,194 thousand unused.

Among financial liabilities, lease liabilities included pursuant IFRS 16 totalled €6,900 thousand, of which €4,634 thousand non-current and €2,266 thousand current.

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

Reclassified consolidated statement of cash flows

(€'000)	30 June 2022	30 June 2021	Change
EBITDA	56,260	39,954	16,306
Taxes paid	(9,221)	(13,389)	4,168
Change in inventories	(7,817)	1,710	(9,527)
Change in net contract assets and liabilities	43,467	22,927	20,540
Change in trade receivables and advances to suppliers	7,144	8,638	(1,494)
Change in trade payables	21,820	(10,671)	32,491
Change in provisions and other assets and liabilities	12,126	(3,012)	15,138
Operating cash flow	**123,779**	**46,157**	**77,622**
Change in non-current assets (investments)	(17,634)	(11,998)	(5,636)
Business acquisitions and other changes	(28,645)	636	(29,281)
Free cash flow	**77,500**	**34,795**	**42,705**
Interest and financial charges	(318)	(684)	366
Other cash flows and changes in equity	(25,066)	(11,506)	(13,560)
Change in net financial position	**52,116**	**22,605**	**29,511**
Net financial position at the beginning of the period	39,006	3,829	35,177
Net financial position at the end of the period	91,122	26,434	64,688

EQUITY

(€'000)	30 June 2022	31 December 2021
Share capital	34,669	34,539
Reserves	172,146	143,492
Group profit	32,463	51,007
Group equity	**239,278**	**229,038**
Equity attributable to non-controlling interests	1,023	103
Equity	**240,301**	**229,141**

The Parent Company's share capital as at 30 June 2022 amounts to €34,669,461, fully paid-in, and is composed of 34,669,461 ordinary shares. Share capital increased by 130,193 shares compared to 31 December 2021, due to the subscription of the capital increase to service the 2020 Stock Option Plan. The share capital, again as a result of the 2020 Stock Option Plan, increased further after the end of the six-month period and, as at 31 August 2022, consisted of 34,697,075 ordinary shares.

On 21 April 2020, the Extraordinary Shareholders' Meeting of Sanlorenzo had in fact approved a divisible share capital increase, excluding option rights, pursuant to Article 2441, paragraph 8 of the Italian Civil Code, of a maximum nominal value of €884,615, to be executed no later than 30 June 2029, through the issue of a maximum number of 884,615 ordinary shares destined exclusively and irrevocably to service the 2020 Stock Option Plan. As at 30 June 2022 this capital increase has been partially subscribed for 169,461 shares (197,075 shares as at 31 August 2022).

As a result of share purchases since the inception of the buy-back program authorised by the Ordinary Shareholders' Meeting of 31 August 2020, as at 30 June 2022, the Company held 58,666 treasury shares, unchanged from 31 December 2021, representing 0.169% of its subscribed and paid-in share capital. In accordance with the terms of the above resolution, this purchase program ended on 28 February 2022.

On 28 April 2022 the Ordinary Shareholders' Meeting authorised a new request to purchase and dispose of treasury shares, up to a maximum of 3,453,550 shares; as at the date of approval of this Half-Yearly Financial Report, this program has not yet been started.

HUMAN RESOURCES

	30 June 2022		31 December 2021		Change	
	Units	% of total	Units	% of total	2022 vs. 2021	2022 vs. 2021%
Sanlorenzo S.p.A.	608	88.2%	539	90.3%	69	+12.8%
Bluegame S.r.l.	49	7.1%	38	6.4%	11	+28.9%
PN VSY S.r.l.	2	0.3%	6	1.0%	(4)	-66.7%
Polo Nautico Viareggio S.r.l.	19	2.8%	-	-	19	-
Sanlorenzo Baleari SL	2	0.3%	3	0.5%	(1)	-33.3%
Sanlorenzo of the Americas LLC	9	1.3%	11	1.8%	(2)	-18.2%
Group employees	**689**	**100%**	**597**	**100%**	**92**	**+15.4%**

As at 30 June 2022, the Group employed a total of 689 employees, of which 88.2% at the Parent Company, an increase of 92 individuals or 15.4% compared to 31 December 2021. In the case of Polo Nautico Viareggio S.r.l., the number of employees shown in the comparative figures as at 31 December 2021 was zero, as, at that date, the company was not controlled by the Group.

	30 June 2022		31 December 2021		Change	
	Units	% of total	Units	% of total	2022 vs. 2021	2022 vs. 2021%
Managers	37	5.3%	36	6.0%	1	+2.8%
White collars	551	80.0%	471	78.9%	80	+17.0%
Blue Collars	101	14.7%	90	15.1%	11	+12.2%
Group employees	**689**	**100%**	**597**	**100%**	**92**	**+15.4%**

At category level, white collar workers recorded a bigger increase during the period, with an increase of 80 staff members compared to 31 December 2021.

	30 June 2022		31 December 2021		Change	
	Units	% of total	Units	% of total	2022 vs. 2021	2022 vs. 2021%
Italy	678	98.4%	583	97.7%	95	+16.3%
Rest of Europe	2	0.3%	3	0.5%	(1)	-33.3%
United States	9	1.3%	11	1.8%	(2)	-18.2%
Group employees	**689**	**100%**	**597**	**100%**	**92**	**+15.4%**

The distribution by geographic area sees the largest number of employees employed in Italy, equal to 98.4% of the Group's total as at 30 June 2022.

RESPONSIBLE DEVELOPMENT

For Sanlorenzo, sustainability implies responsible development and the constant search for a balance between the need to be economically efficient and the sense of social and environmental responsibility in the pursuit of company objectives. The Group is increasingly committed to mitigating, eventually eliminating, the negative effects of its operations, while increasing the positive effects, for the benefit of all its stakeholders.
Within this framework, the Group has identified several areas of intervention, distinguishing between fundamental and enabling pillars. In particular, the fundamental pillars represent the true basis for the Group's responsible development: responsibility towards its product, responsibility towards production processes and shipyards, safeguarding the supply chain and the local production cluster and the development of human resources. The more operational areas of focus, which can be defined as "enabling", concern sustainability governance, transparency, stakeholder engagement and external collaborations.
With the progressive integration of sustainability into the Company's strategy and operations, responsible development has become a central part of the day-to-day activities of various corporate figures. At the executive level, ultimate responsibility for sustainability decisions lies with the Board of Directors, which delegates competence in this area to the Control, Risks and Sustainability Committee. At the operational level, specific corporate roles have been identified to translate strategic lines into projects and management approaches: the Sustainability Officer, the Social Sustainability Support and the Sustainability Officer Support.
The main areas on which the Group focuses its ESG activities are summarized below. For further details, reference should be made to the Consolidated Non-Financial Statement as at 31 December 2021 available on the Company's website (www.sanlorenzoyacht.com) in the "Responsible Development" section.

Commitment to the product

Sanlorenzo is committed to studying and adopting solutions, both technological and technical, that can reduce the impacts of its products on the environment and on the marine ecosystem. There is a constant search for innovation, increasingly oriented – through investment in research and development – towards the study of sustainable ways of building and using yachts. The Group's sustainable innovation strategy consists of three main types of initiatives.

Solutions for reducing emissions generated on board

The Group's activity is focused on developing and adopting solutions for the reduction of emissions generated on board, allowing not only greater safety at sea, but above all a significant reduction in greenhouse gas (GHG) and CO_2 emissions.
The introduction of innovations and technologies to reduce the environmental impact of yachts is the focus of the Group's Research and Development department, whose high degree of expertise and experience has enabled to sign strategic agreements with the world's most important players in power generation and energy management. Joint projects focus on the marine use of hydrogen fuel cells, the real answer to the demand for sustainability in the yachting industry.
Of strategic importance is the partnership launched in 2021 with Siemens Energy, which includes, among others, a collaboration for the joint development of solutions for the integration of methanol fuel cells for the generation of electricity on board, which will be concretely applied, for the first time in the world, in a 50-metre superyacht scheduled for delivery in 2024.
This was recently joined in August 2022 by another very important exclusive agreement with Rolls-Royce Solutions GmbH – Global Marine (MTU), which will allow the integration of a MTU traditional internal combustion propulsion system, also powered by methanol, with Siemens Energy's methanol powered fuel cell systems (through a reformer), in yachts between 40 and 75 metres in length. The first application will be on a Sanlorenzo prototype yacht between 50 and 60 metres scheduled for delivery in 2026.

The use of green methanol, produced with electricity from renewable sources and CO_2 captured from the atmosphere, allows carbon-neutral power production. The quantity of CO_2 released in the atmosphere in the combustion process is equal to the quantity of CO_2 captured from the environment for the production of methanol.

Hydrogen as a propulsion system is at the heart of research and development activities, as also witnessed by the agreement signed by Bluegame with American Magic, a challenger in the 37th America's Cup to be held in Barcelona in 2024, for the design and construction of the first chase boat with exclusively hydrogen propulsion and using foils, according to the strict requirements of the event's protocol. On the strength of this achievement and as proof of its design capability in the use of hydrogen in propulsion, Bluegame has also reached an agreement with Volvo Penta to install a pilot IPS hybrid propulsion system, which will be integrated with the hydrogen fuel cells derived from America's Cup project. The BGM65HH (hydrogen-hybrid) model, that will be launched in 2025, will accommodate such cutting-edge technology.

Introduction and continuous research into sustainable and eco-friendly materials

The Group is committed to researching and introducing sustainable and eco-friendly materials on board its yachts, such as maritime pine wood, as an alternative to teak, which guarantees equal quality and resistance to marine conditions, recycled fabrics, lightweight coconut, jute or pressed cotton upholstery panels, which are completely natural and do not involve the use of plastics, and new antifouling paints, used on the first SP110 model, which do not cause significant disruptions to marine biological chains.
Of particular significance is the new SD90/s model introduces in 2022, for which Patricia Urquiola has designed its interior spaces using eco-sustainable materials such as the boiserie, embellished by paper factor with recycled paper, the bow wall of the saloon made of recycled glass, as well as with great attention to equipment and systems, including class A+++ appliances, Eco air conditioning system and high performance thermal and acoustic insulation.

Process innovations

On the path of sustainable innovations related to the production process, the Group is pursuing the creation of a "Sustainable Design Manual" aimed at formalising rules and criteria to be followed in the design phases, which fits into the wider project relating to eco-friendly yacht lifecycle management, as well as the development of remote diagnostics and assistance devices for solving technical problems on board between crews and Sanlorenzo technicians. An example of this is the "Sanlorenzo Smart Helmet", a portable device with management software and a helmet equipped with a camera, microphone and visors, which makes it possible to carry out an initial remote diagnosis, reduce intervention times and significantly reduce costs and communication problems between the yacht and the support team.

Commitment to the production process

With regard to the shipyards and the production process, Sanlorenzo has adopted an Environmental Management System (EMS) certified according to ISO 14001:2015 for all its shipyard. In accordance with the requirements of ISO 14001, the Company sets specific environmental programmes for each shipyard, containing the projects and activities established for corrective and/or improvement purposes, as well as the management of direct and indirect environmental impacts.
In particular, as far as direct environmental impacts are concerned, a robust control system is in place for all activities carried out at the shipyards, with specific reference to raw materials used, energy and water consumption, emissions generated and fuel consumption.
With regard to energy consumption, the following initiatives should be noted:

- the installation at the Ameglia site of 1,393 photovoltaic panels, covering a total area of 2,400 square metres;
- the installation and commissioning of heat pumps at the La Spezia shipyard, replacing the previous electric heaters, capable of providing three times the consumption efficiency. By 2022, photovoltaic panels will be installed on the site to power the pumps and enable a zero-emission heating system;

- the commissioning of the hot water and radiant heating system at the Massa shipyard, which reduces the energy consumption associated with heating the buildings for gelcoating and lamination process of fibreglass products.

A business plan is also being drawn up for the exploitation of building surfaces and coverings for the production of renewable energy. Specifically, for the first phase of the relevant investment plan (2022-2024), self-generated photovoltaic energy will be able to cover approximately 30% of the Group's annual consumption.

In the area of emissions management, Sanlorenzo's constant monitoring is combined with the implementation of new systems to reduce and/or limit emissions generated by the yacht production process, mainly associated with styrene used in fibreglass processing and other solvents. An example of this is the fibreglass infusion technique, which allows a reduction of approximately 98% of the styrene emissions generated, thus also improving healthy working conditions.

To address its indirect environmental impacts, the Company has initiated a sustainable management project on its supply chain, implementing a process of supplier mapping aimed at identifying a process of growth and mutual improvement by establishing principles and good practices shared with suppliers in pursuit of increasingly ambitious sustainable performance. The Group's objective is thus to set an example in the industry and to promote a culture of responsible development to be shared not only within the Group, but also outside the Company, acting to raise awareness along the entire value chain.

Commitment to social issues, training and the production chain

In the social sphere, the focus is on compliance with regulations and best practices in the field of accident prevention in the workplace. With specific regard to the contractors operating at Sanlorenzo shipyards, the Company has adopted an Occupational Safety Management System (OSMS), certified according to the UNI EN ISO 45001:2018 standard.

In order to eliminate identified hazards and minimise the likelihood of their occurrence, particular emphasis is also placed on information, education and training of personnel. A primary role is in this case played by the Sanlorenzo Academy, a project launched in 2018, focused on training specific professional figures in high demand in the nautical world, in order to ensure continuity and generational turnover for local companies and contribute to the improvement of professional standards on board yachts.

Furthermore, starting in 2020, an agreement was concluded with two leading Italian banks, through which credit lines for more than €70 million were made available to suppliers at an advantageous interest rate, currently active for over 130 suppliers.

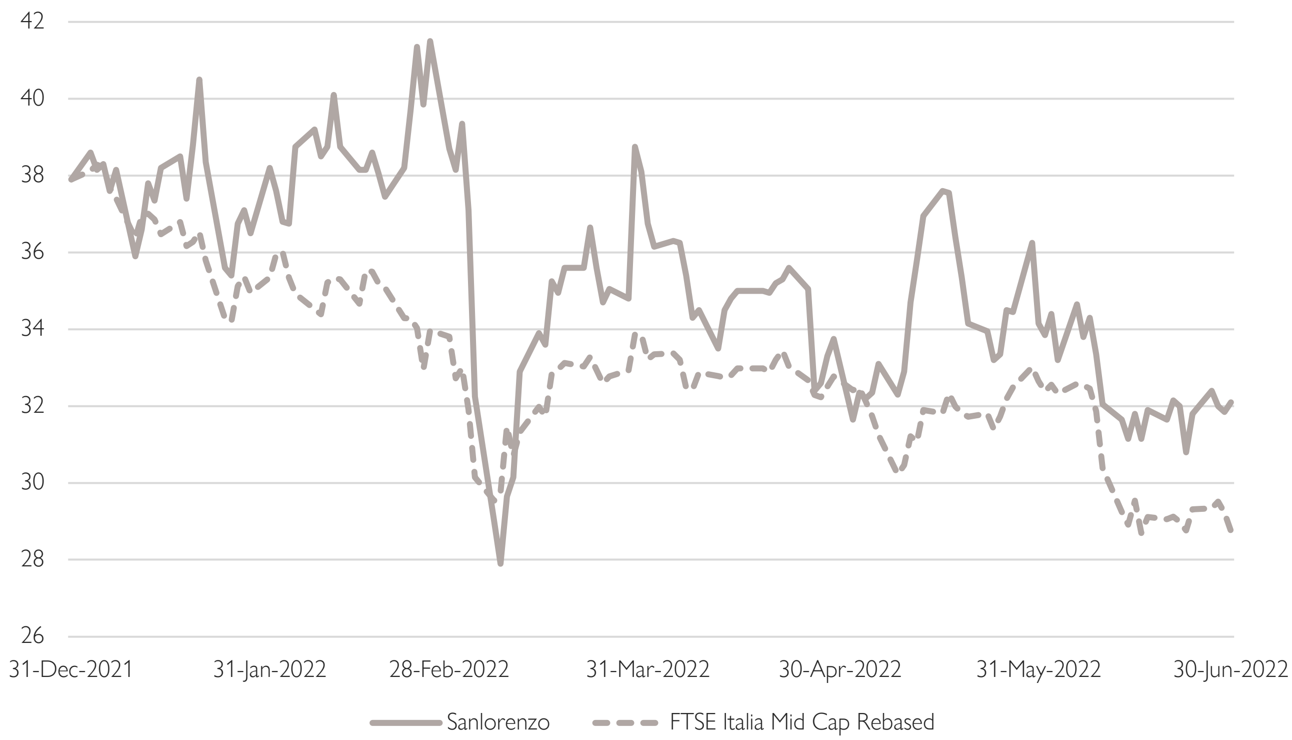
Likewise, the Company supports cultural and artistic events in the area, and collaborates in the redevelopment of local and urban works. The Sanlorenzo Foundation is particularly important in this area. In harmony with the human values, work culture and corporate social responsibility that shape Sanlorenzo's history, Sanlorenzo Foundation aims to improve the economic and social conditions of the community, favouring opportunities for life, study and work. Its main activities include grants and support for economic and entrepreneurial initiatives to help young people enter the workplace.

SANLORENZO ON THE STOCK EXCHANGE

Share performance

On 10 December 2019, the trading of the Company's shares on the Euronext STAR Milan organised and managed by Borsa Italiana S.p.A. began. The initial offer price was €16.00 per share.
The following table and chart show the share performance in the first half of 2022.

	Euro	Date
IPO price	16.00	10 December 2019
Minimum closing price	27.90	8 March 2022
Maximum closing price	41.50	25 February 2022
Closing price	32.10	30 June 2022
Number of shares	34,669,461	30 June 2022
Capitalisation	1,112,889,698	30 June 2022



On 30 June 2022, the closing price of the share was €32.10 and market capitalization was €1,113 million. In the first half of 2022, the Sanlorenzo share price outperformed the FTSE Italia Mid Cap index by 11.68%.

Shareholding structure

Significant equity investments in the Company's share capital, according to the communications issued pursuant to Article 120 of Italian Legislative Decree no. 58/1998 (the Italian Consolidated Law on Finance) and other information in the Company's possession, are detailed below.

Shareholder	No. of ordinary shares	% of share capital
Holding Happy Life S.r.l. (Massimo Perotti)	21,121,373	60.92%
Treasury shares	58,666	0.17%
Market	13,489,422	38.91%
Total	**34,669,461**	**100.00%**

Update: 30 June 2022

As at 27 June 2021, increased voting rights were granted to a total of 20,837,128 ordinary shares of the Company, of which 20,669,128 are owned by Holding Happy Life S.r.l., with 75.3% of total voting rights as at 30 June 2022 (including shares without increased voting rights).

MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

The Group's activities are exposed to a series of risks and uncertainties that could influence its financial position, results of operations and cash flows, which are summarised below.
For more details on the risks to which the Group is exposed, please refer to the Annual Financial Report as at 31 December 2021, as there have been no changes compared to what was described therein concerning the risks to which the Group is exposed and how they are handled by management.

Market and operating risks

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

Financial risks

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

INTRA-GROUP TRANSACTIONS AND TRANSACTIONS WITH RELATED PARTIES

The Company's Board of Directors adopted the "Procedure governing related party transactions", most recently updated by resolution passed on 10 March 2022, in compliance with the "Transactions with Related Parties Regulation" approved by Consob with Resolution no. 21624 of 10 December 2020.
The above procedure can be found on the Company's website (www.sanlorenzoyacht.com), in the "Corporate Governance" section.
It should be noted that transactions with related parties, including therein intra-group transactions, do not qualify as either atypical or unusual, as they fall under the normal course of business of Group companies. Said transactions were made at arm's length in consideration of the features of goods and services provided.
In the Notes to the condensed consolidated half-yearly financial statements, the Company provides the information required pursuant to Article 154-ter of Legislative Decree 24 February 1998 no. 58 (the Italian Consolidated Law on Finance) as indicated in Consob Regulation no. 17221 of 12 March 2010.

ATYPICAL AND/OR UNUSUAL TRANSACTIONS

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

ADDITIONAL INFORMATION

The Company is not subject to management and coordination activities pursuant to Articles 2497 et seq. of the Italian Civil Code, in consideration of the fact that the presumption set forth in Article 2497-sexies of the Italian Civil Code does not apply.
On 24 September 2020, the Company initiated the share buy-back program based on the authorisation resolution issued by the Ordinary Shareholders' Meeting on 31 August 2020. In accordance with the terms of the above resolution, the purchase program ended on 28 February 2022.
On 28 April 2022 the Ordinary Shareholders' Meeting authorised a new request to purchase and dispose of treasury shares, up to a maximum of 3,453,550 shares; as at the date of approval of this Half-Yearly Financial Report, this program has not yet been started.
As at 30 June 2022, the Company held 58,666 treasury shares, unchanged from 31 December 2021 and equal to 0.169% of the subscribed and paid-up share capital.

SIGNIFICANT EVENTS OCCURRING DURING THE PERIOD

Acquisition of a minority interest in Carpensalda Yacht Division S.r.l.

On 10 February 2022, Sanlorenzo S.p.A. acquired a 48% stake in the share capital of Carpensalda Yacht Division S.r.l. ("CYD") from MEC Carpensalda S.a.s., a strategic supplier active in the production of metal structures for superyachts, for a consideration of €3.8 million. With a previous transaction completed on 4 February 2022, MEC Carpensalda had transferred to CYD, a newly incorporated company, the business unit relating to carpentry and welding activities on metal structures for shipyards, including, among others, two production sites, one in the Navicelli Canal area in Pisa and one in Livorno. The remaining shares of the company are held 50% by MEC Carpensalda and 2% by a third party.
Subsequently, on 25 February 2022, CYD acquired all of the shares of Sa.La S.r.l. (formerly Sala S.n.c.), operating in the sector of the processing, cutting and moulding of metal sheets, with a production site in Viareggio (LU), for a consideration of €1.7 million.
This strategic partnership in the metal carpentry supply chain will allow Sanlorenzo to secure the supply of key works, indirectly increasing the production capacity at the service of the Superyacht Division.

Conflict between Russia and Ukraine

In view of the conflict between Russia and Ukraine, the Company confirms that its exposure to customers of Russian nationality is marginal and spread over three financial years.
The Company specifies that these are subjects who are not affected by international sanctions at an individual level (the so-called "Specially Designated Nationals") and that as at this reporting date no orders have been cancelled by customers. The Company considers the relative risk to be very limited, in view of the advances received from customers on yachts under construction and the fact that ownership of the yachts remains with the shipyard, as well as by virtue of the numerous requests from potential customers.
The Group implements constant monitoring of the situation and updates on the international sanctions front, in line with the rigorous Know Your Customer procedures and Sanctions Compliance Program adopted by all Group companies.
Moreover, the Group has no suppliers located in Russia and in the areas affected by the conflict.

Sanlorenzo Ordinary Shareholders' Meeting

On 28 April 2022, the Ordinary Shareholders' Meeting of Sanlorenzo was held on first call and issued the following main resolutions:

- approval of the financial statements as at 31 December 2021 and proposal for the allocation of profit, including the distribution of a dividend of €0.60 per share, double the amount distributed in 2021;
- approval of the first section of the Remuneration Report relating to the remuneration policy and resolved in a favourable sense on the second section;
- appointment of the new Board of Directors and the new Board of Statutory Auditors;
- approval of the request for authorisation to purchase and dispose of treasury shares up to a maximum of 3,453,550 shares.

Acquisition of a minority interest in Duerre S.r.l.

On 29 April 2022, Sanlorenzo S.p.A. has acquired a 33% stake in Duerre S.r.l., a historic company active since the 1940s in the handcrafted production of very high-quality furniture intended in particular for superyachts, in the amount of €3.4 million. The acquisition agreement includes an earn-out clause formulated on the basis of the achievement of specific results in the three-year period 2021-2023. The earn-out may entail a decrease of the price by €200 thousand and an increase thereof up to a maximum amount of €600 thousand. According to the best estimates available at the date of this Report, the initial purchase price has not been adjusted.

Purchase of a business unit from Vismara Marine Concepts S.r.l.

On 9 June 2022, Sanlorenzo S.p.A. acquired a business unit from Vismara Marine Concepts S.r.l., mainly comprising an industrial building of about 1,400 square metres located in Viareggio near the Company's shipyards, as well as plant and equipment and a 0.51% stake in the company Polo Nautico Viareggio S.r.l., for a total amount of about €2.2 million. As a result of the aforementioned transaction and a further acquisition of a 2.17% stake from a third party concluded on 28 July 2022, Sanlorenzo's shareholding in Polo Nautico is currently 52.48%.
These acquisitions made it possible to increase the production capacity serving the Yacht Division, consolidating Sanlorenzo's presence within the Polo Nautico Viareggio S.r.l. complex, a company that was originally set up in the legal form of a limited liability consortium, whose mission it has maintained, continuing to provide services mainly to its shareholders.

Merger of the subsidiary PN VSY S.r.l. into Sanlorenzo S.p.A.

On 22 June 2022 the shareholders' meeting of PN VSY S.r.l., a wholly-owned subsidiary of Sanlorenzo S.p.A., established in 2021 in connection with the acquisition of the Viareggio Superyachts S.r.l. business unit and operating in support of the Superyacht Division, approved the merger by incorporation into its 100% parent company Sanlorenzo, with effect from 1 January 2022. The closing of the transaction will be by the end of the current year.

Letter of intent for the acquisition of Equinoxe S.r.l.

On 23 June 2022, Sanlorenzo signed a letter of intent to acquire 100% of Equinoxe S.r.l., a leading charter company. The closing of the transaction is expected to be by the end of the current year.

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

Agreement between Bluegame and New York Club American Magic

On 18 July 2022, Bluegame and the New York Yacht Club American Magic, challengers in the 37th America's Cup to be held in Barcelona in 2024, signed an agreement for the design and construction of the first chase boat with exclusively hydrogen propulsion and using foils, according to the strict requirements of the event's protocol.

Acquisition of a majority interest in I.C.Y. S.r.l. by Bluegame

On 20 July 2022, Bluegame acquired a 60% stake in I.C.Y. S.r.l., Bluegame's historical partner in the production of certain product lines, for the amount of €925 thousand. The remaining 40% of the shares are retained by the company's founder and current CEO.
This transaction will allow Bluegame to increase its production capacity to support growth.

Acquisition of Mediterranea Real Estate S.r.l.

On 28 July 2022, Sanlorenzo acquired 100% of the shares of Mediterranea Real Estate S.r.l., owner of an industrial building of approximately 1,000 square metres adjacent to the Sanlorenzo shipyards within the Polo Nautico complex in Viareggio, plus offices and equipment. The transaction, concluded for €1.1 million, will allow a further increase in the production capacity of the Superyacht Division in Viareggio, for the outfitting of the X-Space range.

Acquisition of Cantiere Tomei 1811 S.r.l.

On 28 July 2022 Sanlorenzo signed a contract for the purchase of 100% of the shares of Cantiere Tomei 1811 S.r.l., holder of a government concession to the land that hosts an industrial building of about 240 square metres and a yard used for storage activities of about 1,100 square metres in the Viareggio docks area, for €918 thousand.

Memorandum of Understanding with Rolls-Royce Solutions GmbH – Global Marine (MTU)

On 5 August 2022, Sanlorenzo and Rolls-Royce Solutions GmbH - Global Marine (MTU) signed a Memorandum of Understanding on exclusive cooperation for the integration of a MTU traditional internal combustion propulsion system, also powered by methanol, with Siemens Energy's methanol powered fuel cell systems (through a reformer), in yachts between 40 and 75 metres in length. The first application will be on a Sanlorenzo prototype yacht between 50 and 60 metres scheduled for delivery in 2026.

BUSINESS OUTLOOK

In a not easily predictable context both at geopolitical and macroeconomic level, the luxury yachting industry continues to benefit from the growth recorded by the Ultra High Net Worth Individuals (UHNWIs). The little penetration of yachting among UHNWIs, estimated at less than 5%, represents a high untapped growth potential.

The expansion of the potential clientele is also combined with a significantly increased interest in yachting, driven by a renewed search for quality of life in freedom and safety, all needs that a yacht can satisfy. The new connectivity technologies also allow work to be carried out on board and to extend the time the owner can spend on board, thus increasing the attractiveness to younger clientele.

Amidst this scenario, Sanlorenzo continues to benefit from the competitive advantage deriving from its unique business model: high-end brand positioning, exclusive yachts, always at the forefront of sustainable innovation, made strictly to measure and distributed through a small number of brand representatives, flexible cost structure, close liaison art and design.

Strategic lines of development

Strengthening presence in North America and APAC

Areas with strong potential arising from the concentration of UHNWIs, North America and APAC represent key markets for the Group's future growth. The direct presence in the United States through the subsidiary Sanlorenzo of the Americas LLC allows to offer yachts specifically designed and built according to the requirements of American customers and a more timely and effective after-sales service, an element in which the Company intends to further invest. This successful model could be replicated in APAC in the medium term, with the establishment of a local subsidiary.

Evolution of superyacht selling prices

The market's appreciation of the quality of the product and the consequent positioning of the brand in the superyacht segment has made it possible to progressively recover the price gap with the best North European shipyards, particularly in the segment above 500GT, with an acceleration starting from the second half of 2021, which further accentuated in 2022.

Constant expansion of the product portfolio, with the introduction of innovations and sustainable technologies

The robust product pipeline includes two new lines (X-Space for the Superyacht Division and BGM – Bluegame Multi-Hull – for Bluegame), in addition to the Yacht Division's recently introduced SP Line (Smart Performance – open coupé), with which Sanlorenzo enters new high-potential market segments, and the continuous expansion of the existing ranges with novel products strongly inspired by sustainability criteria.

The introduction of innovations and technologies to reduce the environmental impact of yachts is the focus of the Group's Research and Development department, whose high degree of expertise and experience has enabled to sign strategic agreements with the world's most important players in power generation and energy management. Joint projects focus on the marine use of hydrogen fuel cells, the real answer to the demand for sustainability in the yachting industry.

Starting with the exclusive agreement for yachts between 24 and 80 metres in length signed in 2021 with Siemens Energy for the integration of fuel cells powered by hydrogen obtained from methanol to generate electricity on board, a technology that, first on the market, will see the light of day on a 50Steel superyacht scheduled for delivery in 2024.

This was recently joined in August 2022 by another very important exclusive agreement with Rolls-Royce Solutions GmbH – Global Marine (MTU), which will allow the integration of a MTU traditional internal combustion propulsion system, also powered by methanol, with Siemens Energy's methanol powered fuel cell systems (through a reformer), in yachts between 40 and 75 metres in length. The first application will be on a Sanlorenzo prototype yacht between 50 and 60 metres scheduled for delivery in 2026.

The use of green methanol, produced with electricity from renewable sources and CO_2 captured from the atmosphere, allows carbon-neutral power production. The quantity of CO_2 released in the atmosphere in the combustion process is equal to the quantity of CO_2 captured from the environment for the production of methanol.

Only a month earlier, Bluegame had been selected by American Magic, challenger in the 2024 edition of the America's Cup, as a partner for the design and construction of the first chase boat with exclusively hydrogen propulsion and using foils, according to the strict requirements of the event's protocol, an extremely complex project that is now the highest possible expression of sustainable technology on board a boat.

On the strength of this memorable achievement and as proof of its design capability in the use of hydrogen in propulsion, Bluegame has also reached an agreement with Volvo Penta to install a pilot IPS hybrid propulsion system, which will be integrated with the hydrogen fuel cells derived from America's Cup project. The BGM65HH (hydrogen-hybrid) model, that will be launched in 2025, will accommodate such cutting-edge technology.

Enhancement of High-End Services offering

Consistently with the philosophy of pursuing excellence and with its made-to-measure positioning, the Group is strengthening the offer of High-End Services, whose value proposition in the field of services aims to increase the loyalty of existing customers and attract new ones, with a comprehensively tailored approach in which the excellence of manufacturing, high quality, innovation and design are combined with the exclusivity of the relationship with the customer.

This package of services, offered exclusively to Sanlorenzo customers through a dedicated company that will be established by the end of the year, includes the world's first monobrand charter programme (Sanlorenzo Charter Fleet), training programmes for crew members at the Sanlorenzo Academy, tailor-made leasing and financing, and maintenance, restyling and refitting services (Sanlorenzo Timeless).

Of remarkable relevance is chartering, which has experienced a strong expansion especially in times of shrinking demand for new yachts and it keeps a high potential to be expressed. This proposal is of particular interest to customers, who may take the opportunity to include their boat in a programme that they can rely on as managed by Sanlorenzo. In view of the specialised skills required by this activity, Sanlorenzo, as a guarantee of its standards of quality and excellence, has selected Equinoxe S.r.l., a historical company with a very high reputation in the sector. On 23 June 2022, Sanlorenzo signed a letter of intent to acquire 100% of Equinoxe S.r.l.; closing of the transaction is expected by the end of the current year.

Strengthening key production chains and increasing production capacity

Craftsmanship is at the core of Sanlorenzo's business model: partnerships with strategic suppliers and contractors are aimed at ensuring the procurement of key materials and works, increasing manufacturing capacity, increasing agility and flexibility of production processes, maintaining strict quality control and extending Sanlorenzo Group's standards of responsibility and sustainability to the supply chain.

The minority investments in key suppliers such as Carpensalda Yacht Division S.r.l., active in the metal carpentry sector, and Duerre S.r.l., an artisan producer of high-quality furniture, as well as the acquisition of 60% of I.C.Y. S.r.l., a long-standing partner of Bluegame, concluded on 22 July 2022, are part of this programme for strengthening the strategic supply chains.

Similarly, during 2022, the Company completed three acquisitions of industrial infrastructures in the Viareggio area for over 3,500 total square metres and a total amount of about €4.2 million and became majority shareholder of Polo Nautico Viareggio S.r.l. These investments are aimed at increasing production capacity to support the expected growth and service offering.

Guidance for 2022

Considering the robust order backlog, 92% of which is sold to final clients, while constantly monitoring the evolution of the general environment, the Company has revised upward the guidance for the current year[11], envisaging a double-digit growth in line with first half results. In particular, the backlog as at 30 June 2022 covers about 92% of Net Revenues New Yachts[12] for 2022.

(€ million and margin in % of Net Revenues New Yachts)	2020 Actual	2021 Actual	2022 Guidance	Change 2022 vs. 2021[13]
Net Revenues New Yachts	457.7	585.9	720 – 740	+25%
Adjusted EBITDA	70.6	95.5	126 – 130	+34%
Adjusted EBITDA margin	15.4%	16.3%	17.5% – 17.6%	+120 bps
Group net profit	34.5	51.0	68 – 70	+35%
Investments	30.8	49.2	48 – 50	-1%
Net financial position	3.8	39.0	96 – 100	+59

Ameglia, 1 September 2022

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

[11] On a like-for-like basis and excluding potential extraordinary transactions.

[12] Calculated on the average of the guidance interval.

[13] Calculated on the average of the guidance interval.


SANLORENZO

CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS AS AT 30 JUNE 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	Notes	30 June 2022	31 December 2021[14]
ASSETS			
Non-current assets			
Property, plant and equipment	*17*	145,312	134,988
Goodwill	*18*	8,667	8,667
Other intangible assets	*19*	46,766	45,276
Equity investments and other non-current assets	*21, 37, 38*	26,561	446
Net deferred tax assets	*15*	7,556	5,963
Total non-current assets		**234,862**	**195,340**
Current assets			
Inventories	*22*	76,086	68,269
Contract assets	*23*	98,501	117,194
Other financial assets, including derivatives	*27*	11,480	317
Trade receivables	*24*	9,297	18,310
Other current assets	*25*	60,771	54,337
Cash and cash equivalents	*26*	182,601	141,272
Total current assets		**438,736**	**399,699**
TOTAL ASSETS		**673,598**	**595,039**

[14] Some 2021 figures have been restated to provide a better comparative representation. See the section "Basis of preparation" in the relevant notes to this Financial Report.

(€'000)	Notes	30 June 2022	31 December 2021
EQUITY AND LIABILITIES			
EQUITY			
Share capital	*28*	34,669	34,539
Share premium reserve	*28*	79,345	77,197
Other reserves	*28*	92,801	66,295
Profit/(loss) for the period		32,463	51,007
Equity attributable to the shareholders of the Parent Company		**239,278**	**229,038**
Equity attributable to non-controlling interests	*28*	1,023	103
TOTAL EQUITY		**240,301**	**229,141**
Non-current liabilities			
Non-current financial liabilities	*29*	59,534	69,108
Non-current employee benefits	*32*	842	1,058
Non-current provisions for risks and charges	*33*	14,933	1,434
Total non-current liabilities		**75,309**	**71,600**
Current liabilities			
Current financial liabilities, including derivatives	*29*	43,425	33,475
Current provisions for risks and charges	*33*	4,819	11,380
Trade payables	*30*	141,945	120,125
Contract liabilities	*23*	127,721	102,948
Other current liabilities	*31*	33,368	22,638
Other current tax liabilities	*15*	63	2,146
Net income tax liabilities	*15*	6,647	1,586
Total current liabilities		**357,988**	**294,298**
TOTAL LIABILITIES		**433,297**	**365,898**
TOTAL EQUITY AND LIABILITIES		**673,598**	**595,039**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(€'000)	Notes	30 June 2022	30 June 2021[15]
Revenues	*9*	380,300	329,188
Selling expenses	*9*	(30,029)	(62,482)
Net revenues		**350,271**	**266,706**
Other income	*10*	2,628	2,160
TOTAL NET REVENUE AND INCOME		**352,899**	**268,866**
Increases in assets for internal work	*11*	933	1,003
Raw materials, consumables and finished products	*11*	(126,613)	(96,908)
Outsourcing	*11*	(121,123)	(99,102)
Change in inventories of work in progress, semi-finished and finished products	*11, 22*	19,048	18,073
Other service costs	*11*	(28,357)	(18,549)
Personnel expenses	*11*	(27,918)	(23,276)
Other operating costs	*11*	(3,029)	(2,550)
Accruals to provisions for risks and charges	*11, 33*	(9,580)	(7,603)
Total operating costs		**(296,639)**	**(228,912)**
OPERATING RESULT BEFORE AMORTISATION/DEPRECIATION		**56,260**	**39,954**
Amortisation, depreciation and impairment of fixed assets	*12, 17, 19*	(11,973)	(10,167)
OPERATING RESULT		**44,287**	**29,787**
Financial income	*13*	44	68
Financial expense	*13*	(318)	(684)
Net financial income/(expenses)		**(274)**	**(616)**
Income/(expenses) from equity investments	*14*	139	-
Adjustments to financial assets	*14*	(40)	1
PRE-TAX PROFIT		**44,112**	**29,172**
Income taxes	*15*	(11,186)	(7,825)
PROFIT/(LOSS) FOR THE PERIOD		**32,926**	**21,347**
Attributable to:			
Shareholders of the Parent Company		32,463	21,239
Non-controlling interests		463	108

[15] Some 2021 figures have been restated to provide a better comparative representation. See the section "Basis of preparation" in the relevant notes to this Financial Report.

(€'000)	30 June 2022	30 June 2021
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be subsequently reclassified to net profit		
Actuarial change in provisions for employee benefits	(197)	(38)
Income taxes relating to actuarial changes in provisions for employee benefits	55	10
Total	(142)	(28)
Other comprehensive income which will be subsequently reclassified to net profit		
Changes in the cash flow hedge reserve	(2,783)	(927)
Income taxes related to changes in the cash flow hedge reserve	668	222
Change in the translation reserve	219	16
Total	(1,896)	(689)
Total other comprehensive income for the year, net of tax effect	**(2,038)**	**(717)**
COMPREHENSIVE NET PROFIT FOR THE PERIOD	**30,888**	**20,630**
Attributable to:		
Shareholders of the parent company	30,425	20,522
Non-controlling interests	463	108

(in €)	30 June 2022	30 June 2021
Profit for the year attributable to the shareholders of the Parent Company	32,463,291	21,239,291
Average number of shares for basic earnings per share	34,545,699	34,441,334
Basic earnings per share	**0.94**	**0.62**

(in €)	30 June 2022	30 June 2021
Profit for the year attributable to the shareholders of the Parent Company	32,463,291	21,239,291
Average number of shares for diluted earnings per share	34,797,083	34,541,533
Diluted earnings per share	**0.93**	**0.61**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€'000)	Share capital	Share premium reserve	Other reserves	Profit for the period	Equity attributable to the shareholders of the Parent Company	Equity attributable to non-controlling interests	Total Equity
Value as at 31 December 2020	**34,500**	**76,549**	**40,189**	**34,508**	**185,746**	**(355)**	**185,391**
Allocation of profit for the year	-	-	33,977	(34,508)	(531)	531	-
Effect of cash flow hedge reserve	-	-	(927)	-	(927)	-	(927)
Dividends distributed	-	-	(10,068)	-	(10,068)	-	(10,068)
Stock option exercise	-	-	-	-	-	-	-
Other changes	-	-	3,982	-	3,982	(419)	3,563
Profit for the period	-	-	-	21,239	21,239	108	21,347
Other comprehensive income	-	-	-	-	-	-	-
Value as at 30 June 2021	**34,500**	**76,549**	**67,153**	**21,239**	**199,441**	**(135)**	**199,306**
Value as at 31 December 2021	**34,539**	**77,197**	**66,295**	**51,007**	**229,038**	**103**	**229,141**
Allocation of profit for the year	-	-	51,007	(51,007)	-	-	-
Dividends distributed	-	-	(20,322)	-	(20,322)	-	(20,322)
Stock option exercise	130	2,148	(194)	-	2,084	-	2,084
Other changes	-	-	(1,947)	-	(1,947)	457	(1,490)
Profit for the period	-	-	-	32,463	32,463	463	32,926
Other comprehensive income	-	-	(2,038)	-	(2,038)	-	(2,038)
Value as at 30 June 2022	**34,669**	**79,345**	**92,801**	**32,463**	**239,278**	**1,023**	**240,301**

CONSOLIDATED STATEMENT OF CASH FLOWS

(€'000)	Notes	30 June 2022	30 June 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		32,926	21,347
Adjustments for:			
Depreciation of property, plant and equipment	*12, 17*	8,789	7,386
Amortisation of intangible assets	*12, 19*	3,184	2,781
Impairment on intangible assets and goodwill	*18, 19*	-	-
Adjustments to financial assets (other equity investments)	*14*	(99)	(1)
Net financial expense	*13*	274	616
Gain on sale of property, plant and equipment	*17*	(181)	(3)
Impairment losses on trade receivables	*24*	-	-
Income taxes	*15*	11,186	7,825
Changes in:			
Inventories	*22*	(7,817)	1,710
Contract assets	*23*	18,693	24,752
Trade receivables	*24*	9,013	5,138
Other current assets	*25*	(6,434)	(3,556)
Trade payables	*30*	21,820	(10,671)
Contract liabilities	*23*	24,773	(1,825)
Other current liabilities	*31*	10,151	2,251
Provisions for risks and charges and employee benefits	*32, 33*	6,722	1,796
Cash flow generated/(absorbed) by operating activities		**133,000**	**59,546**
Income taxes paid	*15*	(9,221)	(13,389)
Net cash flow generated/(absorbed) by operating activities		**123,779**	**46,157**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	*13*	44	68
Proceeds from sale of property, plant and equipment	*17*	35	30
Proceeds from disposal of intangible assets	*19*	-	-
Change in other equity investments and other non-current assets	*21, 37, 38*	(18,762)	563
Acquisition of subsidiaries or business units, net of cash acquired	*21*	(13,262)	(25)
Acquisition of property, plant and equipment	*17*	(12,868)	(8,311)
Purchase of intangible assets	*19*	(4,766)	(3,687)
Net cash flow generated/(absorbed) by investing activities		**(49,579)**	**(11,362)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Financial interest and expense paid	*13*	(318)	(684)
Proceeds from the issue of share capital	*28*	2,278	-
Proceeds from loans	*29*	8,078	23,501
Repayment of loans	*29*	(14,509)	(20,960)
Changes in other financial assets and liabilities including derivatives	*27, 29, 34*	(6,436)	1,137
New finance leases	*29*	2,241	568
Repayment of finance leases	*29*	(161)	(4,253)
Assumption of new loans	*29*	-	-
Other changes in equity	*28*	(3,722)	(1,439)
Share buy-back	*28*	-	-
Dividends paid	*28*	(20,322)	(10,068)
Net cash flow generated/(absorbed) by financing activities		**(32,871)**	**(12,198)**

(€'000)	Notes	30 June 2022	30 June 2021
NET CHANGE IN CASH AND CASH EQUIVALENTS		**41,329**	**22,597**
Cash and cash equivalents at the beginning of the period		141,272	94,359
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**182,601**	**116,956**

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS

BASIS OF PREPARATION

1. Reporting entity

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

2. Basis of preparation

These condensed consolidated half-yearly financial statements were drafted in compliance with the provisions of Article 154-ter of Italian Legislative Decree no. 58 of 24 February 1998 (the Italian Consolidated Law on Finance) as amended, and in compliance with IAS 34 - Interim financial reporting.
They do not include all information required for complete financial statements in compliance with IFRS and must be read in conjunction with the annual consolidated financial statements of the Group as at 31 December 2021 (the "last annual financial statements") published on the website of the Company (www.sanlorenzoyacht.com, "Investors/Financial results and documents" section). Selected notes were therefore included to explain significant events and transactions to ensure an understanding of the changes in the Group's financial position and trends with respect to the last annual financial statements.
These condensed consolidated half-yearly financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union, including all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC). The accounting principles and criteria adopted for the preparation of these financial statements are consistent with those used for the preparation of the last annual financial statements to which reference should be made for more details.
These condensed consolidated half-yearly financial statements were prepared on the basis of the accounting positions of the Parent Company and its subsidiaries, adjusted accordingly to ensure they conform to the IFRS.
These condensed consolidated half-yearly financial statements include the consolidated statement of the financial position, consolidated statement of profit and loss for the period and the other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the period between 1 January and 30 June 2022.
Among the options allowed by IAS 1, the Group elected to present its assets and liabilities as current or non-current and its income statement classifying costs by nature. The statement of cash flows is prepared using the indirect method.

Enhanced Stakeholders disclosure

During the first half of 2022, the Company began some analyses of its financial reporting in order to achieve more effective communication with its stakeholders.

In view of the positions expressed by the International Accounting Standard Board (IASB) on the subject of "Better Communication in Financial Reporting", the Company has opted to introduce, starting with this Half-Yearly Financial Report, a new way of presenting and organising the document itself that aims to favour a more immediate understanding of the Group's performance.

The main items subject to change are summarised below.

Consolidated statement of financial position

Compared to the consolidated statement of financial position for previous periods, the item "Intangible assets with a finite useful life" (included under non-current assets) has been renamed "Other intangible assets". This change is consistent with the accounting entries included in the item, which, with effect from the situation as at 30 June 2022, includes both finite and indefinite life intangible assets, arising from the change in the accounting estimate of the Sanlorenzo and Bluegame brands, which have been classified as assets with an indefinite useful life in compliance with the provisions of IAS 8 and IAS 38.

It should be noted that the comparative amount as at 31 December 2021, being an estimate change, has not been subject to any adjustment.

For more details, please refer to the note "Other intangible assets".

Consolidated statement of profit and loss and other comprehensive income

With regard to trade-in transactions of pre-owned yachts, which were collected following the sale of a new yacht, the accounting policy was changed (as required by IAS 8, paragraph 14(b)), according to a new statement of profit and loss format more representative of the Group's business model.

In particular, trade-in costs of pre-owned boats have been reclassified from Operating costs to Net revenue and income; therefore, the newly introduced item "Selling expenses", deducted from Gross Revenues, includes the costs of collecting, managing and selling pre-owned boats in trade-in and commission expense, the latter already previously allocated in the class of Net revenue and income.

This reclassification has no impact on either the operating result or the economic result for the year, nor on the other elements of the financial statements.

The Company believes that this change allows for a better application of the key principle of relevant disclosure set forth in the IASB's Conceptual Framework, providing more effective communication consistent with the business model pursued by the Group.

The following table shows the changes made for each item in the financial statements compared to the values published in the Half-Yearly Financial Report as at 30 June 2021, and the comparative data have been reclassified accordingly.

(€'000)	30 June 2021 Approved	Reclassifications	30 June 2021 Reclassified
Revenues	329,188	-	329,188
Selling expenses	(7,185)	(55,297)	(62,482)
Net revenues	**322,003**	**(55,297)**	**266,706**
Other income	2,160	-	2,160
TOTAL NET REVENUE AND INCOME	**324,163**	**(55,297)**	**268,866**
Increases in assets for internal work	1,003	-	1,003
Raw materials, consumables and finished products	(129,424)	32,516	(96,908)
Outsourcing	(99,102)	-	(99,102)
Change in inventories of work in progress, semi-finished and finished products	(1,612)	19,685	18,073
Other service costs	(21,423)	2,874	(18,549)
Personnel expenses	(23,276)	-	(23,276)
Other operating costs	(2,550)	-	(2,550)
Accruals to provisions for risks and charges	(7,825)	222	(7,603)
Total operating costs	**(284,209)**	**55,297**	**(228,912)**
OPERATING RESULT BEFORE AMORTISATION/DEPRECIATION	**39,954**	**-**	**39,954**
Amortisation, depreciation and impairment of fixed assets	(10,167)	-	(10,167)
OPERATING RESULT	**29,787**	**-**	**29,787**
Financial income	68	-	68
Financial expense	(684)	-	(684)
Net financial income/(expenses)	**(616)**	**-**	**(616)**
Share of profit/(loss) of equity-accounted investees, net of tax	-	-	-
Adjustments to financial assets	1	-	1
PRE-TAX PROFIT	**29,172**	**-**	**29,172**
Income taxes	(7,825)	-	(7,825)
PROFIT/(LOSS) FOR THE PERIOD	**21,347**	**-**	**21,347**
Attributable to:			
Shareholders of the parent company	21,239	-	21,239
Non-controlling interests	108	-	108

3. Functional and presentation currency

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

4. Basis of measurement

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

5. Use of assumptions and estimates

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

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

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

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

Valuations

The management decisions that have the most significant effects on the amounts recognised in the financial statements concern:

- revenue recognition: whether revenue from contracts is recognised over time or at a point in time;
- investments accounted for using the equity method: to establish whether the Group exercises significant influence over an investee company;
- consolidation: whether the Group has de facto control over an investee.

A number of the Group's accounting standards and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

In measuring the fair value of an asset or liability, the Group uses observable market data insofar as possible. Fair values are allocated to different hierarchical levels on the basis of the input data used in the valuation techniques, as illustrated below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: input data other than Level 1 quoted prices, which are observable for the asset or liability, either directly (prices) or indirectly (price derivatives);
- Level 3: input data related to the asset or liability that is not based on observable market data is used.

Assumptions and estimation uncertainties

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

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

6. References to accounting standards applied

In preparing these condensed consolidated half-yearly financial statements, the same accounting principles and policies have been applied as those adopted in the preparation of the last annual financial statements, to which reference is made for a detailed illustration, with the exception of the amendments relating to the accounting policy, which affected the operations relating to pre-owned boats and the change in the estimate of the useful life of the Sanlorenzo and Bluegame brands, for the effects of which please refer to the specific explanatory paragraphs, as well as of the following with regard to amendments and interpretations to the accounting standards applicable with effect from 1 January 2022, which however did not have any effects on the Consolidated Half-Yearly Financial Report.

Accounting standards, amendments and interpretations effective from 1 January 2022

The following amendments are effective for financial years beginning on or after 1 January 2022.

Amendment to IFRS 3 – Business Combinations

The IASB issued amendments to IFRS 3 to update it with respect to the amendments relating to the "Conceptual for Financial Reporting" without changing the accounting requirements for business combinations.

Amendments to IAS 37 – Onerous Contracts

In assessing the presence of an onerous contract, one must consider incremental costs and an allocation of costs directly attributable to contractual activities. On the other hand, general and administrative costs that do not directly relate to the contract are excluded unless they are explicitly borne by the other contracting party.

Amendment to IAS 16 – Property, Plant and Equipment

The purpose of the amendment is to disallow the deduction from the cost of tangible assets of the amount received from the
sale of goods produced in the test phase of the activity itself. Such sales revenues and the related costs will therefore be recognised in the income statement.

Amendments resulting from Annual improvements to IFRSs 2018 - 2020

Amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the illustrative examples of IFRS 16 Leases.

Accounting standards, amendments and interpretations not yet adopted but applicable in advance

At the date of preparation of this Consolidated Half-Yearly Financial Report, the Group decided not to exercise the option of early adoption of the following amendments. In any case, no significant effects on the Group's consolidated financial statements are expected from the adoption of these amendments.

Amendments to IAS 1

The purpose of the amendment is to clarify how to classify accounts payable and other short-term or long-term liabilities.

Amendments to IAS 1, IFRS Practice Statement 2 and IAS 8

On 2 March 2022 the amendment adopting changes to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors was endorsed. The changes are intended to improve the disclosure of accounting policies so as to provide more useful information to investors and other primary users of financial statements as well as to help companies distinguish changes in accounting estimates from changes in accounting policies.

Amendments to IFRS 17 – Insurance Contracts

The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts.

Amendment to IAS 12 – Income Taxes

The purpose of the amendment is to clarify the accounting treatment for deferred taxes on particular transactions such as leases and decommissioning obligations.

7. Operating segments

The Sanlorenzo Group comprises three operating segments: the Yacht Division, Superyacht Division and Bluegame Division. The operating segments have been identified in accordance with IFRS 8 as the components of the Group:

- that engage in business activities that generate revenues and costs;
- whose operating results are periodically reviewed at the highest operational decision-making level of the entity for the purpose of making decisions regarding the resources to be allocated to the segment and evaluating the results;
- for which separate accounting information is available.

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

- the Yacht line refers to composite yachts of a length between 24 and 38 metres, sold under the Sanlorenzo brand;
- the Superyacht line refers to superyachts in aluminium and steel, more than 38 metres in length, sold under the Sanlorenzo brand;
- the Bluegame line refers to sports utility yachts less than 24 metres in length, sold under the Bluegame brand.

As allowed by IFRS 8, paragraph 12, the Yacht and Superyacht lines are aggregated into one single operating segment as they have similar characteristics in terms of:

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

8. Seasonality

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

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

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

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

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

PERFORMANCE FOR THE PERIOD

9. Revenues and selling expenses

(€'000)	30 June 2022	30 June 2021	Change
Revenues from contracts with customers	380,300	329,188	51,112
Selling expenses	(30,029)	(62,482)	32,453
Net revenues	**350,271**	**266,706**	**83,565**

Revenues from contracts with customers

Revenues from contracts with customers, which relate to the sale of boats, new and pre-owned, and the provision of services, are shown in the above table gross and net of selling expenses related to commissions and trade-in costs of pre-owned boats.
During the period to 30 June 2022 revenues before selling expenses amounted to €380,300 thousand, an increase of €51,112 thousand compared to €329,188 thousand in the first half of 2021.
A breakdown of revenue from contracts with customers by type is as follows:

(€'000)	30 June 2022	30 June 2021	Change
Revenues from the sale of new yachts	357,937	271,199	86,738
Revenues from the sale of pre-owned boats	16,958	55,297	(38,339)
Revenues from maintenance and other services	5,405	2,692	2,713
Revenues from contracts with customers	**380,300**	**329,188**	**51,112**

Revenues from the sale of new boats came to €357,937 thousand as at 30 June 2022, up by €86,738 compared to 30 June 2021.
Revenues from the sale of pre-owned boats as at 30 June 2022 amounted to €16,958 thousand, a decrease of €38,339 thousand compared to €55,297 thousand as at 30 June 2021 due to lower volumes of pre-owned boats taken in trade-in in previous periods.
Revenues for maintenance services, parts sales for all types of boats and other services amounted to €5,405 thousand as at 30 June 2022, more than double the €2,692 thousand as at 30 June 2021. These transactions, managed in specific orders received from customers, represent obligations other than the sale of yachts.
A breakdown of revenue from contracts with customers by product range is provided below:

(€'000)	30 June 2022	30 June 2021	Change
Yacht Division	263,647	226,179	37,468
Superyacht Division	83,640	82,244	1,396
Bluegame Division	33,013	20,765	12,248
Revenues from contracts with customers	**380,300**	**329,188**	**51,112**

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

(€'000)	30 June 2022	30 June 2021	Change
Italy	71,479	36,111	35,368
Europe – Other countries	139,443	138,700	743
USA	63,569	51,763	11,806
Americas – Other countries	35,907	23,404	12,503
APAC	52,618	56,603	(3,985)
MEA	17,284	22,607	(5,323)
Revenues from contracts with customers	**380,300**	**329,188**	**51,112**

Revenue is measured based on the consideration specified in the contract with the customer. In particular, the sale of new boats complies with the requirements for the fulfilment of the performance obligation over the period of time of construction of the boat ("over time"); therefore, the related revenues are recognised based on the progress of the orders and the progress made is measured with the cost-to-cost method.
Revenues relating to the sale of pre-owned boats, based on generally established contractual characteristics, are recognised at a given moment in time ("at a point in time").
Revenues related to maintenance, sales of spare parts and provision of services activities are managed through spot orders from the client and are recognised at a point in time basis.

Selling expenses

(€'000)	30 June 2022	30 June 2021	Change
Commissions	(13,071)	(7,185)	(5,886)
Collection and handling costs for pre-owned boats (trade-ins)	(16,958)	(55,297)	38,339
Selling expenses	**(30,029)**	**(62,482)**	**32,453**

Boat selling expenses include commissions and the costs of collecting, managing and selling pre-owned boats taken in trade-in. In particular, commissions, which refer to the costs incurred by the Group for the brokerage activities performed by dealers and agents, increased in relation to the increase in revenues and the order portfolio.
Costs for the collection and management of pre-owned boats amounted to €16,958 thousand, a decrease of €38,339 thousand compared to €55,297 thousand for the period ended 30 June 2021.
Please refer to the explanatory note "Basis of preparation" for further information on the new accounting policy followed with regard to pre-owned boats trade-in transactions.

10. Other income

(€'000)	30 June 2022	30 June 2021	Change
Gains on disposals of assets	456	8	448
Other revenues	2,172	2,152	20
Other income	**2,628**	**2,160**	**468**

Other income in the first half of 2022 amounted to €2,628 thousand, an increase of €468 thousand compared to €2,160 thousand in the same period of the previous year. Other revenues, amounting to €2,172 thousand, mainly refer to the Parent Company, and mainly include income for services provided to suppliers and for the bonus for investment in capital goods under Italian Laws no. 160 of 2019 and no. 178 of 2020.

11. Operating costs

(€'000)	30 June 2022	30 June 2021	Change
Increases in assets for internal work	(933)	(1,003)	70
Raw materials, consumables and finished products	126,613	96,908	29,705
Outsourcing	121,123	99,102	22,021
Other service costs	28,357	18,549	9,808
Change in work in progress, semi-finished and finished products	(19,048)	(18,073)	(975)
Personnel expenses	27,918	23,276	4,642
Other operating costs	3,029	2,550	479
Accruals to provisions and impairment losses	9,580	7,603	1,977
Operating costs	**296,639**	**228,912**	**67,727**

Operating costs were equal to €296,639 thousand and €228,912 thousand in the first half of 2022 and 2021, respectively. The increase over the same period of the previous year, amounting to €67,727 thousand, is in line with the growth in revenue.

The work performed and capitalised by the Group refers to the costs of the personnel involved in the development of new boats, which are capitalised under the item development expenditure in relation to intangible assets.

Raw materials, consumables and finished products are presented net of returns, discounts, allowances and bonuses and are mainly attributable to the Parent Company.

Outsourcing chiefly related to naval carpentry services, turnkey furnishings for yachts and superyachts, electrical and plumbing work and the fitting of the boat's interior and exterior. The increases in the costs of raw materials, consumables and finished products and in the costs of external processing mainly resulted from the increase in production volumes and, to a lesser extent, from the impact of inflationary phenomena over the past 18 months.

Other service costs mostly comprise costs for consulting services, transport costs, the board of directors' and statutory auditors' fees, travel expenses and cleaning and maintenance costs, mainly incurred by Sanlorenzo and Bluegame.

The change in inventories of work in progress, semi-finished and finished products was €(19,048) thousand and €(18,073) thousand respectively as at 30 June 2022 and 30 June 2021. Work in progress refers to orders of less or more than one year duration for which the contract with the customer was not yet finalised by the end of the period.

The increase in personnel expenses of €4,642 thousand in the first half of 2022 compared to the same period of the previous year followed the growth trend in personnel due to the expansion of the Group, as shown in the following table:

	30 June 2022	30 June 2021	Change
Managers	37	36	1
White collars	551	438	113
Blue collars	101	92	9
Total employees	**689**	**566**	**123**

The average by qualification is shown below:

	30 June 2022	30 June 2021	Change
Managers	37	35	2
White collars	516	419	97
Blue collars	88	93	(5)
Total employees	**641**	**547**	**94**

A breakdown of personnel expenses is as follows:

(€'000)	30 June 2022	30 June 2021	Change
Salaries and wages	21,262	17,114	4,148
Social security contributions	5,597	5,188	409
Post-employment benefits	1,059	974	85
Total personnel expense	**27,918**	**23,276**	**4,642**

Other operating costs mostly related to advertising for €1,350 thousand and €1,101 thousand as at 30 June 2022 and 2021, respectively, and other sundry costs stood at €1,679 thousand and €1,449 thousand as at 30 June 2022 and 2021, respectively.
As at 30 June 2022 accruals to provisions and impairment losses included €7,513 thousand related to job order completion activities and €2,067 thousand related to accruals to provisions for risks and guarantees on vessels.

12. Amortisation, depreciation and impairment of fixed assets

(€'000)	30 June 2022	30 June 2021	Change
Amortisation of intangible assets	3,184	2,781	403
Depreciation of tangible assets	8,789	7,386	1,403
Amortisation, depreciation and impairment losses	**11,973**	**10,167**	**1,806**

Amortisation, depreciation and impairment losses amounted to €11,973 thousand and €10,167 thousand respectively as at 30 June 2022 and 2021. The increase in depreciation and amortisation, equal to €1,806 thousand, is related to the investments made during the period.
As at 30 June 2022, amortisation of intangible assets was equal to €3,184 thousand and mainly consisted of amortisation of development expenses for €2,446 thousand, amortisation of state concession of the La Spezia shipyard for €181 thousand, amortisation of the rights to use the Viareggio warehouses for €221 thousand and amortisation of software applications for €141 thousand.
As at 30 June 2022 depreciation stood at €8,789 thousand and mainly consisted of depreciation of industrial and commercial equipment (€3,772 thousand), land and buildings (€2,370 thousand) and plant and equipment (€953 thousand).
In accordance with IAS 8 and IAS 38, the Sanlorenzo and Bluegame brands are no longer subject to amortisation as they are qualified, following a change of estimate in relation to their useful life, from assets with a finite useful life to assets with an indefinite useful life. For further details, please refer to the "Basis of Preparation" section of this Financial Report.

13. Net financial expense

(€'000)	30 June 2022	30 June 2021	Change
Financial income	44	68	(24)
Financial expense	(318)	(684)	366
Net financial expense	**(274)**	**(616)**	**342**

The reduction in net financial expense recorded in the first half of 2022 compared to the same period of the previous year is related to the improved financial conditions applied to the Group by credit institutions, due in part to the successful renegotiation and refinancing of certain credit lines that took place in previous years, and, to a lesser extent, to exchange rate gains generated due to the progressive revaluation of the US dollar recorded in the half year.

(€'000)	30 June 2022	30 June 2021	Change
Interest income - banks	10	68	(58)
Interest income on loans to associated companies	28	-	28
Income from financial investments	6	-	6
Financial income	**44**	**68**	**(24)**

(€'000)	30 June 2022	30 June 2021	Change
Interest expense - banks	(296)	(512)	216
Interest expense - third parties	(3)	(6)	3
Interest expense on lease liabilities	(51)	(83)	32
Other financial expense	(64)	(131)	67
Exchange rate gains/(losses)	96	48	48
Financial expense	**(318)**	**(684)**	**366**

14. Net income from equity investments and value adjustments on financial assets

(€'000)	30 June 2022	30 June 2021	Change
Income/(expenses) from equity investments	139	-	139
Changes in the fair value of financial instruments	(40)	1	(41)
Net income from equity investments and value adjustments on financial assets	**99**	**1**	**98**

Net income from equity investments, totalling €139 thousand, includes the measurement at equity of the associated companies (Carpensalda Yacht Division, Restart and Duerre) for €(45) thousand and the income from the acquisition of control of Polo Nautico Viareggio S.r.l. for €184 thousand.
For more details and information on investments in associated companies, please refer to the note "Associated companies" in these financial statements.
Value adjustments to financial assets include the recognition of the fair value of financial instruments held by Sanlorenzo as part of the Company's strategy for investing and managing its cash.
For more details and information on the composition of the portfolio, please refer to the note "Cash management" in these financial statements.

15. Income taxes

As at 30 June 2022, income taxes stood at €(11,186) thousand, up by €(3,361) thousand over the previous year. This item consists of current taxes, equal to €(12,887) thousand, taxes for prior years, equal to €(258) thousand, and the increase in deferred tax assets and liabilities taken to the income statement, equal to €1,959 thousand.
As at 30 June 2022, current taxes increased by €(5,100) thousand (+65.5%) due to the increase (€14,940 thousand) in pre-tax profit.

Current tax assets and liabilities

(€'000)	30 June 2022	31 December 2021	Change
Current tax assets	7,168	16,036	(8,868)
Current tax liabilities	(13,815)	(17,622)	3,807
Net assets/(liabilities) for current taxes	**(6,647)**	**(1,586)**	**(5,061)**

Net current tax assets and liabilities amounted to €(6,647) thousand and €(1,586) thousand as at 30 June 2022 and 31 December 2021, respectively. They consist mainly of IRES and IRAP and the related tax advances.

Net deferred tax assets

(€'000)	30 June 2022	31 December 2021	Change
Net deferred tax assets	7,556	5,963	1,593

The balance shows the difference between deferred tax assets and deferred tax liabilities arising over the years.
Net deferred tax assets were equal to €7,556 thousand as at 30 June 2022 and €5,963 thousand as at 31 December 2021. The main temporary differences that have produced deferred tax assets regard the provisions for risks and charges made and impairment of pre-owned boats.
Deferred tax assets are recognised when the management believes that they will be recovered through future taxable earnings on the basis of company plans. Deferred tax liabilities relate to temporary differences for the current year and previous years to be paid in subsequent years in line with applicable tax regulations.
The net difference of €1,593 thousand takes into account both differences impacting taxes for the period of €1,959 thousand and differences impacting only the balance sheet of €(366) thousand.

16. Earnings per share

The calculation of the earnings per share in the half-years ended 30 June 2022 and 2021 is indicated in the following table and is based on the ratio between the profit attributable to the shareholders of the Parent Company and the average number of ordinary shares for each period, net of portfolio treasury shares, equal to 58,666 as at 30 June 2022 and 30 June 2021.
The diluted earnings per share is substantially in line with the basic earnings per share, since as at 30 June 2020 the dilutive effects deriving from the 2020 Stock Option Plan are not significant.

(in €)	30 June 2022	30 June 2021
Profit for the year attributable to the shareholders of the Parent Company	32,463,291	21,239,291
Average number of shares for basic earnings per share	34,545,699	34,441,334
Basic earnings per share	**0.94**	**0.62**

(in €)	30 June 2022	30 June 2021
Profit for the year attributable to the shareholders of the Parent Company	32,463,291	21,239,291
Average number of shares for diluted earnings per share	34,797,083	34,541,533
Diluted earnings per share	**0.93**	**0.61**

ASSETS

17. Property, plant and equipment

Property, plant and equipment amounted to €145,312 thousand and €134,988 thousand as at 30 June 2022 and 31 December 2021, respectively.

(€'000)	Land and buildings	Industrial equipment	Plant and equipment	Other assets	Assets under development	Total
Historical cost	111,843	75,976	19,172	18,702	3,118	228,811
Accrued depreciation	(32,850)	(44,398)	(7,131)	(9,444)	-	(93,823)
Carrying amount as at 31 December 2021	**78,993**	**31,578**	**12,041**	**9,258**	**3,118**	**134,988**
Changes in the period:						
Increases	1,199	2,879	2,074	3,660	3,056	12,868
Decreases	-	(178)	-	(45)	-	(223)
Change in the scope of consolidation	4,253	26	1,034	678	-	5,991
Reclassifications	225	-	-	179	(17)	387
Depreciation	(2,371)	(3,783)	(953)	(1,682)	-	(8,789)
Utilisation of accrued depreciation	-	76	-	14	-	90
Historical cost	117,520	78,703	22,280	23,174	6,157	247,834
Accrued depreciation	(35,221)	(48,105)	(8,084)	(11,112)	-	(102,522)
Carrying amount as at 30 June 2022	**82,299**	**30,598**	**14,196**	**12,062**	**6,157**	**145,312**

As at 30 June 2022, property, plant and equipment included:

- Land and buildings equal to €82,299 thousand: these mostly refer to the Parent Company's buildings located at the production facilities in Ameglia (SP), Massa (MS), Viareggio (LU) and La Spezia.
- Industrial equipment for €30,598 thousand: these mostly refer to technical equipment, mostly owned by the Parent Company, for scaffolding, handling and fibreglass moulding extraction.
- Plants and machinery equal to €14,196 thousand: they are entirely owned by the Parent Company and for the most part they relate to fire-fighting, suction, hydraulic and electrical systems.
- Other assets amounting to €12,062 thousand, mainly consisting of motor vehicles and internal vehicles, electronic machines and furniture and fixtures.
- Assets under development equal to €6,157 thousand: these mainly refer to the Parent Company and minimally to Bluegame and mainly include costs for the purchase and renovation of new production areas.

As at 30 June 2022, tangible assets increased by €12,868 thousand and refer to assets under development for €3,056 thousand, industrial equipment for €2,879 thousand, buildings for €1,199 thousand, other assets for €3,660 thousand and plants for €2,074 thousand.

As at 30 June 2022, decreases were equal to €223 thousand, net of accrued depreciation equal to €90 thousand and mainly concerned industrial equipment of Bluegame.

Depreciation and amortisation as at 30 June 2022 was €8,789 thousand, €1,403 thousand higher compared to 30 June 2021, mostly as a result of the investments made during the period and previous years.

The line "Change in scope of consolidation" in the table shows the increase in property, plant and equipment resulting from the acquisition of control of Polo Nautico S.r.l. for €5,991 thousand.

18. Goodwill

Goodwill is recognised in the consolidated financial statements at the date of acquisition of the control of a business pursuant to IFRS 3 and is the aggregate of the consideration transferred to acquire a business or a business unit and the algebraic sum of the fair values, assigned at the acquisition date, to the identifiable assets and liabilities acquired that composed such business or business unit.
As it has an indefinite useful life, goodwill is not amortised but is tested for impairment at least once a year unless some indications of impairment based on external and internal sources of information identified by the Group makes it necessary to test it for impairment also during preparation of the interim reports (in this regard, see the note "Impairment test").
Goodwill amounted to €8,667 thousand as at 30 June 2022. It did not undergo any adjustment with respect to the previous situations and relates to the deficit deriving from the 2008 merger by incorporation of the former parent company Happy Life S.r.l together with its subsidiary FlyOpen S.p.A. into Sanlorenzo S.p.A.

(€'000)	30 June 2022	31 December 2021	Change
Goodwill	8,667	8,667	-

19. Other intangible assets

As explained in the note on "Basis of preparation", beginning with this document, the item "Intangible assets with a finite useful life" has been renamed to "Other intangible assets".
This item includes both intangible assets with a finite and indefinite useful life. Compared to previous periods, a change was made in the estimate of the useful life of the Sanlorenzo and Bluegame brands, in compliance with IAS 8 and IAS 38, changing their classification from "Intangible assets with a finite useful life" to "Intangible assets with an indefinite useful life". The effect of the change in estimate is recognised prospectively. Therefore, the brands are no longer amortised but subjected to an impairment test (in this regard, please refer to as reported in the note "Impairment Test").
The change in the accounting estimate of the Sanlorenzo and Bluegame brands became necessary because the time horizon previously adopted for amortisation is no longer representative of their useful lives, mainly for the following reasons:

- greater global expansion of the companies and their brands, which are an expression not only of an excellent, exclusive product, but also of the top positioning of the companies themselves, recognised as leading international players in the luxury nautical segment;
- a considerable increase in revenue flow and order backlog, profitability levels and cash generation – factors that allow management to have better visibility of the future, supported by the considerable investment and development programmes in new production lines with a view to long-term environmental sustainability.

Other intangible assets stood at €46,766 thousand as at 30 June 2022 and €45,276 thousand as at 31 December 2021.

(€'000)	Concessions, licences, trademarks and similar rights	Other fixed assets	Costs of development	Assets under development	Total
Historical cost	27,852	2,659	44,533	2,713	77,757
Accrued amortisation and impairment losses	(7,573)	(2,652)	(22,256)	-	(32,481)
Carrying amount as at 31 December 2021	**20,279**	**7**	**22,277**	**2,713**	**45,276**
Changes in the period:					
Increases	927	-	2,907	932	4,766
Decreases	-	-	(160)	(11)	(171)
Change in the scope of consolidation	31	-	-	-	31
Reclassifications	-	-	845	(828)	17
Amortisation	(738)	-	(2,446)	-	(3,184)
Utilisation of accrued amortisation	-	-	31	-	31
Historical cost	28,810	2,659	48,125	2,806	82,400
Accrued amortisation and impairment losses	(8,311)	(2,652)	(24,671)	-	(35,634)
Carrying amount as at 30 June 2022	**20,499**	**7**	**23,454**	**2,806**	**46,766**

As at 30 June 2022, other intangible assets include:

- concessions, licences, trademarks and similar rights, equal to €20,499 thousand, mostly related to the Parent Company. More specifically, the item mainly consists of the concession acquired together with the former Cantieri San Marco business unit in 2018 for €3,070 thousand, trademark of the Parent Company for €3,795 thousand, two mooring rights acquired by the Parent Company until 2067 in "Porto Mirabello", port facility in La Spezia for €1,702 thousand, net, the right of use for the Viareggio buildings acquired with the demerger of Polo Nautico Viareggio S.r.l. in previous years for €7,855 thousand, software for €699 thousand and sundry rights for €3,254 thousand.
- Other fixed assets equal to €7 thousand.
- Development costs, equal to €23,454 thousand: comprising costs to design and develop new boats incurred by the Parent Company and Bluegame.
- Assets under development equal to €2,806 thousand, mostly consisting of development costs for the design and study of new boat models.

The line "Change in scope of consolidation" in the table shows the increase in intangible assets resulting from the acquisition of control of Polo Nautico S.r.l. for €31 thousand.

Recoverability of development costs

As at 30 June 2022 and 31 December 2021, intangible assets include projects to develop new boats and innovative fibreglass, steel and aluminium solutions for medium to large boats in the amount of €23,454 thousand and €22,277 thousand, respectively.

Planning and design costs are amortised at 12.5% and have an estimated useful life of 8 years.

Projects normally take between one to three years to develop (roughly 18 months for fibreglass boats) and the group usually recognises the related costs over this period. The design stage ends with the building of the prototype and the model is definitive for sale on the market (new boat design). However, the group may incur design costs after this if it decides to improve the boat, restyle it or if the customer requests customisation (boat design in production). Designs obviously have to reflect market trends and consider competitors' strategies. Due to difficulties in identifying the right moment for a new product to go to market, the Group defines its specific strategy in this respect each year.

Based on the business plan, which considers sales forecasts, company management deems that the development costs recognised as at 30 June 2022 is recoverable.

20. Impairment testing

As required by IAS 36, paragraph 12, as at the date of the condensed interim financial statements, the Group assessed, on the basis of information from external and internal sources, whether there were indications of impairment of assets.
For this analysis, reference was made to the results for the first half of 2022, which are consistent and in line with the assumptions and data used to prepare the approved plans for verifying the recoverability of net invested capital, carried out at the time of the approval of the Annual Financial Report as at 31 December 2021.
Therefore, there were no indicators of impairment such as to require an impairment test to be performed at 30 June 2022 on the value of goodwill, brands and other tangible and intangible assets allocated to the identified cash generating unit.
In addition, the Group, with a view to continuously monitoring the recoverability of its net invested capital, carried out some simulations to assess the possible effects of the change in the parameters used in the valuations performed as at 31 December 2021 (e.g., an increase in interest rates and the consequent effect on the WACC). On the basis of these simulations, no elements emerged that would lead to a revision of the impairment test performed at the end of the previous year.

21. Equity investments and other non-current assets

(€'000)	30 June 2022	31 December 2021	Change
Equity investments in associates	7,226	412	6,814
Equity investments in other companies	35	34	1
Financing to associates	3,300	-	3,300
Other financial instruments	16,000	-	16,000
Equity investments and other non-current assets	**26,561**	**446**	**26,115**

Changes in the investments in associates and other companies during the period are shown below:

(€'000)	Equity investments in associates	Equity investments in other companies	Financing to associates	Other financial instruments	Total
Carrying amount as at 31 December 2021	**412**	**34**	**-**	**-**	**446**
Changes in the period:					
Increases/capital increases	7,240	1	3,300	16,000	26,541
Decreases	(426)	-	-	-	(426)
Carrying amount as at 30 June 2022	**7,226**	**35**	**3,300**	**16,000**	**26,561**

Investments in associates amounted to €7,226 thousand and €412 thousand as at 30 June 2022 and 31 December 2021, respectively.
The change in the item "Associates" is attributable to:

- the increase relates to the purchase cost of the equity interests in the Carpensalda Yacht Division for €3,840 thousand and in Duerre for €3,400 thousand;
- the decrease relates to the reclassification of the equity investment in Polo Nautico Viareggio S.r.l. from associate to a subsidiary for €381 thousand and to the measurement at equity of the investments in Carpensalda Yacht Division, Duerre and Restart for €45 thousand.

Investments in other companies amounted to €35 thousand as at 30 June 2022 and €34 thousand as at 31 December 2021 and are represented by investments that are fairly negligible in companies and consortia, not

falling under the consolidation scope. The increase recorded in the period of €1 thousand relates to an equity investment held in Na.vi.go. S.c.r.l. by Polo Nautico Viareggio S.r.l.
Financing to associates includes loans granted by the Parent Company to the associates Carpensalda Yacht Division and Duerre.
The item “Other financial instruments” includes a time deposit with maturity beyond one year subscribed by Sanlorenzo as an investment of cash. For more details on the cash management strategy, please refer to the note "Cash management" in these financial statements.

22. Inventories

(€'000)	30 June 2022	31 December 2021	Change
Raw materials and consumables	10,660	8,889	1,771
Work in progress and semi-finished products	50,960	31,760	19,200
Finished products	16,110	28,611	(12,501)
Allowance for inventory write-down	(1,644)	(991)	(653)
Inventories	**76,086**	**68,269**	**7,817**

Inventories amounted to €76,086 thousand, an increase of €7,817 thousand compared to 31 December 2021 due to the increase in volumes and, to a lesser extent, the seasonality of the sector.
Raw materials and consumables include the materials necessary to build the boats.
Work in progress and semi-finished products relate to the boat construction contracts that have not been finalised with the customer before the end of the reporting period.
The finished products comprise traded-in boats, which are recognised at cost when the group receives them and the value of which is adjusted at the end of each year to the presumed realisable value through the recognition of the relative allowance for write-downs.
During the valuation process of pre-owned boats, the Group relies on various elements such as the analysis of the specific characteristics of the pre-owned boats, the valuations carried out at the time of their purchase including age, current market trend, the uniqueness of each boat and of each trade negotiation, as well as the sales already concluded in the subsequent period. The project “Experienced Yachts”, designed to diversify and qualify the pre-owned boats of the Group compared with the competition, provides for each boat that is part of the programme to be valued, managed and reconditioned by the Group’s personnel in order to guarantee the efficacy of the boats’ machinery and instruments.

23. Contract assets and liabilities

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

Net contract assets are as follows:

(€'000)	30 June 2022	31 December 2021	Change
Contract assets (gross)	486,244	505,934	(19,690)
Advances received from customers	(387,743)	(388,740)	997
Contract assets (net)	**98,501**	**117,194**	**(18,693)**

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

(€'000)	30 June 2022	31 December 2021	Change
Payables for work to be carried out	11,683	10,922	761
Total advances received from customers	503,781	480,766	23,015
Advances deducted from contract assets	(387,743)	(388,740)	997
Contract liabilities (net)	**127,721**	**102,948**	**24,773**

The item had a net balance of €127,721 thousand and €102,948 thousand as at 30 June 2022 and 31 December 2021, respectively. The change of €24,773 thousand mainly relates to the increase in advances received from customers, due in part to the growth of the order backlog.

24. Trade receivables

(€'000)	30 June 2022	31 December 2021	Change
Receivables from customers	9,893	18,907	(9,014)
Loss allowance	(596)	(597)	1
Trade receivables	**9,297**	**18,310**	**(9,013)**

Trade receivables amounted to €9,297 thousand and €18,310 thousand as at 30 June 2022 and 31 December 2021, respectively. As at 30 June 2022, trade receivables decreased compared to 31 December 2021, by €9,013 thousand.
Trade receivables are presented net of the loss allowance set over the years to provide for credit-impaired receivables that are still recognised pending the completion of the related court-approved creditors' settlement procedure or out-of-court recovery proceedings. It is believed that the provision for allowance is appropriate to cope with the risk of potential non-collection of past due receivables.
A breakdown of trade receivables by geographical area is as follows:

(€'000)	30 June 2022	31 December 2021	Change
Italy	2,219	9,080	(6,861)
Europe – Other countries	3,999	8,835	(4,836)
Americas	1,690	386	1,304
APAC	1,389	6	1,383
MEA	-	3	(3)
Receivables from customers	**9,297**	**18,310**	**(9,013)**

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

30 June 2022	**Not**	**Overdue for (dd)**		
(€'000)	**expired**	**0-365**	**366-730**	**>730**
Receivables from customers	9,055	43	108	280
Loss allowance	(165)	(43)	(108)	(280)
Receivables for customers to be invoiced	407	-	-	-
Receivables from customers	**9,297**	**-**	**-**	**-**

25. Other current assets

(€'000)	**30 June 2022**	**31 December 2021**	**Change**
Advances to suppliers	21,951	19,798	2,153
Other receivables	7,011	8,346	(1,335)
Other tax assets	14,845	12,267	2,578
Costs to obtain the contracts	11,991	8,041	3,950
Accrued income and prepaid expenses	4,973	5,885	(912)
Other receivables and other current assets	**60,771**	**54,337**	**6,434**

Other receivables and other current assets amounted to €60,771 thousand and €54,337 thousand as at 30 June 2022 and 31 December 2021, respectively. All receivables in this category are considered collectible and therefore no impairment has been made on them.
In particular, costs for the acquisition of contracts relating to sales commissions increased by €3,950 thousand during the period. Sales commissions were recognised in the income statement based on a time approach that follows the work in progress on a boat.

26. Cash and cash equivalents

(€'000)	**30 June 2022**	**31 December 2021**	**Change**
Bank and postal deposit accounts	182,541	141,223	41,318
Cash on hand	60	49	11
Cash	**182,601**	**141,272**	**41,329**

Cash amounted to €182,601 thousand and €141,272 thousand as at 30 June 2022 and 31 December 2021, respectively. For further information on the change in cash and cash equivalents, reference should be made to the cash flow statement.

27. Other financial assets, including derivatives

(€'000)	**30 June 2022**	**31 December 2021**	**Change**
Derivatives	1,620	317	1,303
Other financial instruments	9,860	-	9,860
Other financial assets	**11,480**	**317**	**11,163**

Derivatives amounted to €1,620 thousand and €317 thousand as at 30 June 2022 and 31 December 2021 respectively. They include currency hedges (EUR/USD) and interest rate hedges with a positive fair value (Mark to

Market Value) at the end of the reporting period. The Group uses derivatives to hedge against the risk of fluctuations in the US dollar for its sales in that currency and the risks that interest rates on its floating-rate loans and borrowings may increase. For further details please refer to the note "Financial instruments - Fair value and risk management" in these financial statements.

Other financial instruments include listed bonds of investment-grade issuers with a market value of €4,960 thousand and a guaranteed-capital life insurance contract for €4,900 thousand, used by the Company to invest excess cash. For further details, please refer to the note “Cash management” in these financial statements.

EQUITY AND LIABILITIES

28. Share capital and reserves

Group equity

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

(€'000)	Share capital capital	Share premium reserve	Other reserves	Profit for the period	Equity attributable to the shareholders of the Parent Company	Equity attributable to non-controlling interests	Total Equity
Value as at 31 December 2021	**34,539**	**77,197**	**66,295**	**51,007**	**229,038**	**103**	**229,141**
Allocation of profit for the year	-	-	51,007	(51,007)	-	-	-
Dividends distributed	-	-	(20,322)	-	(20,322)	-	(20,322)
Purchase of treasury shares	-	-	-	-	-	-	-
Stock option exercise	130	2,148	(194)	-	2,084	-	2,084
Other changes	-	-	(3,985)	-	(3,985)	457	(3,528)
Profit for the period	-	-	-	32,463	32,463	463	32,926
Value as at 30 June 2022	**34,669**	**79,345**	**92,801**	**32,463**	**239,278**	**1,023**	**240,301**

The following table shows details of Other reserves.

(€'000)	Legal reserve	Extraordinary reserve	Consolidation reserve	Stock option reserve	Treasury shares reserve	Cash flow hedge reserve	FTA/OCI reserve	Other reserves	Profit from previous years	Total
Value as at 31 December 2021	**4,659**	**67,013**	**(3,422)**	**607**	**(899)**	**(1,102)**	**(255)**	**(306)**	**-**	**66,295**
Allocation of profit for the year	2,219	42,159	-	-	-	-	-	-	6,629	51,007
Dividends distributed	-	(20,322)	-	-	-	-	-	-	-	(20,322)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
Stock option exercise	-	-	-	(194)	-	-	-	-	-	(194)
Other changes	-	-	960	167	-	(2,783)	121	(991)	(1,459)	(3,985)
Value as at 30 June 2022	**6,878**	**88,850**	**(2,462)**	**580**	**(899)**	**(3,885)**	**(134)**	**(1,297)**	**5,170**	**92,801**

Share capital and share premium

Ordinary shares

As at 30 June 2022, the share capital, fully paid-up and subscribed, amounted to €34,669 thousand and comprised 34,669,461 shares with no nominal value.

On 21 April 2020, the Extraordinary Shareholders' Meeting of Sanlorenzo S.p.A. has approved a divisible share capital increase, excluding option rights, pursuant to Article 2441, paragraph 8 of the Italian Civil Code, of a maximum nominal value of €884,615, to be executed no later than 30 June 2029, through the issue of a maximum number of 884,615 ordinary Sanlorenzo shares destined exclusively and irrevocably to service the 2020 Stock Option Plan. As at 30 June 2022, this capital increase had been partially subscribed for 169,461 shares.

On 24 September 2020, the Company initiated the share buy-back program based on the authorisation resolution approved by the Ordinary Shareholders' Meeting on 31 August 2020. As a result of share purchases since the inception of the program, at 30 June 2022, the Company held 58,666 treasury shares, unchanged from 31

December 2021, representing 0.169% of its subscribed and paid-in share capital. In accordance with the terms of the above resolution, the purchase program ended on 28 February 2022.
On 28 April 2022 the Ordinary Shareholders' Meeting authorised a new request to purchase and dispose of treasury shares, up to a maximum of 3,453,550 shares; as at the date of approval of this Half-Yearly Financial Report, this program has not yet been started.

Share premium reserve

The share premium amounted to €79,345 thousand resulting from the capital increase carried out by the shareholders in the periods 2011 and 2013, its partial use in the year 2014 for a bonus issue, by the Parent Company, the decrease of €19,539 thousand due to the impact of the reverse merger with WindCo, the capital increase linked to the IPO transaction completed in 2019, equal to €65,160 thousand net of placement commissions, the increase in 2021 and 2022 of €2,796 thousand for the exercise of the options relating to the Stock Option Plan.

Other reserves

(€'000)	30 June 2022	31 December 2021	Change
Legal reserve	6,878	4,659	2,219
Extraordinary reserve	88,850	67,013	21,837
Consolidation reserve	(2,462)	(3,422)	960
Stock option reserve	580	607	(27)
Treasury shares reserve	(899)	(899)	-
Cash flow hedge reserve	(3,885)	(1,102)	(2,783)
FTA/OCI reserve	(134)	(255)	121
Reserve from offsetting of exchange differences/CTA	(1,433)	(442)	(991)
Post-merger reserve	49	49	-
Merger surplus	87	87	-
Profit from previous years	5,170	-	5,170
Other reserves	**92,801**	**66,295**	**26,506**

The item comprises:

- Legal reserve, which includes the allocation carried out by the Parent Company of €6,878 thousand according to the provisions of the Italian Civil Code;
- Extraordinary reserve relating to the Parent Company of €88,850 thousand and €67,013 thousand as at 30 June 2022 and 31 December 2021, respectively. The increase is due to the allocation of 2021 profit, net of dividends distributed to shareholders;
- Consolidation reserve, which includes the difference between the carrying amount of the group's equity investments and its share of the investees' equity. It had a negative balance of €2,462 thousand and €3,422 thousand as at 30 June 2022 and 31 December 2021, respectively;
- Stock option reserve, recognised for a positive value of €580 thousand, expresses the value of the option, recognised on a straight-line basis over the period between the grant date and the vesting date. The aforementioned reserve refers to the 2020 Stock Option Plan reserved for executive directors and key employees of Sanlorenzo and its subsidiaries. For further details, please refer to the note "Share-based payments" in these financial statements;
- Treasury shares reserve, which is negative for €(899) thousand, relating to the purchase of 58,666 treasury shares carried out in 2020;
- Cash flow hedge reserve, related to the Parent Company and the subsidiary Bluegame S.r.l., was negative for €3,885 thousand as at 30 June 2022 and negative for €1,102 thousand as at 31 December 2021;
- FTA/OCI reserve, which was affected by the transition of the financial statements to IFRS, in the amount of €(134) thousand as at 30 June 2022 and €(255) as at 31 December 2021;

- Reserve from elimination of exchange differences for €(1,433) thousand and €442 thousand as at 30 June 2022 and 31 December 2021, respectively. The reserve was established in 2019 to reflect the exchange differences relating to the conversion into euro of the financial statements of Sanlorenzo of the Americas and exchange differences arising from intra-group eliminations;
- Post-merger reserve of the Parent Company with capital contributions from the shareholders for €49 thousand as at 30 June 2022 and 31 December 2021, respectively;
- Merger surplus of €87 thousand as at both 30 June 2022 and 31 December 2021 relates to the Parent Company and was formed following the merger by incorporation with Eureka Imbarcazioni S.r.l. carried out in 2012;
- Previous years' profits of €5,170 thousand as at 30 June 2022 and €0 thousand as at 31 December 2021.

Equity attributable to non-controlling interests

The change in non-controlling interests is mainly due to the result for the period and the inclusion of Polo Nautico Viareggio S.r.l. within the scope of consolidation. The item stood at €(1,023) thousand as at 30 June 2022 and €(103) thousand as at 31 December 2021.

Dividends

The Sanlorenzo Ordinary Shareholders' Meeting of 28 April 2022 approved, inter alia, the distribution of a dividend of €0.60 per share, with payment as of 4 May 2022. In the first half of 2022, dividends were paid in the total amount of €20,322 thousand.

29. Financial liabilities

(€'000)	30 June 2022	31 December 2021	Change
Bank loans and borrowings (beyond 12 months)	54,900	65,691	(10,791)
Other loans and borrowings – IFRS 16 (beyond 12 months)	4,634	3,417	1,217
Non-current financial liabilities	**59,534**	**69,108**	**(9,574)**
Bank loans and borrowings (within 12 months)	34,075	29,717	4,358
of which bank loans	28,034	29,675	(1,641)
of which bank advances	6,000	-	6,000
of which other short-term financial liabilities	41	42	(1)
Other short-term loans and borrowings – IFRS 16	2,266	1,402	864
Hedging derivative liabilities	7,084	2,356	4,728
Current financial liabilities	**43,425**	**33,475**	**9,950**
Financial liabilities	**102,959**	**102,583**	**376**

The breakdown of financial debt by maturity date is shown in the table below:

(€'000)	30 June 2022	31 December 2021	Change
Within 1 year	43,425	33,475	9,950
From 1 to 5 years	55,466	64,681	(9,215)
Over 5 years	4,068	4,427	(359)
Total	**102,959**	**102,583**	**376**

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

(€'000)	
Financial liabilities as at 31 December 2021	**102,583**
Changes in fair value of derivatives	4,728
New loan proceeds	8,078
Loan repayments	(14,509)
Changes in other short-term financial liabilities	(1)
New lease finance (IFRS 16)	2,241
Repayment of lease finance (IFRS 16)	(161)
Financial liabilities as at 30 June 2022	**102,959**

The breakdown of the Group's net financial position as at 30 June 2022 compared to as at 31 December 2021 is reported below. For details, please refer to the Report on Operations.

	(€'000)	30 June 2022	31 December 2021
A	Cash	182,601	141,272
B	Cash equivalents	-	-
C	Other current financial assets	11,480	317
D	**Liquidity (A + B + C)**	**194,081**	**141,589**
E	Current financial debt	(13,658)	(3,824)
F	Current portion of non-current financial debt	(29,767)	(29,651)
G	**Current financial indebtedness (E + F)**	**(43,425)**	**(33,475)**
H	**Net current financial indebtedness (G + D)**	**150,656**	**108,114**
I	Non-current financial debt	(59,534)	(69,108)
J	Debt instruments	-	-
K	Non-current trade and other payables	-	-
L	**Non-current financial indebtedness (I + J + K)**	**(59,534)**	**(69,108)**
M	**Total financial indebtedness (H+L)**	**91,122**	**39,006**

As in previous years, the Group was required to comply with some financial parameters (covenants) on loans to be calculated, on an annual basis, in the consolidated financial statements of Sanlorenzo S.p.A. As at 31 December 2021 these parameters were complied with.

30. Trade payables

(€'000)	30 June 2022	31 December 2021	Change
Payables to suppliers	132,324	119,972	12,352
Payables to associated companies	9,621	153	9,468
Trade payables	**141,945**	**120,125**	**21,820**

A breakdown of trade payables as current and non-current is as follows:

(€'000)	30 June 2022	31 December 2021	Change
Payables to suppliers	132,324	119,972	12,352
of which current	132,324	119,972	12,352
of which non-current	-	-	-
Payables to suppliers	**132,324**	**119,972**	**12,352**

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

(€'000)	30 June 2022	31 December 2021	Change
Italy	123,465	114,088	9,377
Europe – Other countries	5,794	3,203	2,591
Americas	1,994	820	1,174
APAC	503	1,817	(1,314)
MEA	568	44	524
Payables to suppliers	**132,324**	**119,972**	**12,352**

31. Other current liabilities

(€'000)	30 June 2022	31 December 2021	Change
Social security contributions	(358)	1,904	(2,262)
Other liabilities	17,237	10,669	6,568
Accrued expenses and deferred income	16,489	10,065	6,424
Other current liabilities	**33,368**	**22,638**	**10,730**

Social security contributions refer to the position as at 30 June 2022 and primarily refers to exposures to INPS, INAIL and Previndai (Italian social security institutions) for contributions due on wages and salaries, with a position receivable of €358 thousand as at 30 June 2022 and a position payable of €1,904 thousand as at 31 December 2021.
Other liabilities amounted to €17,237 thousand and €10,669 thousand as at 30 June 2022 and 31 December 2021, respectively. The most significant item relates to the Parent Company and consists of payables to personnel.
Accrued expenses and deferred income were up by €6,424 thousand from 31 December 2021 to 30 June 2022. Deferred income mainly refers to suspended revenues relating to margins on sales of boats and commissions due, which accrue according to the progress of work on the construction of boats.

32. Employee benefits

Post-employment benefits are recognised by the Group's Italian and international companies, in line with reference national legislation. They include benefits accrued by employees at the reporting date, net of advances received or sums transferred to the Italian pension funds Previndai, Gomma Plastica, Cometa or other pension funds or the INPS treasury fund.
Post-employment benefits amounted to €842 thousand as at 30 June 2022. In the first half of 2022, adjustments were made in terms of discounting.

33. Provisions for risks and charges

Provisions for risks and charges

(€'000)	Provision for disputes	Provision for warranties	Exchange rates fluctuations	Provision for risks relating to pre-owned boats	Contract completion provision	Total
Provisions for risks and charges as at 31 December 2021	**5,921**	**5,432**	**150**	**1,311**	**-**	**12,814**
Provisions made in the period	500	429	108	967	-	2,004
Amounts used during the period	-	-	(90)	(962)	-	(1,052)
Change in the scope of consolidation	2,244	-	-	-	-	2,244
Other changes	-	-	-	-	3,742	3,742
Provisions for risks and charges as at 30 June 2022	**8,665**	**5,861**	**168**	**1,316**	**3,742**	**19,752**

The provision for risks and charges includes the following items:

- Provision for litigation risks and charges: the amount of the provision as at 31 December 2021 of €5921 thousand and the allocation made in the period of €500 thousand refer to the amount allocated as a precautionary measure by the Parent Company. The line "Change in scope of consolidation" in the table shows the increase in the provision for risks resulting from the acquisition of control of Polo Nautico S.r.l. for €2,244 thousand.
- Provisions for warranties: item quantified based on the best estimate to date of the possible costs that will be incurred for repairs under warranty on yachts already sold at the end of the period and for which revenues have therefore been booked; The provision for warranty risks covers the new boats of the Parent Company and the subsidiary Bluegame S.r.l. The item stood at €5,861 thousand as at 30 June 2022 and €5,432 thousand as at 31 December 2021. The warranty period is two years for new boats and one year for pre-owned boats.
- Provision for exchange rate fluctuations: the balance amounts to €168 thousand.
- Provisions for risks on pre-owned boats: as at 30 June 2022, it amounted to €1,316 thousand and refers to the commitment for withdrawing pre-owned on new boats.
- Contract completion provision: this amounted to €3,742 thousand and refers to the reclassification of the provision previously included in contract liabilities.

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

(€'000)	30 June 2022	31 December 2021	Change
Warranties	5,861	5,432	429
of which current	3,335	3,998	(663)
of which non-current	2,526	1,434	1,092
Provision for warranties	**5,861**	**5,432**	**429**

The main proceedings and inspections involving the Parent Company and some Group companies are described below.

Administrative, in-court and arbitration proceedings

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

At the approval date of these consolidated financial statements, the Group is involved in legal proceedings as part of its normal business activities. They could lead to fines or compensation for damage having to be paid.
As far as the Group is aware, these legal proceedings are normal given the Group's operations and size and the risks inherent in its business. Specifically, at the approval date of these consolidated financial statements, neither the holding company Sanlorenzo S.p.A nor the other Group's companies are involved in legal proceedings that could have a significant adverse effect. However, it cannot be excluded that their outcome could negatively affect the Group's financial position, financial performance and cash flows in the future.
Assisted by its legal advisors, the Group has not set up a specific provision for the possible liabilities that could arise from the proceedings in its consolidated financial statements as it deems that a negative outcome is possible or remote.
However, the Group cannot exclude that it may be required to disburse amounts in the future should the outcome of the proceedings not be in its favour.
Except as indicated below, as at the date of approval of these consolidated financial statements, there are no pending legal or arbitration disputes that may have, or have had in the recent past, significant repercussions on the financial situation or profitability of the Group.
At the date of drafting of the consolidated financial statements, in relation to the arbitration proceedings brought against the Company, the latter had already booked a liability of €895 thousand in the previous consolidated financial statements corresponding to the risk considered likely in respect of said proceedings, based on the estimates of its UK legal advisors.

Arbitration proceedings

At the date of approval of these consolidated financial statements, the Parent Company and the Maltese company Contra Limited ("Contra") are part of an arbitration case in London. Contra, purchaser of an SD110 yacht, complained of the Company's breach of its obligations under the sale and purchase agreement, requesting that the agreement be terminated and that the Company be ordered to repay the price paid and pay compensation for the damages allegedly incurred, amounting to approximately €10,000,000. In relation to this dispute, the Company recorded a liability of €895 thousand in the consolidated financial statements corresponding to the risk assessed as probable on the basis of the estimates made by its English lawyers.

Tax proceedings

Following the conclusion of the tax assessments for income tax and VAT purposes carried out by the Italian Revenue Agency – Regional Department of Liguria for the 2013, 2014, 2015 and 2016 tax periods, the Company has received:

- one notices of assessment for IRES, IRAP and VAT issued by the Italian Revenue Agency – Regional Department of Liguria and relating to the 2013 tax year. This assessment notice requests payment of taxes for a total of €515 thousand, plus penalties of €586 thousand and interest. The Company filed an appeal of the aforesaid notice of assessment before the Provincial Tax Commission of Genoa;
- one notices of assessment for IRES, IRAP and VAT issued by the Italian Revenue Agency – Regional Department of Liguria and relating to the 2014 tax year. This assessment notice requests payment of taxes for a total of €317 thousand, plus penalties of €293 thousand and interest. The Company filed an appeal of the aforesaid notice of assessment before the Provincial Tax Commission of Genoa;
- one notices of assessment for IRES, IRAP and VAT issued by the Italian Revenue Agency – Regional Department of Liguria and relating to the 2015 tax year. This assessment notice requests payment of taxes for a total of €698 thousand, plus penalties of €257 thousand and interest. The Company filed an appeal of the aforesaid notice of assessment before the Provincial Tax Commission of Genoa;

- a tax audit report for IRES, IRAP and VAT issued by the Italian Revenue Agency – Regional Department of Liguria and relating to the 2016 tax year. This report contains findings for taxes amounting to a total of €2,157 thousand, whilst penalties of €2,025 thousand are estimated.

With reference to the notice of assessment relating to the 2013 tax period, it should be noted that the Provincial Tax Commission of Genoa issued a ruling in favour of the Company with regard to the main charge. The Italian Revenue Agency – Regional Department of Liguria subsequently commenced proceedings before the Regional Tax Commission, which the Company promptly followed up by filing its counterclaims and concurrent cross-appeal.

With regard to the notice of assessment relating to the 2014 tax period, it should be noted that in July 2022 the Provincial Tax Commission of Genoa notified a ruling favourable to the Company with regard to the main charge, thus confirming the same position formulated with reference to the previous tax period. The aforementioned ruling also expressly upheld the Company's proposal to recalculate the higher direct IRES and IRAP taxes as a result of the VAT considered non-deductible.

With reference to the notice of assessment relating to the 2015 tax period, the consequent appeal filed by the Company and the hearing held in March 2022, to date no judgement has been served by the Provincial Tax Commission of Genoa.

With regard to the 2015 tax period and with reference to the tax credit for Research and Development, the Italian Revenue Agency – Regional Department of Liguria has requested specific clarifications, to which the Company responded through its defence counsel. With regard to the above issue of the research and development tax credit, in connection with the audit on the 2016 tax period, the Italian Revenue Agency – Regional Department of Liguria has informed the Company that it had forwarded the documentation regarding the above tax credit to the Ministry of Economic Development, to which it pertains to express an opinion on the technical issues regarding the eligibility of expenses included in the scope of the tax benefit. The outcome of this assessment has not yet been disclosed.

With regard to the tax audit concluded by the Italian Revenue Agency – Regional Department of Liguria on the 2016 tax period, the same Italian Revenue Agency served an invitation to appear at the beginning of June 2022 aimed at the possibility of resolving the audit on the 2016 tax period through the mechanism of assessment with acceptance. In June 2022 and at the request of the Italian Revenue Agency, a special open procedure was initiated; it is currently ongoing.

Tax risks are covered by the provision in the balance sheet as at 30 June 2022, amounting to €3,320 thousand.

Administrative proceedings

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

To the date of these consolidated financial statements, it is a party to other legal proceedings involving immaterial amounts but for which it could be found liable and, hence, required to pay settlements and possible legal costs.

FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

34. Derivatives

The Group uses derivatives to hedge against the risk of fluctuations in exchange and interest rates. As at 30 June 2022, the Group had the following derivatives in its portfolio:

- forward agreements relating to sales of US dollars against euros for a notional total of €107,039 thousand taken out by the Parent Company and designated as hedges of the amounts received in US dollars by the subsidiary Sanlorenzo of the Americas LLC;
- interest rate swaps and interest rate caps for a notional total of €44,316 thousand taken out by the Parent Company and Bluegame S.r.l. and designated as interest rate hedges on floating rate medium/long-term loans.

As the derivatives used by the Group are based on observable market data, their valuation takes place at fair value level 2. The following table shows the fair value of financial instruments at the end of each period.

(€'000)	30 June 2022	31 December 2021	Change
Derivative assets			
Currency hedges	1,620	121	1,499
Interest rate hedges	-	196	(196)
Total assets	**1,620**	**317**	**1,303**
Derivative liabilities			
Currency hedges	(1)	(165)	164
Interest rate hedges	(7,083)	(2,191)	(4,892)
Total liabilities	**(7,084)**	**(2,356)**	**(4,728)**

At the end of each period, the Group determines whether there have been any transfers between the different "levels" of the fair value hierarchy by re-assessing their classification (if the inputs used to measure the fair value of an asset or liability are classified in the different levels of the fair value hierarchy, the entire valuation is placed in the same level of the hierarchy as the lowest level input that is significant to the entire valuation).
In this regard, it should be noted that there were no transfers between the "levels" of the fair value hierarchy in the first half of 2022.

35. Cash management

In view of the strong cash generation at the operational level and the resulting significant cash held, the Group implemented a cash management and investment strategy.
Specifically, as at 30 June 2022, Sanlorenzo had the following financial instruments in its portfolio:

- a time deposit of €16,000 thousand, included in non-current assets and measured at fair value level 1;
- listed bonds of investment-grade issuers with a market value of €4,960 thousand, measured at fair value level 1;
- a guaranteed-capital life insurance contract for €4,900 thousand, measured at fair value level 3.

Given the characteristics of these financial instruments and the management purposes pursued, their fair value is recognised in profit/(loss) for the year (FVTPL).

(€'000)	30 June 2022	31 December 2021	Change
Time deposit	16,000	-	16,000
Bonds	4,960	-	4,960
Insurance policies	4,900	-	4,900
Total cash invested	**25,860**	**-**	**25,860**

36. Financial Risk Management

Credit risk

Credit risk represents the Group's exposure to potential losses that may arise from a counterparty's failure to meet its obligations.
It is noted that, given the type of products sold by the Group, no specific credit risk is identified; this assessment is supported by the strict rule, contractually formalised, that requires payments to be executed on or before the delivery of the boat and the related transfer of ownership. The yacht sale contracts also provide for the Company's right to withdraw from the contract in the event of non-payment of any sum due within the established terms, with the consequent withholding by the Company of any amount collected, refunding to the defaulting party the amounts paid by the latter with the proceeds from the resale of the yacht to a new purchaser, net of expenses, interest and an amount for loss of earnings.
Regarding the residual services related to the sale of spare parts or the provision of assistance services not covered by the warranty, which are, however, negligible to the Group business, the Group has a prevention and monitoring system, using external sources and internal systems that allow preventive controls on customers' reliability and solvency. Provisions are also made for doubtful or non-performing positions pending the conclusion of the related legal proceedings or out-of-court recovery attempts. The Group believes that the loss allowance is appropriate to cope with the risk of potential non-collection of past due receivables. For further details, please refer to the note "Trade receivables" in these financial statements.

Liquidity risk

Liquidity risk is represented by the possibility that a Group company or the Group may find itself in the position of not being able to meet its payment commitments, whether foreseen or unforeseen, due to a lack of financial resources, thus jeopardizing day-to-day operations or the financial position of the individual or the Group.
Liquidity risk may arise from any difficulty in obtaining timely funding to support operating activities and may manifest itself in the inability to obtain the necessary resources on economic terms.
Cash flows, funding requirements and liquidity are under the control of the Parent Company, with the aim of ensuring effective management of financial resources.
The Group has dealt with liquidity risk by reinvesting cash flows from operations, in addition to obtaining substantial lines of credit with a number of banks, the total amount of which is deemed more than sufficient to meet its financial requirements, also taking into account the effects of the seasonal nature of the sector on cash flows. The concentration of the collection of orders and deliveries in specific periods of the year, against the constant flow of payments to Group suppliers and contractors, has in fact, an impact on liquidity, normally higher between April and July and less so in the first quarter of the year, the period in which short-term financial debt may be higher as a result of the lower flow of collections. The Group therefore performs careful financial planning in order to reduce liquidity risk and has acquired significant bank credit facilities, whose use is planned on the basis of financial requirements.
As at 30 June 2022, the Group has bank credit lines to meet its liquidity needs of €142,727 thousand[16], up by €10,798 thousand compared to 31 December 2021, of which €136,194 thousand not used, in addition to

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

€182,601 thousand of cash and against a total gross debt of €102,959 thousand (including lease liabilities and the fair value of derivatives).
In view of its significant cash position, the Group has also implemented a prudent and diversified cash management strategy, favouring capital-protected or guaranteed products and financial instruments with counterparties of primary standing.

Exposure to interest rate fluctuations

The Group is exposed to changes in interest rates on its medium-long term floating rate debt instruments, entirely referring to the Euro zone. The management of interest rate risk is consistent with established practice over time aimed at reducing the risk of volatility in interest rates and achieving an optimal mix between variable and fixed rates in the structure of loans, thereby mediating fluctuations in market interest rates in order to pursue, at the same time, the objective of minimising financial expense.
The Group manages the risk of interest rate fluctuations through the use of derivative hedging instruments, such as interest rate swaps or interest rate caps with financial counterparties of primary standing.
As at 30 June 2022, the Group has 8 interest rate swaps and 1 interest rate cap in place for a total notional amount of €44,316 thousand, against bank debt at floating rates of €65,872 thousand.

Exposure to exchange rate fluctuations

The geographical distribution of Group commercial activities entails exposure to transaction and translation exchange rate risk.
Transaction risk arises from primarily commercial transactions carried out by individual companies in currencies other than their functional currency, as a result of fluctuations in exchange rates between the time at which the relationship originates and the time at which the transaction is completed (collection/payment).
In terms of revenues, the Euro is the most commonly used invoicing currency for the sale of yachts. The residual cases of sales of yachts in other currencies exclusively concern contracts signed by the subsidiary Sanlorenzo of the Americas denominated in US dollars.
The Group manages the risks of changes in foreign exchange rates on US dollar sales through its foreign currency sales pricing policy and through the use of derivative financial instruments. In particular, when setting the sale price in foreign currency, the Group, starting from its own margin objectives in Euro, usually applies the exchange rate in force on the date of stipulation of the contract and start of construction of the boat, increased by the financial component (cost of carry) connected with the expected timing of receipts from the sale. On these maturities, the Group carries out hedging operations through derivative instruments, typically forwards or other types of forward sale with financial counterparties of primary standing, implementing a policy of hedging only transactional exchange rate risk, thus deriving from existing commercial transactions and future contractual commitments. As at 30 June 2022, Sanlorenzo had forward contracts for the sale of US dollars relating to collections to be received for a total notional amount of €107,039 thousand.
As far as costs are concerned, as production is carried out in Italy with Italian suppliers and contractors, costs in currencies other than the Euro are residual and sporadic, and therefore no hedging operations are carried out.
The translation risk concerns the conversion into Euro of the assets and liabilities of Sanlorenzo of the Americas, which is the only subsidiary with a functional currency other than the Euro, for the preparation of the consolidated financial statements. This exposure, which is monitored at the end of each accounting period, is limited, also in view of the fact that assets are offset by liabilities in the same currency. Therefore, at this stage, it has been decided not to adopt specific hedging policies for this exposure.

37. Subsidiaries

These condensed consolidated half-yearly financial statements were prepared on the basis of the accounting positions of the Parent Company and its subsidiaries, adjusted accordingly to ensure they conform to the IFRS.
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidation criteria adopted in the preparation of the condensed consolidated half-yearly financial statements are the same as those adopted in the last annual financial statements.
These condensed consolidated half-yearly financial statements include Sanlorenzo S.p.A. (Parent Company), seven companies directly controlled by Sanlorenzo S.p.A. and one indirectly controlled company. The following table provides information, as at 30 June 2022, concerning the name and registered office of all subsidiaries, as well as the Group's direct or indirect holding in their share capital. For information on equity investments acquired after 30 June 2022, please refer to the section "Significant events after the close of the period" of the Report on Operations.

Company name	Registered Office	Currency	Share capital (currency unit)	Percentage of ownership	
				Direct	Indirect
Bluegame S.r.l.	Ameglia (SP) – Italy	Euro	100,000	100.0%	-
PN Sviluppo S.r.l.	Viareggio (LU) – Italy	Euro	40,000	100.0%	-
PN VSY S.r.l.	Viareggio (LU) – Italy	Euro	10,000	100.0%	-
Polo Nautico Viareggio S.r.l.	Viareggio (LU) – Italy	Euro	667,400	50.32%[17]	-
Sanlorenzo Baleari SL	Puerto Portals, Mallorca – Spain	Euro	500,000	100.0%	-
Marine Yachting Monaco S.A.M.	Monte-Carlo – Principality of Monaco	Euro	150,000	99.7%	-
Sanlorenzo of the Americas LLC	Fort Lauderdale (FL) – USA	USD	2,000,000	90.0%	-
Fortune Yacht LLC	Fort Lauderdale (FL) – USA	USD	1,000	-	90.0%

Business combination

On 9 June 2022, Sanlorenzo S.p.A. acquired a 0.51% stake in the company Polo Nautico Viareggio S.r.l., achieving control of the company with a total stake of 50.32%.
In these financial statements, Polo Nautico Viareggio S.r.l. has been consolidated only from the standpoint of the balance sheet and cash flow statement, while the effects on the consolidated income statement will be effective as at 1 July 2022, in consideration of the fact that the acquisition of control took shortly before 30 June 2022.
Pursuant to IFRS 3, this transaction qualifies as a business combination and, for the purposes of this Condensed Half-Yearly Financial Report, the purchase price allocation was made to the assets and liabilities of the acquired entity.
Consistent with IFRS 3 and in consideration of the short period of time that elapsed between the acquisition and the preparation of this document, this valuation is to be considered provisional and subject to change and refinement. Therefore, more details, including the allocation of the fair values of balance sheet items, and the related accounting effects, will be disclosed in the Annual Financial Report as at 31 December 2022. In this regard, it should be noted that according to IFRS 3, the measurement of assets and liabilities may be subject to change in the twelve months following the acquisition date.
Based on the provisional measurement of the company's assets, no goodwill emerged for Sanlorenzo and, consequently, no asset was recognised in the balance sheet, only income as specified in the previous notes.

[17] On 9 June 2022, Sanlorenzo S.p.A. acquired an additional 0.51% stake in the company, gaining control with a total shareholding of 50.32%.

38. Associated companies

Investments in associates, as provided for in IAS 28, are those in which the Group exercises significant influence; these investments are initially recognised at acquisition cost and are subsequently measured using the equity method, i.e. by increasing or decreasing the cost on the basis of post-acquisition changes in the Group's share of the associate's net assets.

Any goodwill pertaining to the associate is included in the carrying amount of the investment and is not subject to amortisation or impairment testing.

Following the application of the equity method, if there are indications that the investment has suffered an impairment loss, the Group determines the amount of the impairment as the difference between the recoverable amount and the carrying amount of the investment.

At 30 June 2022, the Parent Company holds the following equity investments in associated companies, which are reported in the financial statements drawn up according to the equity method:

Company name	Registered Office	Currency	Share capital (currency unit)	Percentage of ownership	
				Direct	Indirect
Carpensalda Yacht Division S.r.l.	Livorno (LI) - Italy	Euro	8,000,000	48.00%	-
Duerre S.r.l.	Vicopisano (PI) - Italy	Euro	1,000,000	33.00%	-
Restart S.p.A. (through PN Sviluppo S.r.l.)	Milan (MI) – Italy	Euro	50,000	-	50.00%
Sa.L.a. S.r.l. (through Carpensalda Yacht Division S.r.l.)	Viareggio (LU) – Italy	Euro	50,000	-	48.00%

ADDITIONAL INFORMATION

39. Commitments

The most significant contractual commitments entered into with third parties as at 30 June 2022 amount to Euro 489 thousand and refer to sureties related to government concessions and other guarantees issued to public administrations.

40. Contingent liabilities

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

41. Share-based payments

On 21 April 2020, the Shareholders' Meeting of Sanlorenzo S.p.A. approved the "2020 Stock Option Plan" reserved to the executive directors, general managers, managers with strategic responsibilities and employees with a permanent employment contract and qualification as at least an office worker of Sanlorenzo S.p.A. and its directly or indirectly controlled subsidiaries.
The 2020 Stock Option Plan provides for the free assignment to each of the beneficiaries of options that grant the right to subscribe ordinary shares of Sanlorenzo S.p.A. to be issued in execution of the share capital increase planned to service the plan, at a ratio of 1 share for each 1 option, at a price set at €16.00 per share. The vesting period of the options is four years, in compliance with the minimum average vesting period of two years provided for by the regulations.
Performance goals are determined by one or more of the following parameters: (i) Consolidated EBITDA as at 31 December of the relevant year; (ii) Consolidated Net Financial Position as at 31 December of the relevant year; and (iii) personal objectives established due to the beneficiary's role and function.
The maximum total number of ordinary shares of Sanlorenzo S.p.A., which can be assigned to the beneficiaries for the implementation of the plan, is equal to 884,615 ordinary shares, i.e. all the shares that can be issued in execution of the capital increase. As at 30 June 2022, a total of 685,728 options have been granted and not exercised.

42. Related parties

Business and financial relationships with related parties are governed under market conditions, taking into account the characteristics of the goods and services provided.
Transactions with related parties deemed relevant pursuant to the "Procedure governing related party transactions" adopted by the Group, available on the Company's website (www.sanlorenzoyacht.com) under the "Corporate Governance" section, are described below.

Business transactions and balances with consolidated companies were eliminated on consolidation and, therefore, are not commented upon.
In the first half of 2022, transactions with related parties in place regard primarily commercial and financial transactions carried out under market conditions, as listed below.

Holding Happy Life S.r.l.

Business transactions with Holding Happy Life S.r.l. (HHL), the holding company of Sanlorenzo, regard the contract for the acquisition of a Sanlorenzo SP110 yacht signed on 16 November 2020 based on the approval of the Sanlorenzo Board of Directors of 9 November 2020, which boat was paid for and delivered in the first half of 2022. On 5 November 2021, HHL and Sanlorenzo entered into an agreement to provide the aforementioned yacht for marketing activities – a contract previously approved by the Board of Directors on 4 November 2021, following a favourable opinion from the Related Parties Transaction Committee dated 3 November 2021.
On 13 September 2021, the Sanlorenzo Board of Directors, subject to the positive opinion of the Related Party Transactions Committee on 30 July 2021, approved the sale to HHL of the prototype of the superyacht 50Steel equipped with a system of fuel cells powered by hydrogen obtained from methanol to generate electricity on board. The contract of sale of this boat was signed on 12 July 2022.

Nuova Nautical Transports S.r.l.

Business transactions with Nuova Nautical Transports S.r.l., the chief executive officer of which, Gian Paolo Tamburini, is the uncle of the Chairman and Chief Executive Officer Massimo Perotti and great uncle of the director Cecilia Maria Perotti, regard the on-road goods transport activity for Sanlorenzo, pursuant to the framework agreement entered into on 6 April 2020, expiring on 31 December 2022, based on the resolution of the Board of Directors of 20 March 2020. On 27 April 2022, the Company was placed in liquidation.

World Yachts S.r.l.

Business transactions with World Yachts S.r.l., the member and chief executive officer of which, Glenda Cecchi, is the wife of the Executive Director Ferruccio Rossi, regard supplies of materials to Sanlorenzo, pursuant to the framework agreement concluded on 6 April 2020, expiring on 31 December 2022, after the resolution of the Sanlorenzo Board of Directors on 20 March 2020.

Solmec Group S.r.l.

The business relations with Solmec Group S.r.l., whose member Sonia Minuti is the wife of Enrico Barsanti, an executive with strategic responsibilities, concern carpentry work in favour of Sanlorenzo since 2016 and refer to standard tender contracts concluded in the years 2020, 2021 and 2022 for the fitting out of the engine room serving the Superyacht Division.

Fondazione Sanlorenzo

Transactions with the Fondazione Sanlorenzo, established by the Perotti family on 19 April 2021, are related to the non-exclusive and free use license of the brand “Sanlorenzo” for the purpose of carrying out the foundation’s institutional activities and to the initial contribution of €50,000 paid in June 2021, following the resolution of the Board of Directors of Sanlorenzo of 4 May 2021.

Cesare Perotti

Son of the Chairman and Chief Executive Officer Massimo Perotti and brother of the director Cecilia Maria Perotti, Cesare Perotti was hired by the subsidiary Bluegame S.r.l. with an apprenticeship contract, transaction examined by the Board of Directors on 9 November 2020.

Ferruccio Rossi

Financial transactions with Executive Director Ferruccio Rossi regard a loan granted by Sanlorenzo on 9 July 2018. In February 2021, the Related Party Transactions Committee and the Board of Directors approved the new terms.

Antonio Santella

Financial transactions with the senior executive Antonio Santella regard a loan granted by Sanlorenzo on 20 July 2018. In February 2021, the Related Party Transactions Committee and the Board of Directors approved the new terms.

The tables below provide details on transactions with related parties as at 30 June 2022 impacting the income statement as well as the balance sheet.

(€'000)	Revenues	Raw materials, consumables and finished products	Outsourcing	service costs	Personnel expenses	Net financial income/(expenses)
Holding Happy Life S.r.l.	9,367	-	-	-	-	-
Nuova Nautical Transports S.r.l.	-	-	-	55	-	-
World Yachts S.r.l.	3	1,940	12	-	-	-
Fondazione Sanlorenzo	-	-	-	-	-	-
Solmec Group S.r.l.	2	-	497	-	-	-
Ferruccio Rossi	-	-	-	19	444	-
Antonio Santella	-	-	-	-	193	-
Cesare Perotti	-	-	-	-	19	-
Directors, statutory auditors and managers with strategic responsibilities	-	-	-	1,876	1,488	-
Total related parties	**9,372**	**1,940**	**509**	**1,950**	**2,144**	**-**
Total consolidated financial statements	**352,899**	**126,613**	**121,123**	**28,357**	**27,918**	**274**
Incidence %	*2.7%*	*1.5%*	*0.4%*	*6.9%*	*7.7%*	-

(€'000)	Property, plant and equipment	Other intangible assets	Other current assets	Contract assets	Trade receivables	Contract liabilities	Trade payables	Other current liabilities
Holding Happy Life S.r.l.	-	-	-	37	-	-	-	-
Nuova Nautical Transports S.r.l.	45	-	-	-	-	-	-	-
World Yachts S.r.l.	-	-	-	-	-	-	12	-
Fondazione Sanlorenzo	-	-	-	-	-	-	-	-
Solmec Group S.r.l.	-	-	3	-	-	-	325	-
Ferruccio Rossi	-	-	133	-	5	-	-	276
Antonio Santella	-	-	75	-	-	-	-	95
Cesare Perotti	-	-	-	-	-	-	-	5
Directors, statutory auditors and managers with strategic responsibilities	-	63	-	-	-	-	-	505
Total related parties	**45**	**63**	**211**	**37**	**5**	**-**	**337**	**881**
Total consolidated financial statements	**145,312**	**46,766**	**60,771**	**98,501**	**9,297**	**127,721**	**141,945**	**33,368**
Incidence %	-	*0.1%*	*0.3%*	-	*0.1%*	-	*0.2%*	*2.6%*

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

- Confindustria Nautica: industry association to which Sanlorenzo adheres and in which the Chairman Massimo Perotti and the executive director Carla Demaria are members of the board;

- I Saloni Nautici S.r.l.: company that organises the Genoa Boat Show and of which the managing director Carla Demaria is director.

Remuneration paid by the Group

The remuneration paid by the Group to the members of the Board of Directors, the members of the Board of Statutory Auditors and the Managers with strategic responsibilities during the six months ended 30 June 2022 is detailed below.

(€'000)	**30 June 2022**
Emoluments	1,762
Remuneration for participation in committees	19
Total remuneration paid to the Board of Directors	**1,781**

(€'000)	**30 June 2022**
Total remuneration paid to the Board of Statutory Auditors (excluding the additional charges provided by the law)	42
Total remuneration paid to the Board of Statutory Auditors	**42**

(€'000)	**30 June 2022**
Total remuneration paid to the Managers with strategic responsibilities	**2,143**
of which gross annual salary	1,141
of which bonus	493
of which non-competition agreement	20
of which fair value of stock options	174

43. Management and coordination activities

Besides the holding of a controlling interest pursuant to Article 93 of Italian Legislative Decree no. 58 of 24 February 1998 (the Italian Consolidated Law on Finance), Holding Happy Life S.r.l does not exercise management and coordination activities over Sanlorenzo pursuant to Articles 2497 et seq. of the Italian Civil Code.

Ameglia, 1 September 2022

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


SANLORENZO

CERTIFICATION OF THE CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

1. The undersigned, Massimo Perotti, in his capacity as the Chairman of the Board of Directors and Chief Executive Officer and Attilio Bruzzese, in his capacity as the Manager charged with preparing the company's financial reports of Sanlorenzo S.p.A., confirm, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:
   - the adequacy in terms of the characteristics of the Company and
   - the actual application of the administrative and accounting procedures for the preparation of the condensed consolidated half-yearly financial statements for the first half of 2022.

2. From the application of the administrative and accounting procedures for the preparation of the condensed consolidated half-yearly financial statements as at 30 June 2022, no significant facts need to be reported.

3. It is hereby also stated that:

3.1 The condensed consolidated half-yearly financial statements:
   a) have been prepared in compliance with the international accounting standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and the Council of 19 July 2002;
   b) correspond to the accounting books and records;
   c) provide a true and fair representation of the equity, economic and financial situation of the issuer and the whole of the companies included in the scope of consolidation;

3.2 The interim report on operations 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 consolidated 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 report on operations also includes a reliable analysis of information on material transactions with related parties.

Ameglia, 1 September 2022

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

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

INDEPENDENT AUDITORS' REPORT ON THE LIMITED AUDIT OF THE CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS AS AT 30 JUNE 2022

Sanlorenzo S.p.A.

Review report on the condensed interim consolidated financial statement as at June, 30th 2022

Rap. 22BD0504

Tel: +39 010.59.56.471
www.bdo.it

Via Roma, 5/1
16121 Genova

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Review report on the condensed interim consolidated financial statements

To the Shareholders of
Sanlorenzo S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Sanlorenzo S.p.A. as at June, 30th 2022, comprising the statement of financial position, profit and loss account and the statement of comprehensive income, the cash flow statement and statement of changes in equity and related notes, as at and for the six months ended 30th June 2022. The Directors of Sanlorenzo S.p.A. are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express our conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

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

Conclusions

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Sanlorenzo Group as of 30th June 2022, has not been prepared, in all material respects, in accordance with the International Financial Accounting Standards applicable to interim financial reporting (IAS 34) endorsed by the European Union.

Genoa, September 12th, 2022

BDO Italia S.p.A

Paolo Maloberti
Socio

This report has 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.

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BDO Italia S.p.A. - Sede Legale: Viale Abruzzi, 94 - 20131 Milano - Capitale Sociale Euro 1.000.000 i.v.
Codice Fiscale, Partita IVA e Registro Imprese di Milano n. 07722780967 - R.E.A. Milano 1977842
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Sanlorenzo S.p.A.
Headquarters
Cantieri Navali di Ameglia
Via Armezzone, 3
19031 Ameglia (Sp), Italy
t +39 0187 6181

Executive Offices
Cantieri Navali di La Spezia
Viale San Bartolomeo, 362
19126 La Spezia (Sp), Italy
t +39 0187 545700

Cantieri Navali di Viareggio
Via Luigi Salvatori, 58
55049 Viareggio (Lu), Italy
t +39 0584 38071

www.sanlorenzoyacht.com
investor.relations@sanlorenzoyacht.com